

## Comments from Sustainability Advisor on the JT Social and Environmental Report 2006

This is a translation of ChuoAoyama PwC Sustainability Research Institute Co., Ltd.'s comments of the Japanese version of the JT Social and Environmental Report 2006.

We believe that corporations should meet various stakeholder demands and expectations. In order to achieve this, we believe it is important that corporations build good relationships with stakeholders through information disclosure to communicate their activities, as a first step in pursuing sustainable business.

We provided advice for Japan Tobacco Inc. ("JT") on information disclosure during the preparation of the JT Social and Environmental Report 2006 ("the Report").

Our comments are summarized below.

JT operates under three business lines of tobacco, pharmaceuticals, and foods, each of which is dedicated, through their business activities, to achieving the company's group-wide mission, the "JT Branding Declaration".

In order to fulfill its long term vision, JT issued its medium term management plan, "JT 2008" in May 2006. In developing its companywide management targets, JT identified issues and challenges with regard to the four stakeholders (shareholders, customers, employees, and society). Moreover, the company established the CSR Division in July 2005 to take stakeholders into further consideration in its management. The CSR Division subsequently interviewed headquarters staff in order to gain a better understanding of the status of CSR activities at JT.

We noticed that the Report this year tried to demonstrate the company's ethical values, missions, and responsibilities to the readers of Report by adding new information to the Report, including interviews with the presidents of the three business lines of tobacco, pharmaceutical, and foods, JT's "Value Creation through Manufacturing" which describes JT's technology and manufacturing activities, and "Site Report" which covers activities at JT's factories and group companies. It is also commendable that the Report included information which JT's stakeholders may have concerns about and an interest in, such as negative information on soil pollution in environmental preservation activities, occupational health and safety activities at JTI (an overseas subsidiary), and performance of social contribution activities.

On the other hand, we would recommend that JT improve its information disclosure with improvements in the readability of its future reports, especially on the efforts made to respond to external opinions and internal dialogues, and on information related to tobacco. Given that JT's three business lines have different CSR focuses, we believe that future reports should describe as much as possible not only each business's CSR activities but also JT's relations with society, including suppliers and business partners. By doing so, JT will be able to increase stakeholders' understanding of each of JT's business. We believe that this will also lead to sustainable development of both within JT and in society in general.

Going forward, we hope that JT will develop a framework to manage the following steps organically and continuously; "development and utilization of communication mechanisms with key stakeholders", "efforts towards sustainable business", "monitoring of the progress of such efforts" and "information disclosure through the reports", and that based on this framework, JT will further promote its CSR activities and actively disclose information thereof.

Please note that the comments above do not express any of our independent views and/or opinions either on the effectiveness of the information gathering and reporting process for the Report or on the reliability of the information contained therein.

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On September 1 2006, ChuoAoyama Sustainability Research Institute Co., Ltd. will change its name to MISUZU Sustainability Research Institute Co., Ltd.