

Business

Foods Business

● CSR Activities in the Foods Business

To Deliver Tasty, Safe and Reliable Products



Sadao Furuya
President, Foods Business

In fiscal year 2007 we renewed our recognition of the importance of food safety.

With the philosophy of “we want our foods to be eaten by the most important persons” in mind, we have been producing and dealing with beverages, processed foods and seasonings, focusing on safety and reliability, which are the responsibility of businesses providing customers with what they eat and drink.

Quite regrettably, however, some of the frozen foods distributed by our group company caused serious health problems for customers who ate them in December 2007 and January 2008. While investigations are underway to identify the causes, the JT Group takes this incident very seriously and is, therefore, working on overall improvement of its safety control system. Specifically, we are identifying and reviewing every possible means, existing and new, to ensure the safety of food, taking into account the view of experts outside the JT Group.

Our focus is strengthening a series of systems to inspect factories, raw materials and finished products, thereby reducing risks. At the same time, with integrity and responsiveness we are stepping up efforts to meet the requests of customers, while providing them with more information about our products.

The JT Group's foods business is committed to improving and strengthening its safety control, research and development, product development, hygiene control and quality control systems to deliver tasty, safe and reliable products – a conscious effort to become a reliable food manufacturer for both customers and society.

CSR Promotion Plan of the Foods Business

Effort to provide safe and reliable products
Upgrading and expanding of traceability
Response to the social change

CSR Activities in the Foods Business

◆ To deliver safe and reliable products

In the wake of an incident in December 2007 and January 2008 where some frozen foods were contaminated with a pesticide, the JT Group is stepping up measures to deliver safe and reliable products to customers.

● Ensuring the safety and reliability of products from the very beginning

The JT Group food factories have systems in place for sanitation and quality control that are in line with the Hazard Analysis Critical Control Point (HACCP) system or JT's own manual, which is based on HACCP. The JT Group, however, is strengthening measures to inspect the management of the factories concerned to deliver safer and more reliable products to customers.

Specifically, more stringent standards for selecting subcontract factories will be in place, with production outsourced to only those who meet the standards. At the same time, the JT Group factories will play a greater role in JT's foods business, including those of Katokichi Co., Ltd., the business of which is being incorporated into JT. Biannual and no-notice inspections of all factories concerned, both domestic and overseas, will also be conducted, while a system that complies with ISO22000 (an international standard that defines the requirements of a food safety management system) will be created. The JT Group factories are gearing up to gain the accreditation in FY 2008, as are subcontract factories, in FY 2009. Likewise, the beverage business is requesting its subcontract factories to adopt a management system compatible with ISO22000 and the Comprehensive Sanitation-controlled Manufacturing Process (HACCP-equivalent guidelines set by the Ministry of Health, Labour and Welfare).

● Upgrading a system to manage and inspect pesticide residues

The JT Group is also strengthening measures to manage and inspect pesticide, feed additives and animal drug residues in food.

Imported raw materials are inspected for pesticide residues upon delivery, while a system is in place to analyze organophosphate pesticides before shipment. In particular, frozen foods imported from China will be inspected both in China and in Japan, with other pesticides, antibiotics and heavy metals scheduled for inspections.

For the Green Giant series (frozen vegetables), efforts have been underway to keep track of the types and use of pesticides, manage their storage, select pesticides that meet application standards and prevent JT farms from being contaminated with drifting pesticides – all designed to reduce pesticide residues. Other inspection items include soil pollution, water quality, cultivation conditions and pesticide residues in farms.

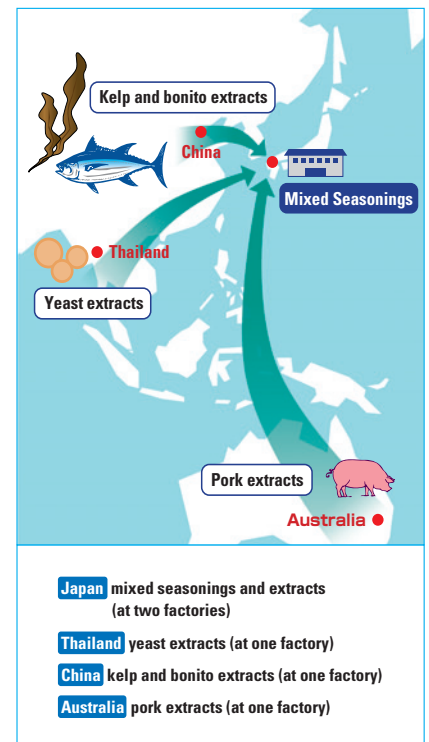
Furthermore, inspection centers were set up in Japan and China to independently analyze pesticides and chemical substances.

● Pursuing Traceability

A database on the Green Giant series is maintained, with focus on cultivation records (from planting to harvesting at each farm and by each grower), which can be traced by farm codes printed on the packages.



Alternatively, JT's five plants, primarily in Asia and Oceania, are producing seasonings, using ingredients with proven production records. Specifically, they are setting up a system to identify when and where ingredients were cultivated, grown, processed, manufactured and distributed.



◆ Emphasizing safety and reliability from the viewpoint of customers

● Providing customers with product information

In addition to delivering safe and reliable products, JT gives high priority to providing customers with accurate and easy to understand product information.

In addition to mandatory information, for instance, allergens in the 25 ingredients designated by the Ministry of Health, Labour and Welfare are printed on frozen food package to provide customers with a sense of security. Moreover, in April 2008 a program started to post key information on both JT's website and the packages of products – that is, the factories where products

were manufactured and the farms where ingredients were cultivated. Safety control activities are also posted on the website.



● **Inspecting the safety control system with the help of outside experts**

A safety control system is one of the most prominent concerns of customers. The JT Group is thus creating a more reliable safety control system through internal and external audits.

Specifically, a variety of opinions and viewpoints will be sought from outside experts who will regularly participate in audits to evaluate and advise on the system.

◆ **Meeting the needs of customers and the society**

● **Shifting to seasonings made from natural ingredients**

The JT Group's seasoning business has been shifting from chemical seasonings to seasonings made from natural ingredients to meet the needs of the times: safe, reliable and additive-free. Major items include yeast extracts (derived from baker's yeast), natural extracts (derived from kelp, bonito, pork, and other foods) and mixed seasonings prepared in accordance with customer specifications. A variety of seasonings are being developed for processed food manufacturers with focus on natural ingredients.

Imadoki Wazen Katsuodashi, the industrial bonito seasoning, hit the market in 2007.

● **Easy-to-open bottle of Roots AROMA BLACK ORIGINAL**



A less slippery cap

The Roots AROMA BLACK ORIGINAL comes in a wide-mouth bottle (the first of its kind for canned coffee drinks), with an improved cap based on feedback from customers; the cap is less slippery and easier to open as it is coated with foam varnish (also the first of its kind in the beverage industry).

Imadoki Wazen Katsuodashi

■ **Four Advantages**

- 1 Stable flavor
- 2 Resistant to heat and deterioration
- 3 Resistant to phosphatase
- 4 Rich in umami taste

Flavorful dried bonito extract powder and VERTEX IG20 are fortified with JT's proprietary coating technology to minimize loss of flavor and umami taste.

■ **Mechanisms**

