

Last Update: December 16, 2024

Pan Pacific International Holdings Corporation

President and CEO (Representative Director): Naoki Yoshida

Contact: IR Division (+81-3-6410-0418)

Securities Code: 7532

<https://ppih.co.jp/en/>

The corporate governance of Pan Pacific International Holdings Corporation (the "Company") is described below.

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

1. Basic Views

The Company firmly adheres to its corporate philosophy of "The Customer Matters Most" and strives to enhance corporate governance and compliance while actively carrying out disclosure practices and encouraging a deeper understanding of Pan Pacific International Holdings Corporation as a company coexisting with society. This commitment is integral to enhancing corporate value and is thus a top management priority. Business activities based on a high standard of ethics are crucial to the ongoing survival of a company. With this conviction, we will build and maintain our in-house structures to expedite problem-solving and, when necessary, seek advice from outside experts to establish and support internal controls and ensure that operations are conducted properly. In regard to compliance, the Company will strive to foster an even stronger organizational framework and advance corporate activities while seeking to entrench and enhance initiatives for heightening compliance awareness and reinforcing the accounting, internal audit, monitoring, and investigation departments.

[Reasons for Not Adopting the Principles of Japan's Corporate Governance Code]

The Company has implemented all of the principles of the Corporate Governance Code.

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

Principle 1.4 Cross-Shareholdings

The Company holds investment shares for purposes other than a pure investment when it determines that it is possible to build a cooperative relationship with the investee and that it is expected to improve the corporate value of the Group, with respect to the rationality of the investment shares. In addition, the Company makes decisions on holding and selling by comprehensively taking into consideration the

relationship with the investee, the transaction status, whether the investment risk is reasonable for the cost of capital, and whether the corporate value of the investee can be expected to improve.

Regarding the voting rights of investment shares held for purposes other than pure investment, we exercise these rights comprehensively, considering whether they can be expected to enhance the interests of our shareholders and the corporate value of the issuing company.

Principle 1.7 Related Party Transactions

If a director plans to conduct a transaction that competes with the Company or represents a conflict of interest, the director is required to receive approval from the Board of Directors as stipulated by laws and internal regulations. Furthermore, the Company requires post-fact reports to be submitted to the Board of Directors detailing the progress, results, and other material facts of said transactions and post-fact monitoring frameworks are in place.

Frameworks have also been established to ensure that the Company is aware of all related party transactions through means such as annual investigations of directors to ascertain any involvement in applicable transactions.

When engaging in other related party transactions, the materiality of each transaction is to be assessed, and discussions are to be held among the Board of Directors as necessary to ensure that transactions do not adversely impact the interests of the Company or its shareholders.

Supplemental Principle 2.4.1 Ensuring diversity in the promotion to core human resources

(1) Approach to ensuring diversity

The PPIH Group's Corporate Philosophy *Genryu* (The Source) states that we are a company that recognizes diversity. We have set "Accepting Diversity and Creating a Rewarding Workplace" as one of its key issues and are working to promote diversity throughout the Group.

The Diversity Management Committee (DM Committee), established in 2020, is chaired by the director in charge of diversity management and is structured as a cross-functional collaboration among several related departments. The DM Committee plans, drafts and implements measures to promote diversity, such as the creation of an environment in which women can play an active role in all positions including executive and managerial positions, support for LGBTQ+ individuals, promotion of seniors and non-Japanese workers, and employment of people with disabilities.

In addition, to ensure affinity with customers with various values and lifestyles and to create innovations, we do not discriminate in any way based on gender or nationality, and actively promote women and foreign nationals to key managerial positions.

In mid-career hiring, we actively hire part-timers as well as hire career personnel. Employees with skills and know-how accumulated outside the Company are important to the Group. Many of these mid-career hires are now working in managerial positions.

(2) Voluntary and measurable goals and their status

As more than 60% of our customers are women, we believe that more women working in the field will lead to business growth. Therefore, we have set the goal of promoting female participation and career advancement by increasing the number of female store managers and improving the retention rate of female employees.

1. Increase the number of female store managers to 100 (subject: Japan)

Numerical target: 50 by FY 2026, and 100 by FY 2030.

Progress: 39 female store managers as of June 30, 2024

2. Improve the retention rate of female employees (subject: Japan)

Numerical target (turnover rate): 8.8% by FY2026, 5% by FY2030

Progress: 7.6% as of FY2024

■ Initiatives to achieve goals

- Continuously implementing a training program since 2021 to equip female employees with the knowledge and skills to become store managers.
- Conducting career development seminars for female employees, focusing on enhancing skills such as critical thinking and leadership abilities.
- Conducting a training program (a total of 4 sessions) for all managers to eliminate unconscious biases that hinder the career and motivation of their subordinates.
- Distributing reports quarterly to managers with female subordinates that quantitatively show the ratio of female employees, the ratio of female managers, and the trend of resignations among female employees.
- Conducting a survey targeting female employees to confirm the effectiveness of initiatives promoting women's empowerment and to enhance the work environment.
- Holding company information sessions and prospective employee events focused on women's work styles and careers for new graduate recruitment.

For more information on the status of our diversity management initiatives, please refer to the "Materiality 2: Accepting Diversity and Creating a Rewarding Workplace" section on our sustainability website (<https://ppih.co.jp/en/sustainability/materiality2/>).

Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company does not have fund-type or contract-type defined-benefit pension plans or welfare pension fund plans. However, the Company does have a corporate-defined contribution pension plan, and asset management education is provided to employees.

Principle 3.1 Full Disclosure

(1) Company objectives (e.g., business principles), business strategies and business plans

The Company discloses information on its corporate philosophy—"The Customer Matters Most"—and on its business model and other policies, management strategies, and management plans through its various communication tools, which include investor relations information, financial results briefing materials, and integrated reports available on its corporate website.

Investor relations website: <https://ppih.co.jp/en/ir/>

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code

The Company endeavors to entrench its corporate philosophy—"The Customer Matters Most"—and enhance corporate governance and compliance while also practicing proactive disclosure to encourage a deeper understanding of Pan Pacific International Holdings Corporation as a company coexisting with society. These tasks have been positioned as important objectives for improving corporate value.

Please refer to "1. Basic Views" under "Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" in this report for more information on the Company's basic policy on corporate governance.

(3) Board policies and procedures in determining the compensation of the senior management and directors

For the policy and procedures in determining the basic compensation for Directors (excluding Directors who are members of the Audit and Supervisory Committee) and the process for the determination, etc., please refer to 2 "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods".

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of directors

The Board of Directors decides on the selection and dismissal of senior management and the nomination of candidates for directors (excluding Directors who are members of the Audit and Supervisory Committee). The Company takes into consideration such factors as rapid decision-making in response to the rapidly changing business environment and appropriate risk management and supervision of business execution and comprehensively considering the abilities, experience, and personality of the candidates from the perspective of having the right person in the right place.

Concerning the selection of candidates for executive directors, in addition to the above, the Nomination and Compensation Committee, an advisory body, deliberates and recommends prior to the resolution of the Board of Directors.

With regard to the appointment of candidates for directors who are members of the Audit and Supervisory Committee is decided by the Board of Directors after deliberation by the Nomination and Compensation Committee and consultation with the Audit and Supervisory Committee to ensure a diversity of viewpoints based on personalities, insights, and backgrounds.

(5) Explanations with respect to the individual appointments/dismissals and nominations based on (4) Information on appointments and dismissals of members of senior management is disclosed in an appropriate manner in accordance with laws and regulations.

The biographies of candidates for Directors and the reasons for their nomination are included in the reference materials for the General Meeting of Shareholders, and we will continue to enhance the content of the explanations.

<Notices of convocation of the General Meeting of Shareholders>:

<https://ppih.co.jp/en/ir/stock/meeting/>

Supplemental Principle 3.1.3 Disclosure of Sustainability Initiatives

Based on the corporate principle of "the Customer Matters Most," the PPIH Group is committed to resolving important environmental and social issues (materiality) through the business activities of its core business of general retailing, with the priority being to support the lifestyles of local customers and provide them with the pleasure of shopping.

In the area of sustainability, the PPIH Group is thoroughly adhering to the corporate philosophy and action guidelines set forth in the Group's core values, *Genryu*, with the ultimate goal of contributing to customers and society through our business activities. This in turn raises the sense of mission and pride of our employees, which ultimately leads to higher corporate value. We will always keep this virtuous cycle in mind as we are boldly taking on the challenge of solving environmental and social issues and achieving business growth for the Group.

For more information on the status of our sustainability activities, please visit the sustainability site on our website (<https://ppih.co.jp/en/sustainability/>).

■ Materiality (Key issues)

- Reduce the environmental impact of our business activities
- Accepting diversity and creating a rewarding workplace
- Sustainable product sourcing and responsible sales
- Resolving social issues through coexistence with local communities
- Establishing a solid governance system

<Disclosure on the TCFD Framework >

Addressing climate change is recognized as a crucial issue for the sustainable development of the Group and the enhancement of long-term corporate value. To ensure these efforts are effective, support was expressed for the Task Force on Climate-related Financial Disclosures (TCFD) in February 2022. Scenario analysis and disclosure based on the TCFD framework are actively being conducted. Further details can be found on the Company's website under "Response to Climate Change Based on TCFD" (https://ppih.co.jp/en/sustainability/materiality1/climate_change/).

<Disclosure on Investments in Human Capital and Intellectual Property>

■ Initiatives for human resources development

The Company recognizes that empowering each employee to leverage their strengths and take on challenges without fear of failure is vital for creating an organization that can adapt flexibly to change while maintaining strong earning potential. To support this, the corporate culture of "delegation of authority" fosters an environment and systems that maximize autonomy and engagement based on individual job roles and responsibilities. This approach helps build a highly productive organization where employees can thrive in their appropriate positions. Furthermore, acknowledging the crucial role of IT and digital strategy in achieving the medium- to long-term management plan "Visionary 2030," the Company is dedicated to developing IT talent.

◆ Training and system for empowering each employee

- Promoting the understanding and dissemination of the corporate philosophy collection, *Genryu*, aimed at aligning all employees worldwide with a common perspective and direction.
 - Conducting *Genryu* training for new graduates and mid-career hires (domestically).
 - In addition to Japanese, *Genryu* has been translated into English, Chinese (both simplified and traditional) and Thai.
 - Conducting comprehension tests for *Genryu* twice a year for both domestic and international employees
 - Conducting "Master of *Genryu*" Certification Examination twice a year for managers. Successful candidates are expected to implement *Genryu* in their daily operations and to engage in talent development that contributes to realizing the corporate philosophy and culture within their respective divisions.

- Implementing a performance evaluation system that assesses individual's capabilities regardless of age, gender, nationality, or length of service.

- ◆ Programs for self-driven career development
 - "Kizuki Skill Up Seminars (self-growth seminars) " are held for all employees to help them acquire new knowledge and skills.

- An internal competition is conducted primarily for younger employees to evaluate their marketing acumen and product display skills, aimed at identifying outstanding talent within the stores.
 - Some of the top performers of the competition will be dispatched to various countries in Asia. They will share the display skills cultivated in domestic stores with local employees.
- The *Koubo.com* system (internal recruitment system) has been enhanced to empower employees in pursuing career advancement and expanding their professional experiences.
- A project team has been established, consisting of young employees and executive staff, to identify and nurture outstanding young talent while addressing sales challenges.
- Employees selected through an internal application process are appointed as branch managers, overseeing branches with a market area of 1 million people and an annual sales scale of 10 billion yen under the "Million Star System," thereby cultivating potential management candidates.
- A next-generation management training program has been implemented under the supervision of outside directors to prepare future leaders.

◆ IT Talent Development Initiatives

- Employees with store experience and an interest in the IT field are assigned to the IT department to facilitate reskilling through internal training programs and other initiatives.
- Design thinking sessions are conducted collaboratively between young employees and the IT departments.

■ Our Approach to Internal Environmental Improvement

◆ Establishing a safe and healthy work environment for employees

To ensure all employees work with peace of mind, it is essential to maintain an appropriate internal environment that allows them to maintain their physical and mental health. The Group is committed to identifying and improving problems faced by individual employees and the working environment of the Group through the establishment of internal and external consultation services and individual hearings. We aim to create an environment where every employee feels empowered to express their concerns, thereby fostering high levels of engagement and contributing to the overall success of the Group.

◆ Fostering a work environment that empowers employees to work authentically

The Group emphasizes its commitment to recognizing and respecting diversity, as outlined in the corporate philosophy collection, *Genryu*. By embracing diverse individualities, the strengths of each employee enhance the overall organizational capability. To foster a work environment where employees can be their authentic selves, the Group has prioritized initiatives such as relaxing the dress code and allowing freedom in hair color since 2022. Additionally, to support sexual minorities (LGBTQ+), internal policies have been revised to expand benefits and promote understanding among employees. In the current fiscal year, approximately 4,700 employees have participated in LGBTQ+ training, bringing the total to around 42,000 since the training program began in 2021.

- ◆ Establishing a work environment that can be tailored to individual lifestyles

The Group has introduced a system that enables each employee to select working styles that align with their lifestyle and life events, including a regional employment program. To support work-life balance, initiatives have been implemented to encourage the utilization of maternity and parental leave, along with a system that allows for reduced working hours until children graduate from elementary school.

Additionally, an alumni recruitment system (Welcome Back Program) has been established to offer former employees the opportunity to return to the PPIH Group, allowing them to leverage their experience and skills once again.

Supplementary Principle 4.1.1 Scope of Delegation of Authority to Management from the Board of Directors

As the body responsible for making management decisions, the Board of Directors is tasked with making decisions on matters requiring decision by the Board of Directors as stipulated by law or the Company's Articles of Incorporation as well as on important matters as defined by the regulations for the Board of Directors (establishment of important management policies; establishment, revision, or abolishment of important regulations or management systems; capital investment plans; etc.). In addition, the Board of Directors is also responsible for setting Group-wide management policies in light of the role of the Company as a holding company.

Following a resolution at the 36th Ordinary General Meeting of Shareholders held on September 28, 2016, the Company transitioned to the Company with an Audit and Supervisory Committee structure described in the Companies Act of Japan. In conjunction with this transition, the Board of Directors resolved to partially or entirely transfer authority for certain important operational execution decisions to directors.

The primary business of the Group is retail. A great deal of authority is delegated to frontline operations in order to facilitate swift and flexible responses to the ever-changing operating environment of the retail industry. However, the Company has also established regulations regarding the limits of authority that stipulate the matters for which authority should be delegated to directors, other managers, and members of senior management based on materiality, transaction amounts, and other factors. Guided by these regulations, the Company strives to enhance governance in business operations.

Principle 4-8: Appointment of Multiple Independent Outside Directors

At present, there are 6 outside directors among the 15 directors of the Company. 5 of 6 outside directors are independent of the Company have registered as independent directors with the Tokyo Stock Exchange. We believe that the outside directors are fulfilling their responsibilities to make appropriate

decisions for the Company by providing useful opinions from an independent perspective at meetings of the Board of Directors and so forth.

Principle 4.9 Independence Standards and Qualification for Independent Directors

The Company selects candidates for the position of outside director to be designated as independent directors based on the conditions for outside directors defined by the Companies Act of Japan and the requirements for independent directors stipulated by the Tokyo Stock Exchange. Candidates must not present the risk of conflicts of interest with general shareholders and are also expected to possess the extensive insight and personality required to effectively fulfill the function of overseeing management from an impartial perspective as an outside director to be designated as an independent director.

Supplemental Principle 4.10.1 Use of Optional Approach

The Company has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors. The Nomination and Compensation Committee aims to enhance the fairness, objectivity, and transparency of the evaluation and decision-making process regarding the nomination and compensation of directors and others and to further enhance the corporate governance system.

The Nomination and Compensation Committee consists of 3 or more members, a majority of whom are independent outside directors. The chairperson of the committee is selected from among the independent outside directors by a resolution of the Board of Directors.

The Nomination and Compensation Committee consults the Board of Directors and deliberates and reports on the following matters.

- Deliberations on the election and dismissal of directors
- Policy for determining compensation, etc. of individual directors of the Company
- Review and deliberation of the Company's executive compensation system
- Review and deliberation of the latest situation surrounding management compensation
- Review of the compensation system for management

Supplementary Principle 4.11.1 Policy and Procedures for Election of Directors

The Company's Board of Directors shall appoint directors who are not only of excellent character, but also have a wealth of knowledge, experience, and ability in various businesses, including the Company's core retail business. In order to ensure the Company's continued growth and increase in corporate value, and for the Board of Directors to make decisions in a timely and rational manner, the Company's Board of Directors nominates candidates for Directors at the General Meeting of Shareholders and appoints an appropriate number of Directors. In addition, the Company appoints an appropriate number of outside

directors from among those who have held important positions, managers, and experts in various fields, etc., in order to monitor the Company's management from a fair and neutral perspective.

A skill matrix identifying the skills of the directors and the reason for their appointment is disclosed in the notice of convocation of the General Meeting of Shareholders.

« Convocation Notice of the General Meeting of Shareholders »

"Convocation Notice of the General Meeting of Shareholders and reference documents"
<https://ppih.co.jp/en/ir/stock/meeting/>

« Website » (Skill Matrix only)

Corporate Governance Directors

<https://ppih.co.jp/en/ir/governance/officer/>

Supplementary Principle 4.11.2 Concurrent Positions Held by Directors

Information on concurrent positions, including positions as officers at listed companies and other important positions, held by directors or director candidates are disclosed each year in reference materials for the General Meeting of Shareholders, business reports, and annual securities reports.

Supplementary Principle 4.11.3 Analyses and Evaluations of Effectiveness of the Board of Directors

The Board of Directors shall evaluate the effectiveness of the Board of Directors at least once a year. In the fiscal year ended June, 2024, the Company assessed the effectiveness of the Board of Directors through the following process. The results showed the members of the Board of Directors play an effective role in improving the corporate value over the medium and long term by making appropriate and prompt decisions through active discussions based on the management philosophy, and by exercising strict supervisory functions including monitoring of the internal control system. While the balanced composition of the Board of Directors, the environment that fosters open discussions, and the active initiatives related to diversity are positively recognized, there is a need for further enhancement in the discussions on certain topics. This includes reviewing the methods of presenting agenda items and improving the reporting of outcomes, as well as enriching discussions from a company-wide perspective. In the preparation, collection, and partial analysis of the questionnaire, we used an external organization to increase the transparency of the evaluation and ensure its effectiveness.

Process of Evaluation of Effectiveness of the Board of Directors

- (1) Preparation of questionnaires regarding the effectiveness of the Board of Directors based on advice from a third-party institution
- (2) Collection of questionnaires from all directors by a third-party institution
- (3) Analysis of the effectiveness of the Board of Directors based on questionnaires
- (4) Discussions and determination of evaluation at meetings of the Board of Directors

<Overview of the Evaluation of Effectiveness of the Board of Directors>

[Strengths of the Company's Board of Directors]

- Balanced composition of the Board of Directors based on diverse skills and expertise
- Integration of the corporate philosophy *Genryu* to foster an environment for open discussions
- Enhancement of discussions related to gender and diversity initiatives

[Issues to be addressed by the Company's Board of Directors]

- Further enhancement of discussions on the medium- to long-term management strategies and talent development
- Improvement of outcome reports concerning previously discussed matters, such as investment projects

Going forward, the Company will implement measures to address issues identified based on the evaluation in order to increase the effectiveness of the Board of Directors while enhancing the Company's corporate governance structure.

Supplementary Principle 4.14.2 Policies for Training Directors

The Company appoints directors that possess the prerequisite insight and experience pertaining to legal affairs, finance, accounting, and a wide variety of other fields and that are thereby able to effectively fulfill their roles and responsibilities. In addition, frameworks are in place to ensure that information is reported and supplied to directors as necessary after appointment, and directors are provided with opportunities to receive explanations directly from lawyers, accountants, and other specialists. We also hold training sessions as needed and appropriate.

Principle 5.1 Policy for Constructive Dialogue with Shareholders

As part of its efforts to realize sustainable growth and improved corporate value over the medium to long term, the Company engages in constructive dialogue with shareholders and other investors through investor relations activities to ensure that its management policies and performance are accurately understood.

(1) In order for the IR executive officer and the person responsible for handling information reported to the Tokyo Stock Exchange to be aware of important information within the Company, a structure will be established to consolidate information in a coordinated manner with the said officer. The IR division works with Legal, Finance, Accounting, Sales, Property Development and other divisions as necessary to ensure appropriate disclosure of information.

(2) The executive officer and division responsible for IR respond appropriately to requests for meetings from analysts and institutional investors and hold quarterly financial results briefings. The President and

Representative Director also take part in the financial results briefings. Furthermore, the investor relations section of the Company’s corporate website (<https://ppih.co.jp/en/ir/>) provides timely disclosure information, financial information, and other reference materials (financial summaries, annual securities reports, annual integrated reports, PPIH reports, monthly sales reports, etc.). The Company strives to support the investment decisions of shareholders and other investors (some information is only available in Japanese).

(3) The valuable input received from shareholders and other investors is shared with the Board of Directors and management as necessary to reflect this input in the management of the Company.

(4) The Company observes a set quiet period prior to the announcement of financial results during which it will not respond to any questions related to financial results. In addition, the Company complies with laws and regulations pertaining to undisclosed information (insider information), defines internal regulations for preventing insider trading, and practices rigorous management of this information.

[Strategic Management Focused on Capital Costs and Stock Price Optimization] [With English Disclosure]

To enhance corporate value, the Company aims to achieve the quantitative target of 200 billion yen in operating profit for the fiscal year ending June 2030, as outlined in our medium- to long-term management plan “Visionary 2030.” We strive to improve corporate value through strategic management focused on capital costs and stock prices by maintaining growth investments, stabilizing ROE at a high level through improved profitability, and strengthening dividend policies.

In the fiscal year ended June 2024, we achieved the operating profit target of 120 billion yen a year ahead of schedule which was initially set for “Visionary 2025.” This resulted in an ROE exceeding capital costs and a PBR significantly above 1.

The management and leaders will actively engage in dialogue. Additionally, we will continue to issue integrated reports, enhance English disclosures, and expand our disclosure and IR activities, including responding to various evaluation agencies.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
DQ WINDMOLEN B. V.	134,028,000	22.45
The Master Trust Bank of Japan, Ltd. (Trust Account)	67,795,500	11.36

Anryu Shoji Co., Ltd.	33,120,000	5.55
FamilyMart Co., Ltd.	33,057,384	5.54
Custody Bank of Japan, Ltd. (Trust Account)	32,883,400	5.51
Yasuda Scholarship Foundation	14,400,000	2.41
GIC PRIVATE LIMITED -C	13,984,139	2.34
JP MORGAN CHASE BANK 385632	11,530,621	1.93
STATE STREET BANK WEST CLIENT-TREATY 505234	8,927,036	1.50
SSBTC CLIENT OMNIBUS ACCOUNT	7,123,577	1.19

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

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	June
Type of Business	Retail Trade
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	More 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 Shareholders

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

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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 Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	27
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	15
Status of Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	5

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yasunori Yoshimura	Academic								△			
Jumpei Nishitani	Academic											
Isao Kubo	Comes from other company											
Masaharu Kamo	Comes from other company								○			
Takaki Ono	Comes from other company					△						
Naoko Kishimoto	Lawyer											

* 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
- 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 Outside Directors/Audit and

Supervisory Board members 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

Outside Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasunori Yoshimura	○	○	Mr. Yasunori Yoshimura, an outside director who serves as an Audit and Supervisory Committee member, is also an outside director of mederi Inc. Our company provides financial support for the use of low-dose birth control pills through mederi's online prescription service "mederi for biz" as a welfare benefit. This service is available to female employees and the partners of employees within our domestic group companies. We have introduced this initiative as part of our efforts to create a more conducive working environment for women, supporting their physical and mental health, and enabling them to perform to their fullest potential. The cost of this initiative is approximately 5 million yen (less than 0.01% of our consolidated sales and SG&A expenses), which is minimal. Therefore, we believe that Mr. Yoshimura maintains sufficient independence from our company.	Mr. Yasunori Yoshimura has been appointed as an outside director, leveraging his extensive experience in key positions such as special advisor to the Cabinet, university professor, and president of various academic societies. We believe he will perform his duties as an Audit and Supervisory Committee member appropriately from an objective standpoint. Additionally, we have designated him as an independent officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Jumpei Nishitani	○	○	-	Mr. Jumpei Nishitani has been appointed as an outside director, leveraging his advanced expertise and extensive experience in accounting and economics as a professor in the Faculty of Business Administration at a university. We believe he will perform his duties as an Audit and Supervisory Committee member appropriately from an objective standpoint. Additionally, we have designated him as an independent officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.

Isao Kubo		○	-	Mr. Isao Kubo has been appointed as an outside director, leveraging his extensive knowledge in business management cultivated from his key positions at ITOCHU Corporation and FamilyMart Co., Ltd. We believe he will perform his duties appropriately from an objective standpoint. Additionally, we have designated him as an independent officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Masaharu Kamo	○	○	Mr. Masaharu Kamo, an outside director who serves as an Audit and Supervisory Committee member, is the Representative Director of Office Kamo Co., Ltd. Our company has a service contract with Office Kamo for training mid-level executives who are potential future leaders of our group. The training covers basic knowledge and concepts of corporate management, organizational operations, and accounting indicators. Developing the next generation of leaders is a critical issue for any company, and this training aims to address that need. Given Mr. Kamo's experience in consulting and as an executive in business companies, he is considered an ideal instructor for this training. The cost of this service contract is approximately 9 million yen (less than 0.01% of our consolidated sales and SG&A expenses), ensuring Mr. Kamo's sufficient independence from our company.	Mr. Masaharu Kamo has been appointed as an outside director, leveraging his extensive experience and broad insights in corporate management and planning, gained from holding key positions in consulting firms and business companies. We believe he will perform his duties as an Audit and Supervisory Committee member appropriately from an objective standpoint. Additionally, we have designated him as an independent officer, as we believe he poses no risk of conflict of interest with our general shareholders and is suitable for the role.
Takaki Ono	○		-	Mr. Takaki Ono has been appointed as an outside director, leveraging his extensive experience and broad insights in the finance and banking sectors, gained from holding key positions in banks. We believe he will perform his duties appropriately from an objective standpoint.
Naoko Kishimoto	○	○	-	Ms. Naoko Kishimoto has been appointed as an outside director, leveraging her advanced expertise and extensive experience as a qualified lawyer, along with her

				insights from working with companies engaged in global transactions. We believe she will perform her duties appropriately from an objective standpoint. Additionally, we have designated her as an independent officer, as we believe she poses no risk of conflict of interest with our general shareholders and is suitable for the role.
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[Supervisory Committee]

Committee’s Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	5	0	0	5	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

- (1) The Company established an office of the Audit and Supervisory Committee (Auditors’ Office) with staff exclusively dedicated to assisting the Audit and Supervisory Committee in its duty as required.
- (2) Any personnel matters (including treatment and disciplinary action) pertaining to Auditors’ Office staff must be reported first to the Audit and Supervisory Committee.
- (3) If a staff member of the Auditors’ Office concurrently performs administrative tasks in another division, priority shall be given to requests from the Audit and Supervisory Committee when the instructions are deemed necessary in the course of auditing activities. In addition, the supervisor in the other division where the individual with concurrent duties is assigned will extend the necessary support if requests are made to facilitate the implementation of the Audit and Supervisory Committee’s instructions.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Division

- (1) The Internal Audit Division provides the Audit and Supervisory Committee with timely and accurate updates on the implementation of internal controls.
- (2) Directors and employees of the Company and Group companies (excluding directors who are Audit and Supervisory Committee members) shall promptly inform the Audit and Supervisory Committee of any important issues that impact, or may impact, the operations of the Company or any Group company.

(3) Directors and employees of the Company and Group companies (excluding directors who are Audit and Supervisory Committee members) must respond promptly when requested by the Audit and Supervisory Committee or the Auditors' Office to provide information about the status of operations, assets, or other corporate matters.

(4) The Company prohibits unfavorable treatment of anyone on the basis of a report given to the Audit and Supervisory Committee concerning information related to the aforementioned matters.

[Voluntary Establishment of Nomination/Compensation Committee]

Voluntary Establishment of Committee(s) Corresponding to the Nomination Committee or Compensation Committee	Established
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Establishment of voluntary committees, the composition of members, and attributes of the chair (chairperson)

	Name	All Committee Members	Full-time Member	Inside Director	Outside Director	Outside Experts	Other	Chairperson
Corresponding to Nomination Committee	Nomination and Compensation Committee	3	1	1	2	0	0	Outside Director
Corresponding to Compensation Committee	Nomination and Compensation Committee	3	1	1	2	0	0	Outside Director

Supplementary Explanation

The Nomination and Compensation Committee is a voluntary advisory body of the Board of Directors, established to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the nomination and compensation of directors and other executives, thereby strengthening the corporate governance system.

The role of our Nomination and Compensation Committee is to deliberate and provide recommendations on matters such as the appointment and dismissal of directors, the selection and removal of representative directors and other executives, compensation for directors and other executives, and other matters consulted by the Board of Directors.

The Nomination and Compensation Committee consists of at least 3 members, with the majority being independent outside directors. The chairperson is selected from among the independent outside directors by resolution of the Board of Directors.

The policy for determining individual compensation for our directors is decided by the Board of Directors after verifying its appropriateness through the Nomination and Compensation Committee.

(Composition of the Nomination and Compensation Committee)

Chairperson (Outside Director) Jumpei Nishitani

Member (Outside Director) Yasunori Yoshimura

Member (President and Representative Director) Naoki Yoshida

(Major deliberations of the Nomination and Compensation Committee)

- Deliberations on revisions to the executive compensation system
- Deliberation on the performance evaluation and payment amount of performance-linked monetary remuneration (annual bonus) for the fiscal year ended June 2023
- Deliberation on the incentive curve for performance-linked monetary remuneration (annual bonus) for the fiscal year ended June 2024
- Deliberations on the Company's policy for determining the compensation of individual directors
- Deliberation on disclosure matters, etc.

[Independent Directors]

Number of Independent Directors	5
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Matters relating to Independent Directors

All outside officers who meet the qualifications of independent officers are designated as independent officers.

[Incentives]

Incentive Policies for Directors	Introduction of performance-linked remuneration system and stock option plan
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Supplementary Explanation

- Performance-Linked Compensation Plan

Please refer to "Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" of this report.

- Stock Option Plan

Following a resolution at the 34th Ordinary General Meeting of Shareholders held on September 26, 2014, the Company abolished its retirement benefits plan for directors and Audit and Supervisory Board members. At the same time, share-based stock options were introduced for directors (excluding those who are Audit and Supervisory Committee members) with an exercise price of 1 yen, and has issued these options seven times to date. This move was aimed at heightening directors' motivation and desire to contribute to improved medium- to long-term performance and corporate value for the Company by having directors share both the benefits of share price increases and the risks of share price decreases with shareholders. In addition, approval

was received at the same meeting to set an upper limit of 400 million yen annually for share-based stock options, which is to be separate from existing monetary compensation.

Recipients of Stock Options

Inside Directors / Outside Directors / Parent Company's Employee / Subsidiaries' Directors / Subsidiaries' Employee

Supplementary Explanation

The Company has been issuing stock options to directors and employees since 1998 with the aim of heightening their motivation and desire to contribute to improved performance and thereby increasing shareholder value. Individuals eligible to receive stock options include the Company's directors, employees of the Company including executive officers, directors of the Company's affiliates in Japan and overseas, and employees of the Company's affiliates in Japan and overseas.

Following a resolution at the 34th Ordinary General Meeting of Shareholders held on September 26, 2014, the Company abolished its retirement benefits plan for directors and Audit and Supervisory Board members. At the same time, share-based stock options were introduced for directors (excluding those that are Audit and Supervisory Committee members) with an exercise price of 1 yen. This move was aimed at heightening directors' motivation and desire to contribute to improved medium- to long-term performance and corporate value of the Company by having directors share both the benefits of share price increases and the risks of share price decreases with shareholders.

[Director Compensation]

Disclosure of Individual Directors' Compensation

Some of them are disclosed individually.

Supplementary Explanation

For the fiscal year ended June 2024, a total of 222 million yen was paid as compensation to 7 directors (excluding directors who are Audit and Supervisory Committee members), and a total of 20 million yen was paid to 3 directors who are Audit and Supervisory Committee members. Of this, 27 million yen was paid to 4 outside directors.

Additionally, individuals with total consolidated compensation of 100 million yen or more are disclosed individually in the securities report.

Policy on Determining Compensation Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

1. Basic Policy

The Company's basic policy is to set compensation for directors in consideration of shareholder interests so that the compensation system functions as an incentive to increase corporate value continuously, and to set the compensation of individual directors at an appropriate level based on the responsibilities of their positions.

2. Structure of the Compensation System for the Company's Directors

The compensation system for the Company's directors (excluding outside directors and directors who are members of the Audit and Supervisory Committee) consists of the following: the base remuneration as monthly fixed monetary compensation, performance-linked monetary remuneration as short-term incentive (annual bonus), and share-based stock options (non-monetary compensation) for the purpose of sharing shareholder interests. In light of their roles, the Company's outside directors receive only base remuneration. The compensation system for directors who are members of the Audit and Supervisory Committee of the Company also consists of base remuneration only, in consideration of their roles.

The base remuneration is a monthly fixed monetary compensation and is determined based on the position and responsibilities of each director, taking into consideration the level of compensation for directors at other companies of the same size as the Company, as well as the level of employee salaries, and a comprehensive range of factors.

The performance-linked cash remuneration (annual bonus) as a short-term incentive for the Representative Director shall be linked to the Company's performance for a single fiscal year. In the Company, the performance-linked KPI shall be 'consolidated operating income' from the perspective of improving earnings in the core business. The KPI target for "consolidated operating profit" for the fiscal year ended June 2024 was 111 billion yen, and the actual result was 140.2 billion yen.

The amount to be paid shall be determined based on the degree of achievement of that budget and shall vary in a ratio of 0% to 150% depending on the degree. Furthermore, for Directors other than the Representative Director, 50% of their remuneration will be linked to the Company's performance, similar to the Representative Director. Additionally, 50% will be linked to individual performance. The individual performance-linked portion will be assessed based on budget target achievement, reviewed by the Nomination and Compensation Committee, and the final payment rate, ranging from 0% to 150%, will be determined by the President and Representative Director.

Since the Company determines the necessity of granting share-based compensation on a case-by-case basis, taking into consideration the past results of stock option grants, etc., the Company does not clearly stipulate the ratio of share-based stock options or the timing of their payment. However, the Company will continue to consider the frequency of granting share-based stock options in the future in the context of an appropriate executive compensation system.

The composition of our remuneration structure for the Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee members) shall be designed based on 70% fixed remuneration as basic compensation and 30% performance-linked remuneration (annual bonus) as short-term incentive compensation.

Regarding the timing of remuneration payments, the fixed remuneration as basic compensation is paid monthly, while the performance-linked remuneration (annual bonus) as short-term incentive compensation is paid after the Company's performance is confirmed and following the conclusion of the annual general meeting of shareholders.

3. Policy on Determination of Individual Compensation

The Company consults its Nomination and Compensation Committee regarding the determination of individual director compensation, etc., and the Board of Directors adopts a resolution based on the Nomination and Compensation Committee's report.

However, with respect to base remuneration for Directors other than the President and Representative Director, the Company delegates to the President and Representative Director the authority to determine the final amount of such remuneration, taking into consideration the roles and responsibilities of each individual director, within the maximum and minimum amounts separately determined by the Board of Directors. The Company also delegates to the President and Representative Director the authority to determine the final payment rate of the performance-linked cash remuneration (annual bonus) for the individual performance-linked portion. To ensure that the delegated authority is properly exercised, the President and Representative Director must fully consult with the independent outside directors through the Nomination and Compensation Committee.

[Supporting System for Outside Directors]

6 of the Company's 15 directors are outside directors, and 5 outside directors are Audit and Supervisory Committee members. The Board of Directors' Secretariat and the Audit and Supervisory Committee Secretariat assist outside directors in performing their duties as requested.

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

The activities of the directors (number of meetings held, attendance of individual directors, etc.) are published on our website (<https://ppih.co.jp/en/ir/governance/system/>).

(1) Board of Directors

The highest decision-making body within the Company with regard to the execution of operations is the Board of Directors, which is chaired by the representative president and meets at least once a month to discuss and determine important issues concerning business activities. The Board of Directors consists of a total of 15 members: 10 directors (excluding directors who are Audit and Supervisory Committee members), including 1 outside director, and 5 directors who are Audit and Supervisory Committee members, all of whom are outside directors.

The Audit and Supervisory Committee is composed entirely of 5 outside directors. It audits the execution of duties by directors and collaborates with the accounting auditor as necessary to ensure effective audits.

Additionally, out of the 6 outside directors, 5 are appointed as independent officers. This allows for the incorporation of a broad range of perspectives from an independent standpoint, free from conflicts of interest with general shareholders, on important matters related to the management of the Company, including the formulation of overall corporate strategies. We believe this structure enables appropriate management decisions.

(2) Compliance Committee

The Compliance Committee is responsible for planning fraud prevention, planning inspections and investigations, verifying the results of inspections and investigations, and sharing and verifying cases of fraud at other companies.

The Committee is chaired by the Executive Officer in charge of Legal Affairs and Compliance. The members include Hideki Moriya, Representative Director and Senior Executive Officer (CSO), Naoko Kishimoto, Director (Audit and Supervisory Committee member), executive officers and department heads from related departments, totaling 9 members. Naoko Kishimoto, Director (Audit and Supervisory Committee member), is an outside director.

(3) Nomination and Compensation Committee

The Nomination and Compensation Committee is established as a voluntary advisory body of the Board of Directors to enhance fairness, objectivity, and transparency in the evaluation and decision-making processes related to the nomination and compensation of directors and other executives, thereby strengthening the corporate governance system. The majority of its members are outside directors.

The role of our Nomination and Compensation Committee is to deliberate and provide recommendations on matters such as the appointment and dismissal of directors, the selection and removal of representative directors and other executives, compensation for directors, and other matters consulted by the Board of Directors.

The Nomination and Compensation Committee is composed of 3 members: Jumpei Nishitani, Director (Audit and Supervisory Committee member) as the chairperson, Naoki Yoshida, President and Representative Director, and Yasunori Yoshimura, Director (Audit and Supervisory Committee member). Both Jumpei Nishitani and Yasunori Yoshimura are outside directors.

(4) Outside Directors

The Company has 6 outside directors. The outside directors are appointed with the expectation that they will provide opinions and suggestions on management from an external perspective, based on their specialized knowledge and experience in management, thereby enhancing the soundness and transparency of management. Additionally, 5 out of the 6 outside directors are designated as independent officers in accordance with the regulations of the Tokyo Stock Exchange and have been registered with the Exchange.

The Company has no clear-cut criteria or policies regarding the independence of individuals appointed as outside directors. However, in appointing outside directors, the Company ensures that they can provide

opinions and suggestions regarding management from an outside perspective based on their expertise and experience in management, thereby improving the soundness and transparency of the Company's management. The Company's judgment is based on the premise that the appointment of an outside director is sufficiently independent of the Company's management team to enable them to perform their duties as an outside director.

(5) Internal Audit Division

The Internal Audit Division, under the direct authority of the Board of Directors, is independent of divisions that execute operations. Based on the audit plan, the Internal Audit Division audits the legality, effectiveness and efficiency of the operations of each department and the Group's subsidiaries and evaluates the internal control over financial reporting. In addition, important matters are reported to the Audit and Supervisory Committee as well as to the Board of Directors as appropriate to ensure organizational cooperation. Furthermore, the Company has established regular information-sharing opportunities with the accounting auditors with regard to the maintenance and assessment of the operational status of internal control over financial reporting, to ensure accurate and efficient internal control audits.

The Internal Audit Division consists of 5 employees.

(6) Others

The Legal Department holds Legal Consultation Days to provide opportunities for receiving advice directly from legal counsel with regard to the legal conformity of important matters. These days are held on a regular basis to reinforce and entrench compliance.

The independent auditor, in addition to standard accounting audits, provides pre-confirmation on the legality and accounting standard conformity of specific items from the perspectives of timely and accurate disclosure and offers advice when deemed necessary.

3. Reasons for Adoption of the Current Corporate Governance System

At the 36th Ordinary General Meeting of Shareholders held on September 28, 2016, a resolution was passed to amend the Company's Articles of Incorporation to allow for a transition to the Company with an Audit and Supervisory Committee structure described in the Companies Act of Japan. The Company thus transitioned from the prior Company with a Board of Company Auditors structure to the Company with an Audit and Supervisory Committee structure effective September 28, 2016. In conjunction with the transition, the Audit and Supervisory Committee was established and directors that are Audit and Supervisory Committee members were granted voting rights at meetings of the Board of Directors. The purpose of these changes was to strengthen the monitoring and oversight functions of the Board of Directors to facilitate enhancements to corporate governance and improvements to corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Dispatch of Convocation Notice	For the 44th, Ordinary General Meeting of Shareholders held on September 27, 2024, the convocation notice was sent 1 day prior to the statutory date of dispatch. We will make every effort to send the convocation notice as early as possible from next year onward.
Scheduling AGMs Avoiding the Peak Day	The fiscal year-end of the Company is June 30, and the Ordinary General Meeting of Shareholders is held in late September of each year.
Allowing Electronic Exercise of Voting Rights	An electronic voting rights exercise system is employed through a website developed by a securities agency.
Participation in Electronic Voting Platform	The electronic voting rights exercise platform for institutional investors operated by ICJ, Inc., is employed.
Providing Convocation Notice in English	Notices of convocation (summaries) in English are prepared and made available on the Company's corporate website for the convenience of overseas investors.
Other	The General Meeting of Shareholders is positioned as a forum for communication between shareholders and the Company, and sales reports employing visual representations and other methods are utilized to ensure interactive meetings.

2. IR Activities

	Supplementary Explanations	Explanations from the representative
Regular Investor Briefings for Analysts and Institutional Investors	In the fiscal year ended June 2024, quarterly briefings for analysts and institutional investors were held to explain financial results and management strategies, with the Senior Managing Executive Officer and CSO providing the explanations. Additionally, the President and Representative Director also attended the briefings as necessary to explain business strategies, etc.	Yes
Regular Investor Briefings for Overseas Investors	We respond to meeting requests from overseas investors in regions such as North America and Asia as needed. Additionally, we participate in conferences for overseas investors hosted by securities companies.	Yes
Posting of IR Materials on the Website	Financial summaries, earnings presentation materials, timely disclosure materials other than earnings information, securities reports, quarterly reports, and other IR materials are available on our website (https://ppih.co.jp/en/ir/) to	

	<p>help investors gain a better understanding of our company. Additionally, we actively engage in English disclosures to assist foreign investors.</p>
Establishment of Department and/or Manager in Charge of IR	<p>The IR Department within the IR Headquarters is designated as the department responsible for investor relations.</p>

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>Approach to Stakeholder Engagement</p> <p>We believe that our ultimate goal is to contribute to the realization of a sustainable society while generating greater results by recognizing issues through communication with our stakeholders and fulfilling our social responsibilities while building relationships of trust and collaboration. Therefore, we place importance on proactive "stakeholder engagement" and we reflect the interests, expectations and requests identified in the process of stakeholder engagement in our management and business activities.</p> <p>Information about stakeholders and the main method of engagement is available on our website at https://ppih.co.jp/en/sustainability/stakeholder/</p> <p>Various policies related to sustainability are available on our website at https://ppih.co.jp/en/sustainability/basic_policy/</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>Basic Approach to Sustainability Activities</p> <p>Based on our corporate principle of "The Customer Matters Most," we are committed to supporting the lifestyles of our customers in local communities and providing them with the joy of shopping.</p> <p>The Company is committed to resolving important environmental and social issues (materiality) through its core business of general retailing.</p> <p>We aim to achieve both the realization of a sustainable society and the enhancement of corporate value over the medium to long term, while continuing to engage in dialogue with stakeholders. For more information, please visit https://ppih.co.jp/en/sustainability/strategy/</p>
Establishment of policies related to the disclosure of information to stakeholders	<p>Our policy regarding the provision of information is described in the "Basic Policy on Corporate Governance" section.</p> <p>We are committed to the corporate principle of "The Customer Matters Most," and we promote the strengthening of corporate governance and</p>

	<p>compliance as well as proactive disclosure to deepen understanding of our company as a company that coexists with society. We believe that is a key management issue for increasing our corporate value.</p> <p>Under the philosophy that business activities in accordance with high ethical standards are a prerequisite for the survival of a company, the Company ensures the legality of its corporate governance system and its operations by establishing an internal early response system and seeking advice from outside experts.</p> <p>The concept of corporate governance is available at https://ppih.co.jp/en/ir/governance/basic_views/</p>
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IV. Matters Related to the Internal Control System

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

<p>The Company's internal control structure was established and is maintained under the Companies Act of Japan and the Ordinance for Enforcement of the Companies Act to ensure the appropriateness of the Company's business operations.</p> <p>1. System ensuring the execution of duties by directors complies with the Company's Articles of Incorporation and prevailing laws and regulations</p> <p>(1) Directors must consistently ensure that the Company's management is undertaken in compliance with laws and regulations and must take the initiative to promote awareness of compliance practices at the Company and at its subsidiaries.</p> <p>(2) To ensure the appropriate execution of duties by directors, the Company continues to appoint outside directors to its Board of Directors and strives to enhance the supervision of duties executed by directors. In addition, the Audit and Supervisory Committee, which has the participation of outside directors, conducts thorough audits that ensure impartiality and transparency from a position independent of the influence of directors (excluding those that are Audit and Supervisory Committee members).</p> <p>(3) The Company establishes a Compliance Committee to oversee matters related to compliance (legal compliance) and internal control. In addition, the Compliance Committee collaborates with lawyers and other outside experts to ensure that business activities are conducted in accordance with high ethical standards and to ensure the legality of the corporate governance system and its operation.</p> <p>2. System for storing and managing information related to the execution of duties by directors</p>

(1) The minutes of shareholders' meetings, Board of Directors meetings, and other important meetings along with any related materials are stored and managed by a designated department and retained for a period of 10 years under conditions that facilitate examination whenever necessary.

(2) The Company utilizes tools to improve the security of in-house information networks and performs careful and timely reviews of its Rules for Information Security Management. Concurrently, the Company encourages information sharing within the organization and maintains systems to prevent leaks of confidential information.

3. Rules and system for managing the risk of loss

(1) The Compliance Committee analyzes and evaluates lateral risks from a compliance standpoint for the entire Group of companies and examines potential measures for dealing with such risks.

(2) Efforts are made to swiftly and accurately systemize rules and instruction manuals, and standardize business practices to minimize operational risks.

(3) Organizational and operating structures are swiftly and effectively established to control risks associated with procedures, including financial accounting, purchasing, sales, store operation, and legal issues, which serve to minimize operational risks.

4. System ensuring the efficient execution of duties by directors

(1) Rules relating to organizational structures are reviewed and updated in a timely and appropriate manner to clarify the division of directors' duties and respective oversight authority.

(2) Organizational and administrative systems are revised when necessary to meet changes in the business environment.

5. System ensuring the execution of duties by employees complies with the Company's Articles of Incorporation and prevailing laws and regulations

(1) The Compliance Committee promotes compliance and ensures thorough adherence to stated practices in accordance with resolutions by the Board of Directors.

(2) The Compliance Committee, through coordination with the compliance officer, formulates plans that include education on issues related to compliance, and the Compliance Office handles the administrative aspect of these activities based on instructions from the Compliance Committee.

(3) The Company maintains a whistle-blower system, dubbed "the Compliance Hotline", which enables employees and business partners of the Group to directly report questionable conduct—which are possible violations of the law, regulations, or in-house rules—directly to an outside entity or an in-house point of contact with complete confidentiality. Concerted efforts are made to promote awareness of this system to ensure that it continues to function effectively. The Company makes it a top priority to protect individuals who report an actual or possible violation from any sort of disadvantage for bringing potential infractions to light.

6. System ensuring the appropriateness of operations at the Company and its subsidiaries

(1) The status of the execution of business by each Group company must be reported to the Board of Directors of the Company in a timely and appropriate manner.

(2) To confirm the proper execution of operations at Group companies, the Internal Audit Division works with each company to determine progress in establishing internal controls. To further improve the internal control system, the Compliance Committee provides instruction and support as required based on a shared understanding of internal control measures within the Group.

(3) To confirm the proper execution of operations at Group companies, the Company has prepared the Rules for the Management of Affiliated Companies. These rules provide guidelines for monitoring business activities at Group companies.

7. Issues pertaining to employees that assist the Audit and Supervisory Committee when such assistance is required

The Company established an office of the Audit and Supervisory Committee (Auditors' Office) with staff exclusively dedicated to assisting the Audit and Supervisory Committee in its duty as required.

8. Matters related to the independence of employees that are to assist the Audit and Supervisory Committee with its duty from directors (excluding those that are Audit and Supervisory Committee members) and matters related to ensuring the effectiveness of instruction from the Audit and Supervisory Committee to such employees

(1) Any personnel matters (including treatment and disciplinary action) pertaining to Auditors' Office staff must be reported first to the Audit and Supervisory Committee.

(2) If a staff member of the Auditors' Office concurrently performs administrative tasks in another division, priority shall be given to requests from the Audit and Supervisory Committee when the instructions are

deemed necessary in the course of auditing activities. In addition, the supervisor in the other division where the individual with concurrent duties is assigned will extend the necessary support if requests are made to facilitate the implementation of the Audit and Supervisory Committee's instructions.

9. System for submitting reports to the Audit and Supervisory Committee, which includes the system for directors and employees to report to the Audit and Supervisory Committee

(1) The Internal Audit Division provides the Audit and Supervisory Committee with timely and accurate updates on the implementation of internal controls.

(2) Directors and employees of the Company and Group companies shall promptly inform the Audit and Supervisory Committee of any important issues that impact, or may impact, the operations of the Company or any Group company.

(3) Directors and employees of the Company and Group companies must respond promptly when asked by the Audit and Supervisory Committee or the Auditors' Office to provide information about the status of operations, assets, or other corporate matters.

(4) The Company prohibits unfavorable treatment of anyone on the basis of a report given to the Audit and Supervisory Committee concerning information related to the aforementioned matters.

10. Other: Systems for ensuring the effectiveness of audits by the Audit and Supervisory Committee

(1) Opportunities are provided for the Audit and Supervisory Committee to communicate with directors (excluding those that are Audit and Supervisory Committee members) of the Company as well as the directors and Audit and Supervisory Board members of Group companies to make audits as effective as possible. The Audit and Supervisory Committee keeps close ties with the Internal Audit Division and looks over internal audit reports to complement standard audits performed in line with in-house rules. Also, when the independent auditor submits an audit report, the Audit and Supervisory Committee confirms the appropriateness of the content therein.

(2) The Audit and Supervisory Committee is informed regularly of how the Compliance Hotline is operating.

(3) Payments of costs incurred in the process of executing the required duties of a director that is an Audit and Supervisory Committee member shall be addressed promptly upon submission of a payment request.

2. Basic Views on Eliminating Anti-Social Forces

The Group has defined the following policies for non-association with antisocial forces and has established internal systems in this regard.

(1) Neither the Company nor any Group company will respond to inappropriate requests or any other form of a request from antisocial forces and will cancel business dealings if the counterparty is found to be an individual, business, organization, or any other type of entity with ties to antisocial forces.

(2) To guarantee a firm response to any inappropriate requests by antisocial forces, the Company has established the Risk Management Division to respond to inappropriate requests from antisocial forces, implement in-house training, and address any questionable activities.

(3) The Risk Management Division collects information through coordination with the police, legal counsel, and other external organizations. In addition, a special position has been set up within the Company to deal with inappropriate requests and an internal structure is in place, along with an intranet, to expedite responses in the event a situation arises.

V. Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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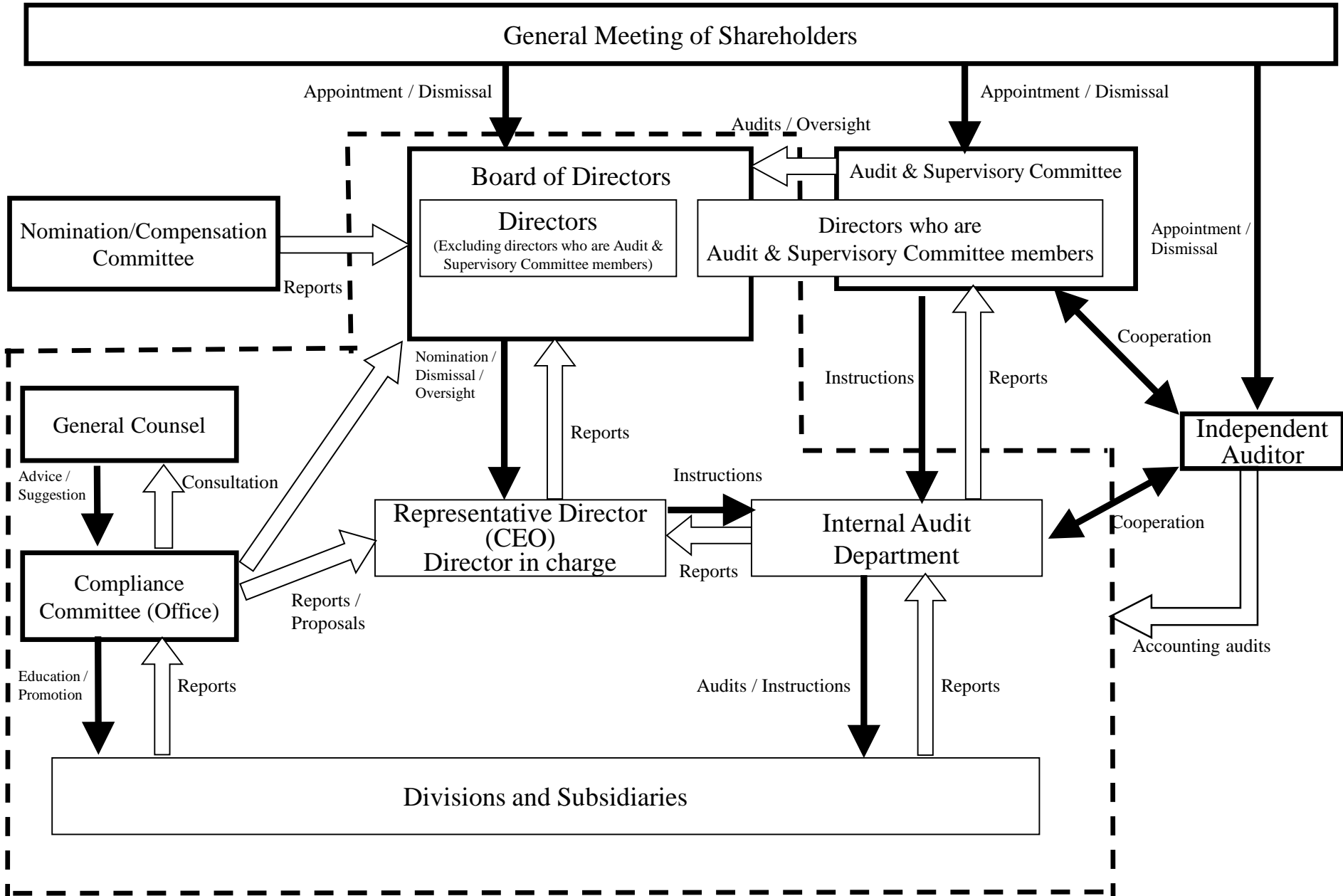
Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System

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< Corporate Governance Structure >



< Timely Disclosure System >

