



■ Corporate Social Responsibility



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JT recognizes that prompt and proper decision-making and business execution are vital to increasing our corporate value and responding appropriately to new challenges to come in the future, as the business and social environment change. Based on this recognition, JT has been striving hard to enhance corporate governance as a top management priority.

Implementation Status of Measures Concerning Corporate Governance

Corporate Governance System

i. Organization of the Company

The Board of Directors meets once a month in principle and on more occasions if necessary, in order to make decisions with regard to the matters specified by laws and regulations and other important matters, to supervise business execution and to receive reports from the directors on the status of business execution.

In order to maintain a high quality of business execution, JT has adopted the Executive Officer System, under which executive officers appointed by the Board of Directors execute business in their respective areas of responsibility, in accordance with a company-wide business strategy decided by the Board, by exercising the authority delegated to them. In addition, the Chairman of the Board has been positioned as a non-executive director in order to concentrate on the function of supervising management.

Moreover, as part of its efforts to enhance corporate governance, JT has established the Advisory Committee, which comprises five outside experts and advises the management team from a broad perspective with regard to how the company should operate in the medium to long term, and other issues of similar importance.

Meanwhile, the Executive Committee, comprising the company's President and other members appointed by the President, discusses important management issues — particularly management policy and basic plans regarding overall business operations — in addition to matters to be referred to the Board of Directors.

JT has adopted the Audit Board System, under which corporate auditors, in their capacity as independent agents with a mandate from shareholders, examine the performance of duties by directors and executive officers in order to ensure sound business management and maintain and enhance public trust in the company.

ii. Internal Control System and Risk Management System

JT has been endeavoring to ensure appropriate business operations through efforts to enhance compliance, internal audits and risk management, and implementing measures to ensure the effectiveness of audits, such as improving arrangements and procedures for reporting the necessary matters to corporate auditors, as is required of a company adopting the Audit Board System.

We will continue these efforts while reviewing and revising the current system as necessary, and ensure appropriate business execution by taking the following steps:

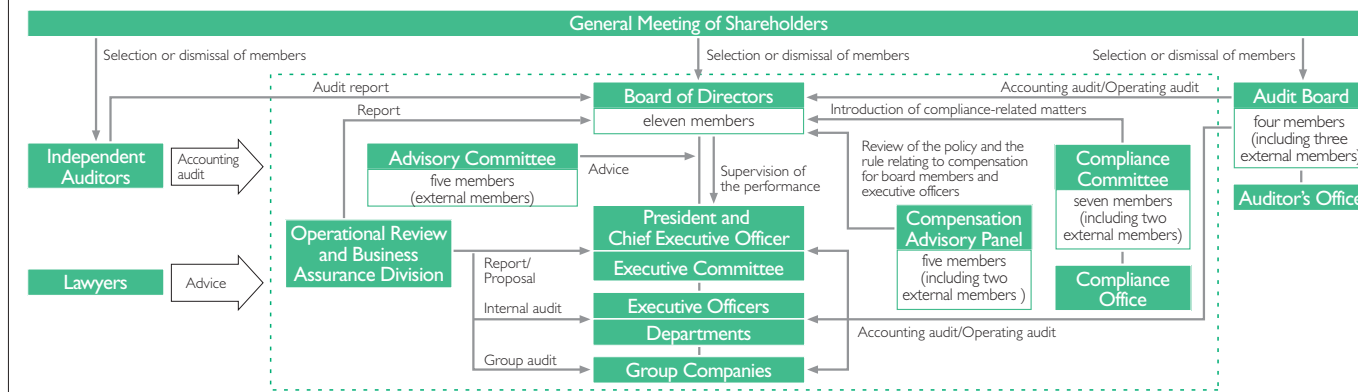
1. System to ensure that directors and employees perform their duties in accordance with laws, regulations and the company's articles of incorporation

With regard to the compliance system, JT has established the Guidelines for Conduct based on internal rules concerning compliance in order to ensure that directors, executive officers and employees comply with laws, regulations, the company's articles of incorporation, the social norms, etc., and set up the Compliance Committee as an organization responsible for ensuring thorough compliance. This committee, headed by the company's Chairman, includes outside experts among its members and reports directly to the Board of Directors. Meanwhile, the Compliance Office is charged with overseeing efforts to improve the company-wide compliance system, identify compliance problems and enhance the effectiveness of the compliance system by enlightening directors, executive officers and employees about compliance through various compliance education programs.

Regarding the internal reporting system (whistle-blower system), JT has a counter through which employees may report any misconduct they have detected. The Compliance Office is charged with investigating reported cases and implementing company-wide measures to prevent the recurrence of misconduct after holding consultations with the departments and divisions concerned. Matters of particular importance shall be referred to the Compliance Committee for deliberation.

In order to ensure the reliability of its financial reporting, JT is operating a relevant internal control system that it has established in accordance with the Financial Instruments and Exchange Act. By

Our Corporate Governance System



allocating a sufficient level of staff to the task of evaluating financial results and reporting them, the company is striving to maintain and improve the reliability of its financial reporting.

The internal audit system is overseen by the Operational Review and Business Assurance Division (staffed with 24 members as of the end of FY 3/2008), which examines and evaluates systems for supervising and managing the overall operations of the company and the status of business execution from the viewpoints of legality and rationality, in order to protect the company's assets and improve management efficiency.

2. Procedures and arrangements for storage and management of information on the performance of duties by the Directors

JT makes sure to properly store and manage the minutes of Annual General Meetings of Shareholders, meetings of the Board of Directors, and meetings of the Executive Committee, in line with laws, regulations and internal rules.

Information on other important matters relating to business execution and decision-making are stored and managed by the relevant departments and divisions as specified by internal rules on the allocation of responsibilities and authorities (hereinafter referred to as the "Responsibilities/Authorities Allocation Rules"), in accordance with rules on the supervision of the processes of decision-making, procurement and accounting.

3. Rules on management of risk of loss and procedures/arrangements for other matters

JT has established internal rules on the management of risk of loss relating to monetary and financial affairs, and ensures that relevant reports are made to the Executive Committee on a quarterly basis.

With regard to risk of loss relating to other affairs, the relevant departments and divisions specified by the Responsibilities/Authorities Allocation Rules conduct proper management, identifying risk and reporting it to the Executive Committee or referring it to the Committee for deliberation, depending on the importance of the identified risk.

JT has assigned sufficient staff to the Operational Review and Business Assurance Division, which functions as the company's

internal audit organization. This division examines and evaluates the internal control systems of JT and JT Group companies - in light of the importance of internal control procedures and arrangements and the risks involved - from an objective viewpoint, in its capacity as an entity independent of the organizations responsible for business execution, and reports its findings and present proposals to the President, as well as reporting to the Board of Directors.

To prepare for possible emergencies, JT has produced a manual for crisis management and disaster response. In the event of an emergency or a disaster, JT is ready to establish an emergency project system under the supervision of the Corporate Strategy Division, and make prompt and proper responses under the leadership of senior management and through close cooperation between the relevant departments and divisions.

4. System to ensure that directors perform their duties efficiently

The Board of Directors meets once a month in principle and on more occasions as necessary, in order to make a decision with regard to the matters specified by laws and regulations and other important matters and to supervise business execution. Meanwhile, the Executive Committee, comprising the company's President and other members appointed by the President, discusses important management issues, particularly management policy and basic plans regarding overall business operations of the company, in addition to matters to be referred to the Board of Directors.

JT has adopted the Executive Officer System, under which executive officers appointed by the Board of Directors execute business in their respective areas of responsibility, in accordance with a company-wide business strategy decided by the board, by exercising the authority delegated to them.

Moreover, in order to ensure that business operations are managed in ways that contribute to the business efficiency and flexibility of the company as a whole, basic matters concerning the company's organization, allocation of duties to officers and staff and the roles of individual divisions are specified by the relevant internal rules. Meanwhile, in order to enable prompt decision-making, the depart-

ments and divisions responsible for business execution are specified by the “Responsibilities/Authorities Allocation Rules.”

5. System to ensure the appropriateness of business operations within the JT Group
The JT Group promises to deliver “irreplaceable delight” to ask all stakeholders, and it has adopted the JT Group Mission “the JT Branding Declaration” as a shared aim within the group.

We have specified the functions and rules necessary for group management based on a group management policy, in order to optimize the operations of the company as a whole.

Moreover, we have been enhancing our systems for compliance (including the internal reporting system), internal audits, financial affairs management, etc. in cooperation with JT Group companies.

6. System for assisting auditors and reporting to auditors, and other systems to ensure effective auditing

JT has allocated sufficient staff to the Auditor’s Office as an organization supporting the auditors in performing their duties. In addition, the company makes sure to review and reform the staffing structure as necessary based on consultations with the Audit Board. The Audit Board is involved in the selection of personnel of the Auditor’s Office in order to ensure the office’s independence from directors.

When directors and executive officers detect any matter that may cause substantial damage to the company, they are due to report it to the Audit Board. Moreover, when directors, executive officers and employees detect any evidence of malfeasance in financial documents or serious breaches of laws or the company’s articles of incorporation, they are due to report them to the Audit Board, along with other relevant matters that could affect the company’s management.

As auditors are allowed to attend not only meetings of the Board of Directors but also other important meetings, they usually attend meetings of the Executive Committee. When directors, executive officers and employees are asked by auditors to compile important documents available for their perusal, to accept field audits and to submit reports, they are due to respond in a prompt and appropriate manner.

Furthermore, directors are due to cooperate with audits and ensure the provision of funds necessary for covering audit-related expenses so as to secure their effectiveness. The Operational Review and Business Assurance Division and the Compliance Office maintain cooperation with auditors by exchanging information.

Meanwhile, JT’s basic concept on the exclusion of anti-social elements and its efforts to exclude such elements are as follows:

1) Basic concept on the exclusion of anti-social elements

JT is resolved not to have any relations with, and to fight against, anti-social groups and organizations that pose a threat to the order and safety of civil society, and organizations involved in tobacco smuggling or counterfeiting.

The company will also never engage in practices that would promote the activities of antisocial elements. If it faces a problem involving such elements, JT will devote company-wide efforts to dealing with it.

2) Efforts to exclude anti-social elements

The concept on the exclusion of anti-social elements described

above is specified and fully communicated to all employees as part of the company’s code of conduct. With the General Administration Division at JT’s headquarters assuming the responsibility for supervising efforts to exclude anti-social elements, the officers in charge of those efforts have been assigned to branch offices across Japan, and are cooperating with police, lawyers and other relevant organizations and parties to gather and share information in order to deal with such elements in an organized way.

The measures to be taken by JT in response to unjust and unreasonable demands from anti-social elements are specified in the company’s manual for corporate defense, which is available for reference at all offices and plants. JT also consistently educates employees, including those working for its affiliates, about the importance of excluding anti-social elements by providing relevant training as necessary.

iii. Implementation Status of Audits by Corporate Auditors and External Auditors

<Audits by corporate auditors and external auditors>

JT has an internal audit system under which corporate auditors, in their capacity as independent agents with a mandate from shareholders, examine the performance of duties by directors and executive officers in order to ensure sound business management and maintain and enhance public trust in the company.

JT has employed Deloitte Touche Tohmatsu (DTT) as its auditing firm, and DTT has conducted audits based on the Company Law and the Financial Instruments and Exchange Law. The certified public accountants who audited JT’s financial statements for FY 3/2008 and the persons who assisted the auditing work are as follows:

(Certified public accountants)

Tatsuo Igarashi (three years), Shuichi Momoki (three years), Satoshi Iizuka (one year)

Note: Figures in parentheses represent the number of years in which the certified public accountants have engaged in the accounting audit of JT.

(Assistants for the audit work)

Certified public accountants: 8 persons,

Junior accountants: 7 persons, Others: 4 persons

While corporate auditors, internal audit organizations including the Operational Review and Business Assurance Division, and external auditors conduct audits individually, they endeavor to enhance their cooperation in order to ensure appropriate audits, for example by sharing information on the results of their respective audits.

iv. Remuneration for Directors and Corporate Auditors, Audit Fees, etc.

Remuneration for directors and corporate auditors and fees paid to DTT for audit attestation, etc. for FY 3/2008 were as follows.

<Remuneration for directors and corporate Auditors>

Remuneration for directors and corporate auditors

11 directors: ¥664 million

4 corporate auditors: ¥78 million

Note: The remuneration for directors and corporate auditors in office at the end of FY 3/2008 includes provisions for retirement benefits accrued during the period from April 2007 to June 2007 (the retirement benefit program was abolished as of June 22, 2007). Also, the remuneration for directors includes executive bonuses and stock option grants.

<Fees for audit attestation>

Fees paid under the terms of the audit contract concluded between DTT and JT and its consolidated subsidiaries in relation to audit attestation based on the Company Law and the Financial Instruments and Exchange Law are as follows:

(Fees paid under the terms of the contract concluded between DTT and JT)

Fees for audit attestation based on Paragraph 1, Article 2 of the Certified Public Accountants Law:	¥169 million
Fees for other services:	¥80 million
Total:	¥250 million

(Fees paid under the terms of the contracts concluded between DTT and JT and its consolidated subsidiaries)

Fees for audit attestation based on Paragraph 1, Article 2 of the Certified Public Accountants Law:	¥253 million
Fees for other services:	¥91 million
Total:	¥345 million

Overview of Outside Corporate Auditors' Interests in JT

JT employs three outside corporate auditors. One of them, Mr. Hiroyoshi Murayama, is a director of Mitsubishi Electric Corporation, which has minor dealings with JT. However, the outside auditor himself has no direct interests in these dealings.

The other two outside corporate auditors have no interests in JT.

Number of Directors

JT's articles of incorporation stipulate that the number of Directors must be 15 or less.

Appointment of Directors

JT's articles of incorporation stipulate that directors must be appointed by a majority of the shareholder votes cast on an occasion where shareholders representing at least one-third of the total voting rights are present.

Matters to be Decided by Board of Directors without Referral to General Shareholders' Meetings

(Own share repurchase)

In order to enable flexible management, JT's articles of incorporation stipulate that the company may repurchase its own shares through means such as market trading, upon a resolution by the Board of Directors under Paragraph 2, Article 165 of the corporate law.

(Interim Dividend)

In order to enable profits to be returned to shareholders in a flexible manner, JT's articles of incorporation stipulate that the company may pay interim dividends to shareholders, upon a resolution by the Board of Directors under Item 5, Article 454 of the corporate law.

Requirements for Special Resolutions at General Shareholders' Meetings

In order to facilitate the smooth conduct of general shareholders' meetings with an easier validity requirement for special resolutions, JT's articles of incorporation stipulate that a resolution as specified by Paragraph 2, Article 309 of the corporate law is valid if it is supported by at least two thirds of the votes cast at a general shareholders' meeting attended by shareholders representing at least one third of JT's total voting rights (compared with the usual requirement of "at least half").

Overview of the Decision on Remuneration for Directors and Corporate Auditors

The amount of remuneration for Directors is based on a determination made by the Board of Directors and the amount for corporate auditors is based on the results of consultations among the corporate auditors, with both amounts confined within the limits approved by a General Meeting of Shareholders.

In light of the results of deliberations conducted by the Compensation Advisory Panel, which comprises the President, Chairman, and the director in charge of personnel affairs management and two external committee members, JT decided at a meeting of the Board of Directors on April 27, 2007 to review the system of remuneration for directors and corporate auditors based on the principle that such remuneration should be paid in a manner suited to their respective duties of office and roles.

As for directors, JT decided to introduce a remuneration system in which pay is linked to the company's business performance so as to motivate them to endeavor to enhance the performance, and also linked to the medium to long term corporate value of JT, so as to provide them with an incentive to maximize the shareholder value. Specifically, remuneration for directors who concurrently serve as executive officers comprises basic monthly compensation and an annual bonus linked to the company's business performance in the relevant year, and stock options, the value of which is linked to the medium to long term corporate value of JT. Remuneration for directors who do not concurrently serve as executive officers comprises basic monthly compensation and stock options, as they are required to participate in decision-making regarding company-wide business strategies aimed at increasing the corporate value of JT and to perform their audit-related duties.

Unlike remuneration for directors, a large portion of which is linked to the business performance of the company, remuneration for corporate auditors comprises only basic monthly compensation in light of the main role of corporate auditors, which is to audit the status of compliance with laws and regulations.

Please be reminded that in line with the above reform of the remuneration system, the retirement benefit program for directors and corporate auditors was abolished at the conclusion of the 22nd Annual General Meeting of Shareholders, which was held on June 22, 2007.

The JT Group strives to make contributions to society through a variety of corporate activities. We work to find harmony with our business environment and global environment, and aim to coexist with society as a good corporate citizen. We conduct continuing activities from this viewpoint.



Our Approach to Protecting the Global Environment

Protecting the global environment is critical to our efforts to fulfill our social responsibility and is one of the top priority matters for our corporate management.

In May 1995, we established the JT Global Environmental Charter and engaged in efforts to protect the global environment accordingly. In March 2004, the charter was revised as the JT Group Environmental Charter, in line with the diversification and globalization of our businesses. In accordance with this new charter, the JT Group has acted as a good corporate citizen in all of the countries and regions in which it operates and promoted company-wide initiatives to achieve harmony between its corporate activities and the environment.

(For details, please refer to the CSR Report 2008.)

JT Group Environmental Action Plan

In 2004, we established the JT Group Environmental Action Plan (2005-2008), which is intended to realize the philosophy enshrined in the JT Group Environmental Charter. Operational divisions of JT, as well as subsidiaries and affiliates, have been striving to achieve the targets set forth under this medium-term plan.

Group Environmental Management

The JT Group is seeking to establish an environmental management system based on the ISO 14001 international standard. By FY 3/2007, it had obtained ISO 14001 certification for 14 domestic JT plants and 16 plants of JT International, which con-

trols JT's international tobacco business, as well as production facilities of 19 subsidiaries and affiliates related to the tobacco, pharmaceutical and foods businesses in Japan. For its headquarters, branches, research centers and business offices, whose activities impose a relatively small burden on the environment compared with manufacturing plants, the JT Group has introduced an environmental management system based on an in-house standard similar to ISO 14001.

In the future, we will expand the scope of facilities and operations subject to environmental management.

Fight against Global Warming

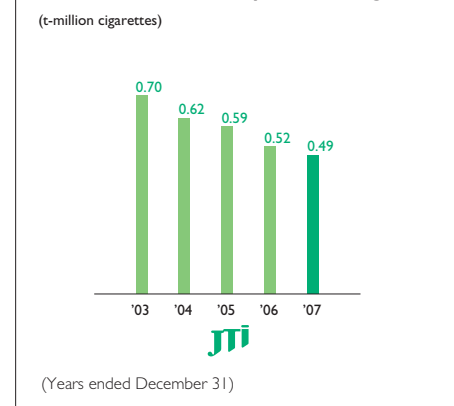
As we believe that reducing the overall amount of CO₂ emissions is essential to the fight against global warming, we are engaging in active emission reduction efforts by setting numerical targets. For the JT Group in Japan, we have set the target of a 20% reduction in CO₂ emissions by FY 3/2009 compared with FY 3/2004, while the target of a 32% reduction has been set for JT alone. In FY 3/2008, JT achieved a 35.8% reduction in CO₂ emissions compared with FY 3/1996, while the JT Group in Japan cut its emissions by 24.8% compared with FY 3/2004. These cuts were achieved by making air conditioning management more efficient through an energy-saving promotion program, taking advantage of night-time electricity and shifting to more environmentally-friendly fuels.

In the future, we will continue efforts to reduce our CO₂ emissions further.

Trends in CO₂ Emission



Trends in CO₂ Emission per Million Cigarettes



Reduction in Water Usage

The JT Group uses water in the process of producing tobacco and food products.

The JT Group's manufacturing facilities strive to contribute to preserving water quality through the management of waste water and to reduce the amount of water they use by adopting a program to optimize water usage through improving production processes, consolidating facilities and reviewing the way they use water, as well as by recycling used water.

As a result of these efforts, the amount of water used by JT in FY 3/2008 was down 60.5% compared with FY 3/1996, and the amount used by the JT Group was down 46.9% compared with FY 3/2004.

Effective Use of Resources

In order to preserve the limited natural resources available, both manufacturing plants and non-manufacturing offices and facilities of the JT Group engage in efforts to curb the amount of waste generated from its business activities and to recycle used materials.

In FY 3/2008, the amount of waste generated by the JT Group in Japan was down 14.3% compared with FY 3/2004, due to a decrease in sludge and an improvement in production processes. A total of 36 facilities achieved zero emissions, while the recycling rate for the JT Group came to 97.7%.

As for JT alone, 26 facilities (16 plants and 10 branches offices and other non-manufacturing facilities) achieved zero emissions, while the recycling rate came to 99.7% for the headquarters and 82.6% for business offices and other non-manufacturing facilities.

Approach to Protecting the Global Environment Overseas

As a result of the acquisition of Gallaher, JT International (JTI) now has a total of more than 30 manufacturing bases in 25 countries. Having obtained ISO 14001 certification for 16 plants before the acquisition of Gallaher, JTI plans to do so for all of its plants by 2010.

For the fourth consecutive year specific CO₂ emissions and energy and water consumption showed improved performance. Production waste per million cigarettes increased by 4% and recycling fell by 4% as a result of the integration. Factories continued to implement efficiency programs including energy recovery projects, building climate control and a global tobacco case reuse project.

Toward Better Smoking Manners and a More Favorable Smoking Environment

(This section describes activities only in Japan.)

"Smokers' Style" is a term coined to promote our campaign to achieve harmonious co-existence between smokers and non-smokers. It reflects our wish that our valued customers will fully enjoy smoking on their own responsibility and, at the same time, make sure to avoid causing discomfort to nonsmokers. By engaging in various initiatives under this campaign, we will fulfill our social responsibility as a tobacco company.



Smoking Area in Kansai International Airport North Wing



Public Smoking Area in Tokyo's Chiyodaku Manaitabashi Park



JT Art Hall Chamber Music Series

Examples of the Various Initiatives

Setting Up Smoking Areas

We work closely with local governments in setting up smoking areas in public facilities such as railway stations and airports, in order to promote harmonious co-existence between smokers and nonsmokers.

Advice on Separation of Smoking and Nonsmoking Areas

We provide consultation on how to separate smoking and nonsmoking areas within public facilities, commercial facilities and business offices in a manner suited to the characteristics of the facilities and the needs of users. In our consulting service, which is free of charge, we offer our know-how and put forward proposals so as to achieve the kind of separation that would satisfy smokers while giving due consideration to the concerns of nonsmokers.

“Smoking Manners” Campaign Advertising

Since JT believes that improving the “smoking manners” of individuals is essential to improving those of society as a whole, we are constantly engaged in a campaign to raise awareness about the need for appropriate smoking manners, under the slogan “Pay attention, and you can change your manners.” The advertisements used in this campaign describe specific everyday situations in which smokers are supposed to show good manners, in order to prompt them to pay attention, think, and act appropriately.

Community Clean-up Event

As part of our efforts to raise awareness about the need for appropriate smoking manners, JT has been engaged in the “Pick Up and You will Love Your City” initiative since May 2004. This initiative is aimed at occasions such as community festivals and other public events and conducted in cooperation with local governments, schools, volunteers and the organizing committees and participating bodies of those events. The community clean-up held on May 18, 2008 marked the 500th event of its kind led by JT, pushing the number of participating parties to 968 and number of participants to approximately 600,000.

For further information about JT’s efforts to improve the smoking environment, please access our website.

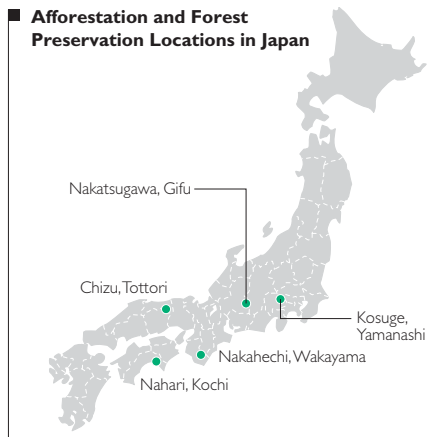
URL:<http://www.jti.co.jp/sstyle>

JT Group’s Social Contributions

I. JT Group’s Social Contributions

The JT Group has strived to make contributions to society in all the countries and regions in which we operate, in the hope of maintaining harmonious relations with local communities by acting as a good corporate citizen.

In order to make greater contributions to society on a group-wide basis, we have established the JT Group Social Contribution Policy, focusing on four areas: social welfare, arts and culture, environmental protection and disaster relief.



JT Group Social Contribution Policy

As a good corporate citizen maintaining harmonious relations with society, the JT Group will fulfill its corporate responsibility through making sustained contributions to the communities in which it operates.

As a good neighbor, the JT Group will support the regeneration and revitalization of local communities, focusing on:

- Social Welfare
- Arts and Culture
- Environmental Protection
- Disaster Relief

The JT Group will contribute to the development of the local communities in which we operate by selecting the most critical of these four priority areas for each and providing support.

Based on this policy, the JT Group will engage in a variety of activities that contribute to society, so that we can build and maintain harmonious relations with local communities while encouraging employees to be involved in such activities themselves.

2. Contributions to Japanese Society

Social Welfare

As part of our efforts to contribute to the regeneration and revitalization of local communities as a good neighbor, the JT Group is implementing a variety of social welfare programs, including the NPO Support Projects for Youth Development, Scholarships for Students from Asia and JT Shogi Japan Series Tournament for Kids.

JT's business offices and facilities across Japan contribute to

local communities in a variety of ways while maintaining intimate relations with residents, for instance by supporting local festivals and sports events and providing company-owned sports grounds for use by local residents.

Arts and Culture

The JT Group engages in activities that contribute to the development and advancement of arts and culture.

At the JT Art Hall Affinis, located in Toranomon in Tokyo's Minato Ward, cultural events - mainly classical chamber music performances - are held on an ongoing basis, providing players with opportunities to develop their talents and offering an ideal venue for music lovers to enjoy creative and inspiring performances.

Moreover, the JT Group has established the Affinis Arts Foundation to support professional Japanese orchestras, in an effort to foster talents and promote cultural development by offering assistance for orchestra players to study abroad and providing financial aid for orchestras to hold concerts.

In addition, the JT Group operates the Tobacco & Salt Museum in Tokyo's Shibuya Ward, which teaches people about the historical and cultural aspects of tobacco and salt, the business roots of JT, through activities such as gathering materials and data, conducting research and surveys and holding exhibitions and other events. Meanwhile, the JT Biohistory Research Hall, located in the western prefecture of Osaka, studies biodiversity and provides people with a variety of opportunities to become familiar with the wonders of natural life, for instance by holding exhibitions and by opening its laboratory to the public.



NPO Support Projects (Nature Studies at the Tama River)



JT Shogi Japan Series Tournament for Kids



Afforestation and Forest Preservation Program in Africa (Raising Nursery Beds)

Environmental Protection

In appreciation of the benefits Mother Nature brings to our business and out of consideration for preserving the environment, the JT Group engages in environmental protection activities such as afforestation, forest preservation and street cleanup campaigns.

The “JT Forest” initiative for afforestation and forest preservation was first launched in Nakahechi, Wakayama Prefecture and then extended to Kosuge, Yamanashi Prefecture, Nahari, Kochi Prefecture and Chizu, Tottori Prefecture. In March 2008, Nakatsugawa, Gifu Prefecture became the fifth location of the JT Forest initiative.

Disaster Relief

The JT Group is ready to respond to major disasters in and outside Japan by offering its help to the affected areas through group-wide cooperation. When a major earthquake struck the Chuetsu region of Niigata Prefecture in 2007, JT gave donations and sent supplies of drinking water to help victims.

3. Social Contributions Abroad

The JT Group engages in a variety of philanthropic activities around the world, contributing to the development of the local communities in which it operates. JTI, the international arm of the JT Group that controls the group’s tobacco production, marketing and sales in more than 120 countries, plays the central role in our worldwide philanthropic activities. In addition to its own philanthropic activities, JTI helps to tackle critical challenges faced by local communities as part of group-wide initia-

tives such as the afforestation and forest preservation programs that are underway in Africa.

JTI’s Corporate Philanthropy

For JTI, the international subsidiary of JT, Corporate Philanthropy is an integral component of its commitment to the communities in which it operates. JTI Corporate Philanthropy policy and guidelines are aligned with the JT Group Social Contribution policy, and have been shared with employees throughout the company. JTI is actively involved in philanthropic activities in three areas in particular: social welfare (charity), arts and culture and disaster relief.

Social Welfare (Charity)

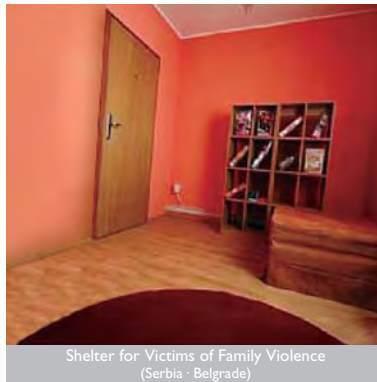
In its social welfare-related activities, JTI focuses on initiatives like caring for the elderly and supporting adults with literacy problems. The following are a few examples of the types of activities JTI is supporting.

In Netherlands, JTI joined with the Lezen & Schrijven (Reading & Writing) foundation, to help an estimated 1.5 million people whose literacy difficulties prevent them from participating fully in Dutch society. JTI has engaged in a sustainable partnership for three years since 2007 by contributing to the cost of publishing books for adults with low reading skills.

JTI Milan is involved in a project known as “Il Custode” (the Guardian) that seeks to assist elderly. The project arranges home visits, provides transport and shopping help, and assists them in dealing with administrative and social services. So far, over 3,600 elderly Milanese have benefited. JTI is committed to



Mariinsky Theater (Russia)



Shelter for Victims of Family Violence (Serbia · Belgrade)



Home Visit with a Senior Citizen (Italy · Milan)

a three year partnership from 2006 and to assisting its partners to eventually become self-sustaining.

For the last four years, JTI has been sponsoring a shelter for victims of family violence in Serbia, supporting the only local NGO dedicated to tackling this distressingly common problem. JTI meets the cost of renting of a safe house at an undisclosed Belgrade location which has sheltered hundreds of women at risk from family violence, as well as victims of human trafficking.

Arts and Culture

Japan's rich artistic and cultural heritage is little known in many of JTI's international markets. Part of the company's Corporate Philanthropy commitment is to change this. One innovative result in 2007 was a JTI-sponsored event in Athens, attended by guests from government, business and the arts community, that showcased the rituals and traditions of the kimono.

JTI was the exclusive sponsor of a Japanese exhibition at the Sèvres National Ceramics Museum in Paris. Visitors learned about the 17th century origins of Satsuma ware during the "golden age" of the tea ceremonies and how its artistic influence spread to Europe and to France, in particular.

In early 2008, as part of its long-term commitment to the Mariinsky Theater, JTI acted as the sponsor for the celebration of the Theatre's 225th anniversary. The program of events that followed featured scenes from operas, ballets, and world premieres that had taken place throughout the Theatre's history. In 2008, the Mariinsky will also mark its anniversary by staging performances across Russia and abroad.

Disaster Relief

In 2001, JTI established the JTI Foundation in order to support the underprivileged around the world, with a particular focus on providing relief aid for victims of earthquakes and other natural disasters, in cooperation with major relief organizations like the Red Cross as well as NGOs and government agencies.

Donations made by the JTI Foundation included funding for the Peruvian Red Cross to provide emergency relief to local communities in the wake of a massive earthquake in August 2007. In addition, the Romanian branch of Malteser International continues to drill wells to provide local communities with access to safe water supplies following last summer's heat wave and flooding.

Since 2005, the JTI Foundation has provided ongoing support to GEA; an organization spearheading search and rescue missions after disasters. This has been followed, in 2008, by the Foundation renewing its commitment for a further 3 years. This continued partnership will contribute to taking GEA search and rescue missions to a higher level of sustainability. GEA will have the resources to launch relief missions within the first two critical hours of a disaster, and enable the purchase of specialized search and rescue equipment.