

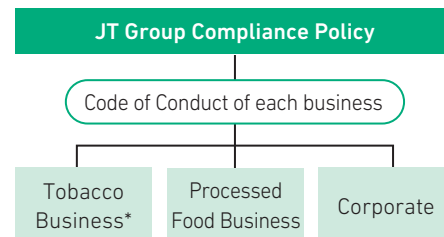
## Systems for Supporting the Effectiveness of the Corporate Governance Structure

We have put in place internal control systems involving compliance, risk management, and internal audits for the purpose of supporting the effectiveness of the corporate governance structure, which is led by the Board of Directors. We will continue to periodically revise these existing systems on an ongoing basis in an effort to maintain and enhance the corporate structure for the appropriate execution of business.

### Compliance system

#### Basic concept

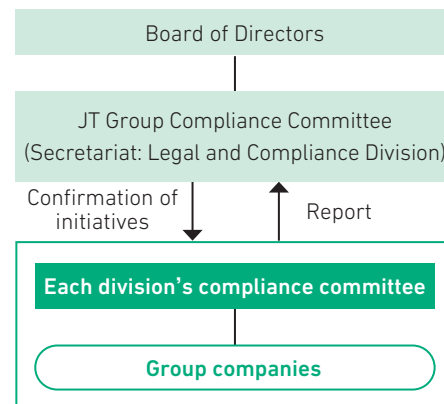
Based on the regulations established by the Board of Directors, we have formulated the JT Group Compliance Policy, which defines the globally shared values and ethics of the JT Group, to ensure that Directors and employees act appropriately and comply with laws and regulations, the Articles of Incorporation, and social norms. Accordingly, we have also established business unit compliance codes of conduct for each corporate and business division. These codes of conduct are aligned with the JT Group Compliance Policy and adapted to their unique environments and characteristics to ensure thorough compliance throughout the Group.



\* In Japan, a code of conduct has been established and implemented by adding Japan-specific perspectives to the globally unified code of conduct

#### Promotion and supervisory systems

The Company has established the JT Group Compliance Committee, which consists of the CEO, Executive Vice Presidents, and external experts. This Committee oversees and promotes compliance across the JT Group as a whole and plays the role of a deliberative body that ensures accountability to the Board of Directors. The CEO serves as committee chair. The Company appoints an Executive Officer in charge of compliance who oversees the Legal and Compliance Division, thereby striving 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 each corporate and business division autonomously deliberate on compliance-related matters for their respective divisions. The JT Group Compliance Committee, meanwhile, receives reports from each divisional compliance committee, and reports the details of these to the Board of Directors after grasping and deliberating on the status of JT Group-wide initiatives.



#### Compliance practice and improvement

In fiscal 2025, two JT Group Compliance Committee meetings were held to deliberate on initiatives aimed at promoting compliance and other matters. The results of these deliberations were reflected in the compliance action plan for fiscal 2026 formulated by each department.

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 divisional compliance codes of conduct to the Directors and employees of the Company. The compliance promotion departments also conduct educational and awareness-raising activities through training and other programs in an effort to enhance the effectiveness of compliance.

#### Compliance survey implementation

We conduct a Group-wide compliance survey annually. The survey response rate for fiscal 2025 was 96.5%. The results of the survey are reported to Directors and employees, and the relevant departments use these results to evaluate compliance initiatives and to formulate and implement improvement measures.

#### Internal reporting system (whistleblower system)

Group companies have set up hotlines for Directors and employees and other parties to report acts suspected of being legal/regulatory violations and other such concerns. Compliance promotion departments that receive a report or query via their hotlines investigate its details and then take action, including recurrence prevention measures, as needed. Additionally, we have set up another hotline apart from the one staffed by the Legal and Compliance Division. The second hotline is independent of organizational units involved in operational execution and staffed by Audit & Supervisory Board Members, who investigate the details of any reports or queries received via the hotline. JT then takes action, including recurrence prevention measures, as needed, and refers or reports serious problems involving the JT Group to the divisional compliance committees and the JT Group Compliance Committee for further review as needed.



Compliance consultation·reporting hotline guide

## Systems for Supporting the Effectiveness of the Corporate Governance Structure

### Risk management system

The JT Group has introduced enterprise risk management (ERM) across the entire Group in order to contribute to the Group's sustainable profit growth and enhancement of corporate value over the medium to long term, and to strengthen the framework that enables transparent, fair, swift, and definitive decision-making within the Group. By identifying risks that may impact the Group and evaluating them in terms of both impact and likelihood, we select important risks to be addressed as a priority, formulate response plans, and conduct monitoring. In promoting ERM, we have established a structure where the CEO serves as the responsible officer, and discussions are conducted with the Executive Vice Presidents and the Executive Officer in charge of ERM (Senior Vice President in charge of corporate governance) appointed by the CEO. ERM is also implemented in each business with the division heads of the tobacco and processed food businesses taking responsibility, and the details are reported to the Executive Officer in charge of ERM. The inclusion of the Executive Officer in charge of ERM, who oversees the risk status of the business, in discussions enables the identification of important risks across the Group. These important risks identified through discussions involving the CEO, Executive Vice Presidents, and the Executive Officer in charge of ERM are addressed under the responsibility of the response managers designated by the CEO (each business division head and the Executive Officer in charge of corporate), who formulate response plans and conduct monitoring, and the results are reported to the CEO, Executive Vice Presidents, and the Executive Officer in charge of ERM. The status of these initiatives is reported to the Board of Directors at least once a year. By appropriately managing risks, the Group is able to appropriately seize opportunities for business growth and strategic business development.

[See Details](#) [Risk factors \(P. 82\)](#)

### Information security

We have established information security regulations to clearly demonstrate our commitment to information security and comprehensively promote information security measures on an ongoing basis. Specifically, we have adopted the JT Group IT Governance Policy and JT Group Information Security Standards and mandated and implemented the required IT risk mitigation measures, including access restrictions, antivirus defenses, education, audits, and monitoring. We strive to manage and safeguard our IT systems, data and other information assets in an appropriate manner. We are continuously pursuing initiatives to strengthen our information security with respect to both hardware and software.

Hardware-wise, we continually test and improve our key IT systems' security-related technologies and operations, including requests to suppliers. Software-wise, we conduct the i-SECURE information security educational program, which was developed by the Company on a global basis to promote proper handling of information assets by all employees. Among the multiple options offered through i-SECURE, 96% of all JT Group company employees attended e-learning programs. The i-SECURE program's effectiveness is regularly measured. Indications are that it is instrumental in raising awareness of information security among employees.



Scenes from the i-SECURE event held in Japan

## Systems for Supporting the Effectiveness of the Corporate Governance Structure

### Internal auditing

#### Company internal audits

Set up to be independent of organizational units involved in operational execution and reporting directly to the CEO, JT's Internal Audit Division seeks to enhance the adequacy and effectiveness of business management by examining and assessing controlling/operating systems that relate to all business activities, as well as the status of business execution, from an objective standpoint. To fulfill its responsibilities, the Company's Internal Audit Division has unrestricted authority to observe all activities, inspect all records, and question all personnel on a Group-wide basis.

Annual internal audit plans are subject to the CEO's approval. The head of the Internal Audit Division mandatorily reports internal audit results to the CEO, and reports to the Board of Directors annually. The head of this Division may freely and regularly confer with the CEO and our subsidiaries' senior-most executives about internal audit findings, internal control statuses and risk assessments.

#### Group subsidiary internal audits

Our subsidiaries may set up internal auditing organizations at their own discretion. Those that have done so include major subsidiaries JTI, TS Network, and TableMark. Subsidiaries' internal audit plans are approved by, and their audit results are reported to, their respective presidents or the Board of Directors. The Company's Internal Audit Division coordinates internal audits with subsidiaries' internal auditing organizations. Subsidiaries' annual internal audit plans and their internal audit results are reported to the Group CEO and our Board of Directors through our Internal Audit Division. To increase the efficiency and effectiveness of internal audits, we periodically hold meetings to improve audit quality through information sharing among internal auditing staff across the Group. We also conduct joint audits with and provide auditing assistance to subsidiaries as necessary.

### Internal control system for JTI as the operator of the tobacco business

Executives of JT International Holding B.V., which serves as the holding company for JTI, also include JT's executive officers and others, who play a role in enhancing the effectiveness of strategic decision-making across the entire tobacco business.

In addition, important decision-making authority and approval procedures related to the tobacco business, including JTI, are stipulated in the authority regulations and other relevant policies. Although a certain degree of authority is delegated to JTI to ensure the agility of business operations, the Group strives to secure subsidiary governance by requiring the Company's approval for matters such as budgets and management plans formulated by JTI, as well as investment deals exceeding a certain amount.

In addition, the Company's Audit & Supervisory Board Members and the Internal Audit Division have the right to audit JTI. Accordingly, Audit & Supervisory Board Members conduct audits of JTI as appropriate. JTI's Internal Audit Division is the primary party responsible for conducting internal audits for the tobacco business, while JT's Internal Audit Division works closely with JTI's Internal Audit Division to conduct audits in areas of operations where the Company and JTI are working together.