



## **The concept of skills necessary for the Members of the Board**

November 24, 2021

JT aims to achieve sustainable profit growth and enhance the corporate value over the mid to long term by pursuing the "4S Model", which is JT's management principle. Based on our 4S model, our vision is to continue to be a growing global company that provides diverse value, unique to the JT Group.

JT has adopted the following composition of the Board of Directors to enable the Members of the Board to identify the JT Group management strategies and make decisions on important matters, as well as to effectively supervise all operations. The Advisory Panel on Nomination and Compensation has repeatedly engaged in discussions on the composition of the Board of Directors :

- The Board may have as many members as necessary and appropriate, up to a maximum of 15. It comprises diverse professionals with a high sense of ethics and integrity as well as knowledge, experience and skills, taking into consideration such factors as gender, international experience, work experience, race, ethnicity, cultural background, and other aspects of diversity, along with necessary skills for the Members of the Board.
- The Board includes at least one-third of independent outside directors with qualifications conducive to the Company's sustainable profit growth and corporate value over the mid to long term, in order to strengthen the supervisory functions and transparency of management.

JT particularly expects each director to demonstrate skills based on their knowledge and experience in the following areas, in light of the Group's management principle, vision and business plan, in order for the Board of Directors to properly fulfill its roles and responsibilities. JT believes that the Board of Directors as a whole has the necessary skills at this time.

Areas in which the skills are expected to be particularly effective

- **“Corporate Management,”** including the JT Group’s management strategy, operations, and business strategy based on the 4S model, our management principle.
- **“Global Management,”** which is essential for the JT Group, which operates globally.
- **“Corporate Finance, Accounting and Capital Policy”** and **“Legal, Compliance, and Risk Management,”** which are the basis of decision-making for effective management and business activities.
- **“IT / Information Security,”** which is one of the important management foundations for strengthening the competitiveness of the JT Group.
- **“Corporate Governance”** is the foundation of our corporate activities in order to maximize stakeholder value, pursue sustainable profit growth, and grow our corporate value over the long term.
- **“Sustainability / Environment and Society,”** which we consider to be the core to our management initiatives and for which we formulate strategies based on the 4S model and materiality analysis.
- **“D&I / Organizational Behavior and Human Resource Management”** is one of our focus areas and is being promoted so that all employees of the JT Group can feel motivated in their work and maximize their abilities.
- **“Business Development / M&A”** to formulate strategies and carry out measures for the further development and business growth.

In addition, in light of the roles and responsibilities of Members of the Audit & Supervisory Board to oversee the job performance of members of the Board, we are particularly expecting Members of the Audit & Supervisory Board to demonstrate their skills in the areas of “Corporate Finance, Accounting and Capital Policy,” “Legal, Compliance and Risk Management,” and “Corporate Governance”. At present, we believe that the entire Audit & Supervisory Board has the necessary skills.