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03 Our people

A large part of how we do business relates to how we attract, retain, and treat our employees, and how we keep them safe at work.

Our approach to human resources is grounded in our “4S” model. We provide all JT Group employees with growth opportunities, adopt transparent rules and standards, treat all employees fairly, respect diversity, and seek a variety of talent.

Our employees are a critical contributor to our success and by following this approach, we aim to provide workplaces where they can thrive and develop.



Health and safety


To the JT Group, effective health and safety management means not only complying with all relevant legislation but also establishing systems to minimize risks for employees, contractors, and visitors to our operations.

Group-wide, we have a uniform understanding of the importance of health and safety, and this is reflected in individual policies within our business units that are tailored to specific business needs. Although each business has its own policy, there are a number of common factors to our approach, including maintaining effective management systems, using systematic risk assessments to identify workplace risks, and investing in continual performance improvement.



Health and well-being team in Brazil


Health

The health of our employees is directly linked to their productivity and satisfaction at work. Within JT , we provide a full-time medical staff of 14 doctors and 34 public health nurses across 11 office locations. They provide legally required medical examinations as well as health checks and consultations to help employees with lifestyle-related health issues.

In our international tobacco business, we launched a wellness strategy in 2013 that defines our approach to worker health, hygiene, and well-being. The strategy consists of four pillars for improvement of health management and performance: reaction, risk assessment, control and management, and well-being. The initial focus has been on understanding absence through ill health by determining health risks in our supply chain and manufacturing operations so that we can make informed decisions on worker protection. Future focus areas include exposure control and risk management, developing competence among our employees, and developing global well-being programs that address the reasons for employee absence.

We will also focus on business resilience through pandemic planning and endemic disease programs, such as for HIV/AIDS. We are taking the model of our successful Action Against AIDS program in South Africa and have initial plans to roll the initiative out across our operations in Malawi, Tanzania, and Zambia. Here, prevalence of HIV and AIDS are among the highest rates globally.

Safety in our Japanese domestic businesses

In 2013, we renewed our five-year Occupational Safety Hazard Prevention Plan  that sets a target to eliminate occupational accidents in JT by 2017. With one lost time incident (LTI) across our 13 Japanese tobacco-related manufacturing facilities in 2013, we are close to achieving zero LTIs. Our ongoing focus

is on eliminating all recordable incidents, and we developed new 'Safe Working Guidelines' for our tobacco manufacturing operations in 2013.

Training is an essential part of achieving our goal, and a major training program in our Japanese domestic tobacco manufacturing operations is Kiken Yochi training, or risk prediction training. The training brings together small groups of employees to identify operational risks, determine root causes, and develop risk mitigation approaches and goals for their own factory.

Safety in our international tobacco business

In our international tobacco business, our safety strategy targets work-related injuries and aims to build a sustainable safety culture. Twenty-one of our manufacturing sites are certified to the OHSAS 18001 safety management standard, and in 2013 the first of our research and development facilities achieved certification. Our target is to certify all manufacturing, research and development, and tobacco leaf supply chain operations to ensure we have a consistent and systematic approach to improving workplace safety.

Key safety initiatives that we are implementing include Safety Culture and Fleet Safety Programs. Our Safety Culture Program engages and encourages employees to adopt safe workplace behaviors. It includes safety leadership training, safety observation, and dialogue processes, and establishes task-teams for specific safety topics. The Fleet Safety Program provides defensive driver training and web-based safe driver training, as well as setting objectives to reduce road traffic collisions. These programs have contributed to a downward trend in work-related injuries. As our business grows, we will review and revise these programs to ensure all high-risk activities continue to be targeted for safety improvement.

Japan Tobacco Inc.*B

	2011	2012	2013
Occupational accident frequency rate ^{*1}	1.13 ^{*3}	0 ^{*3}	4.44
Occupational accident severity rate ^{*2}	0.012 ^{*3}	0 ^{*3}	0.031
Total number of fatalities	0	0	0
Total number of lost time incidents (LTIs)	25	20	31

^{*1} 1,000,000 x (Number of lost time incidents/Total working hours)

^{*2} 1,000 x (Number of work loss days/Total working hours)

^{*3} Please note that 2011 and 2012 data for occupational accident frequency rate and accident severity rate represented production sites only; however, 2013 data includes all JT operations due to improvements in the scope of reporting

International tobacco business*E

	2011	2012	2013
Number of fatalities	2	2	3
Number of lost time incidents (LTIs)	76	68	58
LTI rate (LTIs per 200,000 hours worked)	0.32	0.29	0.22
Number of vehicle accidents	1,757	1,508	1,362
Vehicle accident frequency rate (accidents per million km)	8.4	7.1	6.1

In our international tobacco business, safety performance in certain areas can be challenging due to vast differences in safety cultures within the geographies in which we operate. In 2013, across the international tobacco business, there were three fatalities. We had 58 lost time incidents (LTIs), the lowest number since measurement began in 2003. The number of vehicle accidents was reduced by around 22%, and our vehicle accident frequency rate was reduced from 8.4 to 6.1, which again is the lowest in the international tobacco business's history. We will continue to improve our safety performance until we achieve our vision of an injury-free work environment. Further details can be found within the JTI Environment, Health & Safety (EHS) report on www.jti.com.



Embedding safety in new acquisitions: Sudan

Following the 2011 acquisition of Haggag Cigarette and Tobacco Factory in Sudan, one of our first priorities was to improve a safety record that fell far short of our standards. With support from regional and global safety leaders, a four-year safety roadmap was devised, starting in early 2012 with the urgent need to provide Personal Protective Equipment, and ensure it was used. The roadmap also includes implementing safety procedures, safety leadership training, incident reporting and investigation, and regular progress review meetings. In a short period, the intensive safety focus started to pay off, with LTIs reduced from 23 in 2011 to nine in 2012 and two in 2013.



Car fleet safety in Russia

In Russia, our vehicle fleet consists of 1,800 vehicles travelling some 38 million kilometers each year. Following a study by our safety team, we discovered that 45% of our fleet accidents were speed related. In response, we initiated a fleet safety program in 2012. The program includes GPS monitoring of our vehicle fleet, which allows us to record vehicle speeds and driver behavior such as accelerating, braking, and overtaking. Combined with regular driver training, the program has halved the vehicle accident frequency (VAF) rate from 8.7 in 2011 to 4.11 in 2013 and reduced total accidents from 347 to 150 accidents. The program has also received a State Traffic Police commendation.

VAF rate = number of fleet vehicle accidents/ distance in kilometers travelled by all vehicles x 1,000,000 kilometers

Responsible employer

The JT Group operates a strategic framework that acknowledges employees as a cornerstone of our success. We invest in our employees accordingly and encourage collaboration across our diverse workforce, which spans more than 70 countries. Two critical factors that support this approach are ongoing engagement with our employees and positive industrial relations. Communication is key to being a responsible employer, and we engage in an open dialogue with employees and their representatives to generate mutual respect.

Working with Trade Unions

We have a long history of positive industrial relations. Across the JT Group, industrial relations are based on individual countries' labor laws, and we aim for open and constructive relations with Trade Unions and Works Councils. Dialogue with Trade Unions is generally undertaken within the jurisdiction of our local operations, and typical engagements cover aspects of company management, strategy and planning, as well as operational issues.

In JT ^{BE}, 99.9% of our employees in non-management positions (and 74.8% of contract and part-time employees) are covered by collective bargaining agreements. In our international tobacco business, Trade Unions or Local Works Councils represent the workforce in 21 countries. These groups generally exist to facilitate employee-management dialogue, and several groups also negotiate on behalf of the workforce. In 12 of these countries, the majority of the workforce is unionized and membership is voluntary in all but two. In two of our operating countries, employee negotiations are carried out at an industry level so there is little direct company involvement.

In line with the relevant European Directive, we also have a voluntary European Works Council agreement in place. Our European Works Council operates as an employee information and consultation body for transnational issues relating to our operations in Europe. The Council has regular meetings each year and is made up of employee representatives and members of management.

Communicating with employees

Across the JT Group, we communicate with our employees irrespective of whether or not a Trade Union is in place to keep them informed on important company matters. We use many communication methods from notice boards and face-to-face meetings to web-based channels and electronic communications for our sales forces in the field.

Employee Engagement Survey

One method of communicating with employees and receiving their feedback is our Group-wide Employee Engagement Survey (EES), conducted regularly across the JT Group. The EES gathers employees' views on their working environment, our way of doing business, and the business unit or function they belong to. Each function uses the results of the survey to develop initiatives to improve the workplace, make operations more effective, and further motivate employees.

In 2013, 96.1% of our workforce in Japan ^{JP} participated in the survey.



Employee development and talent management

Our employees contribute to the success of the JT Group and in return we provide an open, fair, and stimulating work environment in which they can pursue their goals and improve their skills and abilities. This is reflected in our human resources policies, which establish the Group-wide goal of providing growth opportunities for all employees and ensuring we have the right person to fill the right position at the right time. We see this approach as an investment in the future success and growth of the JT Group.

Development process

For the JT Group, dedicated communication between managers and employees is a critical part of the employee development and talent management process. Performance appraisals are important means for employee development, setting an employee's development objectives as well as business objectives. These are based on needs identified during the previous year or those required to deliver successful performance in the future. In 2013, 97.9% of our workforce received performance appraisals. In our international tobacco business, the number of employees who received performance appraisals has steadily increased over the years to approximately 15,700 in 2013.

To help develop our existing workforce, our policy is to fill open positions with internal candidates who have the right experience for the job. In our international tobacco business, we filled approximately 90%* of all management positions with internal candidates in 2013.

Enabling employees to explore opportunities or roles across functions, business units, or internationally is another key part of developing talent within the JT Group. It provides opportunities for career progression and helps to meet the changing needs of our global organization. In our international tobacco business in 2013, 3,999* employees changed positions internally, representing around 15% of our international workforce.

JT/JTI Talent Partnership Program

To develop the global capabilities of our workforce and help develop our future business leaders, we established the JT/JTI Talent Partnership Program in 2006. The Program builds employees' skills and experiences by exposing them to the different working styles and cultures between our Japanese domestic and international tobacco businesses. The Program is a long-term investment for the Group and allows the transfer of technical skills and brand knowledge as well as building relationships between the JT Group's two largest business units. In 2013, 162 employees from JT were working within the international tobacco business, up from 136 employees in 2012.

Training

Employee training is provided through a mixture of on-the-job learning, formal internal and external training, and e-learning. Due to the diverse nature of our international tobacco business, we operate a number of centralized training academies to ensure we provide a consistent approach to training regardless of geographical location. These include training academies for leadership development, Manufacturing operations, Consumer and Trade Marketing, Corporate Affairs, Human Resources, and IT.

*Data note: data relates to our international tobacco business and excludes locations not currently on our SAP HR Management System, amounting to 3,033 people in 2013

External recognition

In a number of countries, we have received recognition for our employee practices.

Top Employers 2013

Belgium	Italy
Czech Republic	the Netherlands
Denmark	Poland
France	Switzerland
Greece	U.K.



Investors in People

Jordan	Turkey
Russia	U.K.
South Africa	WWDF
Tanzania	

Great Places to Work 2013

Ireland	Spain
Italy	Turkey

In addition to these awards and certifications, a number of the JT Group's entities were also recognized in local best employer awards and ratings.

Equality and diversity

We are proud of our diverse workforce and the way that it contributes to and shapes the culture of the JT Group. Employing a diverse workforce is a strong source of competitiveness within an international marketplace and supports our goal of sustainable growth. In 2013, we employed more than 110 nationalities across our global workforce. Beyond national diversity, we value diversity of opinion, allow people to express their own personalities, and believe in creating a work environment that fosters creativity and innovation.

We have a commitment to equal opportunity and anti-discrimination, and this is reflected in our Codes of Conduct and human resources policies. We recruit strictly based on talent and regardless of an individual's race, nationality, creed, religion, gender, sexual orientation, or physical ability.

Gender diversity

The JT Group maintains an open approach to diversity. We take a gender-neutral approach to recruitment in order to appeal equally to all potential employees irrespective of gender or any other measure of diversity. We do not apply diversity quotas in our hiring processes and recruit solely on ability. While we have a gender-neutral approach to recruitment, we want to ensure that we create workplaces that are attractive to women and put in place measures to ensure that we attract, support, and retain female employees across the Group.

In JT ^{USA}, we established a Diversity Development Department in 2013, with the aim of promoting working environments in which diverse workforces can thrive. Although diversity covers various factors, the current focus of the department is female

representation. Female representation within management increased from 1.4% in 2013 to 2.2% at the end of March 2014. We have set ourselves a target to triple this figure by 2018, and achieve 10% female management by 2023. To support this goal, we have established a dedicated section on our intranet and hold seminars on female empowerment in the workplace. During the recruitment process for spring 2014, females accounted for more than 30% of new hires.

In our international tobacco business, the overall ratio of men to women was 70:30 in 2013. Female representation at Vice President and Director level stood at 11.1% and 25.9%, respectively.

Number of employees by position and gender in 2013^{*D}

	Male	Female
Executive Officer	35	1
Management excluding Executive Officer	1,924	261
Non-management	22,702	7,909

Data note: data excludes locations not currently on our SAP HR Management System, amounting to 3,033 people in 2013

Generational diversity

In addition to gender diversity, we work to create a culture that takes advantage of inter-generational learning and experience sharing. Our policies and practices do not discriminate on the basis of employee age or generation, and we adopt ways of working that are appropriate to all generations represented in our workforce.



Breakdown of employees by gender and age group^{*D} (%)

Male	
■	Under 30 years old
■	From 30 to 50 years old
■	Over 50 years old
Female	
■	Under 30 years old
■	From 30 to 50 years old
■	Over 50 years old

Data note: data excludes locations not currently on our SAP HR Management System, amounting to 3,033 people in 2013

