

Activities Contributing to the Environment and Society

The JT Group strives to make contributions to society through a variety of corporate activities. We work to find harmony with our business environment and global environment, and aim to coexist with society as a good corporate citizen. We conduct continuing activities from this viewpoint.

Our Approach to Protecting the Global Environment

Protecting the global environment is critical to our efforts to fulfill our social responsibility and is one of the top priority matters for our corporate management. In accordance with the JT Group Environmental Charter, the JT Group has acted as a good corporate citizen in all of the countries and regions in which it operates and promoted company-wide initiatives to achieve harmony between its corporate activities and the environment. Moreover, we established the JT Group Environmental Action Plan as a medium-term plan for concrete environmental protection activities, with the aim of realizing the philosophy enshrined in the JT Group Environmental Charter. The operational divisions of JT, as well as subsidiaries and affiliates, have been striving to achieve the targets set forth under this medium-term plan.

(For details, please refer to the CSR Report 2009.)

Group Environmental Management

The JT Group is seeking to establish an environmental management system based on the ISO 14001 international standard. The JT Group determines the extent to which environmental management systems have been established according to the type of operation of each facility and degree of environmental impact. The JT Group works to obtain the ISO 14001 certification at manufacturing facilities. The JT Group has introduced an environmental management system based on an in-house standard similar to the ISO 14001 at branches, research centers and other non-manufacturing facilities. The JT Group has also

established and operates a simplified environmental management system at small-scale facilities whose activities impose a relatively small burden on the environment.

At JT Group companies, JT has worked to establish environmental management systems at 24 subsidiaries and affiliates in Japan, centered on manufacturing companies with a large environmental impact, and 16 plants of JTI. This process was completed in FY 3/2009.

Going forward, we will work to establish environmental management systems at all consolidated subsidiaries according to the type of operation and degree of environmental impact.

Fight Against Global Warming

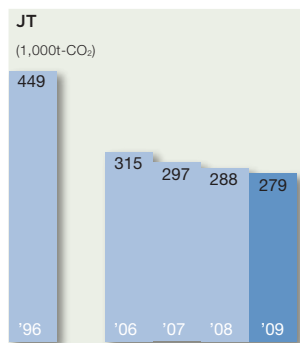
Following the start of the First Commitment Period of the Kyoto Protocol on measures to prevent global warming, the JT Group has been working hard to reduce greenhouse gas emissions and conserve energy.

In FY 3/2009, JT achieved a 37.9% reduction in CO₂ emissions compared with FY 3/1996, while the JT Group in Japan cut its emissions by 26.7% compared with FY 3/2004. These cuts were achieved by reducing electricity usage through efforts to make air conditioning management at plants more efficient and shifting to more environmentally friendly fuels at plants.

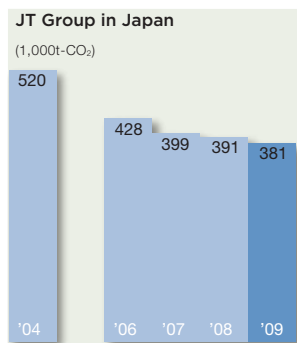
Reduction in Water Usage

The JT Group uses water in the process of producing tobacco and food products.

Trends in CO₂ Emission

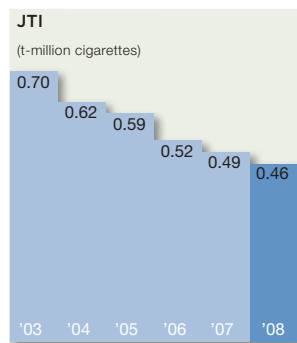


(Years ended March 31)



(Years ended March 31)

Trends in CO₂ Emission per Million Cigarettes



(Years ended December 31)

The JT Group's manufacturing facilities strive to contribute to preserving water quality through the management of waste water, and to reduce the amount of water they use through improving production processes based on a resource conservation project, recycling used water and taking other measures at tobacco plants.

As a result of these efforts, the amount of water used by JT in FY 3/2009 was down 63.5% compared with FY 3/1996, and the amount used by the JT Group was down 62.8% compared with FY 3/2004.

Effective Use of Resources

In order to preserve the limited natural resources available, both manufacturing plants and non-manufacturing offices and facilities of the JT Group engage in efforts to curb the amount of waste generated from its business activities and to recycle used materials. In FY 3/2009, the amount of waste generated by the JT Group in Japan was down approximately 12.2% compared with FY 3/2004. A total of 24 factories achieved zero emissions, while the recycling rate for the JT Group was 99.99%. As for JT alone, 16 factories achieved zero emissions, while the recycling rate came to 99.99% for plants, 98.8% for headquarters, and 92.1% for other non-manufacturing facilities.

Approach to Protecting the Global Environment Overseas

As a result of the acquisition of Gallaher, JT International (JTI) now has a total of more than 30 manufacturing bases in 25 countries. Having obtained ISO 14001 certification for 16 plants before the acquisition of Gallaher, JTI plans to do so for all of its plants by 2010.

For the fifth consecutive year, specific CO₂ emissions per 1 million cigarettes and energy and water consumption per 1 million cigarettes, all of which are key environmental benchmarks, showed improvement. In 2008, these benchmarks decreased 6%, 4% and 13%, respectively, from 2007. Production waste per 1 million cigarettes declined 12% and the recycling rate rose by 1 percentage point.

JTI factories continued to implement efficiency programs including energy-usage reductions and measures to improve the precision of energy-usage measurement, which provide basic source information for facility climate control and other operations.

Toward Better Smoking Manners and a More Favorable Smoking Environment

(This section describes activities only in Japan.)

We aim to help create a society in which smokers and non-smokers can co-exist in harmony. Enshrined in this goal is our wish to see our valued customers fully enjoy smoking at their own discretion and, at the same time, to make sure they avoid causing discomfort to nonsmokers. By engaging in various initiatives, we will fulfill our social responsibility as a tobacco company.

Examples of the Various Initiatives Setting Up Smoking Areas

We work closely with local governments and facility managers in setting up smoking areas in public facilities such as railway stations and airports, in order to promote harmonious co-existence between smokers and nonsmokers.



Public Smoking Area in Tokyo's Chiyodaku Manaitabashi Park

Advice on Separation of Smoking and Nonsmoking Areas

We provide consultation on how to separate smoking and nonsmoking areas within public facilities, commercial facilities and business offices in a manner suited to the characteristics of the facilities and the needs of users. In our consulting service, which is free of charge, we offer our know-how and put forward proposals so as to achieve the kind of separation that would satisfy smokers while giving due consideration to the concerns of nonsmokers.

"Smoking Manners" Campaign Advertising

Since JT believes that improving the "smoking manners" of individuals is essential to improving those of society as a whole, we are constantly engaged in a campaign to raise awareness about the need for appropriate smoking manners, under the slogan "Pay attention, and you can change your manners." The advertisements used in this campaign describe specific everyday situations in which smokers are supposed to show good manners, in order to prompt them to pay attention, think, and act appropriately.

Community Clean-up Event

As part of our efforts to raise awareness about the need for appropriate smoking manners, JT has been engaged in the “Pick Up and You will Love Your City” initiative since May 2004. This initiative is aimed at occasions such as community festivals and other public events and conducted in cooperation with local governments, schools, companies, and volunteers. Since these activities began in May 2004, community clean-up events have been held a total of 737 times in all of Japan’s prefectures, bringing the number of participating parties to 1,367 and the number of participants to approximately 800,000 (as of March 31, 2009).



Community Clean-up Event “Pick Up and You will Love Your City”

For further information about JT’s efforts to improve the smoking environment, please access our website.

URL: <http://www.jti.co.jp/sstyle/index.html>

JT Group’s Social Contributions

1. JT Group’s Social Contributions

The JT Group has strived to make contributions to society in all the countries and regions in which we operate, in the hope of maintaining harmonious relations with local communities by acting as a good corporate citizen. We have established various key areas for social contribution activities in the JT Group Social Contribution Policy.

JT Group Social Contribution Policy

As a good corporate citizen maintaining harmonious relations with society, the JT Group will fulfill its corporate responsibility through making sustained contributions to the communities in which it operates.

As a good neighbor, the JT Group will support the regeneration and revitalization of local communities, focusing on:

- Social Welfare
- Arts and Culture
- Environmental Protection
- Disaster Relief

The JT Group will contribute to the development of the local communities in which we operate by selecting the most critical of these four priority areas for each and providing support.

Based on this policy, the JT Group will engage in a variety of activities that contribute to society, so that we can build and maintain harmonious relations with local communities while encouraging employees to be involved in such activities themselves.

2. Contributions to Japanese Society

Social Welfare

As part of our efforts to contribute to the regeneration and revitalization of local communities as a good neighbor, the JT Group is implementing a variety of social welfare programs, including the NPO Support Projects for Youth Development, Scholarships for Students from Asia and JT Shogi Japan Series Tournament for Kids.

JT’s business offices and facilities across Japan contribute to local communities in a variety of ways while maintaining intimate relations with residents, for instance by supporting local festivals and sports events and providing company-owned sports grounds for use by local residents.



JT Shogi Japan Series Tournament for Kids



Volleyball Workshop

Arts and Culture

The JT Group engages in activities that contribute to the development and advancement of arts and culture.

At the JT Art Hall Affinis, located in Toranomon in Tokyo’s Minato Ward, cultural events—mainly classical chamber music performances—are held on an ongoing basis, providing players with opportunities to develop their talents and offering an ideal venue for music lovers to enjoy creative and inspiring performances.

Moreover, the JT Group has established the Affinis Arts Foundation to support professional Japanese orchestras, in an effort to foster talents and promote cultural development by offering assistance for orchestra players to study abroad and providing financial aid for orchestras to hold concerts.

In addition, the JT Group operates the Tobacco & Salt Museum in Tokyo’s Shibuya Ward, which teaches people about

the historical and cultural aspects of tobacco and salt, the business roots of JT, through activities such as gathering materials and data, conducting research and surveys and holding exhibitions and other events. Meanwhile, the JT Biohistory Research Hall, located in the western prefecture of Osaka, studies biodiversity and provides people with a variety of opportunities to become familiar with the wonders of natural life, for instance by holding exhibitions and by opening its laboratory to the public.



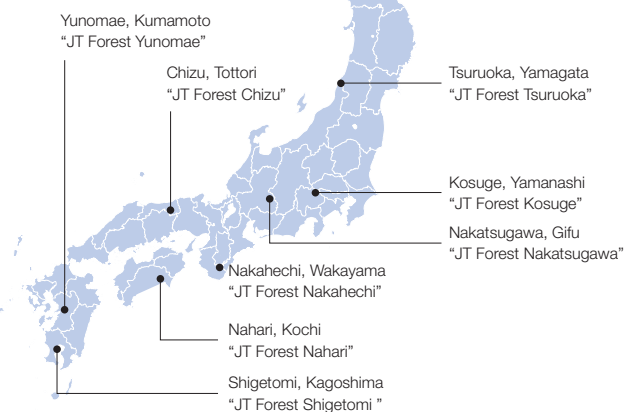
JT Art Hall Chamber Music Series

Environmental Protection

In appreciation of the benefits Mother Nature brings to our business and out of consideration for preserving the environment, the JT Group engages in environmental protection activities such as afforestation, forest preservation and street cleanup campaigns.

The "JT Forest" initiative for afforestation and forest preservation began in Nakahechi, Wakayama Prefecture in 2005 and now encompasses forest regeneration activities in a total of eight locations in Yamanashi, Kochi, Tottori, Gifu, Kagoshima, Kumamoto and Yamagata prefectures.

JT Forest Locations in Japan

JT Forest
(afforestation activities)

Disaster Relief

Through group-wide cooperation among JT Group companies in Japan and overseas, the JT Group conducts disaster relief activities by providing assistance to affected areas. This assistance includes donating emergency supplies and raising disaster relief funds. In FY 3/2009, JT made donations and sent supplies of drinking water to areas affected by the Sichuan Earthquake in China and the Iwate-Miyagi Nairiku Earthquake in Japan.

3. Social Contributions Abroad

The JT Group engages in a variety of philanthropic activities around the world, contributing to the development of the local communities in which it operates. JTI, the international arm of the JT Group that controls the group's tobacco production, marketing and sales in more than 120 countries, plays the central role in our worldwide philanthropic activities. In addition to its own philanthropic activities, JTI helps to tackle critical challenges faced by local communities as part of group-wide initiatives such as the afforestation and forest preservation programs that are underway in Africa.



Afforestation and Forest Preservation Program in Africa (planting of tree seedlings)

JTI's Corporate Philanthropy

JTI not only aims to be an excellent employer, but is also committed to supporting Corporate Philanthropy programs in the communities in which it operates. JTI's Corporate Philanthropy Policy and Guidelines are aligned with the JT Group's Social Contribution Policy, and have been shared with employees throughout the Company. JTI focuses its activities in three key areas: social welfare (charity), arts & culture, and disaster relief.

Social Welfare (Charity)

In the area of social welfare, JTI supports numerous projects focusing on the care of senior citizens and supporting adults with literacy difficulties. The following examples highlight just some of the activities the Company has supported in 2008.

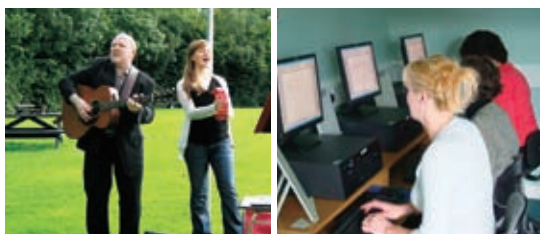
In Canada, JTI has funded the distribution of refurbished computers as well as training to allow senior citizens to access the internet and use e-mail. In an age when there is increasing distance between families and friends, this technology has allowed the elderly community to stay in touch with their loved-ones.

JTI has a long history of supporting senior citizen projects in Romania to improve their daily quality of life. In 2008, we continued our work of actively engaging our employees to support the provision of meals, clothing donations and transport assistance to those in need.



JTI Romania supports the elderly citizens

In Ireland, a group of professional actors and musicians, with JTI's support, performed live theatrical entertainment to enrich the lives of those living in residential care. The Company also funded a program of year-round literacy education and computer skills, targeted at disadvantaged adults to improve social inclusion and employment opportunities.



JTI Ireland Serendipity Theatre Group

JTI Ireland Open Learning Centre

Following the theme of adult literacy, JTI has implemented a similar project relating to computer training in the Gostkow region of Poland—close to the JTI factory. In a region that has traditionally suffered from high unemployment, the project has allowed participants to improve their employment opportunities thanks to enhanced computer skills.

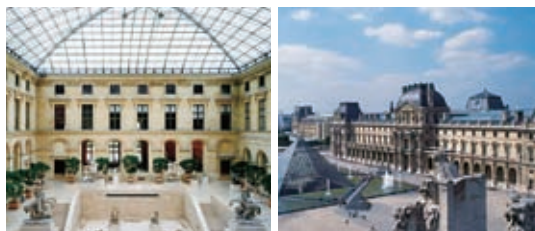


JTI Poland computer course participants

Arts and Culture

JTI continues to play an active role on the culture & arts scene, supporting numerous cultural projects and exhibitions across the globe.

In France, the world-renowned 'Louvre' museum has traditionally had strong bonds with the Japanese community, most notably through the 'Grand Louvre au Japon' program created in 2001. JTI has become a founding member of the 'Louvre Corporate Circle' and sits on its 'Sponsorship Direction Committee'.



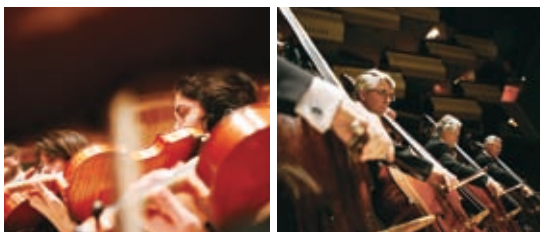
The Louvre Museum supported by JTI France

Japanese tourists are one of the largest national contingents visiting the Prado Museum in Spain. Since 1993, JTI has supported the museum to allow visitors to experience its great masterpieces. As part of this longstanding commitment, in 2008 we funded additional translations of the Prado's Gallery Guides into Japanese, giving visitors in-depth information in their native language.



JTI Iberia Prado Museum Gallery Guides

JTI in the UK entered into a five year partnership with the London Philharmonic Orchestra. Founded in 1932, and recognized as one of the world's great orchestras, its residencies include the Royal Festival Hall in London, the Glyndebourne Festival Opera, as well as performing over fifty concerts internationally each year. Our support has safeguarded the future of the 'Friday Series' set of concerts, enabling the orchestra to maintain affordable ticket prices and ensure accessibility to a wide audience.



JTI UK London Philharmonic Orchestra supported by JTI UK
(© Benjamin Ealovega)

In Russia, JTI has renewed for a further three-year term its partnership with the 'Mariinsky Theatre'. As the oldest music theater in the country, it has been a national opera and ballet academy for more than two centuries. JTI's sponsorship follows a several year association with the Theatre during which we have contributed financially to the construction of a new concert hall. As part of the new commitment, JTI will be the principal sponsor of the Theatre's two major performances in 2009; the 'Moscow Easter festival' and the 'Stars of the White Nights festival'. Our partnership will also enable the orchestra of the theater to hold over 100 concerts with the goal of « bringing music to everybody », including charitable concerts for the elderly and the socially disadvantaged groups.

Following the successful partnership in Russia, the 'Mariinsky Theatre Trust' has also received funding in the UK. The Trust's main aim is to promote public understanding and awareness of the Mariinsky Theatre's artistic activities. Our financial commitment has enabled the complete orchestra, and soloists from the Opera Company, to travel to the UK to perform concerts at the Barbican Theatre, enabling the world-renowned performances to reach an international audience outside of Russia.



The Mariinsky Theatre supported by JTI Russia

Disaster Relief

In 2001, JTI established the 'JTI Foundation'. Based in Switzerland, the Foundation supports underprivileged people around the world, with a particular focus on providing relief aid to victims of earthquakes and other natural disasters. The work of the foundation is conducted in cooperation with major relief organizations as well as governments and non-governmental agencies.

In 2008, the Foundation continued its support to develop a computerized modeling technique to estimate rapidly and precisely human and infrastructure damage caused by earthquakes. This ongoing work will significantly enhance the capability of international rescue missions. In tandem, the Foundation continues to support a specialist Turkish organization spearheading search and rescue missions across the globe, and most recently made a donation to the Vietnamese Red Cross to build houses for underprivileged and homeless people in the disaster stricken areas of Vietnam.



JTI Foundation Vietnam Red Cross houses