

Independent Assurance Report

To: Mr. Hiroshi Kimura
President and Chief Executive Officer
Japan Tobacco Inc.

This is a translation of the independent assurance report of the Japanese version of Japan Tobacco's CSR Report 2007.

May 31, 2007

1. Objectives and Scope

We, MISUZU Sustainability Certification Co., Ltd., have been engaged by Japan Tobacco Inc. (hereafter "the Company") to provide assurance on the Company's "CSR Report 2007" (hereafter "the Report"). The scope of the review covers the domestic environmental information (GHG emissions and waste) included in the Report. The objective of the assurance engagement is to independently express our conclusion as to:

- Whether the domestic environmental information (GHG emissions and waste) included in the Report was collected and reported in accordance with the relevant standards prescribed by the Company.

The preparation of the Report is the responsibility of the Company. Our responsibility is limited to independently expressing a conclusion on the Report.

As fiscal year 2006 marks the first year of our assurance engagement, information on fiscal year 2005 or before is not subject to our assurance procedures.

2. Summary of Procedures Performed

We performed our assurance procedures in accordance with the Assurance Standards for Environmental Reporting (Draft), established in March 2004, by the Ministry of the Environment of Japan, and referred to the International Standard on Assurance Engagements 3000 – Assurance Engagements other than Audits or Reviews of Historical Information (ISAE 3000), revised in December 2003, by the International Federation of Accountants.

Key assurance procedures we performed included:

- Review of relevant documents with regard to the Company's overall status and environmental management, and inquiry thereof;
- Inquiry with regard to the compliance status of the relevant standards prescribed by the Company;
- Review of relevant documents with regard to the methodologies for measuring, compiling and reporting the information under our review, and inquiry thereof;
- Assessment of the consistency of supporting documents, and performance of analytical procedures, including the reconciliation of sampled data to supporting documents; and
- Site visit to the Kansai Factory.

The domestic environmental information (GHG emissions and waste) included in the scope of our procedures performed is indicated with our logo, shown on the right.



3. Our Conclusion

Based on our assurance work, we have reached the following conclusion:

- Nothing has come to our attention that causes us to believe that the domestic environmental information (GHG emissions and waste) included in the Report was not collected and reported in accordance with the relevant standards prescribed by the Company.

4. Independence

In accordance with the relevant laws and regulations, including the Certified Public Accountant Law of Japan, no reportable relationship exists between the Company and MISUZU Sustainability Certification Co., Ltd.

MISUZU Sustainability Certification Co., Ltd.



Comments

The following are our third party comments on the CSR activities of Japan Tobacco Inc. ("JT"), based on our interview with Hiroshi Kimura, the President and Chief Executive Officer, and with other relevant personnel, as well as our examination of the final draft of JT's "CSR Report 2007" ("the Report"). Please note that these comments do not express any of our independent views and/or opinions on the effectiveness and/or reliability of the information gathering and reporting process used for the Report.

JT has enhanced its CSR activities through the establishment of the CSR Promotion Plan in February 2007. This Plan stipulates the policies and objectives of its CSR initiatives, covering three key areas – the business environment, the global environment and social contributions – in a well balanced manner. Specific approaches of this business environment include the enhancement of compliance and other business infrastructure, the creation of a harmonious relationship between smokers and non-smokers, the development of new pharmaceuticals, and the promotion of food safety. We commend such policies and objectives as a clear demonstration of JT's approach: Putting its "Brand-ing Declaration" into action constitutes the implementation of CSR.

In the medium term business plan, "JT 2008", the company is committed to improving "the efficiency and effectiveness of external communication" as a group-wide objective. While not listed as a key factor in the publicly announced CSR Promotion Plan, we noticed that in practice, communication is perceived as a key aspect of JT's CSR approach. Examples of such efforts include the enhancement of the company's website, active information release through the Japanese and international media, and organization of an employee workshop to discuss JT's "Social and Environmental Report 2006".

Going forward, we recommend that JT create a cycle of CSR actions, starting with active dialogues with various stakeholders, identifying CSR issues and challenges, setting up concrete quantitative targets to the greatest extent possible, reviewing performance, and disclosing the results of this review. Establishment of such cycle would help JT to further enhance the public's trust in it.

We also hope to see CSR activities further articulated as part of its core business. To this end, JT's CSR efforts should be more aligned with the objectives and policies in the "JT 2008", the current medium-term business plan, as well as those in any follow-on plans.