[This is an English translation prepared for reference purpose only. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.]

Corporate Governance Report

Last update: July 15, 2025
JAPAN TOBACCO INC.
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The Company's status of corporate governance is described below.

I. Basic Concept on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Concept

The Company believes that corporate governance is a system for conducting transparent, fair, timely and decisive decision-making to pursue the 4S model, the JT Group's management principle, which is, more specifically, "to strive to fulfill our responsibilities to our valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups, and exceeding their expectations wherever we can."

The Company has set forth the "JT Corporate Governance Policy," based on the understanding that enhancing the Group's corporate governance leads to its sustainable profit growth and increase of corporate value in the medium- to long-term, and contributes to the development of the Group's stakeholders and eventually the economy and society as a whole.

The Company continues to improve and enhance the Group's corporate governance as one of its key management priorities.

The "JT Corporate Governance Policy" can be accessed on the Company's website.

URL of the "JT Corporate Governance Policy":
https://www.jt.com/about/corporate_governance/

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company fully complies with the Principles of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code]

The Principles and Supplementary Principles are referenced from the Corporate Governance Code published by Tokyo Stock Exchange, Inc.

[Supplementary Principle 1.2.4: Adoption of an electronic voting system]

The Company adopted electronic voting, which allows shareholders to exercise their voting rights through a dedicated website that the Company designates, and simultaneously provides English translations of the Japanese Notice of Convocation for Ordinary General Meetings of Shareholders (hereinafter Annual General Meetings) on its website, considering the percentage of shareholders represented by institutional and foreign

investors, among other factors. The Company also uses the Electronic Voting Platform, which is operated by ICJ, Inc., for institutional shareholders.

[Principle 1.4: Strategic shareholdings]

The Company manages its strategic shareholdings appropriately. Its ownership policies and voting standards for strategic holdings of listed equities are as described in "Chapter 3. 2. (4) Strategic Shareholding" in the JT Corporate Governance Policy.

- The Company owns equities as strategic shareholdings only when determined beneficial to the sustainable profit growth and increase of corporate value in the medium to long term.
- The Board of Directors examines all shareholdings each year to determine whether they are appropriate in terms of their objectives and the risks and benefits are commensurate with the capital cost.
- The Company appropriately sells equities that are no longer considered beneficial to hold as a result of this examination.
- The Company exercises its voting rights upon comprehensively determining the purpose of possession and potential detriments to the equity value of the subject company.

The number and purpose of each equity that the Company owns, etc., are as described in the Annual Securities Report.

[Principle 1.7: Transactions among Associated Interested Parties]

The procedures for transactions among associated interested parties are as described in "Chapter 3. 2. (7) Transactions among Associated Interested Parties" in the JT Corporate Governance Policy.

[Supplementary Principle 2.4.1: Ensuring diversity including in the promotion to core human resources]

The Company's policies on ensuring diversity and other matters are as described in "III. 3. [Measures to Ensure Due Respect for Stakeholders]" in this report.

[Principle 2.6: Roles of corporate pension funds as asset owners]

The Company operated both defined benefit corporate pension plans and defined contribution pension plans as corporate pension plans for existing employees until the Company abolished the defined benefit corporate pension plans and migrated wholly to defined contribution pension plans as of April 1, 2018. The corporate pension subject to this principle is the defined benefit corporate pension plan assets of retired personnel.

For managing and operating the Company's defined benefit corporate pension plan assets, the Company has established the Defined Benefit Corporate Pension Plan Asset Operation Committee, chaired by the Chief Financial Officer (CFO), and comprised of committee members including the officers in charge of the finance and human resources divisions, who have appropriate qualifications, responsibilities and authorities.

The Defined Benefit Corporate Pension Plan Asset Operation Committee deliberates mainly on basic management policies on defined benefit corporate pension plan assets and asset compositions, and reports to the President. The committee regularly monitors the status of asset management and revises the compositions of managing trustees as necessary.

To assist with sound and efficient management of defined benefit corporate pension plan assets, the Company allocates personnel with the appropriate qualifications to relevant organizational units and further enhances their qualifications by having them take external training and so forth.

[Principle 3.1: Proactive provision of information]

(1) The Company's management principle, etc., are as described in "Chapter 1. 2. Management Principle and Purpose." in the JT Corporate Governance Policy.

The Company's Business Plan is available on the Company's website.

"Business Plan": https://www.jt.com/investors/management_information/business_plan/

(2) The Company's basic concept and basic policies on corporate governance are as described in "I. 1. Basic Concept" in this report.

(3) The Board of Directors appropriately decides on remuneration for Members of the Board (hereinafter Directors) according to the following policies and procedures, as described in "Chapter 4. 2. (3) Members of the Board and Executive Officers' Remuneration" in the JT Corporate Governance Policy.

- In order to ensure objectivity and transparency, the Board of Directors establishes the Advisory Panel on Nomination and Compensation as a voluntary advisory panel towards the Board of Directors. All members of the Panel are Directors who do not serve as Executive Officers in which more than half of its members are independent Outside Directors. The Panel responds to consultation, discusses and recommends policies, systems, etc., concerning remuneration for the Company's Directors and Executive Officers, as well as monitors the situation of remuneration of Directors at the Company.
- The Board of Directors adopts a performance-linked remuneration system and a stock remuneration system; adopts remuneration composition corresponding to the nature of each Director and Executive Officer's services; and determines each Director and Executive Officer's remuneration based on the following basic principles.
  - Set the remuneration at an adequate level to retain personnel with superior capabilities.
  - Link the remuneration to company performance so as to motivate executives to achieve their performance targets.
  - Link the remuneration to company value in the medium- to long-term.
  - Ensure transparency by implementing an objective and quantitative framework.

Details for the policies and procedures for deciding on remuneration for Directors as described in "II. 1. [Remuneration for Directors]" in this report.

(4) The Company conducts the nomination of candidates for Directors and Audit & Supervisory Board members as well as the dismissal of designated Directors and Directors also serving as Executive Officers, under the appropriate supervision of the Board of Directors, according to the following policies and procedures as described in "Chapter 4. 2. (2) Nomination of Candidates for Member of the Board" in the JT Corporate Governance Policy.

- The Company works on expanding, in terms of quality and quantity, the group of executive candidates with qualities for assuming sustainable profit growth and increase of corporate value in the medium- to long-term by pursuing the 4S model. Specifically, the Company intends to enhance the development of a group of executive candidates and improve the substance of succession plans, along with the process for formulating such plans, while referring to opinions from outside of the Advisory Panel on Nomination and Compensation comprised entirely of Directors who do not serve as Executive Officers, in which more than half of whose members are independent Outside Directors.
- Candidates for Directors are nominated by resolution of the Board of Directors. The resolution is made after securing opportunities to receive appropriate advice from independent Outside Directors by having the Advisory Panel on Nomination and Compensation deliberate on a candidate proposal formed by the President and report the content and results of its deliberations to the Board of Directors.

  Candidates for the Audit & Supervisory Board members are nominated by resolution of the Board of Directors as persons who are expected to perform their duties appropriately from a position independent of the Board of Directors. The resolution is made after securing opportunities to receive appropriate advice from independent Outside Directors by having the Advisory Panel on Nomination and Compensation deliberate on a candidate proposal formed by the President and report the content and results of its deliberations to the Board of Directors, upon receiving prior consent from the Audit & Supervisory Board.
- Dismissal of designated Directors and Directors also serving as Executive Officers in the cases where they do not meet the required qualifications or have become unable to perform their duties is made by resolution of the Board of Directors after securing opportunities to receive appropriate advice from independent Outside Directors by having those Directors who are not subject to dismissal request the Advisory Panel on Nomination and Compensation to deliberate on the proposal for dismissal and then having the Panel report the content and results of its deliberations to the Board of Directors.

Further, when bringing up the agenda item on the appointment of candidates for Directors and Audit & Supervisory Board members at shareholders' meetings, and when the Board of Directors has resolved to dismiss a designated Director or a Director also serving as an Executive Officer, the Company discloses the reasons for the appointment of individual candidates and for the dismissal.

(5) The individual reasons for the nomination of candidates for Directors and Audit & Supervisory Board members are described in the Notice of Convocation for Annual General Meetings when this matter is to be discussed.

[Supplementary Principle 3.1.2: Disclosure and provision of information in English]

The Company discloses and provides information in English including the Annual Securities Reports, the Notice of Convocation for Annual General Meetings, and the Corporate Governance Reports, considering the percentage of shareholders represented by foreign investors.

[Supplementary Principle 3.1.3: Initiatives on sustainability and other matters]

The Company's initiatives on sustainability and other matters are as described in "III. 3. [Measures to Ensure Due Respect for Stakeholders]" in this report.

[Supplementary Principle 4.1.1: Scope of matters delegated from the Board of Directors and management]

A summary of the scope of delegation to the Company's management is as described in "Chapter 4. 2. (9) Delegation of Authority" in the JT Corporate Governance Policy.

- The Board of Directors sets forth in the Board of Directors Regulations matters to be discussed at the Board of Directors meetings. In addition, for the purpose of realizing timely decision-making and high-quality execution of business, the Board of Directors sets forth a clear decision-making process based on Responsibility and Authority Regulations concerning essential business matters as well as appropriately delegates authority as necessary to Executive Officers based on the Group management strategies, under the Executive Officer system.

[Principle 4.8: Effective use of independent directors]

The Company's policy on effective use of independent directors is as described in "Chapter 4. 2. (1) Composition of the Board of Directors" in the JT Corporate Governance Policy.

- The Board of Directors includes at least one-third of independent Outside Directors with qualifications conducive to the Company's sustainable profit growth and increase of corporate value in the medium- to long-term in order to strengthen the supervisory functions and make management transparent.

[Principle 4.9: Independence criteria for independent directors]

The independence criteria for the Company's independent directors are as described in "II. 1. [Independent Directors/Audit & Supervisory Board Members]" in this report.

[Supplementary Principle 4.10.1: Appropriate involvement and advice from independent outside directors by establishing an independent nomination committee and remuneration committee]

The Company's concept on the independence of an independent nomination committee and remuneration committee as well as its authority and roles is as described in "II. 1. [Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee]" in this report.

[Supplementary Principle 4.11.1: Concept on the appropriate balance of knowledge, experience and skills, as well as diversity and size of the Board]

The concept concerning the composition of the Board of Directors, including the balance of knowledge, experience and skills inside the Board as well as its diversity and number of members, is set forth as described in "Chapter 4. 2. (1) Composition of the Board of Directors" in the JT Corporate Governance Policy in order for the Board of Directors to determine the Group management strategies and important matters and to fulfill its roles and responsibilities effectively as the body exercising supervision over all business activities.

- The Board of Directors has as many members as necessary and appropriate, up to a maximum of fifteen (15). It is comprised of diverse professionals with a high sense of ethics and integrity as well as knowledge, experience and skills, taking into consideration such factors as gender, nationality, country of origin, work experience, race, ethnicity, and cultural background, along with necessary skills for the Members of the Board.
- The Board of Directors includes at least one-third of independent Outside Directors with qualifications conducive to the Company's sustainable profit growth and increase of corporate value in the medium- to long-term in order to strengthen the supervisory functions and make management transparent.

The skills matrix of the Directors and Members of the Audit & Supervisory Board is as described in the latest Notice of Convocation for Annual General Meeting and the Company's website (https://www.jt.com/about/officer/index.html).

[Supplementary Principle 4.11.2: Concurrent posts assumed by Directors and Audit & Supervisory Board members]

The significant concurrent positions of Directors and Audit & Supervisory Board members are as described in the Annual Securities Report.

[Supplementary Principle 4.11.3: The Board's effectiveness]

The Company annually evaluates its Board of Directors' effectiveness through a multi-step process. First, all Directors and Audit & Supervisory Board members complete a self-assessment questionnaire with regard to factors including the Board's operational structure, oversight function and dialogue with shareholders and investors. Second, the Board's administrative staff interview the Directors and Audit & Supervisory Board members individually as necessary to delve deeper into their questionnaire responses and compile the evaluation results. Lastly, the Board reviews and analyzes the self-assessment results with the aim of further improving its effectiveness.

For FY2024, the questionnaire was administered as outlined below. In addition, external consultants conducted interviews with all Directors and Audit & Supervisory Board members to explore issues in order to further improve the effectiveness of the Board of Directors.

Evaluation methods:

- Participants: Total of 15 Directors and Audit & Supervisory Board members
- Evaluation period: 2024 (Jan. 2024 – Dec. 2024)
- Questionnaire drafting period: Jun. – Sept. 2024
- Questionnaire response period: Sept. 18, 2024 – Oct. 1, 2024
- Questionnaire summary: Evaluation of each question (5 grades) and open-ended response entry
- Interview period: Oct. 31, 2024 – Nov. 21, 2024
- Interview summary: Interviews were conducted by external consultants based on the questionnaire results
- Discussion by the Board of Directors: Feb. 18, 2025

The Company takes advice from external consultants for drafting the questionnaire and analyzing the results of the questionnaire and interview in order to ensure objectivity and further improve the evaluation process.

Questionnaire evaluation items:

Main evaluation items are as follows: (Note: In addition to items for ongoing confirmation, questions were designed to confirm improvements to issues identified in FY2023 results.)

1. Role, function and composition of the Board of Directors (6 questions)
2. Operation of the Board of Directors (7 questions)
3. Collaboration with auditing organizations and risk management (3 questions)
4. Relationships with shareholders and investors (3 questions)
5. Voluntary committees (2 questions)
6. Issues for enhancing deliberation and sharing (1 question)
7. Open-ended questions (4 questions)

Initiatives in FY2024:

In FY2024, the following initiatives were conducted for issues identified in the effectiveness evaluation pertaining to FY2023.

<u>Key issues</u>

- Continued enhancement of effective and efficient operations of the Board of Directors
- Continued strengthening of the supervisory functions of the Board of Directors

Initiatives in detail

- Continued improvement – such as adjusting agendas and determining the best time to bring up agenda items as well as ensuring that meetings run smoothly—of the Board of Directors
- Further enhancement of opportunities to discuss major management issues and the status of risk management, etc.
- Further enhancement of communication opportunities among executives by holding meetings for exchanging opinions

Evaluation results in FY2024:

As in FY2023, the Board effectiveness evaluation for FY2024 yielded generally positive results across all evaluation items. It confirmed that the Board is functioning not only effectively but also increasingly so. In particular, praise was given for the strong leadership demonstrated by management and the well-maintained composition and high-level of operation of the Board of Directors.

Although no urgent issues were identified in the interviews, there are some issues that should be addressed in order to further demonstrate the value of the Board of Directors. Accordingly, for FY2025 and beyond, the Board is pursuing initiatives focused on addressing the issues identified below, in order to continuously enhance the Board's effectiveness.

Key Issues

- Continued enhancement of the supervisory functions of the Board of Directors
- Continued enhancement of effective and efficient operations of the Board of Directors

The Company's initiatives going forward

- Enhancement of opportunities to discuss and share medium- to long-term governance structures, major management issues, etc.
- Creation of more robust opportunities for communication among executives
- Improved Board meeting operations, including smoother proceedings

The Company will continue to implement the necessary improvements, including the above-mentioned initiatives, with the aim of further improving effectiveness.

[Supplementary Principle 4.14.2: Training policies for Directors and Audit & Supervisory Board members]

The Company's training policies for Directors and Audit & Supervisory Board members are as described in "Chapter 4. 1. (3) Support for Members of the Board and Audit & Supervisory Board Members" in the JT Corporate Governance Policy.

[Principle 5.1: Policy for constructive dialogue with shareholders]

The Company's policies concerning the maintenance of a system and measures to promote constructive dialogue with shareholders are as described in "Chapter 3. 2. (3) Dialogue with Shareholders" in the JT Corporate Governance Policy. The Directors and Executive Officers respond, as necessary, to shareholders' requests for dialogue, depending on the purport and intention of such dialogue.

[Status of dialogue with shareholders and other information]

The status of dialogue with shareholders and investors in FY2024 is as follows.

Number of meetings: About 480

Meeting participants: A wide variety of stock and debt investors, both active and passive, in Japan and abroad, Analysts, fund managers, ESG managers, and responsible personnel for voting rights

Meeting formats: One-on-one meetings (mainly online) and participation in conferences hosted by securities houses

JT personnel responsible: CEO, executive vice president in charge of finance, CFO, senior vice president in

charge of communications, senior vice president in charge of sustainability management, among others

Main discussion themes: Financial performance, Medium- and long-term strategies, Capital policies, Environment, Social, Governance (ESG), Integrated report

Internal sharing of investor opinions: Report to the Board of Directors three times a year, and quarterly report to directors, executive officers and related divisions on the status of IR efforts and investor opinions

Examples referencing investor opinions: Enhancement of disclosures, Continued ESG-related talks and Conduct of a dialogue with investors by independent outside directors

The status of dialogue with shareholders is disclosed in the Integrated Report.

Integrated report URL: https://www.jt.com/investors/results/integrated_report/index.html

[Action to Implement Management That Is Conscious of Cost of Capital and Stock Price]

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	03/26/2025

Supplementary Explanation

In drawing up a business plan, we calculate and examine our capital costs and report them to the Board of Directors. We check and confirm that our return on equity (ROE) is well above capital costs. We set up a hurdle rate, taking into consideration risks associated with each country in which we operate, as well as inflation and other external risks, and use that as our baseline for profitability. By maintaining that discipline, we make sure our ROE is always above capital costs. The JT Group uses adjusted operating profit at constant currency as a key performance indicator (KPI); this excludes the effects of exchange rate fluctuations that can be substantial due to temporary factors, as well as depreciation costs related to M&A activities for the previous year. We work to grow profit, including for the current term, by achieving mid to high single digit growth in the KPI over the medium and long terms. We also believe it leads to improved ROE.

A comparison of our total shareholder returns (TSR), including dividends, with the TOPIX (total return) shows that ours were below the TOPIX over the long term due to the trend followed by our share prices, but they outperformed the TOPIX during the period between the pre-pandemic late in 2019 and the end of 2024, thanks to profit growth and improved shareholder returns during the period. Continuous profit growth is important for the medium- and long-term stability of our equity value. We also believe that increasing quantitative corporate value through profit growth, while fostering an understanding of the JT Group through enhanced information disclosure from a qualitative perspective, will lead to higher TSR.

The above information, etc., on management with an awareness of capital costs and share prices is disclosed in the Integrated Report.

Integrated report URL: https://www.jt.com/investors/results/integrated_report/index.html

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%

[Status of Major Shareholders]

Name	Number of Shares Owned	Ratio (%)
Minister of Finance	666,885,200	37.56
The Master Trust Bank of Japan, Ltd. (Trust Account)	181,802,200	10.24
Custody Bank of Japan, Ltd. (Trust Account)	63,152,600	3.56
SMBC Nikko Securities Inc.	32,821,850	1.85
STATE STREET BANK WEST CLIENT – TREATY 505234	25,781,341	1.45
Barclays Securities Japan Limited BNYM	15,000,000	0.84
JAPAN SECURITIES FINANCE CO., LTD.	12,067,900	0.68
JT Group Employee Shareholding Association	11,384,995	0.64
BNYM AS AGT/CLTS NON TREATY JASDEC	10,691,882	0.60
JPMorgan Securities Japan Co., Ltd..	10,527,863	0.59

Controlling Shareholders (except for Parent Company)	N/A
Parent Company	None

Supplementary Explanation

The Japan Tobacco Inc. Act (hereinafter JT Act) obligates the Japanese Government to hold the Company's shares. As of the end of December 2024, the government holds 33.34% of all issued shares of the Company. The ratio presented in "Status of Major Shareholders" above is 37.56% as it is calculated by deducting treasury shares (224,409,101 shares as of the end of December 2024) from the number of shares issued.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange Prime Market
Fiscal Year-End	December
Business Sector	Foods
Number of Employees (Consolidated basis) as of the End of the Previous Fiscal Year	More than 1,000 employees
Net Sales (Consolidated basis) for the Previous Fiscal Year	More than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 300 companies

4. Policies on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

N/A

5. Other Significant Circumstances Which May Have Material Impact on Corporate Governance

- The JT Act obligates the Japanese Government to hold more than one third of the Company's issued shares.

- The Minister of Finance has the authority to supervise the Company under the JT Act and the Tobacco Business Act.

- The Company has a publicly listed subsidiary, Torii Pharmaceutical Co., Ltd. (hereinafter Torii). The Company's policies on governance at listed subsidiaries are as follows.

  Policies on the Group management
  The Company aims for the Group's sustainable profit growth and increase of corporate value over the medium- to long- term by pursuing the 4S model, its management principle, and sharing the JT Group Purpose on a group-wide basis. Based on its belief that better corporate governance contributes to achieving the aforementioned goals, the Company strives to optimize the Group structure by defining functions and regulations shared in the Group and managing the Group as a whole. In addition, the Company coordinates compliance (including internal reporting system), internal auditing, assurance of reliability of financial reporting and more with its subsidiaries and maintains these activities. The Company strives to give the best consideration to assure independence of listed subsidiaries and to protect the interests of minor shareholders.

  Purposes of having listed subsidiary
  The Company has a publicly listed subsidiary, Torii, in light of the management benefits of owning a subsidiary, including capital market discipline, and enhancement of engagement of human capital by utilizing stock remuneration. Another motivation is for Torii to acquire increased competitive advantage in its business through factors such as credibility building, securing excellent human capital and increasing motivation, all of which are important in the pharmaceutical business.
  In December 1998, the Company welcomed Torii as a member of the Group after acquiring a majority of Torii's total number of shares issued, and it has worked to strengthen the Group's business base in the pharmaceutical business. Together with Torii, the Company built an integrated value chain to collaborate efficiently with each other. Specifically, the Company conducts R&D while Torii handles manufacturing, sales and promotional activities. In addition, both companies not only achieve efficiency through the division of functions, but also generate Group synergy in various aspects through mutual utilization of technology and knowledge, such as cooperation for joint development and effective medical representative (MR) activities, and through personnel exchanges.
  In addition, Torii maintains a collaborative relationship with the Company and seeks to increase its corporate value while engaging in business based on independent judgment as a listed company. For example, backed by a system in which the Company mainly bears the expenses and risks related to R&D, Torii effectively utilizes the synergy with the Company, such as by focusing on building a high-quality information provision and collection system, including the highest level of MR development in the industry, and strengthening its R&D pipeline by independently expanding its network of collaboration partners for introducing drugs. It also steadily strengthens its competitiveness in fields not dependent on the Company. In addition, Torii, with over 150 years of history in the pharmaceutical industry, which requires a high level of expertise, has independently acquired highly specialized human resources and knowledge, which are not always available within the Group alone, owing to its social credibility and recognition in that industry.
  As for the Company, Torii's autonomous corporate management as a listed company contributes to credibility-building, securing excellent human capital and increasing motivation as mentioned above, and because this will lead to further strengthening of competitiveness and securing growth opportunities through Torii's independent business activities, the Company believes that it will not only enhance the corporate value of Torii, but will also contribute to sustainable profit growth and improvement in the corporate value of the entire Group over the medium- to long- term, which is the aim of the Company.

The Company is confident that these benefits outweigh the costs associated with Torii's listing, and recognizes the significant importance of having Torii as a listed subsidiary.

Measures to ensure effective governance at listed subsidiary

In regard to owning a listed subsidiary, the Company believes it is an indispensable prerequisite for the subsidiary to maintain independence in terms of management and to duly protect its minority shareholders' interests in order for not only the subsidiary, but also for the Company to grow in value. Therefore, the Company is striving to build an appropriate governance regime for Torii as a listed subsidiary. The Company has instituted the Group's Responsibility and Authority Regulations as an internal decision-making regulation. Torii has opted to adopt these regulations, thereby gaining autonomy in terms of decision-making authority. Such autonomy ensures its independence as a listed subsidiary.

The Company recognizes that Torii's examination of the appointment of its directors is conducted through a process independent from the Company that is proper and transparent as a listed company, from the perspective of contributing to the improvement of corporate value and the interests of its shareholders. Additionally, Torii is upgrading its governance regime's effectiveness by transitioning to a majority-independent Board of Directors, which was approved at its ordinary general meeting of shareholders on March 26, 2020, as well as by transitioning to a company with an audit and supervisory committee in March 2024, thereby effectively utilizing independent outside directors. When the Company exercises its rights with regard to the appointment and dismissal of independent outside directors of Torii, the Company judges appropriately for each proposal whether the candidate is capable of offering appropriate advice to management from medium- and long-term perspectives while supervising management from wide-ranging viewpoints and further enhancing transparency and fairness of such management. The Company makes this judgment based on identification with Torii's corporate vision and understanding of its business, while giving sufficient consideration to the interests of ordinary shareholders.

II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board structure

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	Fifteen members
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	Chairperson (excluding where he/she concurrently serves as President)
Number of Directors	Ten members
Appointment of Outside Directors	Appointed
Number of Outside Directors	Five members
Number of Independent Outside Directors	Five members

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yukiko Nagashima	From another company											○
Masato Kitera	From another company								Δ			
Tetsuya Shoji	From another company								Δ			
Hiroko Yamashina	From another company								○			
Kenji Asakura	From another company											

* Categories for "Relationship with the Company"
* "○" when the director presently falls or has recently fallen under the category;
"Δ" when the director fell under the category in the past.
* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲" when a close relative of the director fell under the category in the past.

a. A person who executes business in a listed company or a subsidiary of a listed company
b. A person who executes business or a non-executive director in the parent company of a listed company
c. A person who executes business in a sister company of a listed company
d. A supplier of which a listed company is a major customer, or, if the supplier is a corporation, a person who executes business in the corporation
e. A major customer of a listed company, or, if the customer is a corporation, a person who executes business in the corporation
f. A consultant, professional accountant or lawyer who receives a large amount of money and other economic benefits other than officers' compensation from a listed company
g. A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business in the corporation)
h. A person who executes business (limited to the principal) in a corporation that is a customer of a listed company other than customers falling in either category of d, e and f above
i. A person who executes business (limited to the principal) in a corporation at which an outside executive of the company concurrently has a position of outside executive

j. A person who executes business (limited to the principal) in a corporation to which a listed company offers a donation
k. Other

Outside Directors' Relationship with the Company (2)

Name	Inde-pendent Executive	Supplementary Explanation	Reasons for Appointment
Yukiko Nagashima	○	No items to report. She serves as a full-time auditor at Recruit Co., Ltd., but her duties do not involve business execution. The Company has a business relationship with the said corporation, but the transaction amount accounted for less than 0.05% of the said corporation's consolidated revenue for fiscal 2023 and less than 0.01% of the consolidated revenue of the Company in FY2024. Therefore, the Company has determined these relationships do not affect her independence. She also concurrently serves as an outside member auditor for Sumitomo Corporation. Although the Company has business relationships with the said corporation, her duties do not involve business execution. The transaction amount accounted for less than 0.001% of the said corporation's consolidated revenue in FY2023 and less than 0.001% of the Company's consolidated revenue for FY2024. Therefore, the Company has determined these relationships do not affect her independence.	In the Group's management, her objective perspective has been reflected and rooted in her experience in business execution and corporate management in a wide range of areas, including emerging business and staffing services, as well as her experience as an auditor. Additionally, she has made significant contributions to the supervision of business execution from her independent and fair vantage point. Her experience in both management and auditing as well as the deep insight she has developed doing this work continues to be essential to the management of the Group. The Company expects her to continue to contribute to the improvement of the Group's corporate governance with proactive recommendations and advice to the Board of Directors, the Advisory Panel on Nomination and Compensation, etc. The Company has appointed her as independent executive as it believes she is well-qualified to serve as an Outside Director and there is no risk of conflict of interests with ordinary shareholders.
Masato Kitera	○	His relationship with the Company is as indicated in "Relationship with the Company" in the table above as he had received compensation as the Company's part-time advisor from April 30, 2020 until March 24, 2021. The compensation was paid in return for his advisory services regarding the Company's management and business and was commensurate with his experience and knowledge; the amount of the compensation was compliant with the Company's internal independence criteria (being not more than ten million yen per year). Therefore, the Company has determined the relationship does not affect his independence.	As the Group develops its business globally amid rising geopolitical risks, he has reflected in its management his abundant international experience and knowledge concerning international affairs, gained through his long diplomatic career including his important positions as a government officer mostly in the Ministry of Foreign Affairs. Additionally, he has made significant contributions through advice and supervision that have led to further enhancement of corporate governance. The Company has appointed him as independent executive as it believes he is qualified to serve as an Outside

		He concurrently serves as an outside director of Marubeni Corporation. Although the Company has business relationships with the said corporation, his duties do not involve business execution. The transaction amount accounted for less than 0.001% of the said corporation's consolidated revenue in FY2023, and for less than 0.001% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect his independence.	Director, considering that his diverse experience and expansive knowledge on a global basis will remain essential to Group management, and he can be expected to contribute to improving the Group's corporate governance through the active recommendations and advice he continues to provide at meetings of the Board of Directors and as a member of the Advisory Panel on Nomination and Compensation. His appointment is also based on the Company's assessment that there is no risk of conflict of interests with ordinary shareholders.
Tetsuya Shoji	○	He previously served in NTT Communications Corporation, and now concurrently serves as its corporate advisor. His duties, however, do not involve business execution. Although the Company has business relationships with the said corporation, the transaction amount accounted for less than 0.1% of the said corporation's consolidated operating revenue in FY2023, and for less than 0.05% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect his independence. He also concurrently serves as an outside director of Mitsubishi Logistics Corporation. Although the Company has business relationships with the said corporation, his duties do not involve business execution. The transaction amount accounted for less than 0.01% of the said corporation's consolidated operating revenue in FY2023, and for less than 0.001% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect his independence.	As the Group develops its business globally and considers IT/information security to be increasingly important parts of its management base, he has reflected in its management his abundant experience regarding business execution and corporate management cultivated during his tenure as president of a telecommunications company, coupled with broad knowledge in fields such as planning, human resource management, global expansion and driving digitalization. Additionally, he has made significant contributions to the supervision of business execution from his independent and fair vantage point. The Company has appointed him as independent executive as it believes he is qualified to serve as an Outside Director, considering that his abundant experience and expansive knowledge related to corporate management will remain essential to Group management, and he can be expected to contribute to improving the Group's corporate governance through the active recommendations and advice he continues to provide at meetings of the Board of Directors and as a member of the Advisory Panel on Nomination and Compensation. His appointment is also based on the Company's assessment that there is no risk of conflict of interests with ordinary shareholders.
Hiroko Yamashina	○	She serves as Chair and Director of volunteer organization Mirai Leaders' Link. The Company has a business	She has reflected in the Group's management her objective viewpoints based on a wealth of experience and

		relationship with her organization, and although the transaction amount was equivalent to 2.2% of the organization's consolidated revenue for FY2024, the amount was negligible, and this amounted to less than 0.001% of the Company's consolidated revenue for FY2024. Since the Chair and Director position is unpaid, with the approval of the Board of Directors, the Company has determined she is effectively independent.	broad insight particularly related to corporate management and business operations, reflecting her professional background as an executive officer for a comprehensive financial services provider and as representative director of a subsidiary for that same company, as well as making significant contributions to the supervision of business execution from an independent and fair position. Her broad perspective and strong point of view, backed by her experience in corporate management, continues to be essential to the management of the Group. The Company expects her to continue to contribute to the improvement of the Group's corporate governance with proactive recommendations and advice to the Board of Directors, the Advisory Panel on Nomination and Compensation, etc. The Company has appointed her as independent executive as it believes she is well-qualified to serve as an Outside Director and there is no risk of conflict of interests with ordinary shareholders.
Kenji Asakura	○	No items to report.	He has a professional background serving as Representative Director, President and CEO and Representative Director, Chairman of a chemical trading company and has contributed greatly to the management of the Group, which operates globally, with his excellent experience and broad insight into global corporate management, business operations, corporate culture transformation, etc. He has also been an independent and fair contributor in supervising business execution. His strong and broad perspective together, with his experience and positive track record as the top executive of a globally operating listed company, continues to be essential to the management of the Group. The Company expects him to continue to contribute to the improvement of the Group's corporate governance with proactive recommendations and advice to the Board of Directors, the Advisory Panel on Nomination and Compensation, etc. The Company has

			appointed him as independent executive as it believes he is well-qualified to serve as an Outside Director and there is no risk of conflict of interests with ordinary shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

Voluntary committee corresponding to nomination committee

Name			Advisory Panel on Nomination and Compensation			
Number of committee members	Number of standing committee members	Number of inside directors	Number of outside directors	Number of outside experts	Number of others	Committee Chair
7	0	2	5	0	0	Independent outside director

Voluntary committee corresponding to compensation committee

Name			Advisory Panel on Nomination and Compensation			
Number of committee members	Number of standing committee members	Number of inside directors	Number of outside directors	Number of outside experts	Number of others	Committee Chair
7	0	2	5	0	0	Independent outside director

Supplementary Explanation

The Advisory Panel on Nomination and Compensation was established as a voluntary advisory arm of the Board of Directors. It merges the former Meeting for Talent Development and Compensation Advisory Panel's respective functions into a single entity. Its purpose is to render the Board's decision-making more objective and transparent and to upgrade the Board's oversight functions by having the Board deliberate on executive appointment and remuneration in accordance with the results of the deliberation in the Panel. Its specific roles include supporting the growth, including succession plans, of executive candidates; deliberating on selection of nominees for seats on the Board of Directors and Audit & Supervisory Board and dismissal of designated Directors and Directors also serving as Executive Officers; and reporting the results of the deliberation on remuneration of Directors and Executive Officers to the Board. In order to ensure its independence and objectivity, the Panel is comprised entirely of Directors who do not serve as Executive Officers, and more than half of its members are independent Outside Directors. Chaired by an

independent Outside Director, the Panel has seven members, and meets at least once a year. In FY2024, the Panel met six times with a 100% attendance rate. In FY2024, the Panel met to decide on candidates for the Board of Directors nominations and to discuss a skills matrix; discuss selection of benchmark companies with regards to remuneration levels; review remuneration levels; review executive candidates; and to discuss key performance indicators (KPIs) for the executive bonus and performance share units.

[Member of Audit & Supervisory Board]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	Five members
Number of Audit & Supervisory Board Members	Five members

Cooperation among Members of the Audit & Supervisory Board, Accounting Auditors and Internal Audit Divisions

Members of the Audit & Supervisory Board, the Internal Audit Division (the Company's internal audit division), and the accounting auditor (Deloitte Touche Tohmatsu LLC) conduct audits individually and appropriately. They endeavor to enhance cooperation for ensuring appropriate audits and exchange information and opinions as necessary, largely by sharing information on the results of their respective audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	Three members
Number of Independent Audit & Supervisory Board Members	Three members

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shigeru Taniuchi	From another company									Δ				
Nobuo Inada	Lawyer													○
Emiko Takeishi	Academic													○

* Categories for "Relationship with the Company"

* "○" when the Audit & Supervisory Board member presently falls or has recently fallen under the category; "Δ" when the Audit & Supervisory Board member fell under the category in the past

* "●" when a closer relative of the Audit & Supervisory Board member presently falls or has fallen under the category; "▲" when a close relative of the Audit & Supervisory Board member fell under the category in the past

a. A person who executes business in a listed company or a subsidiary of a listed company
b. A non-executive director or an accounting advisor in a listed company or a subsidiary of a listed company
c. A person who executes business or a non-executive director in the parent company of a listed company
d. A company auditor of a parent company of a listed company
e. A person who executes business in a sister company of a listed company
f. A supplier of which a listed company is a major customer, or, if the supplier is a corporation, a person who executes business in the corporation
g. A major customer of a listed company, or, if the customer is a corporation, a person who executes business in the corporation

h. A consultant, professional accountant or lawyer who receives a large amount of money and other economic benefits other than officers' compensation from a listed company
i. A major shareholder of a listed company (if the major shareholder is a corporation, a person who executes business in the corporation)
j. A person who executes business (limited to the principal) in a corporation that is a customer of a listed company other than customers falling in either category of f, g and h above
k. A person who executes business (limited to the principal) in a corporation at which an outside executive of the company concurrently has a position of outside executive
l. A person who executes business (limited to the principal) in a corporation to which a listed company offers a donation
m. Other

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Inde-pendent Executive	Supplementary Explanation	Reasons for Appointment
Shigeru Taniuchi	○	He previously served in the Ministry of Finance. The Company believes that he is qualified to serve as an Outside Audit & Supervisory Board Member, as he meets all requirements for being appointed as independent director prescribed by the financial instruments exchange. It has been a prescribed number of years since he resigned from an important position in the Ministry of Finance, which complies with the internal criteria that stipulates that five years must pass after leaving the relevant positions in order to be appointed as independent executive.	The Company has appointed him as independent executive as it believes he is qualified to serve as an Outside Audit & Supervisory Board Member, considering his deep knowledge of such fields as finance and law through his extensive experience over many years of serving in a wide range of important positions in ministries and bureaus. The Company determined that his wide-ranging vision and high vantage point, backed by abundant experience, will contribute significantly to the Group's effective supervision in a highly uncertain operating environment. In addition, the Company considers that his roles as a Standing Audit & Supervisory Board Member and an Outside Audit & Supervisory Board Member will enable steps toward enhancing audits from an objective standpoint, which will further improve the Group's corporate governance. His appointment is also based on the Company's assessment that there is no risk of conflict of interests with ordinary shareholders.
Nobuo Inada	○	No items to report. However, he concurrently serves as an Outside Audit & Supervisory Board Member of Nomura Securities Co., Ltd. The said corporation owns the Company's issued shares, which accounts for less than 0.05% of the total Company's shares. Although the Company has business relationships with the said	The Company has appointed him as independent executive as it believes he is qualified to serve as an Outside Audit & Supervisory Board Member, considering his extensive experience and depth of knowledge regarding legal affairs and compliance, reflecting key positions held in legal circles and various ministries and bureaus.

		corporation, his duties do not involve business execution. The transaction amount accounted for less than 0.001% of the said corporation's consolidated revenue, in FY2023, and for less than 0.001% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect his independence. Mr. Inada also serves as an Outside Audit & Supervisory Board Member for Sumitomo Corporation. Although the Company has business relationships with the said corporation, his duties do not involve business execution. The transaction amount accounted for less than 0.001% of the said corporation's consolidated revenue in FY2023, and for less than 0.001% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect his independence.	The Company determined that his wide-ranging vision and high vantage point, backed by abundant experience, will contribute significantly to the Group's effective supervision in a highly uncertain operating environment. In addition, the Company considers that his appointment will lead to further improvements in the Group's corporate governance. His appointment is also based on the Company's assessment that there is no risk of conflict of interests with ordinary shareholders.
Emiko Takeishi	○	No items to report. She serves as an Outside Audit & Supervisory Board Member for Tokio Marine & Nichido Fire Insurance Co., Ltd. Although the Company has business relationships with the said corporation, her duties do not involve business execution. The transaction amount accounted for less than 0.01% of the consolidated ordinary income of the said corporation in FY2023, and for less than 0.05% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect her independence. Ms. Takeishi also serves as an Outside Audit & Supervisory Board Member for Kajima Corporation. Although the Company has business relationships with the said corporation, her duties do not involve business execution. The	The Company has appointed her as independent executive as it believes she is qualified to serve as an Outside Audit & Supervisory Board Member, considering her wide-ranging experience and sophisticated, in-depth knowledge of personnel systems and labor policies, in addition to corporate governance. These reflect her professional background as a university professor with expertise in human resource management and female labor theory, and roles as a member of the Ministry of Health, Labour and Welfare's Labor Policy Council, and as an Outside Audit & Supervisory Board Member at an operating company. The Company determined that her wide-ranging vision and high vantage point, backed by a wealth of experience, will contribute significantly to the Group's effective supervision in a highly uncertain business environment. The Company believes this will lead

		transaction amount accounted for less than 0.01% of the said corporation's consolidated revenue in FY2023, and for less than 0.01% of the Company's consolidated revenue in FY2024, respectively. Therefore, the Company has determined these relationships do not affect her independence.	to further improvements in the Group's corporate governance. Her appointment is also based on the Company's assessment that there is no risk of conflict of interests with ordinary shareholders.

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	Eight members

Matters relating to Independent Directors/Audit & Supervisory Board Members [updated]

[The Criteria for Evaluating the Independence of Outside Directors/Outside Audit & Supervisory Board Members]

The Board of Directors establishes a set of independence criteria, based on the externality requirements set forth in the Companies Act and the independence criteria set forth by the relevant financial instruments exchange.

- A party shall be deemed an Independent Director/Auditor(meaning Outside Directors or Outside Audit & Supervisory Board Members who are unlikely to have conflicts of interest with general shareholders) if they do not fall under any of the following items

1. An Executive (referring to an Executive prescribed in Article 2, paragraph (3), item (vi) of the Ordinance for Enforcement of the Companies Act, and including Executive Directors, Executive Officers, and employees; the same shall apply hereinafter) of JT or JT's subsidiary (hereinafter the "JT Group") *When designating an Outside Director
2. A party who served as an Executive of the JT Group within the past 10 years (or in the case of a person who served as a Director, Accounting Advisor, or Audit & Supervisory Board Member of the JT Group (excluding a person who has served as an Executive) within the past 10 years, the 10 years prior to their appointment to that position) *When designating an Outside Director
3. A party who served as a Director, Accounting Advisor, Executive Officer, or employee of the JT Group within the past 10 years (or in the case of a person who served as an Audit & Supervisory Board Member of the JT Group within the past 10 years, the 10 years prior to their appointment to that position) *When designating an Outside Audit & Supervisory Board Member
4. A party whose transaction amount with JT exceeded 2% of the counterparty's or JT's consolidated revenue in any of the past three fiscal years (excluding cases in which the transaction amount was not more than 100 million yen); if such party is a corporation or other organization, the Executive of said corporation or other organization
5. An Executive of any financial institution mentioned as a major lender in JT's Business Report in any of the past three fiscal years
6. A party who has provided JT with expert services or consulting services concerning legal affairs, financial affairs, tax affairs or other affairs (hereinafter "Relevant Services") in any of the past three fiscal years and has received monetary consideration in excess of 10 million yen. In the case of a corporation or other organization, a person who belongs to an organization that, in any of the past three fiscal years, has received monetary consideration from JT in an amount equivalent to 2% or more of the organization's annual gross revenue (provided, however, that even if the amount received was less than 2% of the organization's annual gross revenue, a person who was involved in one or more Relevant Services provided to JT for which the total compensation exceeded 10 million yen shall be included)
7. A party who currently belongs or has belonged to an auditing firm acting as JT's accounting auditor in the past three years
8. A party who holds more than 10% of JT's issued stock or, if the shareholder is a corporation, its Executive or a person who has served as its Executive in the past three years
9. A spouse or a close relative (meaning a spouse or a relative within the second degree of kinship; the same shall apply in item 10 below) of an Executive of the JT Group, a person who was recently an Executive of the JT Group, a non-Executive Director of JT, or a person who falls under the criteria in 4 through 8 above (excluding those deemed immaterial) *When designating an Outside Director
10. A spouse or a close relative of an Executive, a non-Executive Director, or Accounting Advisor of the

JT Group, a person who was recently in any of those positions, or a person who falls under the criteria in 4 through 8 above (excluding those deemed immaterial) *When designating an Outside Audit & Supervisory Board Member

11. An Executive of a company that accepts JT's Executive as an Outside Director or Outside Audit & Supervisory Board Member
12. A party who has received donations of more than 10 million yen from JT in any of the past three fiscal years. In the case of a corporation or other organization, an Executive of the organization that has received donations exceeding 2% of the annual gross revenue or consolidated revenue of the organization (excluding cases in which the donation amount was not more than 10 million yen)

Even in cases where any of the above items applies, in cases where a person is regarded as independent of JT substantially as a result of examination of that candidate’s past career and current titles and the candidate satisfies the externality requirements set forth in the Companies Act, JT may appoint said candidate as an Independent Director/Auditor upon approval by the Board of Directors. In which case, JT shall explain reasons for its assessment externally.

[Incentives]

Incentive Policies for Directors	Performance-linked remuneration and others

Supplementary Explanation

Executive remuneration is comprised of (1) a monthly "base salary," (2) an "executive bonus" linked to the Company's business performance in a fiscal year, as well as (3) a "restricted stock remuneration plan" and (4) a "performance share unit plan," both of which are linked to the corporate value in the medium to long term. The Company introduced the restricted stock remuneration plan and performance share unit plan in 2020 for the purpose of strengthening initiatives conducive to the increase of corporate value over the medium to long term and sharing more value with shareholders. The composition and components of executive remuneration are as follows.

(1) Composition of executive remuneration

- Directors who also serve as Executive Officers

For the Directors who also serve as Executive Officers, remuneration consists of the "base salary," "executive bonus," "restricted stock remuneration plan" and "performance share unit plan." This composition reflects that their role is to achieve performance targets through day-to-day operational execution.

- Directors who do not serve as Executive Officers (excluding Outside Directors)

The Directors who do not serve as Executive Officers (excluding Outside Directors) receive remuneration that consists of the "base salary" alone and excludes performance-linked remuneration, as they are responsible for determining group-wide management strategies to enhance corporate value and for fulfilling their supervisory function – for example – monitoring the execution of medium- to long-term growth strategies.

- Outside Directors

Remuneration for the Outside Directors is composed of the "base salary" alone and does not include performance-linked compensation to ensure their independence. A resolution was adopted at the Board meeting held on February 14, 2022 that from the Advisory Panel on Nomination and Compensation meeting on March 23, 2022, the Chairperson of the Panel shall be elected from among independent Outside Directors by themselves, and that an Outside Director who serves as the Chairperson of the Panel shall receive the remuneration at a level of the amount corresponding to the duty, in addition to the remuneration level of other Outside Directors.

- Audit & Supervisory Board members

Remuneration for the Audit & Supervisory Board members is composed of the "base salary" alone in light of their key responsibility for conducting audits.

(2) Components of executive remuneration

- Base salary

Executives are remunerated with a monthly base salary as per their responsibilities. They are individually evaluated for achievement of their performance targets, from the viewpoint of motivating them to achieve performance targets through execution of their duties and actions that lead to the Company's sustainable profit growth. Performance targets are set through interviews with the President and Chief Executive Officer at the beginning of the fiscal year and evaluated at the end of the fiscal year. The base salary for the following fiscal year is set within a certain range reflecting the individual performance evaluations. However, an individual performance evaluation is not applicable for the President and Chief Executive Officer.

- Executive bonus

The executive bonus for Directors who also serve as Executive Officers will be paid as monetary remuneration reflecting the performance of a fiscal year. Core revenue[*1] at constant FX[*2], adjusted operating profit (AOP)[*3] at constant FX, adjusted operating profit on a reported basis, profit results, and an RRP-related qualitative evaluation index[*4], which will be used to measure the performance of the business itself, will be the key performance indicators (KPI) for the calculation of executive bonuses, from the viewpoint of providing shareholders with shared value of the performance of the business itself, which is the foundation of sustainable profit growth, as well as the achievement rate of profit growth, and the viewpoint of setting indices conducive to sustainable profit growth over the medium to long term. In calculating the amounts of executive bonuses, 15% accounts for core revenue at constant FX, 35% for AOP at constant FX, 25% for adjusted operating profit on a reported basis and 25% for profit. The ratio that performance on a reported basis accounts for on the KPIs used to determine executive bonuses has been set to 50%. Performance-linked payout is based on the KPI achievement in the range of 0% to 190% and either -10%, 0% or +10% is added/deducted to results depending on evaluations of the RRP-related qualitative evaluation index. In a case where a Director who is a recipient of an executive bonus has carried out certain wrongful behavior, the Director involved will be required to refund a part of the executive bonus already paid.

*1 Core revenue is the sum of revenues in the pharmaceutical business, processed food business, and others, as well as the core revenue in the tobacco business.
*2 Constant FX is the deduction of currency effects converted and calculated using the exchange rate for the same period of the previous year, and/or the increase in sales or profits due to inflation in certain markets calculated using a specified methodology, from the Company's tobacco product sales and profits or adjusted operating profit in the tobacco business for the current fiscal year.
*3 Adjusted operating profit is calculated by totaling operating profit, the amortization cost of acquired intangibles arising from business acquisitions, and adjustment items (income and costs). Adjustment items (income and costs) are impairment losses on goodwill, restructuring income and costs, and other items.
*4 RRP stands for "Reduced-Risk Products," which are products with the potential to reduce the risks associated with smoking such as heated tobacco sticks (HTS), E-Vapor and others. The RRP-related index is a qualitative index that captures the degree of enactment of strategies and achievement pertaining to RRP, a key field of focus.

- Restricted stock remuneration plan

The restricted stock remuneration plan is designed to further enhance the shared value over the medium to long term between the Directors who also serve as Executive Officers ("eligible Directors") and the shareholders. Eligible Directors receive monetary compensation claims every fiscal year towards restricted shares and the allocation of the Company's common shares by paying all of the monetary compensation claims in kind in accordance with the resolution of the Board of Directors (the allotment is made from the treasury shares).
The monetary compensation towards the purchase of the Company's restricted stock is decided based on the closing price of the Company's shares at the Tokyo Stock Exchange as of the previous business day of the resolution by the Board of Directors. However, if the Company's shares do not trade at the Tokyo Stock Exchange on the day prior to the resolution of the Board of Directors, the closing price of the immediately preceding trading day is used. This share price is decided by the Board of Directors within a scope that is not particularly advantageous to the eligible Directors who receive the restricted stock.
In addition, the Company enters into an agreement with the eligible Directors with regards to the allotment of the shares.
Although the restriction period is 30 years, in cases where any eligible Director retires due to expiration of the term or resigns due to reasons deemed reasonable by the Board of Directors, from a position as Director or any other positions separately specified by the Board of Directors during the restriction period, the transfer restrictions are removed on all of the allotted shares that the eligible director owns. Furthermore, upon the date of payment, in cases where any eligible Directors, Audit & Supervisory Committee members or Executive Officers have lost their position due to expiration of the term or other reasons deemed reasonable by the Board of Directors, the transfer restrictions are removed on all of the allotted shares that the eligible individual owns as of the date of payment.
In case the Company acknowledges certain wrongful behavior that the Board of Directors sets and any other illegal acts have been done by a Director who was allotted restricted stock remuneration during the

restriction period, all or a part of the allotted shares are acquired by the Company without any compensation.
Additionally, in cases where the Company is involved in mergers or other organizational realignments during the restricted period in which the Company is the absorbed entity, restrictions may be removed on the allotted shares prior to the effective date of the organizational realignment by resolution of the Company's Board of Directors.

- Performance share unit plan

Performance share unit plan is a performance-linked stock compensation system that aims to strengthen the shared value with shareholders, to enhance the Company's value over the medium to long term and to commit to achieving business results over the medium term. Performance share unit plan offers monetary remuneration claims and cash to the Directors who also serve as Executive Officers during the first year of the three-year performance evaluation period.[*1] Compensation will be paid in the form of monetary claims and cash payments for issuance of the Company's common stock based on the degree to which numerical targets, such as business performance, are reached during a given performance evaluation period. The attainment rates of numeric targets including earnings are determined following a review by the Advisory Panel on Nomination and Compensation. As a general rule, eligible directors receive the cash and monetary claims after the end of each performance evaluation period. Eligible Directors the allotment of the Company's common shares by payment of all of the monetary remuneration claims in kind (the allotment is made from the treasury shares).
The monetary compensation towards the purchase of the Company's shares is decided based on the closing price of the Company's share at the Tokyo Stock Exchange as of the previous day of the resolution by the Board of Directors. However, if the Company share does not trade at the Tokyo Stock Exchange on the day prior to the resolution of the Board of Directors, the closing price of the immediately preceding trading day is used. This share price is decided by the Board of Directors within a scope that is not particularly advantageous to the eligible Directors who receive the performance share units. Eligible Directors receive cash and monetary claims towards the purchase of the Company's shares depending on attainment rates of aforementioned targets. Therefore, the eligibility nor the amount of remuneration, including the number of shares, for the Directors to receive the cash and monetary claims are undecided until the performance evaluation period has ended.
The Company determines necessary indices to calculate the number of shares given to the eligible Directors including each numeric target used in this compensation system and performance-linked factors following a review by the Advisory Panel on Nomination and Compensation. Profit (attributable to the owners of the parent company) has been set as a performance share unit plan KPI for the evaluation periods starting in 2021, in order to share value with its shareholders. For the evaluation period starting in 2022, the Company has decided to introduce an ESG-related index on top of profit, in order for the Company and shareholders to seek an agreement on a mutual perspective of evaluating and being evaluated. The decision was made to enact this same change for the evaluation period starting in 2023, 2024 and 2025. In 2022, 2023 and 2024, the Company has adopted its progress on initiatives to realize net zero as an ESG-related index, specifically the target attainment rates to reduce GHG emissions. In addition to indices related to efforts to achieve net zero, the ESG-related index for 2025 will include those efforts to promote DE&I, which are part of the JT Group Sustainability Targets. In particular, the JT Group will use the achievement of a target ratio of female management positions to evaluate this. Further, for the evaluation period starting with 2025, the Company has decided to introduce an RRP-related quantitative evaluation index[*2] in addition to profit and an ESG-related index. The aim is to promote shared shareholder value by achieving medium-term performance targets and contributing to improved corporate value. Performance-linked payout is set to be in the range of 0% to 200% based on the KPI (i.e., profit) achievement in both 2020 and 2021. In the evaluation periods for 2022, 2023 and 2024, performance-linked payout is set to be in the range of 0% to 190% based on the KPI (i.e., profit) achievement and either -10%, 0% or +10% is added/deducted to results depending on evaluations of the ESG-related index. In the evaluation period starting in 2025, performance-linked payout will fluctuate between 0% and 180% depending on the KPI (i.e., profit) achievement, and either -5%, 0%, or +5% will be added/deducted to results depending on the achievement level of the greenhouse gas emission reduction target among the ESG-related index. Depending on the achievement level of the JT Group's target ratio of female management positions, either -5%, 0%, or +5% will be added/deducted, and depending on the level of achievement of the RRP-related quantitative evaluation index, either -10%, 0% or +10% will be added/deducted.

In case the Company acknowledges certain wrongful behavior that the Board of Directors sets and any other illegal acts have been done by a Director during the performance evaluation period, the Director is disqualified from receiving all or a part of the cash and monetary claims that are planned to be paid.

* 1. The first performance evaluation period for 2021 is the three-year period from FY2021 to the end of FY2023. The performance evaluation period for 2022 is effective for three years starting from FY2022 until the end of FY2024. The performance evaluation period for 2023 is the three-year period from FY2023 to the end of FY2025, and the performance evaluation period for 2024 is the three-year period from FY2024 to the end of FY 2026.

From 2025 onwards, the Company plans to offer performance-linked performance share unit plans to Directors who also serve as Executive Officers during the first fiscal year of each three-year performance evaluation period. The maximum amount is approved at the Annual General Meetings.

*2. This is a quantitative evaluation index related to the degree to which the sales volume of HTS (heated tobacco sticks) is achieved in RRP, one of the Company's focus areas.

The Company abolished the stock option grants plan in 2020, except for the stocks already granted, and does not issue new stock option grants hereafter. The Company has instead introduced the restricted stock remuneration plan and performance share unit plan as medium- to long-term incentives.

More details on executive remuneration are as described in the Annual Securities Report.

Recipients of Stock Options	N/A

Supplementary Explanation

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[Remuneration for Directors]

Disclosure of Individual Director's Remuneration	Selected Directors

Supplementary Explanation

Total amount of remuneration for the Directors (excluding Outside Directors) in FY2024 is 1,252 million yen, including base salary of 473 million yen, executive bonuses of 395 million yen, restricted stock remuneration of 278 million yen and performance share units of 107 million yen.
Total amount of remuneration for Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members) is 88 million yen.
Total amount of remuneration for Outside Directors and outside Audit & Supervisory Board members is 195 million yen.
The amounts of performance share units are the amounts booked as expenses for 2024.
The Directors whose consolidated remuneration is no less than 100 million yen are disclosed individually in the Annual Securities Report.

Policies on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Board determines the policies on executive remuneration including the methodology on determination of each Director's remuneration. These policies are determined after being deliberated and reported by the Advisory Panel on Nomination and Compensation comprised entirely of the Directors who do not serve as

Executive Officers, more than half of whose members are independent Outside Directors, in order to ensure independence and objectivity.

Based on these policies, the Company's basic concept on executive remuneration is as follows:

- Set the remuneration at an adequate level to retain personnel with superior capabilities.
- Link the remuneration to the Company's performance so as to motivate executives to achieve their performance targets.
- Link the remuneration to the Company's value over the medium to long term.
- Ensure transparency by implementing objective and quantitative frameworks.

The amount of remuneration for each Director is benchmarked based on a survey on remuneration for directors conducted by third parties, taking into account the remuneration levels of major Japanese manufacturers with similar sizes and profits (benchmark corporate group) that are operating overseas. Specifically, after benchmarking the level of base salaries for directors of peer companies and the percentage of variable remuneration including executive bonuses and medium- to long-term incentives, the amount of remuneration for each Director is determined following various calculation methods stipulated in internal regulations, based on the deliberations at the Advisory Panel on Nomination and Compensation, within the maximum amount approved at the Annual General Meeting. Currently, the Board considers that the Representative Director, President and Chief Executive Officer is most qualified to determine the amount of remuneration for each Director, having an overview of the Company's management and performance as well as taking into account the evaluation on each Director's execution of duties. Based on this concept, the Board delegates its determination to the Representative Director, President and Chief Executive Officer. The Representative Director, President and Chief Executive Officer determines the amount of remuneration for each Director including base salary, executive bonus, monetary compensation claims for the allotment of restricted stock remuneration and of performance share units based on various calculation methods stipulated in internal regulations, in accordance with the deliberation at the Advisory Panel on Nomination and Compensation. The Board concludes the Representative Director, President and Chief Executive Officer's determination is aligned with the policies. In 2023, Masamichi Terabatake, the Representative Director, President and Chief Executive Officer, determined the amount of remuneration.

The remuneration for Audit & Supervisory Board members is also benchmarked in the same way, and is determined by the deliberation among the Audit & Supervisory Board members within the maximum amount approved at the Annual General Meeting.

[Support for Outside Directors/Audit & Supervisory Board Members]

The Company provides the Outside Directors with pre-meeting briefings on the agendas to be discussed at the Board of Directors and shares relevant information as well as materials through cooperation with the Corporate Governance Division and the Secretary's Office for the enhancement of discussions at the Board.

The Company has established a supporting system for the Audit & Supervisory Board Members in order to enable them to thoroughly oversee the business execution by the Directors and Executive Officers as an independent body entrusted by shareholders, aiming for the Company's sound and sustainable growth and gaining social credibility. Specifically, the Company has installed communications networks and allocated sufficient human resources at the Audit & Supervisory Board Members' Office.

[Status of Those Who Have Resigned from Positions such as President and Representative Director]

Names, etc., of Counselors/Advisors who are Former Presidents and Representative Directors, etc.

Name	Title	Duties	Working Form/Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Resignation Date from President, etc.	Term
Katsuhiko Honda	Company Fellow	Activities in other company/association and CSR activities. (Not involved in the Company management)	Working form: N/A Compensation: N/A	June 23, 2006	N/A
Hiroshi Kimura	Company Fellow	Activities in other company/association and CSR activities. (Not involved in the Company management)	Working form: N/A Compensation: N/A	June 22, 2012	N/A
Mitsuomi Koizumi	Company Fellow	Activities in other company/association and CSR activities. (Not involved in the Company management)	Working form: N/A Compensation: N/A	March 27, 2018	N/A

Total Number of Counselors/Advisors who are Former President and Representative Directors, etc.	Three members

Other

The Company abolished provisions with regard to the Company's counselors and advisors from the Articles of Incorporation in March 2018, as there was no longer a need for appointment of counselors and advisors, whose expected duties were to respond to inquiries from the President.

The Company believes that it fits the Group's management principle, the 4S model, and enhances its reputation that talent nurtured by the Company fulfill certain roles at the social end by, for instance, assuming positions in other companies and associations.

[Company fellow]
The Company occasionally provides minimum services that are necessary, such as private rooms, to accomplish duties for those who are former Presidents and Representative Directors, only when they fulfill certain roles at the social end in positions such as outside director in another company or key post in business associations. In this case, the Company provides a suitable title corresponding to their external activities.
It is a prerequisite that there is never a case where said former Presidents/Representative Directors directly or indirectly exercise their influence over the Company's management or business operations.

2. Functions of Business Execution, Audit, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

The Company chooses to have a fair and independent Audit & Supervisory Board. The Company is striving to enhance its corporate governance through utilizing voluntarily established structures such as the Advisory Panel on Nomination and Compensation comprised entirely of the Directors who do not serve as Executive Officers, more than half of whose members being independent Outside Directors, and the JT Group Compliance Committee whose members are the President and Chief Executive Officer, Executive Vice Presidents and outside expert, in order to build an effective corporate governance regime.

The Board of Directors meets once monthly as a general rule and meets promptly whenever necessary. The Board of Directors makes decisions on matters requiring Board approval under the relevant laws and regulations and other material matters; oversees the business operations; and receives reports on the updates on operations from the Directors. The Chairperson of the Board concentrates on oversight of management as a non-Executive Director. From the standpoint of effective oversight and management transparency, at least one-third of the Board are independent Outside Directors with qualifications conducive to the Company's sustainable profit growth and corporate value. The Board of Directors has set forth matters to be discussed at the Board under the Board of Directors Regulations. In addition, for the purpose of realizing swift decision-making and high-quality business execution, the Board of Directors has set forth a clear decision-making process based on Company internal rules on the allocation of responsibilities and authorities (hereinafter the Responsibility and Authority Regulations) concerning material business matters. The Company also delegates authority as necessary to each Executive Officer based on the Group management strategies. In 2024, the Board met 13 times with a 100% attendance rate.

The Advisory Panel on Nomination and Compensation was established as a voluntary advisory arm of the Board of Directors. It merges the former Meeting for Talent Development and Compensation Advisory Panel's respective functions into a single entity. Its purpose is to render the Board's decision-making more objective and transparent and upgrade the Board's oversight functions by having the Board deliberate on executive appointment and remuneration in accordance with the results of the deliberation in the Panel. Its specific roles include supporting the growth of executive candidates, including succession plans; deliberating on selection of nominees for seats on the Board of Directors and Audit & Supervisory Board and dismissal of designated Directors and Directors also serving as Executive Officers; and reporting the results of the deliberation on remuneration of Directors and Executive Officers to the Board. In order to ensure its independence and objectivity, the Panel is comprised entirely of Directors who do not serve as Executive Officers, and more than half of its members are independent Outside Directors. Chaired by an independent Outside Director, the Panel has seven members, and meets at least once a year. In 2024, the Panel met six times with a 100% attendance rate. In 2024, the Panel met to decide on candidates for the Board of Directors nominations and to discuss a skills matrix; discuss selection of a group of companies to benchmark remuneration levels; review remuneration levels; review executive candidates; and to discuss key performance indicators (KPIs) for the executive bonus and performance share units.

From FY2024, the JT Group Compliance Committee will become a deliberative body responsible for the executive management and promotion of compliance for the entire JT Group, and will report on this work to the Board of Directors. In terms of changes to structure, the committee will be comprised of the President, and Chief Executive Officer, Executive Vice Presidents and outside expert, with the President and Chief Executive Officer serving as committee chair. The Company appoints an Executive Officer in charge of compliance who oversees the Legal and Compliance Division and strives to establish/promote a crossover system on a group-wide basis as well as to grasp the issues. Furthermore, the divisional compliance committees established within corporate and business divisions autonomously deliberate compliance-related matters within their jurisdictions. The JT Group Compliance Committee, meanwhile, in addition to grasping and deliberating initiatives for the entire JT Group, strengthens ties with the Board of Directors through ample reporting to the Board. Through this framework, we strive for robust and enhanced JT Group compliance in terms of both supervision and promotion. The compliance promotion departments of the Company and its subsidiaries (namely, the Legal and Compliance Division in the Company, and corresponding departments in subsidiaries) distribute compliance codes of conduct for every department through their respective departments and organizations to drive awareness among the Directors and employees of the Company, as well as the Directors, employees and others of subsidiaries (Directors, employees and others of the Company and subsidiaries hereinafter collectively called "Directors and

employees").The compliance promotion departments also work on enhancing the effectiveness of compliance through awareness-raising activities by enlightening Directors and employees about compliance through training and other programs. In 2024, under the current compliance system, the JT Group Compliance Committee met two times with a 100% attendance rate.

The Company has adopted the Audit & Supervisory Board system. The Audit & Supervisory Board members (Audit & Supervisory Board, Audit & Supervisory Board Member's Office, and the Vice President of the Audit & Supervisory Board Member's Office hereinafter collectively called Audit & Supervisory Board members) assertively exercise its authority as an independent body entrusted by shareholders, including attending and speaking at the Board of Directors meetings and other important meetings as well as actively inspecting business sites. In addition, they also conduct audits appropriately from an objective viewpoint in accordance with the characteristics of the duties of the outside/standing Audit & Supervisory Board members. The Audit & Supervisory Board members strive to ensure sound and sustainable growth of the Company and to maintain/enhance the public's trust by overseeing the performance of duties by the Directors and Executive Officers.

The Audit & Supervisory Board, which meets as necessary, is composed of members with abundant experiences in the fields of management, law, finance, accounting and others. The standing Audit & Supervisory Board member, Mr. Hideaki Kashiwakura, is eligible as an Audit & Supervisory Board member as he has served as General Manager of the Accounting Department, Vice President of the M&S Management Department of Tobacco business division, Deputy Chief Financial Officer, and President of subsidiary JT Business Com Co., Ltd., and has extensive experience and wide-ranging knowledge of incorporate management and business development, financial accounting, and domestic and international business operations. Another standing Audit & Supervisory Board member, Mr. Tsutomu Hashimoto, has served as the Vice President of the Internal Audit Division, and has extensive experience and wide-ranging knowledge in areas such as risk management and information security cultivated through audits conducted in Japan and overseas. In 2024, the Audit & Supervisory Board convened 17 times with a 100% attendance rate.

For internal auditing, the Company's Internal Audit Division (22 members as of the end of December 2024) conducts internal audits from an objective standpoint independent of organizational units involved in operational execution and reports directly to the President and Chief Executive Officer. This division maintains company property and strives to enhance the efficiency of management through its examination and assessment of controlling/operating systems which relate to all business activities as well as the status of business execution from the perspectives of legality and rationality. To fulfill its responsibilities, it has unrestricted authority to observe all activities, inspect all records and question all personnel on a group-wide basis. The Internal Audit Division formulates/implements the Group's internal auditing system and policies as well as complements subsidiaries' internal auditing functions in coordination with their internal auditing organizations. Its head mandatorily reports internal audit results to the President and Chief Executive Officer, and reports annually to the Board of Directors.

The Company, in order to ensure the accounting auditor's appropriate audit, secures sufficient time for enabling high-quality audit; provides the accounting auditor with opportunities to contact Directors and Executive Officers; and provides appropriate auditing environment enabling sufficient cooperation among the accounting auditor, the Audit & Supervisory Board members, the internal auditing divisions and Outside Directors. Further, in the event that the accounting auditor indicates a deficiency or problem or discovers misconduct, the Company appropriately takes measures correspondingly.
While the Audit & Supervisory Board members, internal audit divisions including the Internal Audit Division, and the accounting auditor conduct audits individually and appropriately, they endeavor to enhance their cooperation in order to ensure appropriate audits, for example by sharing information on the results of their respective audits. Also, the Audit & Supervisory Board members, internal audit divisions including the Internal Audit Division, and the accounting auditor cooperate with the Company's internal control division to ensure appropriate implementation of business by exchanging information when necessary.

The Company's accounting auditor (Deloitte Touche Tohmatsu LLC) has conducted audits in accordance with the Companies Act and the Financial Instruments and Exchange Act. The certified public accountants

who audited the Company's financial statements for the fiscal year ended December 31, 2024 and the persons who assisted the accounting audit work are as follows.

Certified public accountants
Koji Ishikawa, Takeshi Io, Akifumi Horie

Assistants for the accounting audit work
Certified public accountants: 15 persons, Persons who have passed the Certified Public Accountants Examination: 6 persons, Others: 50 persons

The Company has entered into an agreement with the Directors (excluding Directors who also serve as Executive Officers) and all members of the Audit & Supervisory Board with respect to the liability set forth in Article 423, paragraph (1) of the Companies Act, by which the liability for damages of each member is limited to the minimum amount set forth in Article 425, paragraph (1) of the same Act, provided they perform their duties without knowledge of such damages and without gross negligence.

3. Reasons for Adoption of the Current Corporate Governance Structure

The Company strengthens objective and impartial management oversight functions by positioning an independent and fair Audit & Supervisory Board that appropriately oversees the job performance of Directors and Executive Officers. The Company has built an effective corporate governance regime under the Audit & Supervisory Board's oversight. It includes the JT Group Compliance Committee and the Advisory Panel on Nomination and Compensation, both established voluntarily. The former is comprised of the President and Chief Executive Officer, Executive Vice Presidents and outside expert; the latter is comprised entirely of Directors who do not serve as Executive Officers, more than half of whose members are independent Outside Directors. The Company has also streamlined the Board of Directors and expedited operational execution by delegating authority to Executive Officers. The Company continuously seeks to improve corporate governance and to increase management transparency and objectivity through, for instance, the appointment of an additional Outside Director and outside Audit & Supervisory Board member in March 2019, appointment of an additional Outside Director in March 2022, and appointment of an additional Outside Director in March 2024.
Through such measures, the Company settled upon its current corporate governance regime as the Company believes it functions effectively with respect to operational execution and oversight.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the Annual General Meetings and for Smooth Exercise of Voting Rights

	Supplementary Explanation
Scheduling AGMs Avoiding Peak Days	The Company held the Annual General Meetings on March 22, 2024 and on March 26, 2025. Neither of them was on days when other Annual General Meetings were the most concentrated.
Allowing Electronic Exercise of Voting Rights	The Company allows electronic exercise of voting rights via the website designated by the Company (E-Voting).
Use of Electronic Voting Platform	The Company uses the electronic voting platform, operated by ICJ, Inc., for institutional investors to exercise their voting rights.
Providing Convocation Notice in English	The Notice of Convocation and its English translation are published on the Company's website and on the electronic voting platform.
Other	The Company has been implementing a hybrid participatory virtual shareholders' meeting since 2021.

2. IR Activities

	Supplementary Explanation	Briefing by the Representative Directors
Regular Investor Briefings for Individual Investors	Along with holding online investor briefings and making archived recordings of briefings available, the Company hosts web pages exclusively for individual investors. Introducing businesses and performance highlights, these pages also contain information on the Company's policy regarding shareholder returns and other areas of interest.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefing sessions mainly by means of web conferences after the announcement of earnings. One-on-one meetings are also held regarding both performance and ESG-related matters. Meetings via telephone, web conference tools or in-person are available depending on investor preference.	Yes
Regular Investor Briefings for Overseas Investors	In addition to the aforementioned briefings following announcement of earnings, the Company provides simultaneous interpretation in English for briefing sessions for overseas institutional investors. In addition, we hold one-on-one interviews mainly with our IR department's Geneva representative as well as individual interviews related to ESG.	Yes
Publication of IR Materials on the Company Website	The Company publishes earnings reports, other timely disclosure materials, materials used at earnings briefings, as well as the Annual Securities Reports or semi-annual securities reports, and the Notice of Convocation for Annual General Meetings.	N/A
Establishment of Division and/or Manager in charge of IR	The Company has appointed an IR contact personnel at the Investor & Media Relations Division who reports to the Senior Vice President, Corporate Communications.	N/A
Other	Although the Company already has been practicing fair information disclosure to all investors including shareholders, it has established necessary regulations and others as well as informing relevant officers and employees of these regulations since the introduction of the rules of Article 27-36 of the Financial Instruments and Exchange Act (so-called Fair Disclosure Rules.)	N/A

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules for Due Respect for Stakeholders	Management Principle The Group management principle pursues the "4S model." Under the "4S model," the Group strives to fulfill its responsibilities to its valued consumers, shareholders, employees and the wider society, carefully considering the respective interests of these four key stakeholder groups and exceeding their expectations wherever the Group can. The Group intends to attain sustainable profit growth over the medium to long term through the pursuit of the "4S model." Since attaining sustainable profit growth requires us to continue to provide new value and satisfaction to consumers, we believe it is essential to steadily make business investments for future medium- to long-term profit growth. The Group believes that the pursuit of the "4S model" will lead to a consistent increase in corporate value in the medium to long term and therefore that it is the best approach to serve the interests of our four stakeholders, including shareholders. JT Group Purpose As discontinuous changes are happening on various scales in nature, society, and individual lives, and the business environment is becoming ever more uncertain and complex, the JT Group has drawn up the JT Group Purpose to make clear the direction in which the Group must go to continue to exist sustainably. Specifically, we identified the area in which we will be needed by society for the future and in which we should provide value over the long term as "human enrichment" and defined "Fulfilling Moments, Enriching Life" as the JT Group Purpose based on the idea that we want to continue to be entrusted with and contribute to said area. To make the JT Group Purpose a reality, we have also formulated a "purpose" specific to each business anchored by the JT Group Purpose. The execution of business strategy and the action guidelines being put into practice are generating results. Through the track record this is building, we aim to bring the JT Group Purpose fully to life. The area of "human enrichment" undergoes changes in various ways with the times and the people, and the JT Group strives to evolve constantly so that we can continue to be trusted by society and make valuable contributions to the area in the future. For more information on the JT Group Purpose, please refer to the JT Group Purpose section on the Company's website. [URL] https://www.jt.com/investors/results/integrated_report/report/2022/purpose/index.html
Environmental Activities, CSR Activities and Others	Approach and Initiatives Around Sustainability Contributing to social advancement through business activities is necessary and essential to the long-term growth of the JT Group. Accordingly, the Company has long considered initiatives for achieving sustainability in business and society alike as core to management. Based on its management principle—the 4S model—and the JT Group Purpose, the JT Group is specifying priority issues (materiality) for both business and a wide range of stakeholders, deriving from these a defined sustainability strategy. In bringing the driving force of the entire Group to bear to enact this strategy, we are solving social issues and realizing sustainable business growth. Important matters pertaining to sustainability are matters for resolution by and reporting to the Board of Directors. More specifically, along with the Board of Directors offering resolutions to revise materiality in recent years, the Board receives reports on the drafting and results of the JT Group Sustainability Targets based on revisions to materiality. Since 2020, the Company has regularly convened the Sustainability Advisory Forum as a space for debating the Group sustainability issues. Chaired by the Chief

	Sustainability Officer, the Sustainability Advisory Forum is attended by leaders from business and corporate divisions across the JT Group. The forum convened three times in 2024, establishing opportunities for debate and information sharing. Topics discussed included the updating of the JT Group Sustainability Targets, various climate change initiatives and progress toward those goals, initiatives to respect human rights and the status of due diligence, response to the Corporate Sustainability Reporting Directive (CSRD), non-financial data management; and stakeholder engagement. Details of discussions at the forums are, as appropriate, reported to the President and Chief Executive Officer and Directors. The lives we lead are intertwined with the natural environment and society. Based on the conviction that our lifestyles and corporate activities are only as sustainable as the environment and society that support them, we have set pursuit of the "4S model" as our management principle and, through discussions by the Board of Directors, have drafted the JT Group Materiality, consisting of five material topics identified by the Group in advancing the JT Group Purpose. The JT Group Sustainability Targets establish initiatives for addressing a variety of sustainability issues within the JT Group in light of the JT Group Materiality, and encompass goals for sustainability initiatives across all businesses. For more information on the JT Group Sustainability Targets, visit the Company's website at https://www.jt.com/sustainability/pdf/JTGS_TargetsE_202402.pdf See below for more information about progress toward the JT Group Sustainability Targets for FY2023. For results for FY2024, refer to the "Integrated Report 2025," scheduled to be published in June 2025. 2023 results based on the JT Group Sustainability Targets: https://www.jt.com/sustainability/all_FY23_EN.pdf Initiatives to Reduce Environmental Footprint Climate change is the most serious environmental issue that both society and our businesses face. The effects of global warming, extreme weather and other facets of climate change are felt not only in the supply chain for JT products derived mainly from agricultural goods but business activity itself in every corner of the globe. For this reason, the JT Group is focusing on initiatives to address climate change. In February 2022, we declared a commitment to achieving net zero emissions across the value chain by 2050, setting a target of reaching carbon neutrality in the Company's businesses by 2030 as a milestone along the way. This target is an ambitious one aligned with prevailing scientific opinion, and was subsequently validated in 2022 by the Science Based Targets Initiative as being in line with the 1.5ºC global warming scenario. In addition, in September 2024, we have applied to SBTi for verification in order to obtain "Net Zero Target" certification. The JT Group is also promoting information disclosure in step with the framework recommended by the Task Force on Climate-related Financial Disclosures (TCFD). The Group aims to achieve net zero in line with the 1.5ºC target and is examining risk factors that might have a significant financial or strategic impact over short-term (0-5 years), medium-term (5-10 years), and long-term (10-30 years) time frames. To examine transition risks, we use the climate change scenario IEA NZE2050 that was created by the International Energy Agency (IEA). When considering physical risks, we use the representative concentration pathway scenarios (RCP 2.6, RCP 8.5) created by the Intergovernmental Panel on Climate Change to analyze cases where there is extreme rise in average temperature. As a result of these analyses, we have determined two significant climate change risks: carbon pricing (increasing the carbon tax)

	associated with a transition to a decarbonized society and changes in the growing environment for tobacco leaves. Our plan is to mitigate these risks through climate change countermeasures and continued improvements that target the entire value chain. For more information on climate change-related initiatives, visit the Company's website at https://www.jt.com/sustainability/environment/operations/index.html More information about the JT Group's growing list of sustainability-related initiatives can be found on the website and in the integrated report. Sustainability URL: https://www.jt.com/sustainability/index.html Integrated Report URL: https://www.jt.com/investors/results/integrated_report/index.html Investments in human capital and intellectual properties - Human capital The JT Group has formulated "Fulfilling Moments, Enriching Life" as the JT Group Purpose to strive toward, aiming to sustain society itself and the Group's existence within it even amid disjointed change in both society and the business environment. The JT Group Purpose seeks not only to express the areas in which the Group will provide value for society in the future, but also to serve as the unifying force behind all initiatives, including medium- and long-term strategy formulation and execution, new business development, sustainability activities and corporate culture cultivation. Individual Group employees are the starting point of all activities for realizing the JT Group Purpose, which we recognize will only grow in importance moving forward. In light of this recognition, within the JT Group we define and work to expand human capital as described below. - Human Capital at the JT Group Within the JT Group, we promote the advancement of personnel measures that contribute to greater clarification and expansion of human capital. Human capital is defined as a combination of the "human resources" supporting corporate activities, an "organizational culture" that becomes the decision-making standard and pattern of behavior in activities, and a sense of "ownership" for generating virtuous cycles in human resources and organizational culture. At the same time, we are establishing indicators for assessing the status of all three areas and the progress and outcomes of the human capital activities (personnel measures) that are linked to them, as we take steps to steadily expand human capital through periodic review. At the JT Group, we place importance on listening to our employees, communicating with them through multiple channels in working toward satisfying workplaces through tireless improvement. Through specific steps like the Employee Engagement Survey (EES), distributed to all Group employees, and the PULSE survey, conducted by each business site, we identify and assess organizational issues from the Group to business site levels, which we then move quickly to resolve. Further, the Group considers it a responsibility to provide safe work environments for all its employees. Accordingly, in line with the JT Group Health and Safety Policy, the Group aims for zero workplace injuries and enacts a range of measures for improving safety awareness. Additionally, most Group business sites are seeking to acquire ISO 45001 certification, in addition to complying with laws and regulations. Alongside the commitment to health and productivity management from the President and Chief Executive Officer, JT has made the promotion of health and productivity management the responsibility of the Executive Officer for People & Culture in an effort to build a robust health support structure. In Japan, for example, JT has installed specialized occupational health staff (physicians, public health nurses) at 11 key

	locations nationwide, and implemented individualized health interviews. This is one of many ways in which the Group is striving to enable each employee to maximize their potential while maintaining good physical and mental health. Human capital-related initiatives of this kind and their progress status are, as appropriate, reported to the President and Chief Executive Officer and the Board of Directors. - Intellectual properties The Group regards R&D capabilities in each business segment as a source of long-term competitiveness and business growth. In order to appropriately protect and utilize intellectual properties that have been created through R&D activities, the Group establishes a department in charge of it in each business segment and takes measures corresponding to each business environment and strategy. In the tobacco business, for instance, the Group proactively and globally develops activities of application and rights acquisitions in areas such as element technology of its own Reduced-Risk Products (RRP) and self-developed technology in order to strengthen the patent portfolio in the RRP category. These activities are based on the Group's strategy to reinforce competitiveness in the RRP category, which is a pillar that will drive the business's future growth. In terms of intellectual property management structure, Japanese-domestic and overseas divisions in charge of intellectual properties cooperate and take measures in an integrated manner. Under the concept of respecting intellectual property rights of other companies, the Group implements thorough risk management not to have its own products violate third-party rights. It also responds rigorously to the imitation of its own products or violation of intellectual property rights by a third party.
Policies on Providing Information for Stakeholders	The Company strives to disclose information in a timely and appropriate manner and stipulates the regulations concerning information disclosure in order to clarify the authorities and responsibilities regarding the handling of various corporate information.
Other	<u>Human resource development policies to ensure diversity and internal environment policies</u> -Human Capital The Group views the diversity of people as a source of its competitiveness. Accordingly, we take steps to retain human capital with different backgrounds and values, such as age, gender, gender identity, sexual orientation, disability, ethnicity, religion, and nationality, as well as experience and expertise. For these individuals forming the human capital that drives the Group's corporate activities, we strive to create an environment where each of them can maximize their own abilities. Going forward, the Group is adding greater focus to strategic retention and growth support of human capital, who are responsible for promoting expansion and optimization of existing businesses (tobacco, pharmaceutical, processed food); developing new businesses to create fulfilling moments that may change with the time; and serving as the leadership of Group management and businesses. To remain an enterprise that continues to be entrusted by all of our human capital, and with our core belief, "people come first," the Group is focusing on upgrading and expanding systems that enable employees at different life stages to realize a desirable work-life balance and career development, securing mental health and safety as well as the well-being of employees, so that they can enjoy the working environment of the Group. -Organizational Culture Organizational culture (i.e., a set of values shared within the organization) is vital to enabling our human capital to work together to promote corporate activities as

	individual members of the Group. We believe that embedding these values in the organization, and having them be the standard for decision-making and the pattern for behavior in corporate activities, are essential to create values that are unique to the JT Group, in a sustainable manner. In addition to sincerity rooted in high ethical standards, we have cultivated a culture of supporting mutual growth. Along with continuing to prize our existing culture, we will strive to cultivate an organizational culture unique to the Group, adapting to changes in society, through encouraging employees to take on challenges and promoting co-creation within the Group as well as with external partners, so that we can continuously provide society with various fulfilling moments, in the uncertain times when values each of us possess may diversify progressively. -Ownership A virtuous cycle in which human capital and organizational culture mutually influence each other is critical to creating value unique to the Group while also allowing diverse human capital to maximize their abilities. To this end, along with each individual understanding and sharing commitment to the JT Group Purpose, we believe it is essential to take ownership for proactively practicing and promoting actions based on values important to the Group. In displaying ownership, each individual helps to shape the Group's organizational culture. At the same time, the transmission of these organizationally shared values as the decision-making standard and pattern of behavior for diverse human capital will enable the creation of value unique to the JT Group. <u>Indicators and Targets</u> We have defined qualitative and quantitative targets in multiple areas that contribute to enhancement of the Group's human capital, and monitoring a variety of indicators as we promote initiatives. <u>Gender equality – women in leadership</u> The Group is promoting more intensive steps toward its declared target of reaching representation of women in leadership of 30% by 2030. The proportion of female managers in the Group is 24.9% (1,600 women) as of the end of December 2024. (The proportion in the Company alone is 10.7% (111 women)). Three out of 15 members of the Board and Audit & Supervisory Board are women. <u>Promotion of foreign nationals and midcareer hires to middle managerial positions</u> Products of the Group are distributed in over 130 countries/regions and employees representing more than 100 nationalities work with the Group, without regard for nationality, gender, age or experience. The Group appropriately promotes foreign nationals and midcareer hires to middle managerial positions, which means that the Group does not differentiate candidates to promote based on nationality or recruitment category. Therefore, the Company does not set any specific targets regarding this subject. Additionally, the Group has set the rate of family leave taken and the number of work-related injuries as indicators for promoting support of work-life balance and its goal of zero work-related injuries, respectively, and monitors the status of relevant initiatives. For details, check out "Diversity, equity and inclusion," "Talent attraction," "Attractive working conditions," "Health and safety," "Development support" and "Internal and external collaboration" under the JT Group Sustainability Targets. JT Group Sustainability Targets: https://www.jt.com/sustainability/pdf/JTGS_TargetsE_202402.pdf

IV. Matters regarding the Internal Control System

1. Basic Concept on Internal Control System and Progress of System Development

The Company, in terms of its organizational structure, has always strived to run an internal control system of the Company and the Group through initiatives in such areas as compliance, internal audits, and risk management. Moreover, the Company has created the systems required under the Companies Act and the Ordinance for the Enforcement of the Companies Act by implementing measures aimed at ensuring the effectiveness of audits by Audit & Supervisory Board members. The Company works to maintain and enhance the existing organization structures by periodically reviewing and revising them in order to ensure appropriate execution of business. For the foreign subsidiaries, the Company has built and operated the necessary system in conformity with the following provisions, in principle, while complying with the laws and regulations of each country where the subsidiary is located.

- Systems to ensure that execution of duties by Directors and employees of the Company and its subsidiaries conforms to laws, regulations, and the Articles of Incorporation

  Under the internal reporting system (whistle-blower system), the Company and each of its subsidiaries has a desk through which Directors and employees may consult or report, in case they detect any conduct that may violate laws and regulations. Each division responsible for the promotion of compliance of the Company and its subsidiaries that receive a consultation request or whistle-blowing report shall investigate the reported cases and implement company-wide measures to prevent the recurrence of misconduct after holding consultations with the departments and divisions concerned. The Company establishes a consultation and reporting desk which is independent of business operations and is handled by Audit & Supervisory Board members, separate from those handled by the Legal and Compliance Division. An Audit & Supervisory Board member who receives a consultation or a report investigates its content, and the Company carries out necessary measures and tries to prevent the recurrence. The Company brings matters of particular importance involving the JT Group to divisional compliance committees and the JT Group Compliance Committee, and requests for deliberation or reports on the issue.
  In order to ensure the reliability of financial reporting of the Group, the Company has operated a relevant internal control system that has been established in accordance with the Financial Instruments and Exchange Act. By allocating a sufficient level of employees to evaluate and report financial results, the Company strives to maintain and improve the reliability of its financial reporting.
  For details about the system for excluding antisocial forces, refer to the section below, IV. 2. Basic Policies on Eliminating Antisocial Forces.

- Procedures and arrangements for storage and management of information concerning the execution of duties by the Directors

  The Company makes sure to properly store and manage the minutes of the Annual General Meetings and meetings of the Board of Directors in line with laws and regulations. The Company also makes sure that the information relating to important business execution and decision-making including the conclusion of corporate contracts are stored and managed by the relevant departments and divisions as specified in the Responsibility and Authority Regulations, in accordance with rules on the oversight of the processes of decision-making, procurement and accounting.

- System for reporting matters concerning execution of duties by Directors and others of subsidiaries to the Company

  The Company makes subsidiaries periodically report important information to the Company's department or section in charge of the subsidiary.

- Rules and other systems pertaining to managing risks of loss of the Company and its subsidiaries

  The Company has instituted internal guidelines, rules and manuals on financial risk management. The Group CFO reports once a quarter on financial risks to the President and Chief Executive Officer and the Board of Directors. For other risks, every organizational unit appropriately monitors and reports on risks

as a secretariat division by establishing various types of committees in accordance with the Responsibility and Authority Regulations, which stipulates each division's responsibilities and authorities.

The Company has introduced enterprise risk management (ERM) for the entire Group and implements ERM holding the division heads of the Tobacco, Pharmaceutical, and Processed Foods businesses as the responsible parties. The President and Chief Executive Officer is responsible for the promotion of ERM, and the Executive Vice President and the Executive Officer in charge of ERM, who is appointed by the President and Chief Executive Officer to oversee the risk of each business, discuss and identify the major risks the Group faces. The major risks identified through these discussions will have response plans developed and monitored by response managers (the heads of each business division and Executive Officer in charge of Corporate) appointed by the President and Chief Executive Officer. The results are reported to the President and Chief Executive Officer, the Executive Vice President, and the Executive Officer in charge of ERM, and the status of this initiative is reported to the Board of Directors at least once a year.

The Company's Internal Audit Division examines and assesses the internal management structures within the Group taking account of significance and risks from an objective standpoint independent of the business execution units, in coordination with internal audit functions in each subsidiary.
The Company has prepared crisis/disaster response manuals for such occurrences. In the event of a crisis or disaster, the Company creates an emergency project and swiftly takes appropriate action in close coordination with relevant organizational units and its subsidiaries under the direction of the top management. Cases handled and other matters, as well as the corresponding measures taken, are reported to the Board of Directors in a timely and appropriate matter.

- System to ensure that the Company's Directors and its subsidiaries' Directors and others execute their duties efficiently

  The Board of Directors meeting of the Company takes place once a month in principle and on more occasions as necessary, in order to make a decision with regard to the important matters, including those specified by laws and regulations, and to supervise business execution. The Company's Board of Directors also receives reports from its Directors once per three months and on more occasions on the status of business execution. With regard to important management issues, particularly the management policy and basic plans regarding overall business operations of the Company, in addition to matters to be referred to the Company's Board of Directors, the Responsibility and Authority Regulations clearly prescribes the decision-making process in order to secure a system that enables to realize swift decision-making and high-quality business execution. The Company has adopted the Executive Officer System, under which Executive Officers appointed by the Board of Directors execute business properly in their respective areas with delegated authorities, based on the JT Group management strategy determined by the Board of Directors. The Company specifies the Company's organization and allocation of duties to officers and employees in the Organization/Office Rules, and clarifies the roles of individual divisions by the Guidance on Allocation of Duties in ways that management of business operations contribute to enhance efficiency and flexibility of business execution.
  The Company has built an efficient structure for business execution within the Group through the rules and policies that apply to the Group.

- Systems necessary to ensure the appropriateness of operations in the Company and the Group

  The Group has set 'Fulfilling Moments, Enriching Life' as the JT Group Purpose, a consensus that is shared group-wide. The Company has specified the common functions and rules necessary for group management, in order to optimize the operations of the entire Group. Moreover, the Company has been putting in place systems for compliance (including the internal reporting system), internal audits, financial affairs management, etc., in cooperation with its subsidiaries.

- Matters for employees assisting Audit & Supervisory Board members in their duties upon the request of Audit & Supervisory Board members

  The Company has allocated sufficient employees (five employees as of December 31, 2024) to the Audit & Supervisory Board Member's Office as an office, supporting Audit & Supervisory Board members in

executing their duties. In addition, the Company makes sure to review and reform the employees' allocation structure as necessary, based on consultations with the Audit & Supervisory Board.

- Matters relating to the independence of employees belonging to the Audit & Supervisory Board Member's Office from the Company's Directors, and matters relating to ensuring effectiveness of instruction by Audit & Supervisory Board members to those employees

  The evaluation of the Vice President of the Audit & Supervisory Board Member's Office is made by the Audit & Supervisory Board, while the evaluation of the other employees assigned to the Audit & Supervisory Board Member's Office is made by the Vice President of the Audit & Supervisory Board Member's Office based on the advice of the Audit & Supervisory Board. The personnel change and discipline of employees assigned to the Audit & Supervisory Board Member's Office is to be deliberated in advance with the Audit & Supervisory Board.
  The Company makes the employees belonging to the Audit & Supervisory Board Member's Office follow the direction and orders of Audit & Supervisory Board members in assisting the duties of the Audit & Supervisory Board, and not be assigned to other concurrent positions relating to the business execution of the Company.

- The mechanism to ensure that persons receiving information from the Company and subsidiaries' Directors and employees report to the Audit & Supervisory Board or its members

  In the event that Directors and employees of the Company and its subsidiaries detect any evidence of misconduct in financial documents or material breaches against laws, regulations or the Company's Articles of Incorporation, they are due to report them to the Audit & Supervisory Board, along with other relevant matters that could affect the Company's management. In addition, in the event that Directors and employees of the Company and its subsidiaries are requested by the Audit & Supervisory Board members to compile important documents for their perusal, accept field audits and submit reports, they are due to respond to the request in a prompt and appropriate manner.
  The Legal and Compliance Division makes reports regularly, to the Audit & Supervisory Board members, on the status of whistleblowing involving the Group, and makes non-regular reports as necessary.

- System to ensure that persons reporting to the Audit & Supervisory Board members are not subject to disadvantageous treatments due to having reported the relevant matters.

  The Company thoroughly communicates within the Group that persons engaging in consultation or whistleblowing are not to be subject to any disadvantageous treatments for reason of those actions.

- Matters concerning policies for the prepayment of expenses involving the execution of duties, procedures for reimbursement, and the handling of other expenses or debts involving the execution or those duties by Audit & Supervisory Board members

  When an Audit & Supervisory Board member has made claim to the Company for a prepayment of expenses, etc., in accordance with Article 388 of the Companies Act, the Company promptly handles the relevant expenses or debt, except in cases in which the Company deems the claimed expenses or debt to be unnecessary for the Audit & Supervisory Board members to execute their duties.

  The Company sets a budget covering audit-related expenses so as to secure effectiveness of audits by the Audit & Supervisory Board members. The Company also bears the portion of miscellaneous expenses for audits by Audit & Supervisory Board members that are in excess of budget, except in cases in which the Company deems the expenses to be unnecessary to the execution of duties.

- Other systems to ensure effectiveness of auditing by Audit & Supervisory Board members

  Audit & Supervisory Board members are allowed to attend not only the Board of Directors meetings but also other important meetings of the Company. The Internal Audit Division and the Legal and Compliance Division maintain cooperation with Audit & Supervisory Board members by exchanging information.

2. Basic Policies on Eliminating Antisocial Forces

The Company and its subsidiaries are resolved to fight against, not to comply with an unreasonable demand and not to have any relations with antisocial forces. Designating the Corporate Governance Division of the Company as the department assuming the responsibility for overseeing efforts to exclude antisocial forces at the Group level, the officers cooperate with police, lawyers and other relevant organizations and parties to gather and share information in order to deal with such forces in an organized way. The Company also continuously conducts awareness-raising activities to exclude antisocial forces by thoroughly having the Company and subsidiaries' Directors and employees informed about the rules of avoiding any relations with antisocial forces and by educating the Directors and employees through relevant training as necessary.

V. Other

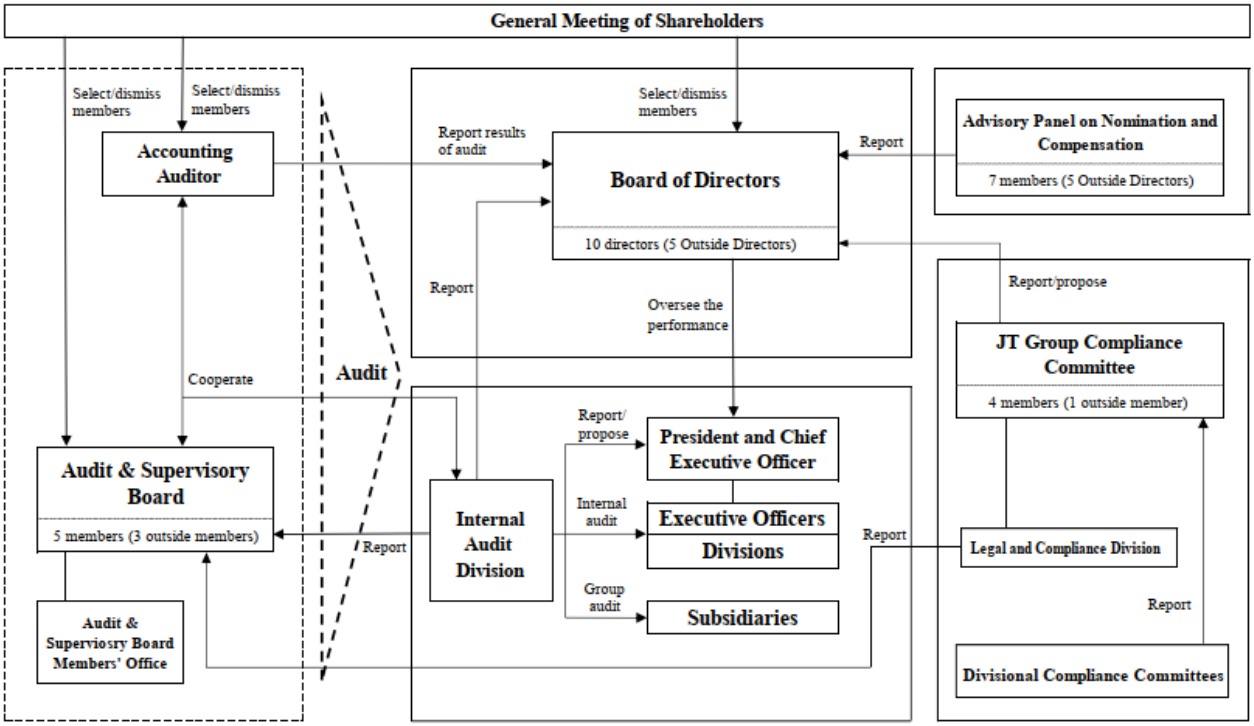
1. Takeover Defense Measure

Nothing to report

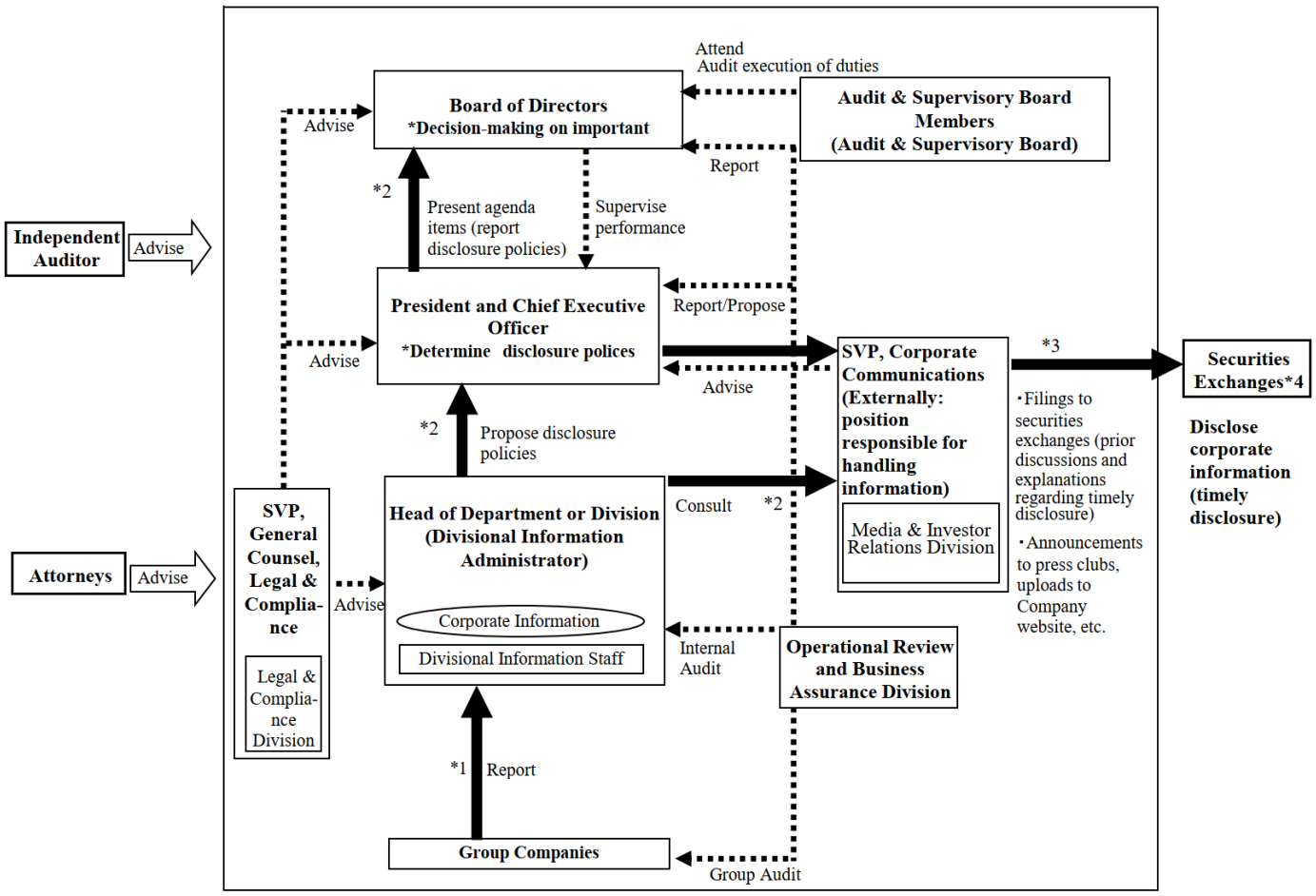
2. Other Matters Related to the Corporate Governance System

The following is the schematic depiction of the Company's corporate governance system and timely disclosure system.

Schematic Depiction of the Company's Corporate Governance System



Overview of Timely Disclosure System



Refer to '2. Determination of disclosure policies and timely disclosure' below for the footnote *1~*3.
*4 Ref. Listed exchanges Tokyo Stock Exchange

1. Position responsible for handling information and other matters

(1) The Company has in place regulations regarding information disclosure in an effort to clarify its authority and responsibilities with respect to all its corporate information and works to disclose information in a timely and appropriate manner.

(2) The Company appoints a Senior Vice President, Corporate Communications, who is responsible for information disclosure and also for handling information towards stock exchange.

(3) The head of each division is responsible for managing information and appoints a member in charge of information disclosure in each division in order to centrally collect and manage departmental information, including the information on the Group companies under the control of that division.

(4) The Investor & Media Relations Division, which is directly under the control of the Senior Vice President, Corporate Communications, plans, proposes and conducts information disclosure and shares information with those who are assigned with information disclosure in each division.

(5) The Senior Vice President, Corporate Communications sets forth the timely disclosure criteria to the head of each division, notifying them of any changes to timely disclosure rules whenever necessary, and receives reports from the head on corporate information.

2. Determination of disclosure policies and timely disclosure

(1) The head of each division centrally collects and manages departmental information as material information, and they obtain necessary information from the Group companies under its jurisdiction.[*1]

(2) When a decision is to be made on important matters based on the Responsibility and Authority Regulations, the head of each division deliberates on the way of external handling of information including timely disclosure with the Senior Vice President, Corporate Communications and receives permission from the President and Chief Executive Officer about disclosure policy on such facts.[*2]

(3) The Senior Vice President, Corporate Communications discloses information in a timely and appropriate manner subsequent to any decision on an important matter based on determined disclosure policies. When disclosing the corporate information, the Company provides preliminary explanations to the Tokyo Stock Exchange according to their timely disclosure rules and, whenever necessary, makes prior consultations with Tokyo Stock Exchange.[*3]

3. Internal controls

(1) The Board of Directors decides on items prescribed by laws and regulations as well as important matters, receives reports on the status of the execution duties (including disclosure policies), and monitors the same.

(2) Audit & Supervisory Board members conduct audits on the Directors' execution of duties as an independent body of the Company whose duty differs from one of Directors. Audit & Supervisory Board members attend the Board of Directors meetings and provide opinions whenever necessary.

(3) The Internal Audit Division examines and evaluates (audits) the internal control systems of the Company and the Group companies considering the importance of internal control mechanisms and the risks involved from an objective perspective independent of other business execution bodies. The Division also reports its findings and proposes to the President and Chief Executive Officer, and provides reports to the Board of Directors.

(4) The Senior Vice President, General Counsel, Legal & Compliance provides opinions to the Board of Directors whenever necessary. The Legal and Compliance Division provides support to each division with respect to timely disclosure with specialized knowledge.

4. Participation of the independent auditor and attorneys

(1) The Company is audited by the auditor according to the Financial Instruments and Exchange Act and the Companies Act. Regarding the timely disclosure of information on financial results, the Company has a system in place for obtaining necessary advice and guidance from such independent auditor.

(2) The Company has in place a system to obtain advice and guidance from multiple law firms regarding timely disclosure whenever needed.