

March 26, 2020

Nishimoto Co., Ltd.

Yoshiro Susaki

Chairman & President CEO

Contact: Group Governance & Business Ethics Department

03-6870-2015

(Securities code 9260)

URL: <https://www.wismettac.com>

The following outlines the state of corporate governance at the Company.

I. Fundamental concept on corporate governance, capital breakdown, corporate attributes and other basic information

1. Fundamental concept

We believe our mission is to pursue operations which are focused on the interests of all stakeholders such as shareholders, customers, business partners, employees and local communities under our corporate philosophy of promoting close coordination with the Nishimoto Wismettac Group companies which are continuing to expand globally. This is aimed at contributing to the happiness of a large number of customers by seeking to realize the dream of enriching the lives of citizens across the world through our food service, which is our fundamental concept. To fulfill the above-mentioned mission, it is essential that the Company keeps developing its business in a stable and sustainable manner. Our fundamental policy for corporate-governance measures is to develop a framework in which to secure the business soundness, transparency and efficiency that constitute the foundation of this development.

Reasons why the principles of the Corporate Governance Code are not put into practice

Supplementary Principles 1-2(4): Development of an environment for the electronic exercise of voting rights and the English translation of the notice of convocation

From now on, the Company will deliberate a platform for electronically exercising voting rights, as well as the specific timing of its implementation. It publishes the English translation of the notice of convocation on its website.

Principle 3.1 Full Disclosure

(i) What the Company aims for

The Company's business philosophy is made public on its website and in the corporate profile section. The organization's business strategies and plans are presented in its Securities Report.

(ii) Fundamental concept and policy on corporate governance

As described in the "1.1 Fundamental concept" section of this report.

(iii) Policy and procedure for the Board of Directors to determine the remuneration for senior management executives and directors

Remuneration for directors shall be determined within the scope approved by the General Meeting of Shareholders. Remuneration for directors not serving concurrently as Audit & Supervisory Committee members shall be determined by the Chairman & CEO to whom full authority is delegated by the Board of Directors while remuneration for directors serving concurrently as Audit & Supervisory Committee members shall be determined through consultations between the Audit & Supervisory Committee members.

(iv) Policy and procedure for the Board of Directors to appoint or remove senior management executives and nominate director candidates

Each director candidate, who is not an Audit & Supervisory Committee member, shall be appointed at the recommendation of the Chairman & CEO or the President & COO and each executive officer candidate shall be appointed at the recommendation of directors from among professionals who have extensive knowledge and experience, who are well-versed in the operations of individual business units, and who have a sincere personality and superior execution skills. Their removal shall be determined through cautious consultations by the Board of Directors. Each director candidate to be appointed, who is an Audit & Supervisory Committee member, shall be a professional who has insight into rigorously complying with laws and regulations and corporate ethics rules, who will audit directors' execution of duties from a neutral and objective point of view, and who is expected to contribute to the maintenance and improvement of the Company's sound business operations. The consent of the Audit & Supervisory Committee shall be obtained prior to submitting a proposed resolution for the appointment or removal of directors serving concurrently as Audit & Supervisory Committee members to a General Meeting of Shareholders.

(v) Explanation of individual appointments or removals and nominations at the time of appointment or removal of senior management executives and the nomination of director candidates

The Company intends to publish individual statements on appointments or removals and nominations in the notice of convocation of the General Meeting of Shareholders.

Supplementary Principle 4-1(3): Plan for Training Successors

From the viewpoint of training successors, the Company provides management executives such as executive officers and department managers with opportunities to participate in the management of the Group through attendance at the important Group meetings. The Company has been considering specifying the individual responsibilities of such management executives and utilizing the evaluation of their performance of such responsibilities for the training of successors. However, as there have not been sufficient discussions about succession plans or training of successors, the Board of Directors will continue to have discussions.

Supplementary Principle 4-2(1): Remuneration Systems for Management Executives

The Company understands that determining remuneration for management executives based on the Company's performance will serve as an incentive to achieve sustainable growth. The Company will consider introducing remuneration systems which will contribute to more sustainable growth, such as the issuance of the Company's stock as remuneration.

Supplementary Principle 4-3(2)(3): Appointment or Removal of a CEO, etc.

The Company has not established unified standards or requirements for the appointment or removal of a CEO, etc. Given that the appointment of a CEO, etc. is the most important strategic decision in a company, the Company appoints a qualified person as a CEO, etc. after receiving proper assistance and advice from independent outside directors at Board of Directors meetings. The removal of a CEO, etc. shall be carried out after sufficient deliberations at Board of Directors meetings attended by independent outside directors if such action is considered to be appropriate from an objective viewpoint, for example if the person has violated laws or regulations or the Articles of Incorporation and if the person is found to have significantly damaged the Company's enterprise value.

Supplementary Principle 4-10(1): Establishment of the Independent Advisory Committee

The Company appoints two independent outside directors. Such directors express their opinions to the Board of Directors or each director and provide advice as required by using expert knowledge and extensive experience as business managers. Although the Company has not established a committee as a voluntary advisory body, it believes that proper assistance and advice is currently being provided at Board of Directors meetings.

Supplementary Principles 4-11(3): Analysis and Evaluation of the Effectiveness of the Board of Directors

We are aware that the analysis and evaluation of the effectiveness of the Board of Directors as a whole are significant challenges. In order to improve the functions of the Board of Directors, going forward we will deliberate such analysis and evaluation, including the evaluation method.

Supplementary Principles 4-14(2): Training Policy for Directors

Currently, we do not see any need to train directors, given that the Company nominates each director candidate only after judging whether he/she is equipped with the knowledge and qualities that will be sufficient to serve as a director, and whether the candidate is suitable for the execution of duties, and obtained the approval of the General Meeting of Shareholders. However, we regard the following to be highly important challenge: the sharing of information on the Company's operations, finances, organization, business plan and conditions, as well as on individual directors' roles and responsibilities, and also the environment surrounding the Company; and in particular, the sharing of a common awareness about corporate governance and corporate ethics. We will consider organizing training programs for directors and executive officers in the future.

Principle 5-2: Formulation and Announcement of Business Strategies and Plans with the Understanding of Capital Costs

Although the Company has formulated and announced its medium-term management plan which continues until 2021, it has not provided its capital costs in the plan. However, the Company, which makes relatively small capital investments for its business operations, uses ROWC (Return On Working Capital) as a criterion when formulating business strategies and plans.

*ROWC: An index obtained by dividing the operating income of each business division by its working capital (accounts receivable + inventory, etc. - accounts payable).

Disclosure pursuant to the individual principles of the Corporate Governance Code**Principle 1-4: Cross-shareholdings**

Currently, the Company owns no cross-shareholdings. If we consider doing so in the future, we will adhere to the policy of choosing a company that we consider will help raise our enterprise value on a medium- to long-term basis from the perspective of maintaining or bolstering the relationships with our business partners and that of our business strategy and by closely examining specific matters such as whether there is a benefit of shareholding that is appropriate to the capital cost.

Principle 1-7: Related Party Transactions

The Company's Rules on Related Party Transaction Management stipulate that, to enter into a transaction with a related party, the approval of the Board of Directors must be obtained and a relevant report must be submitted to the Board. A proposed resolution for the transaction shall be passed by the Board of Directors without the attendance of any director deemed to be a special interest person. We periodically check whether any related-party transactions exist.

Principle 2-6: Demonstrating Functions as a Corporate Pension Asset Owner

The Company has not established a corporate pension plan. If the Company considers introducing a plan, it will consider allocating personnel who have sufficient skills in investment in order to avoid any risk to its financial conditions.

Principle 3-1: Full Disclosure

- (i) What the Company aims for
The Company publishes its business philosophy on its website and in the corporate profile section. It presents its business strategies and plans in its Securities Report.
- (ii) Fundamental concept and policy on corporate governance
As described in the "1.1 Fundamental concept" section of this report.
- (iii) Policy and procedure for the Board of Directors to determine the remuneration for senior management executives and directors
The remuneration for directors shall be determined within the scope approved by the General Meeting of Shareholders, and the remuneration for directors not serving concurrently as Audit & Supervisory Committee members shall be determined by the Chairman to whom full authority is delegated by the Board of Directors, while the remuneration for directors serving concurrently as Audit & Supervisory Committee members shall be determined through consultations between the Audit & Supervisory Committee members.
- (iv) Policy and procedure for the Board of Directors to appoint or remove senior management executives and nominate director candidates
Each director candidate, who is not an Audit & Supervisory Committee member, shall be appointed at the recommendation of the Chairman & CEO or the President & COO and each executive officer candidate shall be appointed at the recommendation of directors from among professionals who have extensive knowledge and experience, who are well-versed in the operations of individual business units, and who have a sincere personality and superior execution skills. Their removal shall be determined through cautious consultations by the Board of Directors. Each director candidate to be appointed, who is an Audit & Supervisory Committee member, shall be a professional who has insight into rigorously complying with laws and regulations and corporate ethics rules, who will audit directors' execution of duties from a neutral and objective point of view, and who is expected to contribute to the maintenance and improvement of the Company's sound business operations. The consent of the Audit & Supervisory Committee shall be obtained prior to submitting a proposed resolution for the appointment or removal of directors serving concurrently as Audit & Supervisory Committee members to a General Meeting of Shareholders.
- (v) Explanation of individual appointments or removals and nominations at the time of the appointment or removal of senior management executives and the nomination of director candidates
The Company intends to publish individual statements on appointments or removals and nominations in the notice of convocation of the General Meeting of Shareholders.

Supplementary Principles 4-1(1): Outline of scope of delegation to management

The Company clearly specifies the provisions of the Articles of Incorporation and laws and regulations, as well as matters subject to the resolution of the Board of Directors, by prescribing the Board of Directors Rules. The Board of Directors adequately delegates to executive directors and executive officers the execution of ordinary duties other than the matters that must be judged and determined by the Board of Directors, and supervises how these duties are performed.

Principle 4.9: Criteria for Independence Judgment and Qualities of Independent Outside Directors

When electing an outside director candidate, we choose a professional who meets independence requirements stipulated by the financial instrument exchange on which the Company is listed and who will likely contribute to candid, active and constructive discussions at the Board of Directors meetings.

Supplementary Principles 4-11(1): Concept regarding the balance of knowledge, experience, and ability, as well as the diversity and scale of the Board of Directors as a whole

We became a company with an audit & supervisory committee after resolving to do so at the General Meeting of Shareholders held on March 22, 2016.

The Company has seven directors, including three Audit & Supervisory Committee members. The four executive directors are members with excellent knowledge, experience and skills, such as in terms of industry experience and in general business administration and business management. Two of the three Audit & Supervisory

Committee members serving as directors have highly specialized knowledge and extensive experience, including in global business administration, investment and finance, as independent outside directors, and therefore it is considered that the composition of the Board of Directors is well balanced.

Following a recommendation by the Chairman & CEO or the President & COO, we recommend to the General Meeting of Shareholders a director candidate chosen from among professionals who have specialized knowledge and extensive experience, both inside and outside of Japan, in fields such as general business administration and finance after deliberations by the Board of Directors.

Supplementary Principles 4-11(2): Concurrent Services by Directors

The state of concurrent services by directors for other listed companies is disclosed in the notice of convocation of the General Meeting of Shareholders, as well as in the Securities Report.

Supplementary Principles 4-11(3): Analysis and Evaluation of the Effectiveness of the Board of Directors

We identify as important challenges the analysis and evaluation of the effectiveness of the Board of Directors as a whole. Going forward, we will consider the relevant points, including the evaluation method, toward improving the functioning of the Board of Directors.

Supplementary Principles 4-14(2): Training Policy for Directors

Currently, we do not see any need to train directors, given that the Company nominated each of the director candidates only after judging whether he/she has the knowledge and qualities that are sufficient to serve as a director and whether he/she is suitable to execute the duties, and obtained the approval of the General Meeting of Shareholders. However, we regard the following to be highly important challenges: the sharing of information on the Company's operations, finances, organization, business plan and conditions, as well as individual directors' roles and responsibilities, and also the environment surrounding the Company; and in particular, the sharing of a common awareness about corporate governance and corporate ethics. We will consider organizing training programs for directors and executive officers in the future.

Principle 5-1: Policy for Constructive Dialogue with Shareholders

The Company discloses information to shareholders and investors appropriately, with the Corporate Planning Department being made responsible for this. The Company holds financial results briefings attended by representative directors for institutional investors twice each year and also responds to inquiries from other shareholders and investors as much as possible in order to provide opportunities to have constructive dialogues with shareholders.

2. Capital breakdown

Foreign share ownership ratio	More than 10%
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Major shareholders

Name	Number of shares held (in thousands of shares)	Ratio (%)
Tatsumi Industries Co., Ltd.	6,235	43.45
Yoshiro Susaki	2,910	20.27
Susaki Welfare Foundation	1,300	9.06
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS (standing proxy: HSBC Tokyo Branch)	480	3.35
Japan Trustee Services Bank, Ltd. (trust account)	380	2.65
The Master Trust Bank of Japan, Ltd. (trust account)	247	1.72
J.P. MORGAN BANK LUXEMBOURG S.A. 1300000 (standing proxy: Mizuho Bank, Ltd.)	204	1.42
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (standing proxy: Mizuho Bank, Ltd.)	198	1.38
GOVERNMENT OF NORWAY (standing proxy: Citibank, N.A., Tokyo Branch)	156	1.09
Takayuki Kanai	140	0.98

Name of controlling shareholders	Yoshiro Susaki
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Name of parent company	—
Listing exchange for parent company	—

Supplementary explanation

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3. Corporate attributes

Listing market category	First Section
Fiscal year ending	December each year
Sector	Wholesaling
Number of employees as of the end of the preceding fiscal year (consolidated)	At least 1,000
Net sales for the preceding fiscal year (consolidated)	At least 100.0 billion yen and less than 1,000.0 billion yen
Number of consolidated subsidiaries as of the end of the preceding fiscal year	At least 10 companies and less than 50 companies

4. Guidelines on measures to protect minority interest shareholders when entering into a transaction with the controlling shareholder

The Company has no transaction relationship with the controlling shareholder. If it enters into a transaction with the controlling shareholder in the future, the Company shall apply the terms and conditions identical to those of an ordinary transaction and handle the transaction appropriately so as not to compromise the interests of the Group and its minority interest shareholders.

5. Special circumstances potentially having a significant effect on the organization's corporate governance

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II. State of the corporate governance platform for the management organization and others relating to business decision-making, execution and supervision

1. Matters on the organizational composition and operations

Organization format	Company with an Audit & Supervisory Committee
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Directors

Number of directors under the Articles of Incorporation	Ten directors
Director term of office under the Articles of Incorporation	One year
Chair of the Board of Directors	Chairman & CEO
Number of directors	Seven directors
State of election of outside directors	Elected
Number of outside directors	Two directors
Number of outside directors designated as independent directors	Two directors

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Kimikazu Nomi	Person from other company													
Yukiko Omura	Person from other company													

* Selection item for relationship with the Company

- An executive employee of a listed company or a subsidiary of it
- An executive employee or non-executive director of the parent company of a listed company
- An executive employee of the sister company of a listed company
- An entity whose main business partner is a listed company or executive employee of it
- A main business partner of a listed company or executive employee of it
- A consulting, accounting expert or legal expert who earns a significant amount of money or who receives other gain from a listed company, in addition to director remuneration
- A major shareholder of a listed company (if the major shareholder is an incorporated entity, an executive employee of the corporation applies)
- An executive employee (a person only) of the business partner of a listed company (a person not falling under any of items d, e and f)
- An executive employee (a person only) of an entity having a relationship in which outside directors are mutually appointed by each other
- An executive employee (a person only) of an entity to which a listed company gives donations
- Others

Relationship with the Company (2)

Name	Independent director	Supplementary remarks on conforming items	Reason for election
Kimikazu Nomi	○	Mr. Nomi was designated as an independent director because he was deemed as not likely to cause any conflicts of interest with ordinary shareholders given that he had no special interest relationship with the Company and did not breach the independence criteria stipulated by the Tokyo Stock Exchange, Inc.	Mr. Nomi previously provided financial services at Norinchukin Bank and Aozora Bank. Moreover, at Innovation Network Corporation of Japan (INCJ), Mr. Nomi fostered new businesses through investing activities and engaged in operations to assist companies in carrying out self-reforms. We think Mr. Nomi's extensive knowledge and insights will contribute to strengthening our governance through the Company's Board of Directors and Audit & Supervisory Committee.
Yukiko Omura	○	Ms. Omura was designated as an independent director because she was deemed as not likely to cause any conflicts of interest with ordinary shareholders given that she had no special interest relationship with the Company and did not breach the independence criteria stipulated by the Tokyo Stock Exchange, Inc.	Ms. Omura was previously widely engaged in financial services and corporate management at a non-Japanese financial institution, the World Bank Group and the International Fund for Agricultural Development. Ms. Omura has extensive international experience and excellent insights into foods, so

			we think she will contribute to strengthening our governance through the Company's Board of Directors and Audit & Supervisory Committee.
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Audit & Supervisory Committee
Committee member breakdown and Chair attributes

	All committee members (persons)	Full-time committee members (persons)	Inside directors (persons)	Outside directors (persons)	Head of committee (Chair)
Audit & Supervisory Committee	3	1	1	2	Internal directors

Whether or not there is any director or employee whose role is to assist the Audit & Supervisory Committee duties	None
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Matters on the independence of the directors and employees from executive directors

The Company does not appoint any director or employee with the role of assisting the Audit & Supervisory Committee duties because we judge that, due to one member of the Audit & Supervisory Committee being full time, he/she will be able to carry out appropriate information delivery, sufficient information collection and close collaboration with accounting auditors and the Group Governance & Business Ethics Department. However, we secure a platform to assist the execution of Audit & Supervisory Committee duties by appointing the necessary employees, if so requested by the Audit & Supervisory Committee.
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State of collaboration between the Audit & Supervisory Committee, accounting auditors and the Internal Audit Division

The Audit & Supervisory Committee has established a platform to conduct effective audits of the Group as a whole by receiving reports on audits conducted by the Group Governance & Business Ethics Department with an internal audit function and by routinely communicating with the Department. The Audit & Supervisory Committee, accounting auditors and the Group Governance & Business Ethics Department work to collaborate with each other through having regular opportunities to exchange opinions and information.
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Voluntary committee

Whether or not there exists any voluntary committee equivalent to a nominating committee or compensation committee	None
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Independent directors

Number of independent directors	Two persons
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Other matters on independent directors

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Incentive

State of measures for granting incentives to directors	Not taken
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Supplementary remarks on the applicable item

Although currently not planning to grant incentives, the Company will consider introducing a grant program, as required, in order to raise the will and resolve of directors and employees toward improve financial results, thus motivating them to work even harder on their duties.
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Persons to whom stock options will be granted

Supplementary remarks on the applicable item

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Director remuneration

Status of disclosure	Individual remuneration is not disclosed.
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Supplementary remarks on the applicable item

Not disclosed because no director received at least 100 million yen as the total consolidated remuneration.

Whether or not there exists any policy on the determination of the amount of remuneration and the	Yes
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computation method

Policy disclosed on the determination of the amount of remuneration and the computation method

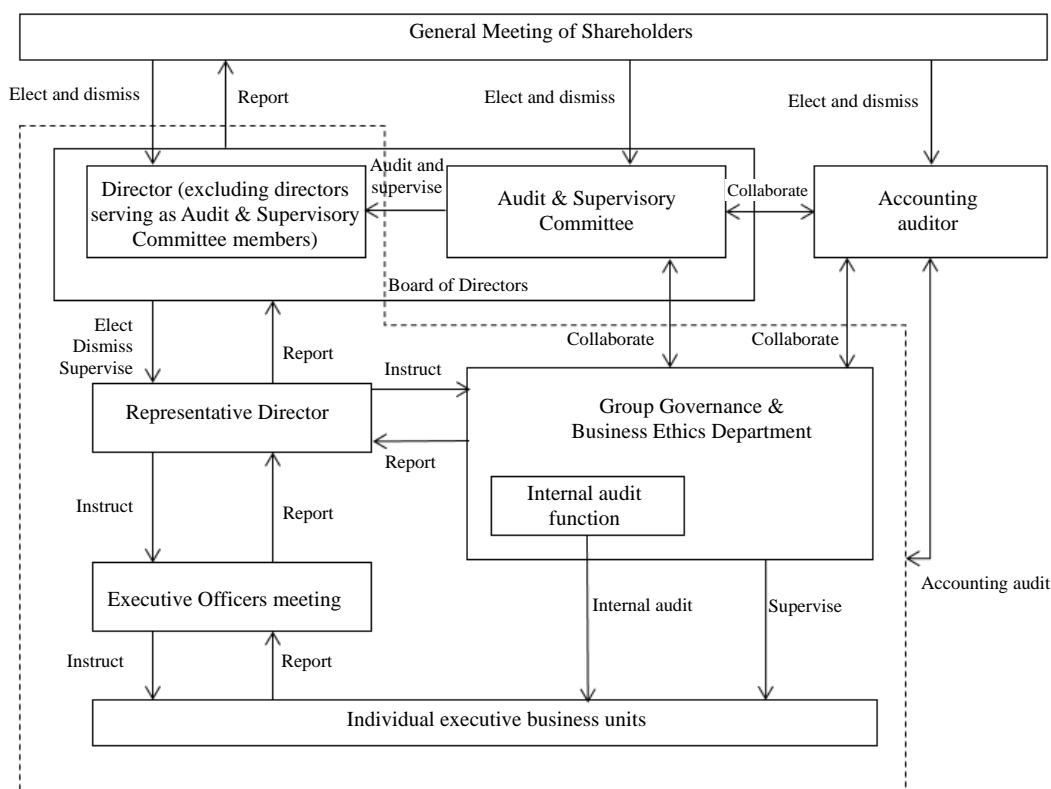
The amounts of the remuneration of the Company’s directors and the computation method are determined based on a comprehensive consideration of individual directors’ duties and achievements, and within the remuneration limit stipulated at the General Meeting of Shareholders. The remuneration for directors not serving concurrently as Audit & Supervisory Committee members is determined through consultations by the Board of Directors, and the remuneration for directors serving concurrently as Audit & Supervisory Committee members is determined through consultations by the Audit & Supervisory Committee members.

Support platform for outside directors (outside Audit & Supervisory Committee members)

We deliver information to outside directors from time to time, as required. Each time a Board of Directors meeting or an Audit & Supervisory Committee meeting is held, in principle we distribute the relevant data in advance, allowing members to secure sufficient time to consider it.

2. Matters on functions such as business execution, audit & supervision, nomination and remuneration determination (outline of the current corporate governance platform)

The Company has a Board of Directors and an Audit & Supervisory Committee. Shown below are bodies involved in the organization’s business decision-making, execution and supervision.



Board of Directors

The Company’s Board of Directors functions as the body to make decisions on matters stipulated in the laws and regulations and the Articles of Incorporation, as well as on significant business matters, and as the body to supervise the execution of duties by directors. The Board of Directors was comprised of seven directors (including two outside directors) as of the date of submission of this document. The Board of Directors is ready to make business decisions promptly while holding, in principle, a monthly ordinary Board of Directors meeting, a quarterly Board of Directors meeting that is intended mainly to approve a proposed budget, and an extraordinary

Board of Directors meeting, as required.

The Audit & Supervisory Committee members and the Audit & Supervisory Committee

The Audit & Supervisory Committee members attend important meetings other than Board of Directors meetings to express opinions, as required, and audit directors' execution of duties by viewing significant approval documents. The Audit & Supervisory Committee was comprised of three Audit & Supervisory Committee members (including two outside directors) as of the date of submission of this document. In addition to holding, in principle, a monthly ordinary Audit & Supervisory Committee meeting, the Audit & Supervisory Committee holds an extraordinary Audit & Supervisory Committee meeting as required, allowing Audit & Supervisory Committee members to formulate an audit plan and to deliberate the state of audits performed and audit results, sharing information with each other. And the Audit & Supervisory Committee members hold meetings with the Group Governance & Business Ethics Department with an internal audit function and accounting auditors from time to time to share information on audit results and extracted issues and to collaborate with each other.

Executive Officer System and Board of Executive Officers

The Company introduced the executive officer system in order to vitalize the Board of Directors, expedite its decision-making and streamline the business execution. Executive officers, being elected by the Board of Directors, fulfill their duties according to the segregation of duties stipulated by its resolution, and they were comprised of four officers as of the date of submission of this document. The Company established the Board of Executive Officers as a meeting body designed to report on executive officers' execution of duties, devise improvement measures, inform and disseminate Board of Directors decisions and allow information to be shared among directors. A Board of Executive Officers meeting, comprised of executive officers and executive directors, is held at least once in the second half of each month, in principle.

Group Governance & Business Ethics Department

The Company established the Group Governance & Business Ethics Department for the purpose of continually monitoring that the Group's risk control and compliance system is being developed and operated appropriately. The Department has also an internal audit function. The Department holds a compliance meeting at least once a month. In the event of a significant problem, the Department immediately consults on and determines the necessary response measures before reporting the matter to the Board of Directors.

Internal audit and Audit & Supervisory Committee Member audit

The Group Governance & Business Ethics Department is in charge of the Company's internal auditing. The Company conducts an internal audit in order to ensure the accuracy of the information on its business management, conduct its business activities normally and improve them, by verifying and assessing whether or not each Group company's organization, systems and operations are managed appropriately and efficiently pursuant to laws and regulations, the Company's business policies and rules.

The Group Governance & Business Ethics Department reports the audit results to the Chairman & CEO, proposes improvements and conducts a follow-up audit regarding the subsequent improvements, thereby securing the effectiveness of internal audits.

An Audit & Supervisory Committee audit is conducted at the Company by three Audit & Supervisory Committee members. The Company has in place a system in which they are able to periodically exchange opinions with representative directors and information with Internal Auditors, receive reports from executive directors as required, and monitor their execution of duties sufficiently.

State of Accounting Audits

After entering into an audit agreement with Ernst & Young ShinNihon LLC, the Company has been subjected to an accounting audit by this audit firm under the Companies Act and the Financial Instruments and Exchange Act.

The audit firm takes measures to prevent executive employees from being involved in an accounting audit for the Company beyond a certain period of time. The Company has no special-interest relationship with the audit firm or its executive employees who are engaged in the audit of the Company. Shown below are the names of the Certified Public Accounts who audited the Company and the breakdown of the audit assistants.

Names of Certified Public Accounts who conducted the audit

Designated limited liability employees, executive employees: Kyoji Ito and Taisuke Horie

Breakdown of audit assistants: 3 Certified Public Accounts, 13 accountant exam passers, etc. and 21 other persons (including U.S. Certified Public Accountants)

Policy on determining the amount of director remuneration and computation method

The amounts of the remuneration for the Company’s directors and the computation method are determined based on a comprehensive consideration of individual directors’ duties and achievements, and within the remuneration limit stipulated at the General Meeting of Shareholders. The remuneration for directors not serving concurrently as Audit & Supervisory Committee members is determined through consultations by the Board of Directors, and the remuneration for directors serving concurrently as Audit & Supervisory Committee members is determined through consultations by the Audit & Supervisory Committee members.

Outline of the liability exemption for directors and the limited liability agreement

The Company’s Articles of Incorporation stipulate that, pursuant to Article 426, Paragraph 1 of the Companies Act, the organization may exempt its directors (including former directors) from damage compensation liability to the extent stipulated by the laws and regulations following a resolution by the Board of Directors. Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered-into with its directors (excluding executive directors) an agreement that limits damage compensation liability set forth in Article 423, Paragraph 1 of the Companies Act. The maximum amount of damage compensation liability under the agreement was set at the minimum liability limit stipulated by the laws and regulations.

3. Reason for having selected the current corporate governance platform

Having selected “company with an audit & supervisory committee” as its corporate governance platform, the Company has in place the Board of Directors, the Audit & Supervisory Committee and accounting auditors. The aim of this is to further enhance the Company’s corporate governance by arranging for directors serving concurrently as Audit & Supervisory Committee members, who hold voting rights for Board of Directors meetings, to conduct audits, thus raising the effectiveness of their audits and supervision; appointing outside directors to further bolster the Board of Directors’ supervisory function; and delegating to directors the whole or a part of the decision-making for significant business execution, thereby allowing the Board of Directors to expedite its decision-making.

III. State of implementation of measures for shareholders and other interested parties

1. Efforts to vitalize the General Meeting of Shareholders and to facilitate the exercise of voting right

	Supplementary remarks
Early delivery of notice of convocation of the General Meeting of Shareholders	We will strive to deliver a notice of convocation of General Meeting of Shareholders at an early stage by expediting the settlement of the financial statements.
Avoidance of a concentration date when setting the date of the General Meeting of Shareholders	We will strive to avoid a concentration date when setting the date of General Meeting of Shareholders.
Exercise of voting rights by electromagnetic means	From now on, we will consider the exercise of voting rights by electromagnetic means, as well as the specific timing of its implementation.
Participation in the platform for the electronic exercise of	From now on, we will consider this matter, as well as the specific timing of its implementation.

voting rights and other efforts to improve the exercising of voting right for institutional investors	
Provision of notice of convocation (summary) in English	An English translation of the notice of convocation is shown on the Company's website.
Other	

2. State of investor relations activities

	Supplementary remarks	Whether or not briefed on by representative
Create and release a disclosure policy	The Company's website shows its disclosure policy in the form of an investor relations (IR) policy.	
Hold briefing meetings for retail investors periodically	The Company will consider holding a large briefing meeting for retail investors on a collective basis from now on.	
Hold briefing meetings for analysts and institutional investors periodically	The Company will continue to hold results briefings twice each year after releasing its financial results as well as telephone conferences as required.	Yes (planned)
Hold briefing meetings for foreign investors periodically	The Company conducts individual visits to foreign institutional investors and also meets with them at its offices whenever necessary. In addition, it periodically attends conferences held by securities firms.	Yes (planned)
Show investor relations data on the website	The Company's website shows electronic public notices, financial results public notices, financial results reports, Securities Reports and convocation notices.	
Establish an investor relations business unit (IR officers)	The Corporate Planning Department serves as the investor relations business unit.	
Others	–	

3. State of efforts to respect the standpoints of stakeholders

	Supplementary remarks
Provisions in internal rules on respecting the standpoints of stakeholders	The basic philosophy of the Group is to have a corporate culture that respects a global point of view, a frontier spirit and liberal values. We will continue to develop this founding spirit and aim to become a more complete non-nation (multi-national) and non-nationality (multi-nationality) company. On the other hand, we intend to conduct operations from a long-term perspective without pursuing short-term gains and to meet stakeholders' expectations while stabilizing and improving employees' standards of living, which is the basis for our corporate existence. The Company established the Ethics Rules as the code of conduct that must be observed by all of the Group's directors, executive officers and corporate & supervisory committee members, as well as the Company's employees.
Implement environment preservation activities and corporate social responsibility activities	We will consider implementing environment preservation activities and corporate social responsibility activities.
Devise a policy on information provision to stakeholders	We will disclose information pursuant to the Financial Instruments and Exchange Act and the rules on timely disclosure of the financial instrument exchanges on which the Company is listed. We will strive to disclose promptly, accurately and fairly such information that is deemed required to be disclosed to respect the standpoints of stakeholders, such as customers and local communities.
Others	–

IV. Matters for the internal-controls system

1. Basic concept of the internal-controls system and the state of its development

The following describes the platform for securing the appropriateness of operations (the internal-controls system)

that was resolved-on by the Company's Board of Directors.

The Company intends to act in good faith for its business partners, investors and all other parties involved with the Group and to fulfill its social responsibilities and corporate mission through complying with the laws and regulations and the Articles of Incorporation. This will be made possible by developing, as described below, a platform for securing the appropriateness of operations pursuant to the Companies Act and the Enforcement Regulations for the Companies Act.

1. Platform to ensure that the execution of duties by all of the directors, executive officers and employees of the Company, and the subsidiaries of it, conforms to the laws and regulations and the Articles of Incorporation.
 - Directors shall comply with the laws and regulations and the Articles of Incorporation in order to secure the lawfulness of their operations, the reliability of the organization's financial statements, and compliance. Moreover, directors shall define their own roles and responsibilities under the relevant rules, such as the Board of Directors Rules, the Audit & Supervisory Committee Rules, the Segregation of Duties Rules and the Job Authority Rules. Directors and employees shall ensure that they obey the relevant rules on a company-wide, business-unit and group-company basis.
 - If any of the directors or employees discover a violation of a law or regulation, the Articles of Incorporation or the relevant rules, said person shall immediately report the violation to the Audit & Supervisory Committee and the Board of Directors, thereby strengthening the organization's compliance platform.
 - The Group Governance & Business Ethics Department shall strive to discover or prevent fraud and improve processes by auditing the operational processes of individual business units.
2. Platform for the storage and control of information on the execution of duties by the Company's directors
 - Information on significant decision-making or reports by directors shall be controlled appropriately pursuant to the internal rules (the Document Control Rules), and directors and Audit & Supervisory Committee members shall be allowed to view the documents.
3. Rules on controlling the risk of loss for the Company and subsidiaries of it and other relevant platforms
 - Directors of the Company or subsidiaries of it shall develop an appropriate risk control platform by recognizing the importance of assessing, distinguishing and monitoring various risks for business execution at the business units under their control.
 - If any risk seriously affecting the Group's business occurs, or is predicted to occur, the director involved shall immediately report the case to the representative directors, who shall in turn develop a platform for preventing the damage from spreading and minimizing the damage by establishing a risk countermeasures headquarters chaired by representative directors, as required, and consulting with external advisors, including legal advisors.
4. Platform to ensure duties are executed efficiently by the directors of the Company or subsidiaries of it
 - The Board of Directors shall determine the roles and business units assigned to individual directors and define their business-execution duties.
 - The Board of Directors shall determine the business execution policy, as well as matters stipulated in the laws and regulations and other significant matters for business administration, and shall supervise the state of execution of operations.
 - The directors in charge shall supervise the state of execution of operations under their control, and the state of implementation by individual business units shall be assessed at a meeting attended by each business unit manager.
5. Platform for reporting matters on the execution of duties by the directors or their equivalents at subsidiaries of the Company
 - We shall create a platform on which to secure governance by controlling, supervising and guiding the subsidiaries of the Company pursuant to the Related Companies Control Rules.
 - For any significant matter for a subsidiary of the Company, application for *ringi* approval shall be filed through the Corporate Planning Department of the Company, thereby securing the appropriateness of operations.
6. Matters on directors and employees whose role is to assist the Audit & Supervisory Committee duties
 - The Company does not appoint any director or employee whose role is to assist the Audit & Supervisory Committee duties because we judge that, due to one member of the Audit & Supervisory Committee being full time, he/she will be able to carry out appropriate information delivery, sufficient information collection and close collaboration with accounting auditors and the Group Governance & Business Ethics Department. However, we secure a platform to assist the execution of the Audit & Supervisory Committee duties by appointing the necessary employees if so requested by the Audit & Supervisory

Committee.

7. Matters on the independence of directors and employees whose role is to assist the Audit & Supervisory Committee duties from other directors of the Company (excluding directors concurrently serving as Audit & Supervisory Committee members) and matters on the securing the effectiveness of the instructions of the Audit & Supervisory Committee to such directors and employees
 - If the Audit & Supervisory Committee appoints an employee whose role is to assist its duties, the employee shall solely obey the instructions of the Audit & Supervisory Committee concerning said duties as an assistant to the Audit & Supervisory Committee. The approval of the Audit & Supervisory Committee shall be obtained for transferring, evaluating or penalizing the employee.
8. Platform on which reports are submitted to the Audit & Supervisory Committee from any of the directors of the Company (excluding directors concurrently serving as Audit & Supervisory Committee members), the employees of it, the directors, the Audit & Supervisory Committee members or employees of subsidiaries of the Company or any entity provided with a report from any of such parties and on which to prevent any reporter set forth in the preceding item from being treated disadvantageously on account of having submitted a report
 - If they discover any fact that is feared will seriously damage the Company, any of its directors (excluding directors serving concurrently as Audit & Supervisory Committee members) or employees shall immediately report the fact to the Audit & Supervisory Committee.
 - The Audit & Supervisory Committee may demand reports from directors (excluding directors serving concurrently as Audit & Supervisory Committee members) or employees.
 - The Company shall completely refrain from treating any reporter disadvantageously on account of having submitted a report to the Audit & Supervisory Committee.
9. Matters on the policy to treat the advance payment of expenses to be incurred for the Audit & Supervisory Committee member's execution of duties or liabilities
 - If an Audit & Supervisory Committee member claims an advance payment or payment of expenses incurred or to be incurred when executing his/her duties (limited to expenses for the execution of Audit & Supervisory Committee duties), the claim shall be addressed promptly.
10. Platform to ensure that audits by the Company's Audit & Supervisory Committee are conducted effectively
 - The Audit & Supervisory Committee shall meet with the President & COO, directors (excluding directors serving concurrently as Audit & Supervisory Committee members), accounting auditors and the Group Governance & Business Ethics Department from time to time to exchange opinions.

2. Basic concept for the exclusion of organized crime groups and the state of its development

Basic concept for the exclusion of organized crime groups

As socially responsible enterprises, the Company and its subsidiaries and affiliates (collectively "the Company") have in place and observe, as described below, the Basic Policy Against Organized Crime Groups in order to prevent damage from organized crime groups that threaten the order and security of local communities and hamper the development of a sound economy and society.

1. The Company shall remain free of any transactional and other relationships with organized crime groups and reject any unfair demand from an organized crime group.
2. The Group shall deal with an unfair demand from an organized crime group on an organization-wide basis while securing the safety of directors and employees who deal with the demand.
3. The Company shall take legal measures from a civil and criminal perspective against an unfair demand from an organized crime group.
4. The Company shall establish a close relationship of cooperation with external specialized entities such as the police, violence prevention promotion centers and lawyers to prepare to deal with an unfair demand from an organized crime group.
5. The Company shall never enter into a hidden transaction with an organized crime group or provide money to it, for whatever reason.

State of development for the exclusion of organized crime groups

In accordance with the Organized Crime Group Handling Rules, which stipulate the basic matters for the exclusion of organized crime group, the General Affairs Department is specified as the business unit in charge that shall gather and control information on organized crime groups, develop the internal platform, and implement training programs in collaboration with the relevant agencies such as police and legal advisors, thereby avoiding various types of risk for the Company's business activities.

The Company established, as ancillary rules to the Organized Crime Group Handling Rules, the Organized Crime Group Handling Details Rules and the Organized Crime Group Examination Manual, which each stipulate how to

deal with organized crime groups and the methods of investigating them, and the Company is working to more effectively exclude organized crime groups.

V. Others

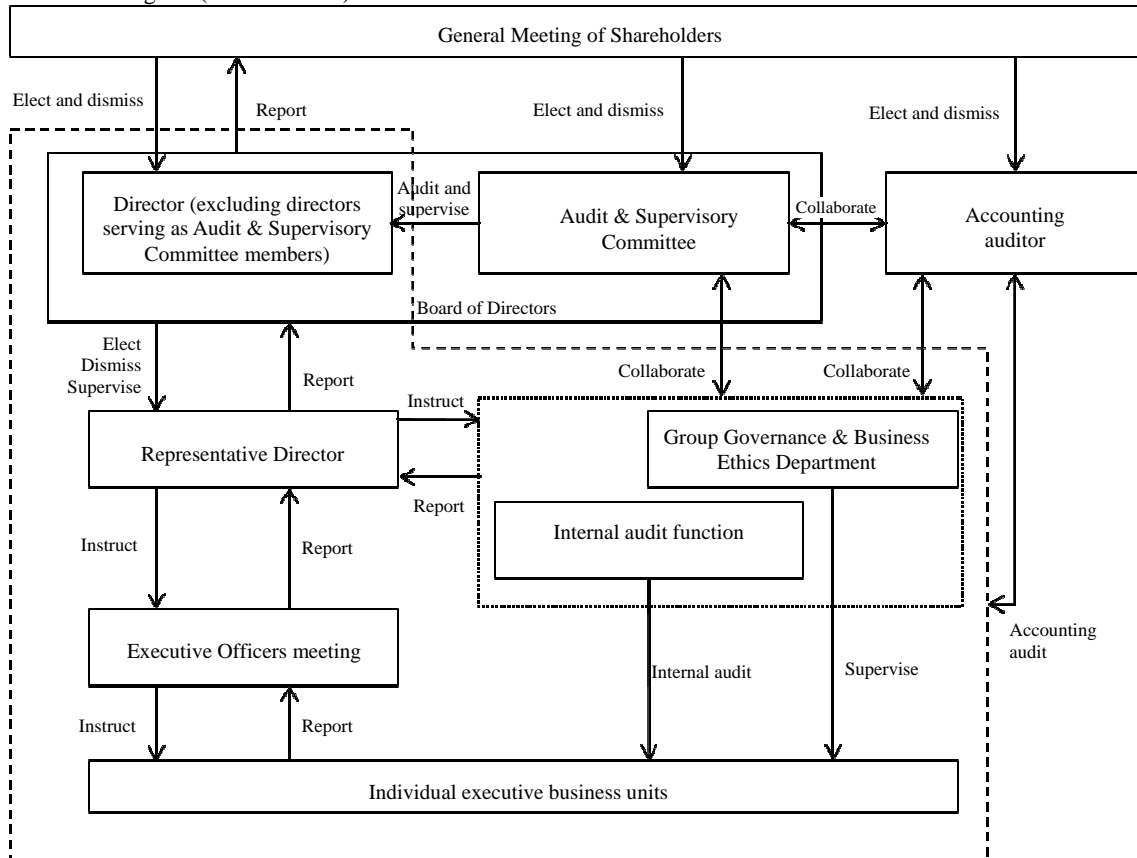
1. Whether any acquisition prevention measure has been introduced

Introduction of an acquisition prevention measure	None
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2. Matters on the corporate governance platform

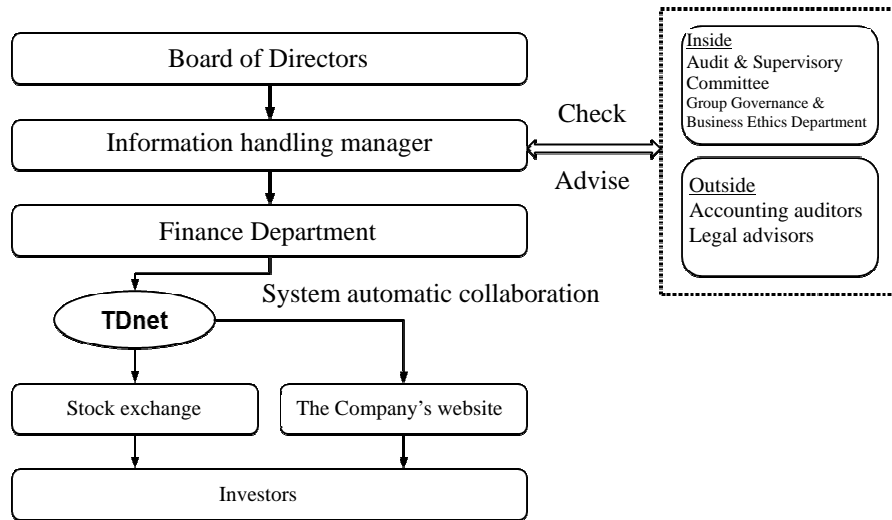
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Schematic diagram (reference data)

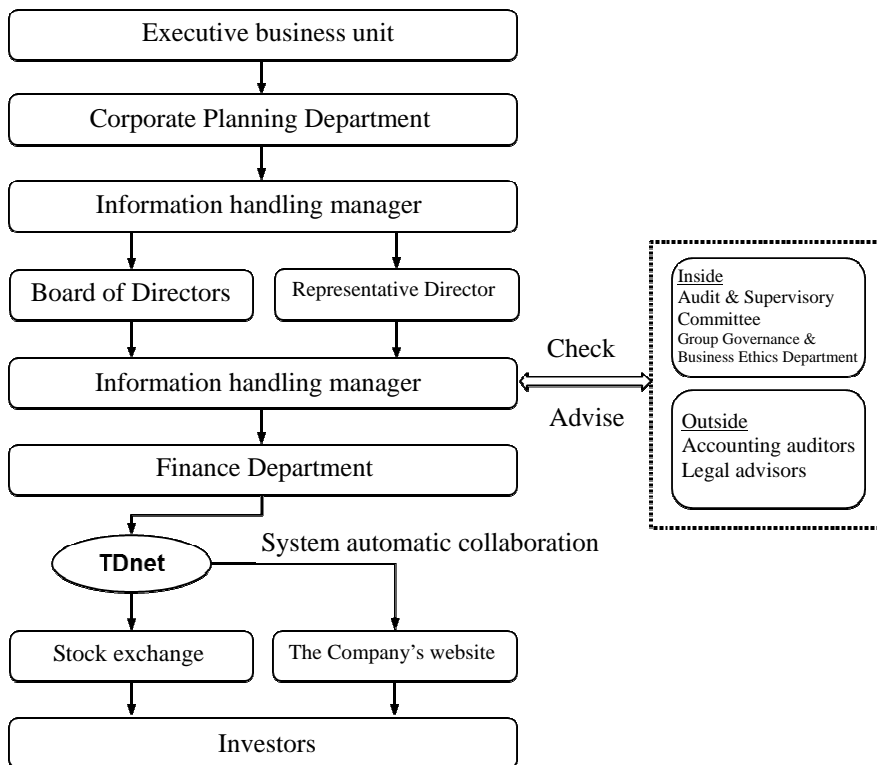


Outline of the timely disclosure platform (schematic diagram)

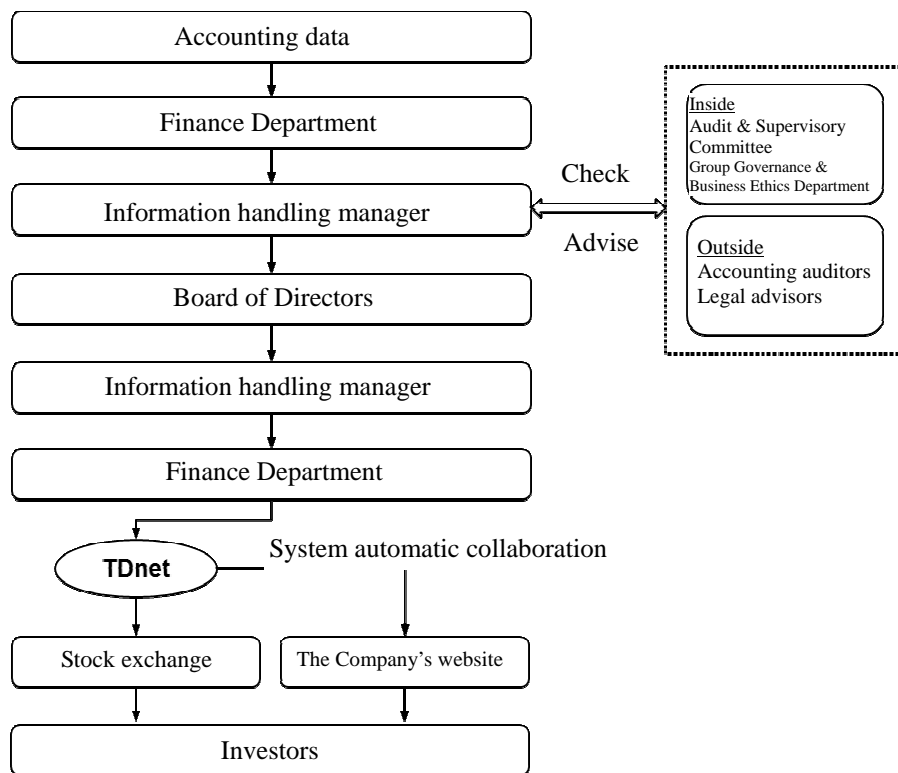
Timely disclosure platform for decision making



Timely disclosure platform for materialized events



Timely disclosure platform for financial-results information



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