

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

## **JT Corporate Governance Policy**

### **Chapter I. General Provisions**

#### **1. Basic Concept concerning Corporate Governance**

Corporate governance at JT shall be the system for conducting transparent, fair, timely and decisive decision-making to pursue the 4S model, JT's management principle, which is "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."

JT hereby sets forth the JT Corporate Governance Policy and shall strive to enhance corporate governance, based on the understanding that doing so will lead to sustainable profit growth and increased corporate value for the JT Group in the medium to long term, which will contribute to the development of its stakeholders and eventually the economy and society as a whole.

#### **2. Management Principle and Purpose**

##### **Management Principle**

JT's management principle is to pursue the 4S model, which is "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."

##### **Purpose**

The JT Group Purpose shall be "Fulfilling Moments, Enriching Life."

##### **Resource Allocation Policy**

In order to realize sustainable profit growth and increased corporate value in the medium to long term, JT shall allocate management resources based on the 4S model and the JT Group Purpose while prioritizing business investment.

## **Chapter II. Basic Policy concerning Corporate Governance**

### **1. Appropriate Cooperation with Stakeholders**

JT shall pursue the 4S model and fulfill its responsibilities towards all stakeholders, which include consumers, shareholders, employees and society, while balancing their respective interests, based on the understanding that appropriate cooperation with all its stakeholders will lead to sustainable profit growth and increased corporate value for JT in the medium to long term.

### **2. Securing the Rights and Equal Treatment of Shareholders and Dialogue with Shareholders**

JT shall take appropriate measures, develop an environment, and have constructive dialogue with shareholders to secure their rights and equal treatment. Members of the Board shall strive to take balanced, appropriate measures towards all stakeholders based on such dialogue.

### **3. Ensuring Appropriate Information Disclosure and Transparency**

JT shall appropriately disclose financial and non-financial information in compliance with the relevant laws, rules of the Financial Instruments Exchange and internal Company rules, as well as proactively engage in transparent and fair disclosure of information. The Board of Directors shall appropriately exercise supervision over these activities. JT shall ensure fairness towards all investors, including shareholders, with regard to disclosure of information, and treat material information, including insider information, in an appropriate manner.

### **4. Responsibilities of the Board of Directors**

The Board of Directors, based on its responsibilities towards all stakeholders, shall determine JT Group management strategies, aiming to promote sustainable profit growth and increased corporate value for JT in the medium to long term, as well as to construct a solid financial base. Additionally, it shall appropriately fulfill its roles and responsibilities in facilitating timely and decisive decision-making by the Members of the Board and Executive Officers, as well as in exercising highly effective supervision.

The Audit & Supervisory Board shall appropriately exercise supervision from an objective perspective, acknowledging that it performs a part of the roles and responsibilities of the Board of Directors. Members of the Board, Audit & Supervisory Board Members and Executive Officers shall fulfill those roles and responsibilities in a professional manner with a high sense of ethics and integrity.

## **Chapter III. Relationship with Stakeholders**

### **1. Appropriate Cooperation with Stakeholders**

#### **(1) Formulation and Implementation of a Code of Conduct**

JT defines compliance as “Actions for the shared JT Group Purpose, based on the values and ethics we must hold in order to become better corporate employees and citizens.” In order to achieve such implementation, JT shall formulate the “JT Group Compliance Policy” outlining the values and ethics shared globally throughout the JT Group. In addition, the corporate and business divisions shall formulate codes of conduct tailored to their specific environments and characteristics, and take appropriate measures to ensure they are broadly disseminated and observed across the organization.

Further, the Board of Directors shall assume responsibility to revise the “JT Group Compliance Policy,” determine compliance action plans, and discuss the progress of those plans based on periodical reports.

#### **(2) Measures related to Sustainability**

JT shall, in order to achieve sustainable growth, define and proactively address issues related to sustainability through communication with stakeholders as well as disclose the status of the Company’s actions on those issues in a timely and appropriate manner through the Integrated Report, its website, etc. JT shall take these actions based on its belief, that it is essential to actively contribute to the sustainable development of society through its business activities based on the 4S model.

Further, the Board of Directors, understanding that addressing and taking measures towards domestic and foreign issues related to sustainability are essential business challenges that would not only lead to risk mitigation but also profit-earning opportunities from the perspective of increasing corporate value in the medium to long term, shall formulate basic policies for such measures and proactively work on such issues mainly through receiving reports from and holding discussions with Members of the Board in charge of sustainability as necessary.

#### **(3) Ensuring Diversity**

JT shall respect different backgrounds and values, including, but not limited to, gender, age, nationality, personality, experience and expertise, and strive to foster an organizational culture where the abilities of diverse human resources can be maximized, in order to contribute to sustainable profit growth and increased corporate

value for JT in the medium to long term, based on recognition that employing a diverse workforce is a strong source of competitiveness.

(4) Implementation of an Internal Reporting System (Whistle-blower system)

JT shall establish an internal consultation and reporting desk as well as an external consultation and reporting contact. It shall also conduct investigations and implement corrective measures as necessary upon confirming the details of all reports, and at the same time protect the privacy of all persons making reports, prohibiting disadvantageous treatment.

- The Board of Directors shall organize a consultation and reporting system through the division in charge of compliance, receive periodical reports from the JT Group Compliance Committee, and monitor operation of the system.
- Audit & Supervisory Board Members shall establish a consultation and reporting desk which is independent of business operations.

## **2. Securing the Rights and Equal Treatment of Shareholders and Dialogue with Shareholders**

(1) Securing the Rights of Shareholders

JT shall take appropriate measures for securing the rights and equal treatment of shareholders, including voting rights at shareholders' meetings.

- In the event that a considerable number of votes are cast against an agenda item proposed by the Company at a shareholders' meeting, the Board of Directors shall appropriately analyze the reasons behind opposing votes and consider whether measures are necessary.
- In the event that JT proposes that a portion of matters to be resolved at a shareholders' meeting will be delegated to the Board of Directors, JT shall consider whether there is a system in place to facilitate the Board of Directors in appropriately fulfilling its roles and responsibilities regarding that matter.

(2) Exercising Shareholders' Rights at Shareholders' Meetings

JT, understanding that a shareholders' meeting is a place for constructive dialogue with shareholders, shall prepare an appropriate environment for the shareholders to exercise their voting rights.

- JT shall provide information which would benefit the shareholders' exercise of voting rights in a timely and appropriate manner through its website, investor briefing sessions and shareholders' meetings, etc.
- JT shall strive for accurate statements and early delivery of convocation notices and announce the details (in Japanese and English) on TDnet and its website prior to delivery.
- JT shall set the date of the Ordinary General Meetings of Shareholders avoiding those on which many other companies hold shareholders' meetings.
- JT shall organize an environment for exercising voting rights through the internet, such as the use of electronic platforms.
- In the event that a shareholder, who possesses shares in the name of a trust bank, etc., wishes to exercise their shareholder rights in advance of a shareholders' meeting, JT shall allow such exercise upon completing the specified procedures.

### (3) Dialogue with Shareholders

JT shall take appropriate measures in reply to the shareholders' requests for dialogue, so as to contribute to sustainable profit growth and increased corporate value for JT in the medium to long term.

- The Members of the Board, Executive Officers or Audit & Supervisory Board Members shall respond, as necessary, to shareholders' requests for dialogue, depending on the purport and intention of such dialogue.
- The Board of Directors shall formulate policies, as below, to implement a system and measures, all in order to promote constructive dialogue with shareholders.
  - Dialogue with shareholders shall be managed by the appointed Member of the Board in consideration of the preferences and interests, etc., of the shareholders, and be handled by divisions including the one in charge of IR, under the supervision of the appointed Executive Officer.
  - In order to enhance the quality of dialogue with shareholders, an effective cooperation system shall be constructed, such as exchanging opinions between relevant divisions, based on specialized points of view.
  - As means of dialogue other than individual meetings, investor briefing sessions, overseas IR tours, factory tours, etc., shall be held, in which Members of the Board and Executive Officers shall actively participate.
  - The details of dialogue with shareholders shall be periodically

reported to the Board of Directors through the appointed Member of the Board or the appointed Executive Officer.

- Material information, including insider information in the course of dialogue with shareholders, shall be appropriately treated in accordance with the relevant laws, rules of the Financial Instruments Exchange and internal Company rules.
- JT shall strive to periodically identify its shareholder ownership structure.
- JT shall disclose information in English within a reasonable extent, in consideration of the ratio of overseas investors, etc., among JT's shareholders.

#### (4) Strategic Shareholding

JT shall formulate, as follows, and shall appropriately operate a policy on strategic holding of listed shares and standards for exercising voting rights.

- JT shall own shares as strategic holdings only when determined beneficial to sustainable profit growth and increased corporate value for JT in the medium to long term.
- The Board of Directors shall examine all shareholdings each year to determine whether they are appropriate in terms of their objectives, as well as risks and benefits are commensurate with the capital cost.
- JT shall appropriately sell shares that are no longer considered beneficial to hold as a result of this examination.
- JT shall exercise its voting rights upon comprehensively determining the purpose of possession and potential detriments to the stock value of the subject company.

#### (5) Takeover Defense Measures

JT does not have any takeover defense measures in place, and in the event that JT's shares are subject to a takeover bid, the opinions of the Board of Directors shall be clearly explained and no measures that may interfere with the shareholders' rights to relinquish shares shall be taken.

#### (6) Capital Policy that May Be Detrimental to the Interests of Shareholders

With respect to capital policy that may cause a change or significant dilution of control, the Board of Directors shall take appropriate measures and disclose information according to laws and regulations as well as rules of the relevant Financial Instruments Exchange, etc.

(7) Transactions among Associated Interested Parties

In order to ensure the interests of JT and the common interests of its shareholders, the Board of Directors shall set forth procedures, as follows, in the event that JT is to conduct transactions with Members of the Board, Audit & Supervisory Board Members, Executive Officers and major shareholders.

- Competitive transactions and conflict of interest transactions of Members of the Board as well as uncustomary transactions between JT and Members of the Board, Audit & Supervisory Board Members, Executive Officers or major shareholders shall require approval of and reporting by the Board of Directors.

## **Chapter IV. Corporate Governance System**

### **1. General**

(1) Organization Design

JT chooses to have a fair and independent Audit & Supervisory Board and shall, from the perspective of development of an effective governance system, strive to enhance corporate governance by utilizing voluntary structures. The structures include establishing the Advisory Panel on Nomination and Compensation comprised entirely of Members of the Board who do not serve as Executive Officers, of which more than half of the members are independent Outside Directors, as well as establishing the JT Group Compliance Committee composed of the President and Chief Executive Officer, Executive Vice Presidents and outside experts.

(2) Fiduciary Responsibilities of Members of the Board and Audit & Supervisory Board Members

Members of the Board, Audit & Supervisory Board Members and Executive Officers, understanding their fiduciary responsibilities towards shareholders as well as responsibilities towards stakeholders, shall aim for sustainable profit growth and increased corporate value for JT in the medium to long term through the pursuit of the 4S model. Members of the Board and Audit & Supervisory Board Members, in order to fulfill such responsibilities, shall maintain concurrent posts as director in other listed companies to a reasonable extent, report to the Board of Directors the situation of concurrent posts and disclose it every year.

(3) Support for Members of the Board and Audit & Supervisory Board Members

For appropriate and effective execution of duties by Members of the Board and Audit & Supervisory Board Members, JT shall prepare and enhance a support system concerning information sharing and training which is the foundation of the said execution of duties, and the Board of Directors and the Audit & Supervisory Board shall confirm as necessary, whether such support system is appropriately operated. Members of the Board and Audit & Supervisory Board Members, in order to appropriately fulfill their expected roles and responsibilities, shall strive to proactively collect information and study, through methods such as requesting additional information be provided by the Company.

- JT shall ensure collaboration among the Operational Review and Business Assurance Division, which is an internal auditing department, Members of the Board and Audit & Supervisory Board Members, by sharing audit plans and records as well as exchanging opinions, etc.
- JT shall set forth policies concerning training for Members of the Board and Audit & Supervisory Board Members as follows.
  - JT shall provide, arrange and incur costs for training opportunities for Members of the Board and Audit & Supervisory Board Members in order to acquire knowledge necessary for understanding and fulfilling each of their roles and responsibilities, such as knowledge on business, financial affairs and organization. These opportunities include training for newly appointed members, compliance and periodical lectures by outside experts such as attorneys, and providing information in a timely manner.

## **2. Board of Directors and Its Members**

### **(1) Composition of the Board of Directors**

In order for the Board of Directors to determine JT Group management strategies and important matters and to fulfill roles and responsibilities effectively as the body exercising supervision over all business activities, the concept concerning the composition of the Board of Directors shall be set forth as follows.

- The Board of Directors shall have as many members as necessary and appropriate, up to a maximum of fifteen (15). It shall be 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, cultural background, along with necessary skills for the Members of the Board.
- The Board of Directors shall comprise at least one-third of independent

Outside Directors with qualifications conducive to promoting sustainable profit growth and increased corporate value for the Company in the medium to long term in order to strengthen supervisory functions and make management transparent.

(2) Nomination of Candidates for Members of the Board

Nomination of candidates for Members of the Board and Audit & Supervisory Board Members, dismissal of Members of the Board from their roles as Executive Officer or other designated positions and related matters shall be conducted under the appropriate supervision of the Board of Directors, according to the following policies and procedures.

- JT shall work on expanding, in terms of quality and quantity, the group of executive candidates exhibiting qualities conducive to promoting sustainable profit growth and increased corporate value in the medium to long term by pursuing the 4S model. Specifically, JT 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 outside opinions from the Advisory Panel on Nomination and Compensation, which is comprised entirely of Members of the Board who do not serve as Executive Officers and of which more than half are independent Outside Directors.
- Candidates for the Members of the Board shall be nominated by resolution of the Board of Directors. The resolution shall be 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 shall be 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 shall be 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 Members of the Board from their roles as Executive Officer or other designated positions in the cases where they do not meet the

required qualifications or have become unable to perform their duties shall be made by resolution of the Board of Directors after securing opportunities to receive appropriate advice from independent Outside Directors by having those Members of the Board who are not subject to dismissal request the Advisory Panel on Nomination and Compensation to deliberate on the proposal for dismissal and report the content and results of its deliberations to the Board of Directors.

Further, when proposing candidates for the Board and Audit & Supervisory Board Members at shareholders' meetings, the reasons for appointment of individual candidates shall be disclosed, likewise when the Board of Directors has resolved to dismiss Members of the Board from their roles as Executive Officer or other designated positions, the reason for dismissal shall be disclosed.

(3) Members of the Board and Executive Officers' Remuneration

The Board of Directors shall appropriately decide on remuneration for Members of the Board and Executive Officers according to the following policies and procedures.

- In order to ensure objectivity and transparency, the Board of Directors shall establish the Advisory Panel on Nomination and Compensation as a voluntary advisory panel serving the Board of Directors. All members of the Panel shall be Members of the Board who do not serve as Executive Officers and more than half shall be independent Outside Directors. The Panel shall respond to consultation, discuss and recommend policies, systems, etc., concerning remuneration for JT's Members of the Board and Executive Officers, as well as monitor the situation of remuneration of Members of the Board at JT.
- The Board of Directors shall adopt a remuneration system comprised of performance-linked remuneration and a stock remuneration corresponding to nature of duties performed by each Member of the Board and Executive Officer, and determine remuneration based on the following basic principles.
  - Set remuneration at an adequate level to retain personnel with superior capabilities.
  - Link remuneration to company performance so as to motivate executives to achieve their performance targets.
  - Link remuneration to company value in the medium to long term.
  - Ensure transparency by implementing an objective and quantitative framework.

(4) Requirements and Qualifications for Independent Outside Directors

The Board of Directors, for the purpose of securing the independence of independent Outside Directors, shall establish, as follows, a set of independence criteria based on those set forth by the relevant Financial Instruments Exchange, as well as strive to nominate as candidates for independent Outside Directors, personnel who can proactively and constructively voice their opinions and contribute.

- Independent Outside Directors are persons who are not:
  1. A person who belongs to or belonged to JT, JT's affiliate companies or JT's sister companies;
  2. A person who belongs to an organization such as a company of which JT is a major shareholder;
  3. JT's major shareholder or a person who belongs to an organization such as a company which is JT's major shareholder;
  4. An individual or a person associated with an organization such as a company which is a major supplier/customer to JT or to which JT is a major supplier/customer;
  5. An individual or a person associated with an organization such as a company which is JT's major lender or other major creditor;
  6. An accounting auditor or certified public accountant acting as JT's accounting advisor, or a person who belongs to an auditing firm acting as JT's accounting advisor;
  7. An individual or a person associated with an organization such as a company, which provides JT with expert services or consulting services concerning legal affairs, financial affairs, tax affairs, etc., and receives a large amount of compensation for the services;
  8. An individual or a person associated with an organization such as a company which receives a large amount of donation from JT;
  9. A person who has recently met any of the criteria in 2 through 8 above;  
or
  10. A close relative of any one of the following:
    - i. An individual who meets any of the criteria in 2 through 8 above (a person who implements important duties in an organization such as a company which meets any of the criteria in 2 through 8 above);
    - ii. A Member of the Board, Audit & Supervisory Board Member, accounting advisor, Executive Officer or employee of JT, JT's affiliate companies or JT's sister companies; or
    - iii. A person who has recently been either i or ii

NOTES:

- “An organization such as a company of which JT is a major shareholder” means an organization such as a company of which JT owns more than 10% of its issued stocks.
- “JT’s major shareholder” means an individual or an organization such as a company, which owns more than 10% of JT’s issued stocks.
- “A major supplier/customer to JT or to which JT is a major supplier/customer” means an individual or an organization such as a company, which has business transaction with JT accounting for more than 2% of JT’s consolidated revenue or of their consolidated revenue in a fiscal year.
- “JT’s major lender or other major creditor” means a financial institution mentioned as a major lender in the Business Report, a reference document for Ordinary General Meetings of Shareholders included in the Notice of Convocation, or a financial institution mentioned as a lender or a financial advisor, etc., in documents released on occasions such as major M&A in the past.
- “An individual who provides JT with expert services or consulting services concerning legal affairs, financial affairs, tax affairs, etc., and receives a large amount of compensation for the services” means one who receives compensation of more than 10 million yen in return for said services in a fiscal year. “An organization such as a company which provides JT with expert services or consulting services concerning legal affairs, financial affairs, tax affairs, etc., and receives a large amount of compensation for the services” means one which receives compensation accounting for more than 2% of annual gross revenue of that organization in a fiscal year. However, in cases where an organization receives compensation accounting for less than 2% of its annual gross revenue and an expert belonging to that organization receives more than 10 million yen in return for their services for JT, said expert is regarded as one mentioned above.
- “An individual or a person associated with an organization such as company which receives a large amount of donation from JT” means one who receives donation of more than 10 million yen in a fiscal year. In case where the recipient of donation from JT is an organization such as a company which receives donation of more than 10 million yen or donation accounting for more than 2% of that organization’s annual gross revenue or consolidated revenue in a fiscal year, a person belonging to such organization is regarded as one mentioned above.
- “A close relative” means a spouse or a relative within the second degree of relationship.
- “A person who implements important duties” means one who is a member of the board, executive officer or division head.

- “Recently,” which is mentioned in 9 and 10 above, means within the last 5 years.

Regardless of the notes above, in cases where a person is regarded as independent of JT substantially as a result of examination of that person’s past career and current titles, JT may appoint said person as an independent Outside Director. In which case, JT shall explain reasons for its assessment externally.

(5) Roles and Responsibilities of Independent Outside Directors

JT, for the purpose of strengthening the supervisory functions of the Board of Directors, shall obtain advice on various agendas at the Board of Directors meetings and reflect them in management, so as to utilize the insights and high independence of independent Outside Directors.

Further, independent Outside Directors, from the viewpoint that they are expected to contribute to the enhancement of discussions at the Board of Directors meetings, shall exchange information and share knowledge based on independent and objective positions at meetings composed of only independent Outside Directors, and JT shall arrange opportunities for exchanging opinions between independent Outside Directors and other Members of the Board or Audit & Supervisory Board Members.

(6) Evaluation of Effectiveness of the Board of Directors

The Board of Directors, for the purpose of strengthening its supervisory functions, shall evaluate the effectiveness of its operation system and contents of discussions by each Member of the Board and Audit & Supervisory Board Members, and shall conduct analysis and evaluation based on such results as well as disclose a summary of the results annually.

(7) Active Deliberations of the Board of Directors

The Board of Directors shall strive to foster an atmosphere in which all participants including Outside Directors will be able to hold unrestricted and constructive discussions and exchange opinions. Additionally, for the sake of active deliberations, the Board of Directors shall distribute materials for their meetings in advance and provide sufficient explanation so that the participants will be able to have sufficient time for consideration. Further, in order to ensure sufficient time for discussions and flexibility concerning convening Board of Directors meetings, the Board of Directors shall adjust, as necessary, the subjects of discussions and frequency of conventions, upon determining in advance the annual schedule and subjects of

discussion, etc., for the Board of Directors meetings.

(8) Formulation of Business Plans

The Board of Directors, for the purpose of efficiently fulfilling its roles and responsibilities as a body for supervision over all business activities, shall determine JT Group management strategies and important matters. Having properly grasped the capital cost to the Company, the Board of Directors shall formulate business plans incorporating business investments and capital policies, etc.; supervise appropriately for realizing such business plans; periodically grasp and analyze the progress and results; and reflect them in business plans for the next term onwards.

Further, JT, when announcing the business plans, shall provide explanations using specific and simple expressions on its website, at investor briefing sessions and shareholders' meetings, etc.

(9) Delegation of Authority

The Board of Directors shall set 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 shall set forth a clear decision-making process based on Responsibility and Authority Regulations concerning essential business matters as well as appropriately delegate authority as necessary to Executive Officers based on JT Group management strategies, under the Executive Officer system.

(10) Maintenance of Internal Control and Risk Control System

The Board of Directors shall maintain a compliance system such as by establishing the JT Group Compliance Committee composed of the President and Chief Executive Officer, Executive Vice Presidents and outside experts, and compliance committees within the corporate and business divisions; construct a risk management system throughout the JT Group such as by determining basic policies concerning the construction and maintenance of an internal control system; and ; monitor operation of such systems through the internal auditing division.

### **3. Audit & Supervisory Board and Its Members**

The Audit & Supervisory Board shall be composed of persons with proven experience in business, law, financial affairs and accounting, etc. The Audit & Supervisory Board Members, in addition to participating in the Board of Directors meetings and other important meetings and making remarks as an independent body mandated by the shareholders, shall actively

exercise their authority such as by proactively inspecting business bases, etc., as well as appropriately conduct audits from an objective position corresponding to the nature of duties of independent Outside Audit & Supervisory Board Members or standing Audit & Supervisory Board Members.

**4. Accounting Audit**

(1) Accounting Auditor

JT, in order to ensure the accounting auditor’s appropriate audit, shall secure sufficient time to enable high-quality audits; provide opportunities to contact Members of the Board and Executive Officers; and provide an appropriate auditing environment enabling sufficient cooperation among the accounting auditor, Audit & Supervisory Board Members, internal auditing division and Outside Directors. Further, in the event that an accounting auditor indicates a deficiency or problem or discovers misconduct, JT shall appropriately take measures in accordance with the circumstances.

(2) Evaluation and Selection of the Accounting Auditor

The Audit & Supervisory Board shall establish the Standards for Evaluating and Selecting an Accounting Auditor. The evaluation and selection of the accounting auditor shall be conducted in accordance with said standards, and be based on a comprehensive judgment, considering various factors such as independence from the company, degree of expertise, adequate experience, size and overseas network capable of efficiently implementing accounting services corresponding to JT’s broad range of business activities, solidity of the auditing system, fair and reasonable audit plans and expenses.

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