

JT Group's CSR

Management Principle and the JT Group's Objectives

Management Principle

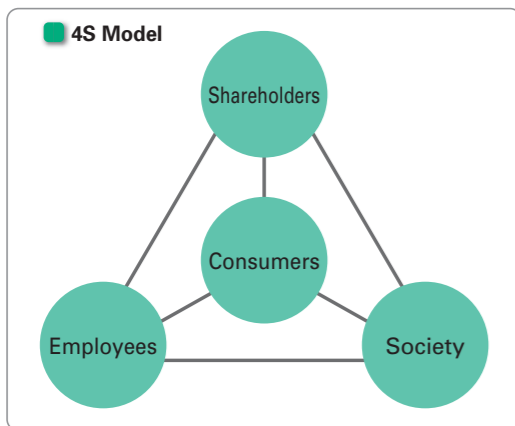
A company cannot survive on its own; its existence relies on cooperation with a number of stakeholders including consumers. The JT Group, therefore, puts up the 4S (S stands for Satisfaction) model, which focus on fulfilling our responsibilities to our consumers, shareholders, employees and society, placing our consumers at centre.

The JT Group will continue to practice this management philosophy, thereby increasing the company's value and accelerating growth in the mid to long-term.

JT Group Mission and the JT Group Way

The JT Group established the "JT Group Mission" and the "JT Group Way," the agenda to realize its philosophy to achieve its long-term goal: a company committed to global growth by providing consumers with a variety of values that are uniquely available from the JT Group.

With the group's management philosophy in mind, all JT Group employees must share the mission and agenda to deal with the changing business environment and achieve further growth.



Communication with Stakeholders

In conducting business, the JT Group communicates with stakeholders in a variety of situations, incorporating the

results of discussions and suggestions made into its operations and CSR activities.

Consumers

The JT Group provides consumers with correct information on its products and services through its website and brochures, and with such information, a sense of trust and satisfaction. At the same time, the sales forces and the Customer Service Center gather consumers' valuable feedback, which contributes to improving the group's products and services.

Society

The JT Group disseminates information about its business policy and activities so that it can be better understood and evaluated by society, while communicating with local communities and NGOs on many occasions in an effort to listen to various opinions.

Shareholders

The JT Group discloses information about its performance in a timely and appropriate manner by holding briefings and publishing periodical reports, an effort to be better understood and evaluated by shareholders.

Employees

The JT Group enhances communication between top management and employees by posting the executives' messages on the intranet, publishing group magazines, conducting questionnaires for employees, and taking measures to strengthen the group's organizational power.

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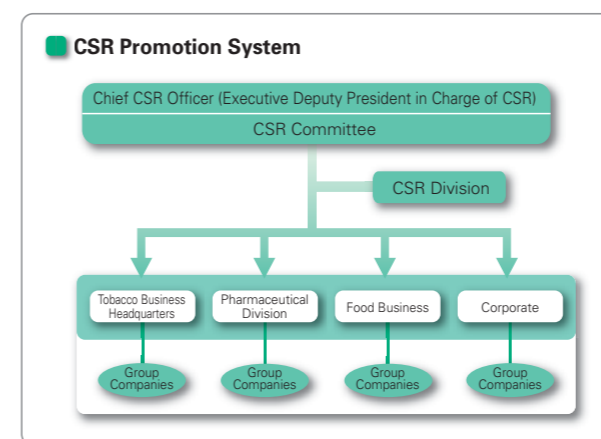
The JT Group's sustainable growth depends entirely on sustainable development of society, for which it strives to fulfill its social responsibilities by addressing social issues where it operates. Through these efforts, the JT Group can achieve its mission.

While the JT Group has been advancing CSR activities primarily through its operations, the focus will be on those based on ISO 26000, an international standard for social responsibility, to contribute to solving social issues on a more global basis and in a more appropriate manner. Specifically, they are designed to address appropriate manufacturing process and consumer services, supply chain management, environmental management, strengthening of the business foundation, and social contribution.

In addition, the JT Group will continue to communicate with stakeholders, as their opinions are essential to its CSR activities.

JT Group's CSR Promotion System

With the business environment taken into account, the CSR Committee, chaired by the Executive Deputy President in charge, is held regularly to discuss and share the direction in which the JT Group should be heading, while the CSR division is working with other divisions to promote CSR activities on a group-wide basis.



CSR Promotion Policy and Its Development

The JT Group has been promoting CSR activities based on the three-year promotion plan (2009–2011), which sets priority issues in four primary areas (Base Domain of Business Management, Business Environment, Global Environment and Social Contribution), while stepping up efforts to meet the expectations of society.

As for the base domain of business management, efforts are underway to address corporate governance, risk management, and compliance issues; implement CSR-oriented procurement; and strengthen human resources management. Specifically, the JT Group Responsible Procurement Policy was adopted to promote CSR-oriented procurement on a group-wide basis, while the JT Group Code of Conduct are in place to further strengthen the group's system to observe compliance.

The business environment area: The tobacco business focuses on "youth smoking prevention" and "harmonious coexistence between smokers and nonsmokers"; the pharmaceutical business, on "the highest level of ethical standards required for those who are engaged in pharmaceutical business"; and the food business, on "the highest standard of food safety control." Taking into account the nature of its operations, each business is addressing these challenges on a long-term basis, while producing steady results.

The global environment area: In line with the JT Group Environmental Action Plan (2009–2012), efforts are underway to reduce environmental impacts (global-warming prevention and resource saving) and extend environmental management to all consolidated subsidiaries. In fact, there have been improvements in major environmental indexes (greenhouse gas emissions, water consumption, waste generation, and waste recycling), while a growing number of consolidated subsidiaries are practicing environmental management.

The social contribution area: The JT Group, as "good corporate citizen," will continue to coexist with communities in which it operates, based on the JT Group Social Contribution Policy. On the domestic front, for example, community-based programs are underway, such as cleanup activities in the surroundings of JT's factories and offices, the JT Forest initiative for reforestation and forest conservation in nine locations across Japan and support for NPOs. In addition, Japan Tobacco International (JTI), which spearheads JT's overseas tobacco business, focuses on activities designed to improve the quality of life of the less advantaged, and to promote the arts.