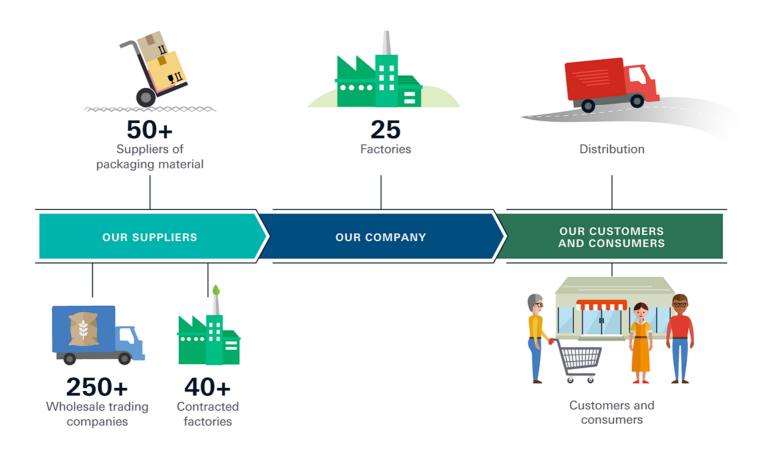


#### Overview

In the processed food business, we seek to provide safe and delicious food for consumers, in the hope that they will choose our products for their loved ones. We will continue to aim to be highly evaluated by our customers through the world of food, which is the source of our lives.

Our processed food business is dedicated to delivering safe, high-quality food products to consumers. We are also mindful of the environmental impacts of our products and operations, and we make continuous improvements to these wherever possible.

### Our processed food business value chain\*



 \* This diagram represents the value chain of products for frozen and ambient foods. We do not deal directly with raw material producers – such as growers – who provide raw materials to the trading firms or to the contracted factories that supply us.

#### Processed food business sustainability strategy

Our processed food business aims to continuously deliver products with a commitment to quality and technology, in line with consumer needs. In view of this mission, in 2019, we selected the three focus areas below and set eight specific targets for these focus areas. This is the first time we are reporting on our progress towards achieving the targets.

Focus areas	Aspirational goals
Products and services	We will continue to provide high-quality, technology-driven products in response to our customer's needs, to satisfaction and trust.
People	We will ensure workplace safety for our employees, while continuously investing in people who can contribute to enhancing corporate value.
Supply chain	We will reduce social and environmental impacts and continue to deliver safe products to consumers.

#### Sustainability strategy of processed food business

Strategic focus areas	Aspirational goals	Targets	Progress	SDGs
Products and services	We will continue to provide high-quality, technology- driven products in response to our customer's needs, to satisfaction and trust.	Improvement of quality of IR. View wild whelle address drawdar inprovement of the sectors on "health," "convenience," and "diversity," in response to diverse consumer needs.	In 2020, we developed a new category of mostly meel to need with growing our consumer needs semand in today the lunched size products, which could can all be served without billions and without adding vetter. Also, by utilizing a vesat technology, we automated as assessings that can add authentic cooking feeling even after a heating process.	3 mmm. -/\/\\$
safety for o while cont in people v	We will ensure workplace safety for our employees, while continuously investing	Enhance job satisfaction We will further improve job satisfaction by promoting talent development in a secure and motivating workplace	To ensure a safe workplace environment under the COVID-19 pandemic, we introduced full-time flexible working and no-limit remote working.	*
	in people who can contribute to enhancing corporate value.	Zero injuries In line with our vision of zero workplace injuries, we will reduce injury rates by 25% by 2025 and 50% by 2030. (Baseline year: 2018)	Recordsble injury rate*1 declined 2.3% from 0.90 in 2018 to 0.88 in 2020.	8 mmm. all
		Community investment *2 Between 2015 and 2030 we will invest US\$600 million to help make communities inclusive and resilient, with our employees contributing 300,000 volunteering hours.	Since 2015, we have invested US\$349 million in our communities and employees volunteered 137,882 hours on company time.	
environmental impacts continue to deliver safe	We will reduce social and environmental impacts and continue to deliver safe products to consumers.	Foster a safe and reliable corporate brand We will promote food safety management in compliance with global food safety standards to double food safety will also enhance the way we communicate with customers so that they retain this in our food quality.	We contribute regular inspection in outsourced and our own factories. Also, through internal training programs, we try to noise awareness to migrove the quality of our graduits. In order to communicate with oursomers and reflect their voise to our products, we illustrated a new centime tools to share consumer feedback with all employees.	2 III
		Promote use of environmentally friendly packaging materials We will promote the use of renewable plant-based resources and reduce our use of non-renewable resources, to reduce the environmental impact of our products.	We launched 24 products with a featuring biomass ink for its on the packaging in 2020. To reduce non-renewable resource use associated with our bakery operations business, Saint-Germain are gromoling a campaign for customers who bring their own eco-bags to reduce the amount of plastic shopping bags used.	<sup>2</sup>
		Waste We will reduce the amount of waste associated with our Japanese domestic offices by an average of 1% per year. (Intensity target*3).	We have reduced the amount of waste associated with our Japanese domestic offices in 2020 by 1.3% vs 2019.	2 CO
		Greenhouse gas emissions We will reduce greenhouse gas emissions from our own operations by 28%, between 2015 and 2030.	Since 2015, we have reduced greenhouse gas emissions from our own operations by $14.2\%.$	13

\*2 Target for Community investment is a Group-wide target.

The eight specific targets of our processed food business contribute to achieving the goals set out in the <u>JT Group sustainability strategy</u>.

Respecting human rights

Investing in people

Improving our social impact

**Environment** 

## Our business operation and sustainability

We have a rigorous quality and process control system based on the four priorities of food safety, food defense, food quality, and food communication.



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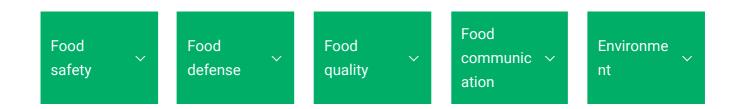
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Processed food

Our business operation and sustainability

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# Our business operation andsustainability



#### Food safety standards



Our processed food business has 32 factories, which produce a variety of food products, from frozen foods to seasonings, and bakery products. 23 of these factories are located in Japan, and nine are located in China, Indonesia, Thailand, and the U.S. Our products are sold primarily in the Japanese market.

We make sure that all of our factories\* are certified to the global food safety standard FSSC 22000. FSSC 22000 is recognized by the Global Food Safety Initiative (GFSI), the food industry's global body for promoting food safety management.

All the factories contracted to manufacture frozen food products on our behalf have been certified to the food safety standard ISO 22000 or FSSC 22000, as an assurance of food safety.

We also work with multiple independent advisors, who have helped to develop our approach to food safety since 2008. Throughout the year, these advisors provide useful information. In 2020, they gave presentations to our employees on industry topics such as food safety, consumer consciousness, and/or the laws and regulations relating to the Food Sanitation Act. These events provided employees with a greater awareness of new developments and important topics in the field of quality control.

In order to ensure food safety, we have introduced a system that records information about our products at every stage of the process, from the raw materials and production to processing, distribution, and sales. This means we can retrace our product to any point, if necessary.

\* One of our factories, which started its operations in 2020, is on track to receive this certification. It will be in 2021.

#### Food defense practices

Food defense is about protecting our manufacturing processes and products from intentional contamination. We apply robust food defense guidelines across the supply chain, both in our own factories and our contracted factories, which are referred to during our annual audits.

We are continuously strengthening our food defense mechanisms. We are working on further utilization of factory cameras and enhancement of our drug management system both in our own factories and our contracted factories.



#### Enhancing food quality

Food quality control is an essential element of our daily operations. Along with quality improvement efforts on factory floors, we ensure that all of our employees receive training through customized elearning materials.

We also listen to our consumers' suggestions for improving product quality, and swiftly share these with our factories and operations.

Our internal Quality Improvement Committee enables us to effectively respond to our consumers' recommendations. The Committee includes not only members of the Quality Control division, but also representatives from many other divisions, such as Product Development, Manufacturing, Distribution and Marketing and Sales.

Our consumer complaints management system is based on ISO 10002, the international standard for customer satisfaction and complaints handling. To enhance the quality of our correspondence with consumers, we introduced a voice transcription system at our Consumer Call Center. This system transcribes and records correspondence with our consumers on behalf of our operators, enabling the operators to focus on providing excellent customer service.

#### Further food communication



Transparency is at the heart of our business, and we are always willing to provide details about our food products. We respond to consumers' requests for information and disclose the precise factory where food products were made, or the country of origin of the main ingredients.

We also have toll-free numbers on our product labels which consumers can call for extra information. In 2019, we improved the customer inquiry form on our corporate website to make it more relevant for our consumers.

We seek to provide safe and delicious food for consumers, in the hope that they will choose our products for their loved ones. This principle is not limited to our R&D and manufacturing sites; it applies across all of our operations. We understand the importance of listening to consumers, and have introduced a new online tool to share consumer feedback with all of our employees. We will continue to embed and reinforce this consumer-centric approach throughout our operations.

#### Reducing our environmental impacts

As part of our efforts to reduce environmental impacts within our operations, one of the companies within the JT Group, Thai Foods International, built <u>a biomass co-generation system for its Thai factory</u>  $\square$ , where it manufactures seasonings.

The system, which started its operations in 2020, uses rice husks as an alternative fuel source. This

system is expected to significantly reduce purchased electricity usage and the resultant Scope 2 greenhouse gas (GHG) emissions by 7,000 tons per year.

This project, which has been adopted by the Joint Crediting Mechanism of the Ministry of Environment in Japan, not only helps us to reduce energy costs but also contributes to GHG reduction in Thailand.

In another step towards a greener future, we developed a compact tray for some of our packed cooked rice. The new model holds the same amount of rice as conventional trays, but uses approximately 10% less plastic.

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