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Sankyu Inc.

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Stock Exchange Code: 9065

<https://www.sankyu.co.jp/en/>

The corporate governance of Sankyu Inc. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

1. Basic philosophy

As a listed company, the Company believes that the basis of corporate governance is to ensure management transparency for shareholders and other stakeholders, and to aim for continuous growth and development by improving management efficiency.

Corporate philosophy

(1) Management philosophy

<The Sankyu Group’s promise to the world>

With the guiding principle of valuing people, Sankyu will establish a presence that is indispensable to its customers. The Sankyu Group will contribute to the improvement of employee welfare and the development of society through its business growth.

(2) Management objectives

<The management’s promise to the world, Sankyu’s customers, and each and every one of its employees, for achieving the management philosophy>

- We will contribute to the development of the international community as a good corporate citizen.
- We will provide the best services in line with the evolution of industry.
- We will value the wisdom and hard work of our front-line employees and nurture their potential.

(3) Code of conduct – For actions based on morals and ethics

<Promise that each and every employee makes to the world and the company as a guideline for daily actions>

- We will put safety first in everything that we do.
- We will act based on compliance.
- We will act globally, correctly understanding cultures, religions, and values.
- We will proactively work on protecting the global environment.
- We will carry out work that impress the world.
- We will take pride and responsibility in our work.
- We will respect each other and grow together.
- We will aim to be a company where outstanding people grow.
- We will continue to be a strong company, by concentrating efforts in the field.

2. Systems for decision-making, execution of business, oversight, and auditing in corporate management
- (1) In order to ensure that Directors execute their duties efficiently, the Company shall hold regular meetings of the Board of Directors each month, as well as extraordinary meetings when necessary, to decide on important matters and mutually supervise the business execution status of Directors. In addition, important matters regarding items such as management policies and strategies are discussed at the Management Committee, and the Board of Directors makes executive decisions after these deliberations. The Company has adopted a corporate officer system to promote the separation of oversight and execution, as well as to enhance the oversight function of the Board of Directors over business execution and speed up its decision-making process.
- (2) Corporate Auditors attend meetings of the Board of Directors and the Management Committee, as well as other important meetings, receive reports from Directors, Corporate Officers, and employees, and investigate the status of the Company's business and assets, as necessary. In addition, Corporate Auditors are able to take necessary measures in a timely manner, such as presenting opinions, including advice and recommendations, to the Directors, etc., and prohibiting Directors from committing violations.
- (3) With regard to the internal audit, the Internal Audit Department audits the business, accounting, etc. of business sections and subsidiaries based on the annual internal audit plan, in accordance with the Audit Regulations. The results of the internal audit are reported to the Corporate Auditors, facilitating cooperation with the Corporate Auditors.
- (4) With regard to the accounting audit, the Company has appointed Deloitte Touche Tohmatsu LLC as its Accounting Auditor, and the Accounting Auditor executes the audit work based on the annual audit plan.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] UPDATED

[Supplementary Principle 2.4.1] Information disclosure on matters related to ensuring diversity of core human resources

The Company secures human resources through regular and midcareer hiring of employees including women and foreign nationals to address the declining birth rate and aging population in Japan as well as the global expansion of business.

The Company works on developing employees who can generate corporate value and self-actualize, in accordance with the Basic Policy on Human Resource Development.

Going forward, the Company will establish goals for securing and developing diverse human resources based on its medium- to long-term business policies and disclose the status thereof.

[Supplementary Principle 4.2.1] Setting appropriate proportions of performance-linked remuneration and stock-based remuneration

The Company has a remuneration system that consists of basic remuneration and a bonus based on comprehensive consideration of single-year results, within the scope of remuneration determined by the General Meeting of Shareholders, and it functions as an incentive.

The Company is currently considering the establishment of the Nomination Committee and the Remuneration Committee as advisory committees to the Board of Directors. As part of this process, the Company will also consider the introduction of a remuneration system linked to its medium- to long-term results and the balance of cash remuneration and stock remuneration, and the Board of Directors will determine specific amounts of remuneration.

[Supplementary Principle 4.10.1] Use of optional approach

The Company's Board of Directors makes decisions on particularly important matters, such as the nomination and remuneration of senior management and Directors, in accordance with their respective policies and procedures.

The Company is currently considering the establishment of the Nomination Committee and the Remuneration Committee as advisory committees to the Board of Directors. In addition, as a company listed on the Prime Market, the Company will consider disclosing the mandates and roles of the committees, as well as the policy regarding the independence of the committee structure, such as setting a base policy of ensuring a majority of the members of each committee to be Independent External Directors.

[Supplementary Principle 5.2.1] Basic policy on the business portfolio and the status of its review

- The Company evaluates profitability and growth potential for each unit of business portfolio when formulating medium-term management plans and single-year business plans, and makes decisions after evaluating and deliberating on the allocation of management resources including the necessary allocation of human capital and investments in intellectual properties at the stages of planning and implementation.
- The Company will consider more detailed disclosure of the basic policy on the business portfolio and the status of its review in conjunction with the announcement of the next medium-term management plan.

[Disclosure Based on the Principles of the Corporate Governance Code] **UPDATED**

[Principle 1.4] Cross-shareholdings

<Basic policy on cross-shareholdings>

While the Company holds cross-shareholdings of other companies that are deemed rational in light of the impact on the medium- to long-term increase of corporate value and business operations, the Board of Directors specifically examines, annually, each cross-shareholding in terms of its economic rationality, benefits, risk as an asset, whether it covers the cost of capital, and other factors, in order to assess whether or not to hold the shares.

The Company sells or otherwise reduces the number of shares which it has deemed not necessary to continue holding.

<Standards for exercising voting rights on cross-shareholdings>

When exercising voting rights on cross-shareholdings, the Company determines approval or disapproval of proposals upon appropriate examination of each proposal.

[Principle 1.7] Related party transactions

- The Company's corporate rules, the Regulations of the Board of Directors, stipulate that approval on competing transactions by Directors, as well as approval on transactions between the Company and its Directors, are matters that require a resolution by the Board of Directors.
- These regulations also prescribe that, with regard to resolutions by the Board of Directors, Directors with special interests may not participate in the resolutions, and that any Director who has conducted a competing transaction or a transaction with the Company shall be required to report to the Board of Directors the material facts about the transaction.

[Principle 2.6] Roles of corporate pension funds as asset owners

- In order to ensure the proper management of the corporate pension plan, the Company has formulated a basic policy at its Management Committee, which is a business execution body, and has established an Asset Management Committee to determine a medium-term portfolio and discuss, review, and make proposals on asset management.
- In order to maximize the benefit of corporate pension beneficiaries, the Asset Management Committee conducts evaluation and monitoring, including stewardship activities for each asset manager, and periodically reports to the Management Committee.
- In addition, the Company carries out appropriate pension management to prevent conflicts of interest between the corporate pension beneficiaries and the Company.
- Furthermore, a committee secretariat is staffed with specialist finance and labor relations personnel. The expertise of these personnel is enhanced through participation in training sessions, various seminars, etc., in coordination with financial institutions.

[Principle 3.1] Full disclosure

In addition to making information disclosure in compliance with relevant laws and regulations, the Company discloses and provides the following information, in order to enhance transparency and fairness in its decision-making and ensure effective corporate governance.

(1) The following information on the Company's objectives is disclosed on the Company's website. (Please refer to the following URL.)

● Long-term vision of the Sankyu Group: https://www.sankyu.co.jp/pdf/long_term_vision.pdf (Japanese only)

- Corporate philosophy (management philosophy, management objectives, and code of conduct)
- Long-term vision (direction that should be aimed for, basic policies, and direction of the business)

● Medium-term management strategy and medium- to long-term plan: <https://www.sankyu.co.jp/ir/plan.html> (Japanese only)

- Basic management policy
- Targeted management indicators
- Medium- to long-term business strategy and issues to be addressed

(2) As a listed company, the Company believes that the basis of corporate governance is to ensure management transparency for shareholders and other stakeholders, and to aim for continuous growth and development by improving management efficiency.

(3) Policies and procedures for the Board of Directors in determining the remuneration for senior management and Directors are as follows:

(i) Basic policy

The Company has stipulated a policy on determining the amounts of remuneration, etc. for Directors and Corporate Auditors, which is to determine the remuneration for Directors and Corporate Auditors commensurate with their positions and responsibilities, taking into consideration social trends on remuneration for Directors, the performance of the Company, balance with employee salaries, and other factors that should be taken into consideration when determining the level of remuneration.

(ii) Policy on determining the amounts of remuneration, etc. by individual of basic remuneration and bonus
Remuneration for Directors and Corporate Auditors consists of basic remuneration and a bonus.

The basic remuneration is paid monthly based on each position. On the other hand, the bonus is paid based on performance. As for the method for calculating the bonus, the amount of bonus is determined by multiplying the amount of the Company's ordinary profit for the relevant fiscal year being the total outcome of the business operation by a coefficient for each position.

(iii) Matters concerning the determination of the details of remuneration, etc. for each individual Director and Corporate Auditor

The amount of remuneration for the Company's Directors shall be resolved at the Board of Directors' meeting, and the amount of remuneration for Corporate Auditors shall be resolved through discussion among Corporate Auditors, within an amount not exceeding the maximum amount of remuneration resolved at the General Meeting of Shareholders.

(iv) Reasons for the Board of Directors to determine that the details of remuneration, etc. for each individual Director for the relevant fiscal year is in line with the policy on determining remuneration amounts

The Company believes that the details of remuneration, etc. for each individual Director are appropriate as they have been approved by the Board of Directors, following an explanation to all attending Directors that the decision on the details of remuneration, etc. for each individual Director is based on the above policy.

(4) The Board of Directors selects the most suitable persons for the positions of Director or Corporate Auditor on each occasion, based on a comprehensive assessment of the candidate's background, character, capabilities, insight, and other factors, and nominates the candidates to be proposed to the General Meeting of Shareholders.

Senior management is appointed by the Board of Directors.

The Board of Directors will dismiss senior management after adequate discussions, if circumstances arise that make it difficult for them to perform their responsibilities or duties.

(5) Reasons for the appointment, dismissal, and nomination of individual candidates for Directors and Corporate Auditors are explained in the Reference Documents for the General Meeting of Shareholders.

In addition, the appointment and dismissal of senior management are explained in timely disclosure statements.

[Supplementary Principle 3.1.3] Information disclosure on sustainability and investments

(i) Initiatives for sustainability

- The Company has formulated the Basic Policy on Sustainability to contribute to solving social issues through its business activities, aiming to achieve sustainable development for both companies and society. The Company will identify the materiality issues and promote efforts to address these issues in the Sustainability Committee.
- In particular, as a company listed on the Prime Market, the Company considers the impact of climate change on its business activities and revenues in line with the TCFD framework. The Company identifies risks and opportunities and publishes the details on its website.

(ii) Investments in human capital and intellectual properties, etc.

- As the services in logistics and plant engineering offered by the Company are powered by people, the Company recognizes that securing and developing human resources is the most important issue and actively invests in it.
- Driven by the corporate philosophy of “valuing people,” the Company actively engages in activities and capital investments to create a safe workplace environment. The Company will further develop an environment in which diverse human resources including the elderly, women, and foreign nationals can work more safely and comfortably.
- The Company secures and develops human resources on a global scale to maintain and expand its capability to “mobilizing workforce” in and outside Japan. The Company will establish a system that can flexibly accommodate the changing business environment and customer needs by appropriately placing highly skilled human resources with strong expertise in the right positions, in an effort to increase the mobility of human resources across borders.
- The Company will work on securing intellectual property rights such as patent rights arising from work and technological improvements and actively make investments to enhance its competitiveness.

[Supplementary Principle 4.1.1] Scope of the matters delegated to the management

- The Board of Directors is responsible for deciding on matters that are legally required to be resolved by the Board of Directors, such as disposal and transfer of important assets, appointment and dismissal of important employees, and establishment, revision, and abolition of important organizations, as well as for mutually supervising the business execution status of Directors.
- The abovementioned matters to be resolved are specifically set forth in the Regulations of the Board of Directors, which are the Company’s corporate rules. Decision-making on other matters are delegated to the President and other Executive Directors, based on the Company’s corporate rules, which also stipulate the scope of decision-making by contents and the monetary amount of each case.
- As for execution after a decision has been made, the Company has adopted a corporate officer system to promote the separation of oversight and execution, as well as to enhance the oversight function of the Board of Directors over business execution and speed up its decision-making process, in an effort to ensure efficient execution of business.

[Principle 4.9] Independence standards and qualification for Independent Directors

- When appointing Independent External Directors, the Company appoints candidates for Independent External Directors in accordance with the independence standards established by the Tokyo Stock Exchange, taking into account their personal, business, and capital relationships with the Company, as well as other interests in the Company, in order to ensure their independence.
- The Company endeavors to select candidates for the position of Independent External Director who are capable of fulfilling their roles and responsibilities to contribute to the Company’s sustainable growth and improvement of corporate value, based on a comprehensive assessment of their backgrounds, characters, capabilities, insights, and other factors, on each occasion.

[Supplementary Principle 4.11.1] Stance toward the balance, diversity, and scale for the Board of Directors

It is the policy of the Board of Directors to identify knowledge, experience, skills, etc. that should be possessed by Directors in light of the Company’s management strategies and to ensure a balance of knowledge, experience, and capabilities, diversity, and size of the Board of Directors as a whole, and the Company prepares a skills matrix that lists these factors. In the Reference Documents for the General Meeting of Shareholders at the time of the appointment of Directors, the Company reports that the Board of Directors comprises a mix of skills and competencies appropriate for the management environment and business characteristics, among other factors.

Furthermore, Independent External Directors should include individuals with deep insight who can be expected to provide valuable opinions and suggestions on the Company's management and who have management experience at other companies.

[Supplementary Principle 4.11.2] Concurrent positions of officers serving concurrently as an officer of another listed company

- Directors and Corporate Auditors perform their duties while ensuring that they can devote the sufficient time and effort required to fulfill their roles and responsibilities.
- The concurrent positions of the Company's Directors and Corporate Auditors are stated in the Annual Securities Report.

[Supplementary Principle 4.11.3] Analysis and evaluation on the effectiveness of the Board of Directors as a whole

In order to enhance the effectiveness of the Board of Directors as a whole, each Director reports on the status of business execution and other matters at least once every three months, in accordance with laws and regulations. Mutual oversight is conducted during this process to ensure the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2] Policy on training for Directors and Corporate Auditors

The Company provides information on legal affairs and other matters anew to Directors and Corporate Auditors upon their appointment, for the purpose of helping them understand their responsibilities.

In addition, in the event of amendments to laws and regulations, the Board of Directors thoroughly disseminates these revisions as needed.

The Company will consider formulating a policy on training for Directors and Corporate Auditors going forward.

[Principle 5.1] Policies for constructive dialogue with shareholders

The Company considers dialogue with shareholders and investors to be instrumental in ensuring the appropriate evaluation of and trust in the Company, as well as contributive to the sustainable growth and improvement of corporate value over the medium- to long-term. The Company accommodates requests for interviews from shareholders and investors, taking into account the purpose of the interviews and the importance of the contents thereof.

In addition, the Company voluntarily makes proactive efforts to provide opportunities for dialogue with analysts and institutional investors, such as financial results briefings, overseas IR activities, and on-site briefings. The Company strives to appropriately reflect the opinions gained through the dialogue in its corporate activities.

The Company has put in place a system to promote constructive dialogue with its shareholders, and the policies regarding the initiatives are disclosed in Corporate Governance Reports and other documents.

Insider information is appropriately managed in accordance with the corporate rules, the Rules for Prevention of Insider Trading.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders] **UPDATED**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	10,767,800	17.43
Custody Bank of Japan, Ltd. (Trust account)	3,055,600	5.22
NIPPON STEEL CORPORATION	2,061,280	3.33
Nibiki Scholarship Foundation	1,960,000	3.17
Sankyu Employee Shareholdings Association	1,432,282	2.31
Mizuho Bank, Ltd.	1,212,024	1.96

Meiji Yasuda Life Insurance Company	1,200,000	1.94
J.P. MORGAN BANK LUXEMBOURG S.A.381572	1,024,900	1.65
SSBTC CLIENT OMNIBUS ACCOUNT	930,421	1.50
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS-UNITED KINGDOM	744,000	1.20

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Explanation
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3. Corporate Attributes

Listed Stock Market and Market Section UPDATED	Tokyo Stock Exchange, Prime Market Fukuoka Stock Exchange, Existing Market
Fiscal Year-End	March
Type of Business	Land transportation
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 50 to less than 100

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

The Company does not have a parent company or listed subsidiaries.
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II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with the Board of Corporate Auditors
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Company Chairperson (excluding cases in which he/she concurrently serves as President)
Number of Directors UPDATED	10
Appointment of External Directors	Appointed
Number of External Directors UPDATED	4
Number of Independent Directors UPDATED	4

External Directors' Relationship with the Company (1) **UPDATED**

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Terukazu Okahashi	From another company									△			
Keijiro Hori	From another company									△			
Makoto Ogawa	Other												
Naoko Saiki	Other												

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Corporate Auditor

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company External Directors/Corporate Auditors are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

External Directors' Relationship with the Company (2) **UPDATED**

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Terukazu Okahashi	○	Although Mr. Terukazu Okahashi is a former employee of the Company's business partner, MITSUI & CO., LTD., he retired from the company in March 2011. In addition, the transaction record with the company is approximately 0.1% of consolidated net sales for the most recent fiscal year. Therefore, the Company believes that his independence has been ensured and that there is no risk of affecting the judgment of shareholders and investors.	The Company has appointed him as an External Director because he has abundant experience and excellent insights as a corporate manager, and is expected to provide valuable opinions and suggestions on the Company's management as an External Director. In addition, the Company has designated him as an Independent Director as he does not fall under any of the independence standards set forth by the Tokyo Stock Exchange, and the Company believes that there is no risk of conflicts of interest between him and general shareholders.
Keijiro Hori	○	Although Mr. Keijiro Hori is a former employee of the Company's business partner, Sojitz Corporation, he retired from the company in March 2004. In addition, the transaction record with the company is approximately 0.01% of consolidated net sales for the most recent fiscal year. Therefore, the Company believes that his independence has been ensured and that there is no risk of affecting the judgment of shareholders and investors.	The Company has appointed him as an External Director because he has abundant experience and excellent insights as a corporate manager, and is expected to provide valuable opinions and suggestions on the Company's management as an External Director. In addition, the Company has designated him as an Independent Director as he does not fall under any of the independence standards set forth by the Tokyo Stock Exchange, and the Company believes that there is no risk of conflicts of interest between him and general shareholders.
Makoto Ogawa	○	—	The Company has appointed him as an External Director because he has abundant experience and excellent insights, having been engaged in labor administration at the Ministry of Health, Labour and Welfare, and is expected to provide valuable opinions and suggestions on the Company's management as an External Director. In addition, the Company has designated

			him as an Independent Director as he does not fall under any of the independence standards set forth by the Tokyo Stock Exchange, and the Company believes that there is no risk of conflicts of interest between him and general shareholders.
Naoko Saiki	○	—	The Company has appointed her as an External Director because she is a former bureaucrat of the Ministry of Foreign Affairs and has abundant experience, having been engaged in diplomatic administration, and is expected to provide valuable opinions and suggestions on the Company's management as an External Director. In addition, the Company has designated her as an Independent Director as she does not fall under any of the independence standards set forth by the Tokyo Stock Exchange, and the Company believes that there is no risk of conflicts of interest between her and general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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[Corporate Auditors]

Establishment of the Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	7
Number of Corporate Auditors	4

Cooperation among Corporate Auditors, Accounting Auditors and Internal Audit Section

In order to ensure that audits by Corporate Auditors are conducted effectively, the Corporate Auditors work closely with the Accounting Auditor, such as by exchanging information and opinions as needed. With regard to the internal audit, the Internal Audit Department audits the business, accounting, etc. of business sections and subsidiaries based on the annual internal audit plan, in accordance with the Audit Regulations. The results of the internal audit are reported to the Corporate Auditors, facilitating cooperation with the Corporate Auditors.

Appointment of External Corporate Auditors	Appointed
Number of External Corporate Auditors	2
Number of Independent Corporate Auditors	2

External Corporate Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Norihisa Ogawa	Lawyer													
Ryuzo Shiraha	Certified Public Accountant													

* Categories for "Relationship with the Company"

* "○" when the Corporate Auditor presently falls or has recently fallen under the category;

"△" when the Corporate Auditor fell under the category in the past

* "●" when a close relative of the Corporate Auditor presently falls or has recently fallen under the category;

"▲" when a close relative of the Corporate Auditor fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive Director or accounting advisor of the Company or its subsidiaries
- c. Non-executive Director or executive of a parent company of the Company
- d. Corporate Auditor of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Corporate Auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Corporate Auditor himself/herself only)
- k. Executive of a company, between which and the Company External Directors/Corporate Auditors are mutually appointed (the Corporate Auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Corporate Auditor himself/herself only)
- m. Others

External Corporate Auditor's Relationship with the Company (2)

Name	Designation as Independent Corporate Auditor	Supplementary Explanation of the Relationship	Reasons of Appointment
Norihisa Ogawa	○	Lawyer	The Company has appointed him as an External Corporate Auditor because he has abundant knowledge of corporate legal affairs as a lawyer and excellent insights into management, and can be expected to fulfill the role of External Corporate Auditor by utilizing his experience. In addition, the Company has designated him as an Independent Corporate Auditor as he does not fall under any of the independence standards set forth by the Tokyo Stock Exchange, and the Company believes that there is no risk of conflicts of interest between him and general shareholders.
Ryuzo Shiraha	○	Certified Public Accountant	The Company has appointed him as an External Corporate Auditor because he has many years of experience at an

			auditing firm and a wealth of knowledge about accounting, audit, etc. and can be expected to fulfill the role of External Corporate Auditor from a professional perspective. In addition, the Company has designated him as an Independent Corporate Auditor as he does not fall under any of the independence standards set forth by the Tokyo Stock Exchange, and the Company believes that there is no risk of conflicts of interest between him and general shareholders.
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[Independent Directors/Corporate Auditors]

Number of Independent Directors/Corporate Auditors UPDATED	6
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Matters relating to Independent Directors/Corporate Auditors

The Company has designated all external officers who meet the qualifications of Independent Directors/Corporate Auditors (four External Directors and two External Corporate Auditors) as Independent Directors/Corporate Auditors.

The main activities of the five Independent Directors/Corporate Auditors during the fiscal year ended March 31, 2022 were as follows.

- Mr. Terukazu Okahashi, an External Director, attended 16 of the 16 meetings (100%) of the Board of Directors held during the fiscal year under review, and provided comments on the Company's business execution from the perspective of ensuring appropriateness, as appropriate, from his professional standpoint as a corporate manager.
- Mr. Keijiro Hori, an External Director, attended 16 of the 16 meetings (100%) of the Board of Directors held during the fiscal year under review, and provided comments on the Company's business execution from the perspective of ensuring appropriateness, as appropriate, from his professional standpoint as a corporate manager.
- Mr. Makoto Ogawa, an External Director, attended 16 of the 16 meetings (100%) of the Board of Directors held during his term of office in the fiscal year under review, and provided comments on the Company's business execution from the perspective of ensuring appropriateness, as appropriate, from his professional standpoint as a person with a background in government.
- Mr. Norihisa Ogawa, an External Corporate Auditor, attended 15 of the 16 meetings (94%) of the Board of Directors and 18 of the 18 meetings (100%) of the Board of Corporate Auditors held during the fiscal year under review, and provided comments from the standpoint of auditing the execution of duties by the Directors of the Company, as appropriate, from his professional standpoint as a lawyer.
- Mr. Ryuzo Shiraha, an External Corporate Auditor, attended 10 of the 10 meetings (100%) of the Board of Directors and 14 of the 14 meetings (100%) of the Board of Corporate Auditors held during his term of office in the fiscal year under review, and provided comments from the standpoint of auditing the execution of duties by the Directors of the Company, as appropriate, from his professional standpoint as a certified public accountant.

[Incentives]

Incentive Policies for Directors	None
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Supplementary Explanation

Regarding officer remuneration the Company has adopted a remuneration system that consists of basic remuneration and a bonus based on comprehensive consideration of single-year results, and it does not grant remuneration or other incentives linked to its medium- to long-term results.

Recipients of Stock Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation

Please refer to schematic diagram <Director Remuneration>

Policy on Determining Remuneration Amounts and Calculation Methods UPDATED	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Policy on Determining Remuneration, Etc. for Directors and Corporate Auditors

(i) Basic Policy
 The Company has stipulated a policy on determining amounts of remuneration, etc. for Directors and Corporate Auditors, which is to determine the details of remuneration for Directors and Corporate Auditors commensurate with their positions and responsibilities, taking into consideration social trends on remuneration for Directors and Corporate Auditors, the performance of the Company, balance with employee salaries, and other factors that should be taken into consideration when determining the level of remuneration.

(ii) Policy on Determining Amounts of Remuneration, Etc. By Individual of Basic Remuneration and Bonus
 Remuneration of Directors and Corporate Auditors consists of basic remuneration and a bonus.
 As for basic remuneration, the basic remuneration is paid based on each position, on a monthly amount base. On the other hand, the bonus is paid based on performance. As for the method for calculating the bonus, the amount of bonus is determined by multiplying the amount of the Company's ordinary profit for the relevant fiscal year being the total outcome of the business operation, by a coefficient for each Director and Corporate Auditor.

(iii) Policy Concerning the Determination of the Details of Remuneration, Etc. for Each Individual Director and Corporate Auditor
 The amount of remuneration for the Company's Directors shall be resolved at the Board of Directors' meeting, and the amount of remuneration for Corporate Auditors shall be resolved through discussion among Corporate Auditors within an amount not exceeding the maximum amount of remuneration resolved at the General Meeting of Shareholders.

(iv) Reasons for the Board of Directors to determine that the details of remuneration, etc. for each individual Director for the relevant fiscal year is in line with the policy on determining remuneration amounts
The Company believes that the details of remuneration, etc. for each individual Director are appropriate as they have been approved by the Board of Directors, following an explanation to all attending Directors that the decision on the details of remuneration, etc. for each individual Director is based on the above policy.

[Supporting System for External Directors and/or Corporate Auditors]

External Directors and External Corporate Auditors receive the agenda materials in advance when the meetings of the Board of Directors and other important meetings are held, and each person in charge provides detailed explanations and answers to any questions they may have in advance.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) **UPDATED**

(1) Regular meetings of the Board of Directors are held once a month, and extraordinary meetings are held as necessary, to decide on important matters and mutually supervise the status of business execution by the Directors.

- Activities of the Board of Directors (FY2021)

■ Number of times held: 16 times per year

■ Main topics discussed

67 matters resolved

52 matters reported

The Board of Directors reviewed and deliberated on the execution and supervision of business operations, including important business execution matters, important management matters, and matters related to financial statements and surplus.

■ Attendance of individual officers

Name of Director	Attendance	Attendance rate
1. Kimikazu Nakamura	16	100%
2. Kimihiro Nakamura	16	100%
3. Yasuto Ago	16	100%
4. Hideki Miyoshi	16	100%
5. Takashi Ogawa	16	100%
6. Katsuaki Morofuji	16	100%
7. Terukazu Okahashi	16	100% (External)
8. Kejiro Hori	16	100% (External)
9. Makoto Ogawa	16	100% (External)

Name of Corporate Auditor	Attendance	Attendance rate
1. Hiroshi Arita	16	100%
2. Yoshiteru Tsuji	10	100% (after assumption of his office)
3. Norihisa Ogawa	15	94% (External)
4. Ryuzo Shiraha	10	100% (External) (after assumption of his office)

Important matters regarding items such as management policies and strategies are discussed in advance at the Management Committee, and the Board of Directors makes executive decisions after these deliberations. The Company has adopted a corporate officer system to promote the separation of oversight and execution, as well as to enhance the oversight function of the Board of Directors over business execution and speed up its decision-making process. For the execution of business based on the decisions of the Board of Directors, the

Regulation on Job Responsibility and Authority and the Allocation of Job Duties set forth the details of each responsible party, their responsibilities, and execution procedures.

(2) Corporate Auditors attend meetings of the Board of Directors and the Management Committee, as well as other important meetings, receive reports from Directors, Corporate Officers, and employees, and investigate the status of the Company's business and assets, as necessary. In addition, Corporate Auditors are able to take necessary measures in a timely manner, such as presenting opinions, including advice and recommendations, to the Directors, etc., and prohibiting Directors from committing violations.

(3) With regard to the accounting audit, the Company has appointed Deloitte Touche Tohmatsu LLC as its Accounting Auditor, and three members of Deloitte Touche Tohmatsu LLC, Mr. Kappei Isomata, Mr. Hideki Aramaki, and Mr. Kazutaka Yoshihara, as the Accounting Auditor, execute the audit work based on the annual audit plan.

(4) In determining the amount of remuneration, the total amounts for Directors and Corporate Auditors are determined by the resolution of the General Meeting of Shareholders.

3. Reasons for Adoption of Current Corporate Governance System **UPDATED**

The Company has adopted a corporate auditor system, and has a Board of Directors and a Board of Corporate Auditors. Important matters are discussed at the Management Committee, and the Board of Directors makes executive decisions after these deliberations.

The Board of Directors consists of 10 members, four of whom are External Directors (four Independent Directors), and the Board of Corporate Auditors consists of four members, two of whom are External Corporate Auditors (two Independent Corporate Auditors). The Company believes that it has developed a well-functioning system to monitor management.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

UPDATED

	Supplementary Explanations
Early Notification of General Shareholder Meeting	For this year's 113th Annual General Meeting of Shareholders, the Notice of the General Meeting of Shareholders was sent out 14 days prior to the date of the meeting.
Scheduling General Shareholder Meetings Avoiding the Peak Day	The Company schedules General Meetings of Shareholders on off-peak days when meetings of other companies are not concentrated.
Electronic Exercise of Voting Rights	A system for exercising voting rights via the Internet has been in place since the Annual General Meeting of Shareholders held in 2018.
Participation in Electronic Voting Platform and Other Efforts to Improve the Environment for Institutional Investors to Exercise their Voting Rights	The Company has participated in the Electronic Voting Platform since the Annual General Meeting of Shareholders held in 2018.
Providing Convocation Notice (Summary) in English	The Company prepares an English translation of its Notice of Annual General Meeting of Shareholders and its Reference Documents and publishes them on TDnet and the Company's website.
Other	The General Meeting of Shareholders is a meeting for the shareholders to come together or participate in a virtual meeting to discuss and make resolutions on corporate management. The Company strives to invigorate the meeting such as by giving shareholders in attendance an opportunity to speak, providing sufficient explanations, and ensuring a structure in which information, as required by law, is fully disclosed.

2. IR Activities

	Supplementary Explanations	Availability of Explanations by the Representatives Themselves
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings twice a year, at the time of the announcement of the second quarter financial results and at the time of the announcement of the year-end financial results, at which explanations are provided by the President (Representative Director), and by an officer in charge of finance, and others. The Company also holds small meetings with institutional investors and others, hosts periodic individual visits, online meetings and company visits, and conducts on-site tours, etc.	Yes
Regular Investor Briefings for Overseas Investors	The Company hosts periodic individual visits and company visits by overseas institutional investors, and in some cases, the President (Representative Director) makes individual visits to overseas institutional investors. The Company also participates in conferences sponsored by	Yes

	securities firms. (Online meetings are also used given the impact of COVID-19.)	
Posting of IR Materials on Website	Posted on the Company's website	
Establishment of Department and/or Manager in Charge of IR	The Company has established Public Relations & IR Group, Corporate Planning Department. The Executive Managing Officer in charge of Corporate Planning is responsible for this function.	

3. Measures to Ensure Due Respect for Stakeholders **UPDATED**

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	In the Company's management philosophy, it is stipulated that "With the guiding principle of valuing people, Sankyu will establish a presence that is indispensable to its customers. The Sankyu Group will contribute to the improvement of employee welfare and the development of society through its business growth."
Implementation of Environmental Activities, CSR Activities, etc.	The Company has formulated the Basic Policy on Sustainability and has been working to contribute to solving social issues through its business activities. These efforts include activities that lead to ongoing environmental protection, such as addressing climate change, and CSR activities to achieve sustainable growth together with local communities. For more details, please refer to the "SANKYU GROUP's Sustainability" section of the Company's website. https://www.sankyu.co.jp/society/
Development of Policies on Information Provision to Stakeholders	The Company's Basic Rules for Information Management provide for appropriate information management within the Company and for the methods of disclosing information disseminated to the public. In addition, the Company complies with the Companies Act, the Financial Instruments and Exchange Act, and other various laws and regulations, as well as the regulations of Tokyo Stock Exchange, Inc. and Fukuoka Stock Exchange. By promptly disclosing information that falls under the Securities Listing Regulations of the two exchanges, the Company discloses information in a timely, accurate, and fair manner to its shareholders, investors, and all other stakeholders.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The following is an overview of the Company's basic policy on the development of systems to ensure the appropriateness of its operations (hereinafter, "internal control system").

(1) System to ensure that the execution of duties by Directors complies with laws and regulations as well as the Articles of Incorporation

- The Company follows the Code of Ethics and Compliance Rules as a code of conduct for Directors and employees, and strives for compliance with these rules.
- The appropriate operation of the Board of Directors is ensured by the Regulations of the Board of Directors. Its meetings are held once a month in principle, and other meetings, including written resolutions, are held as needed. The Board of Directors strives to prevent violations of laws and regulations as well as the Articles of Incorporation by facilitating communication among Directors, mutually supervising business execution, and hearing opinions of certified public accountants, lawyers, and others, as necessary. In addition, the Company is a company with a board of corporate auditors, and audits on the execution of duties by the Directors are conducted in accordance with the Regulations of the Board of Corporate Auditors, striving to strengthen the supervision of management functions. If a Director discovers a violation of laws and regulations or the Articles of Incorporation by another Director, he or she shall immediately report the violation to the Board of Directors and Corporate Auditors, and take corrective measures.
- With regard to antisocial forces, the Code of Ethics prohibits any relationship with antisocial forces and groups that pose a threat to the order and safety of citizens' lives and that may interfere with economic activities. In addition, the Code of Ethics stipulates that no action that would facilitate their activities shall be taken. Furthermore, the Company is a member of the Council for Prevention of Special Violence, and collects related information from the competent police departments and the administrator of the shareholders registry, etc., in an effort to prepare for unforeseen circumstances and keep abreast of the latest trends.

(2) System for preservation and management of information concerning the execution of duties by Directors
With respect to the retention and management of information concerning the execution of duties by Directors, the Company strives to appropriately and smoothly protect, manage, and utilize all information of the Company in accordance with the Basic Rules for Information Management. In addition, appropriate and reliable retention and management are carried out in accordance with the Document Management Regulations, Digital Information Management Regulations, and Regulation on Internal Approval, which are subordinate regulations of the Basic Rules for Information Management. Statutorily stored documents are maintained in an accessible condition for the period of time specified by laws and regulations as well as the Document Management Regulations.

(3) Rules and other systems concerning risk management

- In accordance with the Risk Management Regulations, each responsible department identifies, assesses, and evaluates the potential risks with regard to risk cases (including affiliates) related to management, quality, legal, accidents, disasters, earthquakes, wind and flood damage, human rights, individuals, the environment, IT information, finance, and overseas/country risks that the Company faces on a daily basis, formulates appropriate measures, and reports regularly to the Corporate Planning Department in accordance with the prescribed reporting line, if reporting or deliberation on a case is deemed necessary.
- Each risk case reported to the Corporate Planning Department that is determined to require deliberation is reported at the Management Committee, which consists of the President, Representative Directors, and those appointed by the President, twice a year, for comprehensive consideration of countermeasures. In particular, important matters are reported to the Board of Directors.
- In the event that the Company takes emergency action in response to a crisis involving the Company's management (including affiliates) or officers and employees, the Company responds to the crisis and prevents its expansion in accordance with the Crisis Management Regulations. As part of its organizational response, the Company establishes a special task force headed by a Representative Director, and puts in place a system to prevent damage from escalating by taking prompt action under an organization that includes external advisors, as necessary.

- For emergency situations, especially natural disasters such as earthquakes, where business continuity is threatened, a business continuity plan (BCP) that incorporates measures for recovery from the time of occurrence has been formulated.

(4) System to ensure that Directors efficiently execute their duties

- In order to ensure that Directors efficiently execute their duties, the Company holds regular meetings of the Board of Directors once a month, as well as extraordinary meetings as necessary, to decide on important matters and mutually supervise the status of business execution by Directors. In addition, important matters regarding items such as management policies and strategies are discussed in advance at the Management Committee, and the Board of Directors makes executive decisions after these deliberations. The Company has adopted a corporate officer system to promote the separation of oversight and execution, as well as to enhance the oversight function of the Board of Directors over business execution and speed up its decision-making process.
- For the execution of business based on the decisions of the Board of Directors, the Regulation on Job Responsibility and Authority and the Allotment of Job Duties set forth the details of each responsible party, their responsibilities, and execution procedures.
- The Board of Directors has established the Regulation on Internal Approval in advance, and efficient operations are carried out through delegation of authority for matters that do not require resolution by the Board of Directors.

(5) System to ensure that the execution of duties by employees complies with laws and regulations as well as the Articles of Incorporation

- The Company has established the Code of Ethics as the code of conduct for compliance, and has established the Compliance Rules to ensure compliance with the letter and spirit of all laws and international rules, regardless of whether in Japan or overseas. The Board of Directors establishes and maintains a compliance system, and works to achieve and ensure compliance. In order to promote this system, the Company has established a Compliance Committee that oversees the entire Group, chaired by a Representative Director, and Compliance Subcommittees chaired by officers in charge of each section as a subordinate structure, to enhance the promotion system. In addition, in order to reinforce and thoroughly instill environmental compliance, the Company promotes ongoing environmental protection activities in accordance with the Environmental Management Regulations.
- The Company has established the Sankyu Hotline, which is an internal reporting system for the Company and the Group, in order to prevent expansion of damage caused by legal violations.
- In order to ensure thorough compliance, training sessions are held for each officer, position, and job title.
- With regard to the internal audit, the Internal Audit Department audits the business, accounting, etc. of business sections and subsidiaries based on the annual internal audit plan, in accordance with the Audit Regulations. The results of the internal audit are reported to the Corporate Auditors, facilitating cooperation with the Corporate Auditors. In addition, the Internal Audit Department has been placed under the direct control of the President, in an effort to further enhance audits.
- In the event of amendments or changes to laws and regulations, mainly the Legal Department and General Affairs & Corporate Social Responsibility Department implement necessary measures regarding contents that are relevant to the Company, including the new creation and revision of regulations, internal announcements, and internal training to ensure thorough implementation.
- In order to ensure the reliability of financial reporting based on the Financial Instruments and Exchange Act, the Company has established the Basic Policy for Internal Control, as well as the Internal Control Regulations based on this Basic Policy, to clarify the system of internal control in relation to financial reporting, and to ensure proper operation by defining basic items such as the system, the person in charge, and the details of implementation.

(6) System to ensure the appropriateness of business conducted by the corporate group comprising the Company, its parent company, and subsidiaries

- In order to ensure the appropriateness of business for the Group as a whole, the Company and its affiliates cooperate with each other in accordance with the Regulations on Affiliate Management and Operations, thereby demonstrating their collective strength. In terms of management control, a basic policy for group management has been established, and the Company implements a thorough system for approval of and reporting to the Company, in accordance with the Regulations on Affiliate Management and Operations.

Monitoring is also carried out, as necessary. In addition, meetings of the presidents of affiliates are held to exchange information and share information.

- The Company has established a coordination system with its subsidiaries, including information and personnel exchanges with the subsidiaries.
- A person in charge (including the Chief Compliance Officer) at the Company, who believes that a subsidiary has disobeyed the Company's management control and management guidance, violated laws and regulations, or has any other compliance issues, shall promptly report to the relevant department and request corrections, while reporting to the Compliance Committee and the Corporate Auditors (of the subsidiary and the Company). In addition, the Corporate Auditors of both parties will express their opinions, and request for formulation of improvement measures as necessary.
- A person in charge (including the Chief Compliance Officer), who believes that the Company's management control and management guidance have violated laws and regulations or have any other compliance issues, shall promptly report to the Compliance Committee and the Corporate Auditors (of the Company and the subsidiary) and request corrections. In addition, the Corporate Auditors of both parties will express their opinions, and request for formulation of improvement measures as necessary.
- The Company has positioned the internal reporting system as a system that covers the entire Group, and operates it appropriately.

(7) Matters related to employees placed to assist Corporate Auditors' duties upon their request

In the event that the Board of Corporate Auditors requests the assignment of employees to assist them, the selection of such employees shall be made after consultation with the Board of Corporate Auditors, and the assignment shall be made with the consent of the Board of Corporate Auditors.

(8) Matters related to ensuring the independence of the employees in the preceding item from Directors and the effectiveness of instructions to such employees

In the event that employees are assigned to assist the Board of Corporate Auditors, the execution of their duties shall be subject to the instructions of the Corporate Auditors, in order to ensure their independence from Directors. In addition, personnel transfers, evaluations, disciplinary actions, etc., pertaining to such employees must be approved by the Board of Corporate Auditors.

(9) System for reporting to the Board of Corporate Auditors

- System for Directors and employees of the Company to report to Corporate Auditors
 - a. Directors and employees shall report to Corporate Auditors on any important matters that may affect the Company's business or business performance on each occasion, and must make further reports if requested by the Corporate Auditors.
 - b. Corporate Auditors attend meetings of the Board of Directors and the Management Committee, as well as other important meetings, receive reports from Directors, Corporate Officers, and employees, and investigate the status of the Company's business and assets, as necessary. In addition, Corporate Auditors are able to take necessary measures in a timely manner, such as presenting opinions, including advice and recommendations, to the Directors, etc., and prohibiting Directors from committing violations.
 - c. Violations of laws and regulations as well as other compliance issues obtained through the internal reporting system shall be reported to the Corporate Auditors.
- System for Directors and employees of subsidiaries to report to the Corporate Auditors of the Company
Directors and employees of subsidiaries or any person who received reports from such persons shall report to Corporate Auditors on any important matters that may affect the business or business performance of subsidiaries on each occasion, and must make further reports if requested by the Corporate Auditors.

(10) System to ensure that the person who made the report referred to in the previous item will not be treated disadvantageously for the reason of making the said report

No disadvantageous treatment shall be given to a whistleblower or any person who reports to a Corporate Auditor for making such a report.

(11) Matters relating to procedures for prepayment or reimbursement of expenses incurred in the performance of duties by Corporate Auditors, and matters relating to policies for the treatment of other expenses or liabilities incurred in the performance of such duties

Corporate Auditors shall be entitled to receive prepayments or reimbursement from the Company for expenses incurred in the performance of their duties. In addition, Corporate Auditors may charge the Company for the cost of receiving external professional advice as necessary.

(12) Other systems to ensure that audits by Corporate Auditors are conducted effectively

- The results of internal audits conducted by the Internal Audit Department shall be reported to the Corporate Auditors to enhance the effectiveness of the audits by the Corporate Auditors, and the Corporate Auditors shall ensure the effectiveness of the audits by hearing the opinions of external experts, such as certified public accountants and lawyers, as necessary.
- Corporate Auditors will meet regularly with the Representative Directors to confirm their management policies, exchange opinions on issues to be addressed by the Company, risks surrounding the Company, and other important auditing issues, and strive to deepen the mutual understanding and trust with the Representative Directors.

2. Basic Views on Eliminating Antisocial Forces

With regard to antisocial forces, the Code of Ethics prohibits any relationship with antisocial forces and groups that pose a threat to the order and safety of citizens' lives and that may interfere with economic activities. In addition, the Code of Ethics stipulates that no action that would facilitate their activities shall be taken. Furthermore, the Company is a member of the Council for Prevention of Special Violence, and collects related information from the competent police departments and the administrator of the shareholders registry, etc., in an effort to prepare for unforeseen circumstances and keep abreast of the latest trends.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

Although the Company has not adopted specific anti-takeover measures at this time, the Company believes that continued efforts to improve the profitability and enhance the financial strength of the Company will improve the value of the Company, thereby increasing its reputation in the marketplace, which will serve as a defensive measure.

2. Other Matters Concerning to Corporate Governance System

- Outline of the Timely Disclosure System

(1) Basic policy on disclosure

The Company complies with applicable laws and regulations such as the Financial Instruments and Exchange Act and the Cabinet Office Ordinance on Disclosure of Corporate Affairs. In addition, the disclosure of significant corporate information about the Group such as information concerning decisions, facts which occurred and financial statements that could have an impact on the stock market is disclosed in an appropriate manner in accordance with the timely disclosure rules stipulated by the Tokyo Stock Exchange.

(2) Internal system concerning timely disclosure of corporate information

The Company decides the details, timing and target of corporate information disclosure based on the timely disclosure rules with the approval of the Board of Directors.

In addition, corporate information to be disclosed is, from the timing of decisions or occurrence of facts to the timing of disclosure, strictly managed in accordance with the Basic Rules for Information Management, Information Security Rules, and Insider Trading Prevention Rules established within the Company, and the department in charge of handling the information discloses it to the market and investors in a prompt, accurate and fair manner.

(i) Disclosure of information concerning decisions and facts which occurred

For decisions and facts which occurred, information that is referred for discussion to the Board of Directors as timely disclosure subject is disclosed in a timely manner by the department in charge of handling the information (including Secretariat Department, Accounting Department, Treasury Department, Financial Management Department, Corporate Planning Department, and General Affairs & Corporate Social Responsibility Department) after obtaining the approval of the Board of Directors.

In order to communicate this information to the market and investors in a prompt, accurate and fair manner, the Company discloses it using the Timely Disclosure network (TDnet) operated by the Tokyo Stock Exchange.

(ii) Disclosure of information concerning financial statements

Information concerning financial statements is disclosed in a prompt and timely manner using TDnet after obtaining the approval of the Board of Directors, accompanied by the distribution of materials and press conferences at the press clubs belonging to the Tokyo Stock Exchange and the Fukuoka Stock Exchange. In addition, financial results briefings are held every six months with detailed explanations provided with careful consideration of fair disclosure rules, aiming at proactive communication with investors.

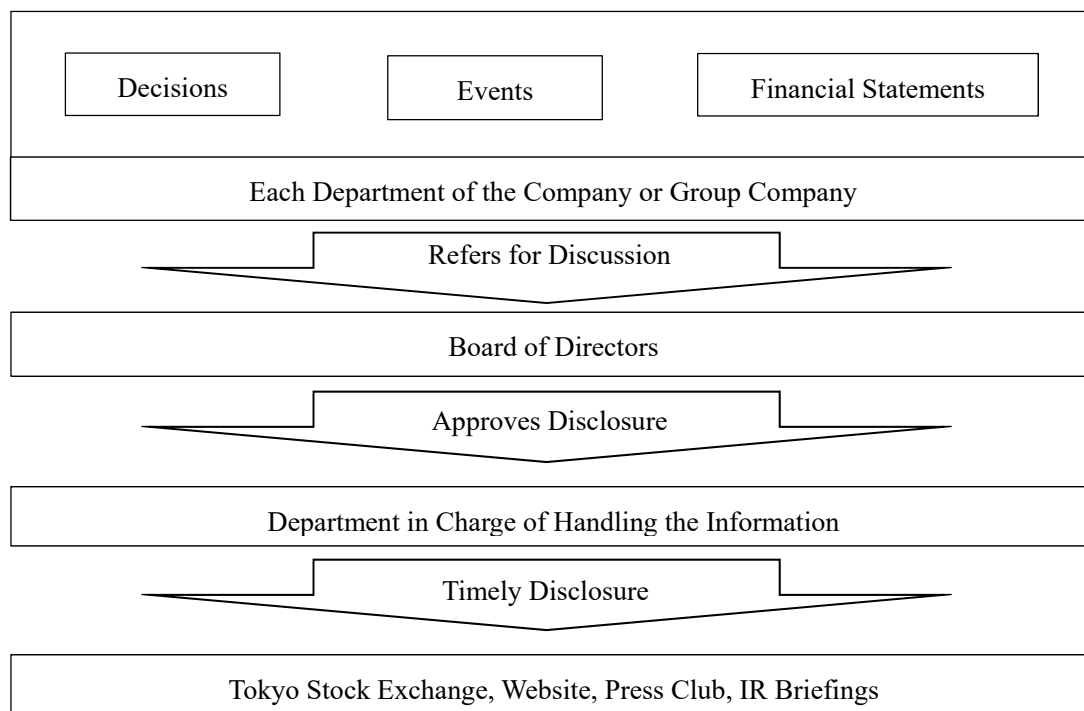
(iii) Disclosure of information not subject to timely disclosure

Information not subject to timely disclosure is proactively disclosed through measures such as voluntary disclosure or posting on the Company's website.

<Director Remuneration>

Category		Total amount of remuneration, etc. (thousand yen)	Total amount of remuneration, etc. by type (thousand yen)		Number of eligible officers
			Basic remuneration	Bonus	
Directors	Directors (excluding External Directors)	693,640	398,640	295,000	13
	External Directors	42,900	38,400	4,500	3
Corporate Auditors	Corporate Auditors (excluding External Corporate Auditors)	68,200	48,000	20,200	3
	External Corporate Auditors	37,200	27,000	10,200	3
Total		841,940	512,040	329,900	22

<Outline of the Timely Disclosure System>



<Diagram of Corporate Governance, Internal Control, and Other Systems>

