

CSR Activities in the Tobacco Business



To Meet Expectations of Consumers and Society on a Higher Level

JT places a premium on providing consumers with valuable products and services, while fulfilling the social responsibility of a tobacco company. To this end, JT has been striving to prevent youth smoking and create an environment where smokers and nonsmokers can coexist in harmony.

For example, efforts are underway with municipalities, the police, and those who are engaged in tobacco business to prevent youth smoking, a priority for the tobacco industry, through educational campaigns and newspaper ads. In addition, cigarette-vending machines have been almost replaced with those equipped with an age verification system to prevent minors from buying cigarettes.

JT is also rolling out a campaign to improve smoking manners, while setting up smoking areas, to achieve harmonious coexistence between smokers and nonsmokers. For example, educational campaigns through JT's website and TV commercials are in place to have smokers realize and think about the importance of smoking manners and act accordingly. JT is collaborating with municipalities to set up smoking areas in public places and providing smoke separation consulting services to facility owners.

JT is committed to fulfilling its social responsibility through a variety of approaches to continue meeting expectations of consumers and society on a higher level.



Akira Saeki
President, Tobacco Business

CSR Activities in the Tobacco Business

Youth Smoking Prevention Initiatives

While adults have the freedom to choose smoking as a personal pleasure, being fully informed about the risks involved, minors must not smoke for any reason. They are in the process of development, both physically and mentally, with their personalities, lifestyles, and discretion yet to be established. Naturally, they are legally prohibited from smoking.

Youth smoking is a problem that cannot be solved by the tobacco industry alone. It is a social problem that needs to be addressed by society as a whole, including households. JT will thus continue to take a variety of proactive measures to prevent youth smoking, while further enhancing cooperation with concerned parties

Community Youth Smoking Prevention Programs

In cooperation with local tobacconist associations, municipalities, and police authorities, JT organizes the Youth Smoking Prevention Council and participates in a variety of educational campaigns to prevent youth smoking.

The Tobacco Institute of Japan (TIOJ), meanwhile, sets "Youth Smoking Prevention Awareness Month" every year, while rolling out youth smoking prevention campaigns and producing posters and stickers for youth smoking prevention, in which JT participates as a member.

Likewise, the Japan Tobacconist Federation (JTF) distributes flyers and holds street events during the Youth Smoking Prevention Awareness Month.

Educational Campaigns Through Newspaper Ads

In addition to industry-wide activities, JT places ads in national and local newspapers to raise public awareness of youth smoking prevention. In 2011, for example, such ads were placed in 5 national newspapers and 43 local newspapers.



Youth Smoking Prevention Awareness Ads in Newspapers

Voluntary Rules for Advertising and Sales Promotion

JT has been in compliance with voluntary regulations for advertising and sales promotion of tobacco products in the domestic market since the days of the Japan Tobacco & Salt Public Corporation to prevent youth smoking, while phasing out advertising through the public media from 1969.

Likewise, the tobacco industry has been in compliance with voluntary rules set by TIOJ since its establishment in 1987; TV and radio advertising was discontinued in April 1998, followed by advertising on public transportation in October 2004 and on outdoor billboard advertising in April 2005.

You may find details of the voluntary rules in the domestic market on the website of TIOJ.

TIOJ (Japanese)

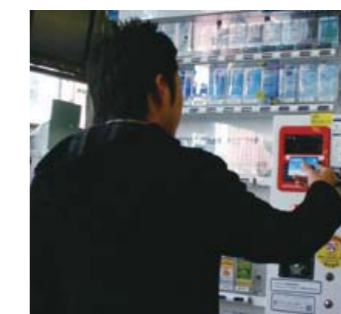
URL www.tioj.or.jp

Age Verification Cigarette Vending Machines

The key factor for youth smoking prevention is to prevent minors from buying cigarettes through vending machines. The tobacco industry, therefore, has been rolling out programs such as placement of campaign stickers and voluntary restrictions on late-night sales through vending machines, with age verification cigarette-vending machines introduced in 2008.

TIOJ, JTF, and the Japan Vending Machine Manufacturers Association (JVMA) play a central role in introducing age verification cigarette-vending machines. The "taspo" IC card, issued exclusively for adults, is required to buy cigarettes from these vending machines. Cigarette-vending machines all over the country have been almost replaced with their age verification counterparts and the number of "taspo" IC cards issued exceeded 10 million in 2011.

The tobacco industry will continue to distribute "taspo" cards, while JT is committed to playing a key role in preventing youth smoking as a leading tobacco company.



Age verification cigarette vending machine



"taspo" IC card

Creation of an Environment Where Smokers and Nonsmokers Can Coexist in Harmony

Under the slogan “Creating an Environment Friendly to Both Smokers and Nonsmokers,” JT is working on smoking manner improvement, creating a better smoking environment, and promoting citizen participation cleanup activities in an effort to achieve a society where smokers and nonsmokers can coexist in harmony, which is posted on JT’s website and advertised on TV.



JT’s Approaches Advertised in Newspapers

JT’s Approaches (Japanese)
URL www.jti.co.jp/sstyle/manners

Improving Smoking Manners

As the creation of a society where smokers and nonsmokers can coexist in harmony also requires improvement of smoking manners, JT is calling for smokers to give consideration to people around them, including nonsmokers.

For example, with the catch line “Pay Attention and You Can Change Your Manners,” many common scenes and themes regarding smoking manners are illustrated and spread through newspapers, public transportation, tobacco retailers, and smoking areas to have smokers realize and think about the importance of smoking manners and act accordingly.



Smoking Manner Ads

JT’s Approaches (Advertising/Japanese)
URL www.jti.co.jp/sstyle/manners/ad

Improvement of the Smoking Environment

When separating smoking and nonsmoking areas, JT places a premium on creating an environment that gives consideration to both smokers and nonsmokers.

JT and municipalities nationwide, therefore, have been jointly setting up smoking areas, while rolling out campaigns to reduce cigarette-butt littering and improve smoking manners. As of the end of March 2012, more than 1,000 smoking areas had been set up in collaboration with about 230 municipalities, resulting in significant decreases in cigarette-butt littering in some areas.

At the same time, JT is working with a variety of parties such as facility owners and managers to improve the smoking environment, while providing consulting services for smoke separation at terminal stations, airports, office buildings, and large-scale commercial facilities, where a large number of people gather.



Smoking Area at the Haneda Airport

JT’s smoke separation consulting services are designed to provide facility owners and managers with solutions for smoke separation that gives consideration to nonsmokers and at the same time satisfies smokers. The JT headquarters houses a smoke separation test room where physical conditions such as exhaust airflow and layout can be adjusted to recreate various smoking environments and demonstrate smoke separation methods. In addition, the website “Tobacco World” and the brochure “Smoke Separation Consulting Services” show basic information and key points in smoke separation as well as details of smoke separation consulting services.

JT, moreover, is encouraging restaurants to put up stickers and posters, which indicate the smoking environment, at their entrances to guide customers. Restaurant managers, meanwhile, can design their own signs by choosing figures and colors posted on JT’s website.

JT’s Approaches (Smoke Separation/Japanese)
URL www.jti.co.jp/sstyle/manners/bunen



Brochure “Smoke Separation Consulting Services”

Pick Up and You Will Love Your City Initiative

JT has been rolling out a citizen participation cleanup campaign called the “Pick Up and You Will Love Your City” initiative in 47 prefectures nationwide to help people develop the mindset of “not littering on the street” through the experience of “picking up trash.” This campaign—a joint initiative with municipalities, companies, schools, volunteer bodies, and planning committees and participants in local events—has been carried out on more than 1,300 occasions, with about 1,300,000 participants and 2,674 parties teaming up for it (as of March 2012).

JT will further promote the campaign, hoping to increase the number of those who do not litter on the street, while calling for broader participation and cooperation.



Pick Up and You Will Love Your City initiative

Pick Up and You Will Love Your City initiative (Japanese)
URL www.jti.co.jp/sstyle/manners/clean

Participants’ Opinions

“The Kumamoto Fall Castle Festival” (October 2011)

“The Kumamoto Fall Castle Festival” is a 15-day festival held every fall at the Castle of Kumamoto. The “Pick Up and You Will Love Your City” initiative was jointly implemented for two days by the Citizen Cooperative Promotion Section of the Kumamoto City, the Kumamoto Kamimashiki Regional Federation, and local communities, with about 2,000 people taking part in it.

Shinji Harano, Chairman, Ginnan Festival Steering Committee



While shops in a local shopping district and other groups set up booths at the festival site to offer local delicacies, littering of used food and beverage containers has been a problem. But the amount of such litter decreased thanks to the initiative, and we are very grateful for that.

Masataka Hayashi

Assistant Section Head, Citizen Cooperative Promotion Section, Kumamoto City



The “Pick Up and You Will Love Your City” initiative, I think, is contributing to reducing litter on the street and improving citizens’ manners. Hopefully, the initiative will further raise their awareness of voluntary manners.

To Meet Expectations of Consumers

To Provide Consumers with Products That Meet Their Needs

JT is striving to improve and maintain product quality in every aspect of operations, from R&D to procurement, manufacturing, and sales, to provide consumers with products that meet their needs.

For example, a massive amount of data on preference on taste and flavor is gathered and analyzed to develop products that satisfy the palate of consumers. As for raw material procurement and manufacturing, a traceability system is being developed to keep track of the flow of products, thereby further improving and strengthening the quality-assurance system. At the same time, sales representatives monitor the freshness of products on the shelves and in vending machines to deliver quality products to consumers.

The sales forces and the Customer Service Center, meanwhile, gather consumers’ valuable opinions on JT’s products, which are fed to the management and all departments concerned to improve and maintain product quality.



Customer Service Center

Communication of Appropriate Information to Consumers

While opinions abound on tobacco products, the management of tobacco business is expected to be faithful and transparent. In order to meet such expectations, JT disseminates a variety of information on tobacco and smoking.

Regulatory authorities around the world, for example, speak the same language regarding the harmful effects of smoking, which causes or increases the risks of many diseases. JT, therefore, helps these authorities advise smokers, while informing smokers of the health risks of smoking and the specifications of JT’s products. On the domestic front, meanwhile, the Ordinance of the Ministry of Finance, based on the Tobacco Industries Act, mandates that health caution and the amount of tar and nicotine must be indicated on cigarette packages, with which JT fully complies.

JT’s views on tobacco products, smoking, and its health risks as well as information about additives used in JT’s products are posted on JT’s website.

JT’s Philosophy on Tobacco Business and Adults’ Responsibilities and Choices (Japanese)

URL www.jti.co.jp/corporate/enterprise/tobacco/responsibilities

CSR Activities in the Pharmaceutical Business



Aiming to Achieve the Highest Level of Ethical Standards as a Pharmaceutical Manufacturer

We are committed to achieving our most important mission, which is to “develop innovative, unique, and globally competitive drugs.”

As we are engaged in a business that has a direct impact on human life, we must always have a strong sense of responsibility, ethics, and mission. Our priority in CSR is thus to “achieve the highest level of ethical standards as a pharmaceutical manufacturer.” Specifically, we are operating with integrity, strictly complying with pharmaceutical regulations and standards, and properly managing chemical substances. At the same time, Torii Pharmaceutical Co., Ltd., a JT Group company manufacturing and distributing pharmaceuticals, sees to it that the promotion code is followed and awareness-raising programs are put into practice with a focus on medical services.

Drugs are indispensable for the relief of patients suffering from diseases, while failure to supply them could have a serious impact on their lives. We, therefore, give priority to ensuring the supply of drugs. The Great East Japan Earthquake, meanwhile, did not have a direct impact on our business, but it brought home the importance of a robust supply system.

JT and Torii Pharmaceutical Co., Ltd., a JT Group company, will continue to make concerted efforts to develop drugs to be respected and appreciated by patients and medical staff around the world.



Muneaki Fujimoto
President, Pharmaceutical Business

CSR Activities in the Pharmaceutical Business

Strict Compliance with Laws and Regulations

Compliance with Pharmaceutical Regulations and Standards

A number of laws and regulations apply to new drug development, some of which include verification of the safety of drug candidate compounds at the preclinical stage and assurance of safety of trialists during clinical development. The JT Group, therefore, has a system in place to comply with relevant laws and regulations, while controlling the safety of its drugs through strict in-house audits to check if the prescribed operating procedures are appropriately followed.

In addition, data on the efficacy and side effects of drugs on the market are being gathered to provide patients with drugs in an effective and safe manner.

Proper Management of Chemical Substances

The JT Group continues to comply with a variety of laws and regulations concerning the management of designated chemical substances, with more rigorous in-house regulations and systems in place to educate employees on safety management. The Central Pharmaceutical Research Institute, which spearheads the JT Group’s new drug development, is striving to improve and put into practice its chemical substance management system. Torii Pharmaceuticals Co., Ltd., a JT Group company manufacturing and distributing pharmaceuticals, systematically manages chemical substances in accordance with prescribed rules and procedures, setting up management categories based on the characteristics of each chemical substance.

Compliance with the Promotion Code

The Japan Pharmaceutical Manufacturers Association (JPMA) sets forth the “JPMA Promotion Code for Prescription Drugs,” a code of conduct for pharmaceutical companies in promoting medical supplies and prescription drugs. Torii Pharmaceuticals Co., Ltd., a JT Group company manufacturing and distributing pharmaceuticals, holds study sessions and seminars to strictly comply with its own code of conduct in accordance with the promotion code, while educational programs are in place to develop qualified MRs (medical representatives).

Approaches Based on Patients’ Opinions

Torii Pharmaceutical Co., Ltd. is committed to fulfilling the responsibilities of a pharmaceutical company, striving to improve patients’ quality of life from their perspectives. For example, easy-to-swallow formulations were developed at patients’ requests, with efforts underway to develop formulations from the standpoint of patients.

Ethical Considerations for Experiments and Studies

Ethical Considerations for Animal Experiments

Animal experiments are essential part of pharmaceutical development in determining the safety and efficacy of drugs. When conducting animal experiments, the pharmaceutical business examines their scientific rationality, respects the lives of animals, and always takes the concept of animal welfare into consideration.

The Central Pharmaceutical Research Institute set in-house regulations for animal experiments in accordance with the Law of Humane Treatment and Management of Animals (Law 105, instituted in 1973) and its relevant guidelines (Notification 0601005, issued by the Ministry of Health, Labour and Welfare in 2006) to properly manage animal experiments and breed experimental animals. Specifically, the animal experiment committee is in place to examine and ensure that experiments are conducted in accordance with the 3R concepts*. The pharmaceutical business, meanwhile, was certified by a third party for its proper management of animal experiments, etc.

*3R Concepts Replacement: Where possible, opt for test methods using no experimental animals
Reduction: Minimize the number of animals used for experiments
Refinement: Do not let experimental animals suffer unnecessary pain

Ethical Considerations for Human Genome/Gene Analysis

The Ethics Review Committee on Human Genome/Gene Analysis is in place to examine the ethical and scientific validity of studies in accordance with the Ethical Guidelines for Human Genome/Gene Analysis (Notification 1, issued by the Ministry of Education, Culture, Sports, Science and Technology, the Ministry of Health, Labour and Welfare and the Ministry of Economy, Trade and Industry in 2001).

Awareness-Raising Programs with a Focus on Medical Services

Torii Pharmaceutical Co., Ltd. has been providing tips about how to deal with diseases and stay healthy through its website and brochures, helping patients improve their quality of life. The website, moreover, features a section that explains the mechanisms of diseases and their symptoms. In addition, a humorous poem contest for artificial dialysis, which causes itching, was co-held with the Japan Association of Kidney Disease Patients (JAKDP) to raise public awareness of dialysis complications.



Torii Pharmaceutical Co., Ltd.
URL www.torii.co.jp/en

CSR Activities in the Food Business



To Provide Safe and Reliable Products to Consumers

The JT Group is committed to providing safe and reliable products to consumers, hoping to “provide products for your loved ones.” The JT Group, therefore, has been striving to set and meet the highest standard for safety control, focusing on reducing risks, better serving consumers and strengthening the corporate organization and system.

In an effort to reduce risks, for example, a variety of programs are in place for raw material procurement and manufacturing at home and abroad, with emphasis on supply-chain safety management. In addition, food safety information and factory tours are offered to better serve consumers, thereby having them select the JT Group’s products with a sense of security. Measures to strengthen the corporate organization and system, meanwhile, include appointment of food safety control representatives, which constitute an independent organization tasked with integrated food safety control, and introduction of food safety advisers (external experts) who evaluate and advise on the group-wide safety control system—all designed to create a system to promote safety control across the JT Group.

Safety improvement is a never-ending effort for manufac-

turers of foods, and is the very basis of our lives. The JT Group, therefore, will continue to maintain the highest standard for safety control to provide consumers with safe and reliable products.



Ryoko Nagata
Head of Beverage Business



Miyoharu Hino
President & CEO
TableMark Co., Ltd.

CSR Activities in the Food Business

JT Group Food Safety Policy

As the JT Group’s food business is tasked with providing consumers with safe and reliable products, the “JT Group Food Safety Policy” is in place and is shared across the group, serving as the basis of all operations.

The policy stipulates that each employee must make the utmost efforts to ensure food safety, with consumers’ opinions taken into consideration in improving the safety and quality of products.

Approaches to Reducing Risks

All frozen-food factories of the JT Group and its outsourcing companies obtained ISO 22000 certification for food safety. The JT Group is also working on food defense to deal with intentional attack on the foods it produces. Specific measures include putting in place a security system, such as tight control of facilities, water sources, and toxic chemical substances; setting of restricted areas for both employees and visitors; and restrictions on bringing in personal belongings. These are all included in a food defense plan for implementation by all factories and distribution centers.



Food Defense Meeting at a Factory

* Food defense is designed to protect foods from planned or intentional attack (contamination, etc.).

Strengthening the Corporate Organization and System

With “food safety control representatives” in place both at TableMark Co., Ltd. and at the JT’s Soft Drink Business Division, group-wide efforts are underway to strengthen the corporate organization and system.

At the same time, “food safety advisers” consisting of external experts evaluate and advise on the JT Group’s food safety control system, which is reflected in our operations.

TableMark Co., Ltd (Japanese)
URL www.tablemark.co.jp

Better Serving Consumers

Communicating Food Safety Information

The JT Group posts its food safety control programs on its websites to give customers a sense of assurance.

The Soft Drink Business Division’s website, for example, features information such as raw materials for products and their nutrient components, and quality-assurance approaches, from product development to delivery of products to consumers.

Likewise, the website of TableMark Co., Ltd. shows how to read the labeling on packages (information about where its products are manufactured and where their ingredients are sourced from) and food supply chain safety management. In addition, the “OISHISA-KENSAKU” on the website is designed to track production records (rice production areas, suppliers, factories, production dates, etc.) from the best-before date printed on the packages and trays of the “Takitate Gohan” series. Production processes are also shown on the website, where a virtual factory tour is offered, in addition to a real tour of the Uonuma Mizunosato Factory.



Gallery for Uonuma Mizunosato Factory Tour

Reflecting Consumers’ Opinions in Products

Consumers’ valuable opinions are communicated to all departments concerned and shared within the JT Group to develop products and improve their quality.

Examples of Improvements

| Consumers’ Opinion | Improvement Made |
|---|---|
| <p>Mineral Water “Echigo-no-meisui”</p> <p>The label on the PET bottle is hard to peel off because the perforated line is invisible.</p> | <p>A cut-here line is printed along the perforated line (as from production in May 2012)</p> |
| <p>All Beverages</p> <p>The way the best-before date is indicated is somewhat confusing.</p> | <p>The best-before date, for example, is indicated as 2011.10.02 (October 2, 2011) instead of 111002.</p> |

JT Beverage website (Japanese)
URL www.jti.co.jp/softdrink