

## Round-table Discussion on the Social Responsibility of JT, a Value-creating Manufacturing Company, and the Prerequisites for Becoming an Indispensable Company

### Interviewees

Ichiro Kumakura (President, Tobacco Business), Noriaki Okubo (President, Pharmaceutical Business), Mutsuo Iwai (President, Food Business) and Chairperson, Masami Shinohara (Vice President, CSR Division)

### What is Required for JT to Continue to Exist as an Indispensable Company?

**Shinohara:** What do you see as imperatives in guaranteeing JT's sustainability as a company that is indispensable to today's society?

**Kumakura:** As far as the tobacco business is concerned, "co-existence with society" appears to be the most important factor. In other words, we should identify and implement what is needed for tobacco to continue to have a place in society. To this end, transparency of business activities should be further improved.



Ichiro Kumakura  
President,  
Tobacco Business

**Okubo:** "Indispensable," I think, translates into "irreplaceable." The mission of JT's pharmaceutical business is to develop original, world-class drugs. So, we want to develop drugs that would not exist were it not for JT's pharmaceutical business – and here, I believe, lies the major *raison d'être* of JT.

**Iwai:** JT's food business sticks to the philosophy of "for the Dearly Beloved," which involves rigorous quality control and down-to-earth environmental conservation activities. These are essential in establishing the "JT Brand," which promises and delivers reliable products to customers.

**Shinohara:** What you are saying, in effect, is that fulfilling social responsibility is as important as providing products to customers.

**Kumakura:** Exactly. Direct customers of the tobacco business are all smokers, but it is imperative that we meet the concerns of non-smokers, too. "D-spec" products ( [See related article on Page 27](#) ), or reduced-odor products, which JT developed as a world first, are an example of responding to such concerns. It is also part of our responsibility to encourage smokers to observe smoking etiquette and to demonstrate it through activities such as the "Pick up. and you



We continue to improve manufacturing techniques in order to address the concerns of non-smokers.

will love your city" campaign.

**Okubo:** We need to be constantly conscious of the need for a high sense of responsibility, ethics and mission because we are engaged in the pharmaceutical industry, which is directly linked to saving and preserving human life. On the other hand, the pharmaceutical business is subject to relevant laws and regulations as well as to detailed guidelines. We also have elaborate in-house regulations that set out operational procedures, while the Operational Review and Business Assurance Division and the internal auditing team of the Pharmaceutical Division constitute a foolproof audit system. So, we have a system in place that is unique to the pharmaceutical business. In addition to observing such procedures and regulations, we always need to be clear in our minds that what we are doing has a direct impact on human life.

**Iwai:** I fully agree on that point. As a company engaged in the food business, it is fundamental that we have a high sense of ethics in order to ensure the safety and security of our products. While complying with relevant laws and regulations, we should also frame in-house regulations and have a system in place to make sure that we comply with them, which we are doing. In particular, we need to address the "Positive List System" for agrochemical residues in food ( [See related article on Page 42](#) ) this year. In fact, we are maintaining close checks on frozen vegetables imported from China.



Mutsuo Iwai  
President,  
Food Business

**Shinohara:** Isn't the tobacco business facing the issues of youth smoking and the health and smoking?

**Kumakura:** Naturally, the law prohibits minors from smoking. Meanwhile, industry-wide efforts are underway to prevent minors from smoking ( [See related article on Page 25](#) ). We are now demonstrating cigarett vending machine with adult identification functions ( [See related article on Page 25](#) ), aiming for full-scale adoption by 2008, which will cost us a lot. However, it is a matter of corporate responsibility rather than of costs. As for the health and smoking, we uphold the policy of the administration, but we are poised to argue against anything that we view as "unjustified" on scientific grounds.

## The Concept of Quality and Technology That Supports JT, a Value-creating Manufacturing Company

**Shinohara:** Aren't manufacturing expertise and quality control techniques essential for JT, as a manufacturing company, to achieve sustainable growth?

**Kumakura:** A manufacturing company should develop high value-added, high-quality products; there is no question about that. The key question here, however, is what is meant by "value-added" and "quality." While the basics of these parameters lie in keeping track of the needs and wants of customers, the tobacco business also needs to listen and respond to the opinions of those sharing the social environment with its customers, that is, non-smokers, by improving manufacturing techniques.



We want to manufacture products that are trusted and chosen by customers.

**Iwai:** In addition to improving techniques and services, I think it's important to indicate for whom they are designed and intended. Take our frozen foods, for example; information about allergens is indicated on the backs of packs ( [See related article on Page 42](#) ) in an effort to ensure transparency of our products and services to customers. We should communicate

to customers honestly and plainly, and should improve our activities level, learning from a dialogue with them.

**Okubo:** The manufacturing mindset is as important as technology and transparency. Pharmaceuticals have a direct impact on the lives of patients, which in itself is a critical theme. Besides, there are patients who need to take prescription drugs every day. So, we should ensure constant availability of such drugs. Our laboratories keep abreast of the world's most advanced life sciences in order to work on research and development at the highest possible levels. That said, state-of-the-art science and computers alone do not lead to drug discovery. Human resources also play a vital role.



Noriaki Okubo  
President,  
Pharmaceutical  
Business

## JT's Superior DNA and Future

**Shinohara:** JT's three businesses – tobacco, pharmaceuticals and foods – have one thing in common: they are all engaged in manufacturing. What is the superior DNA that JT possesses as a manufacturing company?

**Kumakura:** JT is certainly a sincere company.

**Okubo:** You can say that again. It never lies. "Honesty" is one of the virtues of JT.

**Iwai:** Whenever serious problems arise, we immediately take appropriate measures, explaining the situations to customers and society. One example is the incident that took place in 1998, where "Momo No Tennensui" was contaminated with

foreign bodies. Naturally, we were reprimanded, but we took a serious approach to this problem.

**Kumakura:** We should be making efforts to communicate our "sincerity," which in turn will provide a sense of safety and security to customers and society.

**Iwai:** Above all, we need to be honest and to improve the transparency of our operations in keeping with our desire to be seen as a "delight factory." We also need to show customers and society what is meant by "honesty," that is, in what way we are honest.

**Shinohara:** I think this report, too, is a tool that communicates JT's philosophy to customers and society. It is vital that we maintain a dialogue with various stakeholders so that they can understand what JT is all about, even as we work to improve ourselves. So, before we conclude this interview session, could you please outline how you are going to promote your respective businesses.

**Kumakura:** To reiterate, we should take proactive measures to achieve coexistence between smokers and non-smokers. Meanwhile, it's been 70 to 80 years since cigarettes came into existence. So I think it's about time we saw some innovation. That's why we continue to improve our R&D and technological resources.

**Okubo:** The clinical development of drugs involves a number of time-consuming processes. Unfortunately, most of our drug candidates are still in the infancy stage. So, what we need to do is continue developing these candidates, shifting from Phase 1 to Phase 2 and beyond.

**Iwai:** The food business is "manufacturing foods for the Dearly Beloved," a principle that should be understood and shared by all parties concerned, including our factory workers and partners. So, we hold seminars for our factory workers and partners in order to communicate our ideas and requirements to them. It is also important that we value the opinions of customers and citizens received by the customer service center, and that we share what we've learned from mistakes so that we won't repeat the same mistakes.

**Shinohara:** Gentlemen, thank you very much for being here with me today.



Masami Shinohara,  
Vice president,  
CSR Division



As drugs are linked directly to human life, the manufacturing mindset is as important as technology and transparency.