

Last Update: December 29, 2021

Pan Pacific International Holdings Corporation

President and CEO (Representative Director): Naoki Yoshida

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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 “valuing the customer as our utmost priority” 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 for reinforcing the accounting, internal audit, monitoring, and auditing departments.

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

[Applicable Version of Code]

This document has been prepared based on the latest version of the Code following the June 2021 revision.

Supplemental Principle 4.11.1 Policies and Procedures for Appointment of Directors

In order to ensure the continuous growth and enhancement of the corporate value of the Company, and to enable the Board of Directors to make prompt and rational decisions, the Board of Directors of the Company shall appoint directors who are not only of excellent character but also have abundant knowledge, experience, and ability in various businesses including the retail business, which is the Company's core business. The Company will consult with the General Meeting of Shareholders and elect an appropriate number of

candidates for Directors. In addition, the Company is preparing and considering to disclose the skills matrix, which lists the knowledge, experience, abilities, etc. of the Company's Directors, after identifying the skills required for the position of Director.

In addition, in order to have outside directors monitor the Company's management from a fair and neutral perspective, the Company has decided to appoint an appropriate number of outside directors from among those who have held important positions, managers, and experts in various fields.

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

[Applicable Version of Code]

This document has been prepared based on the latest version of Japan's Corporate Governance Code following the June 2021 revision. It also includes some of the details that will be applicable in the prime market from April 2022.

Principle 1.4 Cross-Shareholdings

The Company holds investment shares for purposes other than 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.

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 of its shareholders.

Supplemental Principle 2.4.1 Ensuring diversity in the appointment of core human resources

Our corporate philosophy, "The Source", states that we are a company that recognizes diversity. To continue to be the store of choice for customers with diverse values, our employees must have the same affinity, and we recognize that securing diversity and respecting diversity among our employees is an important issue. We recognize that securing diversity and respecting diversity among employees are important issues.

The Diversity Management Committee will play a central role in promoting diversity, including the advancement of women and LGBTQ+ people. We will continue to make efforts to improve our corporate value over the medium and long term.

With regard to the promotion of women's activities in particular, we will analyze issues at each stage of recruitment, retention, and promotion to management positions, and plan and implement various measures with the understanding and cooperation of all relevant layers and staff. Diversity-related goals and initiatives will be disclosed on our website as appropriate.

«PPIH Diversity Management Committee »

https://ppih.co.jp/csr/priority_issues/diversity_management/

«PPIH Establishing a working environment that supports diverse work styles»

https://ppih.co.jp/csr/priority_issues/working_environment/

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

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

The Company discloses information on its corporate philosophy—"valuing the customer as our utmost priority"—and on its business model and other policies, management strategies, and management plans through its various communication tools, which include the investor relations information, financial results briefing materials, and integrated reports available on its corporate website.

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

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

The Company endeavors to entrench its corporate philosophy—"valuing the customer as our utmost priority"—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 Policy on Corporate Governance” under “I. Basic Policy on Corporate Governance, Capital Structure, Company Details, and Other Basic Information” in this report for more information on the Company’s basic policy on corporate governance.

iii) Board policies and procedures in determining the remuneration of the senior management and directors

For the policy and procedures in determining the basic remuneration for Directors (excluding Directors who are members of the Audit Committee) and the process for the determination, etc., please refer to 2.1 "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods".

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

In nominating candidates for Directors (excluding Directors who are members of the Audit Committee), the Company shall take into consideration the abilities, experience and personalities of the candidates, as well as their ability to make prompt decisions in response to the rapidly changing business environment and to supervise appropriate risk management and business execution. The Nomination and Compensation Committee, which is an advisory body to the Board of Directors, deliberates and reports on the nominees, and the Board of Directors makes a decision.

In nominating candidates for Audit & Supervisory Board Members, the Company ensures a balance of knowledge of finance and accounting, diverse perspectives on corporate management, and other factors, while taking into consideration the supervisory function of business execution, etc. The Board of Directors makes decisions after comprehensive consideration in consultation with the Audit & Supervisory Board.

v) Explanations with respect to the individual appointments/dismissals and nominations based on iv)

Information on appointments and dismissals of members of senior management are disclosed as required by law.

The election and dismissal of senior management will be 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 our corporate principle of "The Customer Matters Most," we recognize that promoting sustainability is an extremely important management issue in order to continue to be a store that customers appreciate and choose at all times.

In the mid-to-long-term management plan announced in March 2020, we identified materiality issues in the areas of E (environment), S (society), and G (governance). Measures for each materiality are planned and formulated by each committee, discussed and decided by the Executive Committee, and reflected in our business activities.

In addition, we will continue to engage in dialogue with a wide range of stakeholders regarding the content and progress of our initiatives and strive to proactively disclose information.

■ Our approach to sustainability, the content of our initiatives, and our promoting system are disclosed on our website and on our sustainability website.

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

■ New Mid-Term Management Plan Passion2030 (announced in February 2020)

In our new mid-term management plan, Passion 2030, we announced our ESG promotion policy and roadmap, as well as our commitment to organizational and human resource development (including investment in human capital) and DX promotion (including investment in intellectual capital) to achieve our management targets for 2030.

<https://ppih.co.jp/ir/guide/strategy/>

In the future, we will set specific targets for each of the sustainability issues, work together as a group, and expand the disclosure of information on the PPIH website, in the Integrated Report, and in the ESG Data Book.

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 Groupwide 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 Audit & 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 clearly 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 its operations management.

Principle 4-8: Appointment of Multiple Independent Outside Directors

At present, there are five outside directors among the 15 directors of the Company. All five outside directors are independent from the Company and have been 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 three or more members, a majority of whom are independent outside directors. The chairman of the committee is selected from among the independent outside directors by a resolution of the Board of Directors.

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

- Matters concerning the election and dismissal of Directors
- Matters concerning the selection and dismissal of Representative Directors
- Matters concerning the remuneration of Directors
- Other matters for which the Board of Directors requests consultation

Supplementary Principle 4.11.1 Policies and Procedures Regarding the Appointment of Directors

The Board of Directors is tasked with facilitating the ongoing growth and improvement of the corporate value of the Company and with making swift, rational decisions. For this reason, the Company endeavors to appoint an appropriate number of directors by proposing to the General Meeting of Shareholders director candidates that are of superior temperament and that possess extensive insight, experience, and skills in the field of retail, the Company's principal business, as well as in other fields.

Outside directors, meanwhile, must oversee management from an impartial and unbiased standpoint. Accordingly, the Company appoints the appropriate number of outside directors while seeking out individuals that have experience in important positions, have been corporate managers, or that possess insight in a variety of fields.

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 30, 2021, the Company assessed the effectiveness of the Board of Directors through the following process, and 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. As a result, the Board of Directors was evaluated to be effective.

On the other hand, the Board of Directors is required to further strengthen the system for sustainable growth and medium- to long-term enhancement of corporate value, including further enhancement of the nomination and compensation functions and measures for sustainability.

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 questionnaire results
- (4) Discussions 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]

- Proceedings based on the corporate philosophy
- Construction of appropriate management systems, including whistleblower systems and the practice of monitoring
- Appropriate opportunities to take advantage of the experience of outside directors

[Pressing issues for the Company's Board of Directors]

- Strengthening the efforts on cost of capital, ESG and etc. into management strategies
- Further build upon the transparency of nomination and compensation
- Creation of training opportunities for directors and sophistication of its contents

Going forward, the Company will implement measures to address issues identified based on the evaluation results 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 as well as consultants with matters related to ESG.

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) The CFO has been designated as the officer responsible for investor relations. In addition, the Investor Relations Department has been placed under the direct jurisdiction of the CFO and designated as the division responsible for investor relations.

(2) Relevant information is relayed to the officer responsible for investor relations in order to ensure that they are able to maintain an understanding of important internal matters while the division responsible for investor relations promotes cross-division coordination with organizations responsible for legal affairs, finances, accounting, sales, property development, and other areas as necessary in order to facilitate the appropriate disclosure of information.

(3) The officer and division responsible for investor relations respond appropriately to requests for meetings from analysts and institutional investors and hold quarterly financial results briefings. The president and CEO also takes 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 reports, PPIH reports, monthly sales reports, etc.) as part of the Company's efforts to support the investment decisions of shareholders and other investors (some information is only available in Japanese).

(4) 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.

(5) 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.

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 (%)
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Credit Suisse AG Hong Kong Trust A/C Clients for DQ Windmolen B. V.	134,028,000	21.13
FamilyMart Co.,Ltd.	64,438,284	10.95
The Master Trust Bank of Japan, Ltd. (Trust Account)	39,513,700	6.23
Anryu Shoji Co., Ltd.	33,120,000	5.22
Custody Bank of Japan, Ltd. (Trust Account)	26,847,700	4.23
Yasuda Scholarship Foundation	14,400,000	2.27
JP MORGAN CHASE BANK 385632	10,874,437	1.71
GIC PRIVATE LIMITED -C	7,739,200	1.22
STATE STREET BANK WEST WEST CLIENT-TREATY 505234	7,567,536	1.19
GOVERNMENT OF NORWAY	7,074,295	1.12

Controlling Shareholder (except for Parent Company)	-
Parent Company	No

Supplementary Explanation

Status of major shareholders is as of June 30, 2021.

In the Large Shareholding Report made available for public inspection on November 22, 2018 and the Change Report made available for public inspection on September 24, 2020, it is stated that Mizuho Bank, Ltd. and one other company hold the following shares as of September 15, 2020.

However, since the Company is unable to confirm the actual number of shares held as of June 30, 2021, they are not included in the above list of major shareholders. The details of the Large Shareholding Report are as follows.

Name	The number of shares held (Share)
Mizuho Bank, Ltd.	2,400,000 shares (0.38%)
Asset Management One Co., Ltd.	22,651,500 shares (3.57%)
Total	25,051,500 shares (3.95%)

In addition, as stated in the "Notice Concerning Results and Completion of Acquisition of Own Shares through off-floor trading(ToSTNeT-3) and Changes in Major Shareholders" released on September 7, 2021, the Company acquired 36,380,900 shares from FamilyMart Co., Ltd. As a result, FamilyMart Co., Ltd. is no longer a major shareholder.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
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
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 owns one listed subsidiary and respects the independence of management based on the basic policy of "respecting the autonomy of management and actively providing guidance and advice for the improvement of management, in order to achieve business goals as a whole."

The company is positioned for the purpose of efficient utilization and management of the Group's real estate, and by consolidating the management, operation, maintenance, etc. of the Group's properties and store assets, the Group's retail companies will be able to focus on their core businesses, which will greatly benefit the Group as a whole from an efficiency perspective. The company's Board of Directors will receive reports on the status of the company's business execution in a timely and appropriate manner, and the Internal Audit Office will work with the company to ensure the appropriateness of its business execution.

For the purpose of developing a system based on a common understanding with the company, the "Compliance Committee" provides guidance and support as necessary. We also have established the "Regulations for the Management of Affiliated Companies" to manage the business operation as a Group.

In order to ensure independent decision-making, the company has appointed several independent outside directors, which enables the company to take in a wide range of insights from an independent standpoint without the risk of conflicts of interest with general shareholders on important matters related to the operation of the company, and the system is designed to ensure appropriate management decisions.

Furthermore, when the company engages in transactions with the Company and its Group companies, the details and conditions of the transactions are determined through fair and appropriate procedures in the same manner as third-party transactions.

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 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	5
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	
Yukihiko Inoue	Other												
Yasunori Yoshimura	Academic												
Tomiaki Fukuda	Comes from other company								○				
Jumpei Nishitani	Academic												
Isao Kubo	Comes from other company												

* 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 & 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	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukihiko Inoue	○	○	-	Yukihiko Inoue has been appointed as an outside director as it was judged that he could use his experience as superintendent-general of the Metropolitan Police Department to perform his duties in an effective manner and from an objective standpoint. It was also judged that he does not present the risk of conflicts of interest with general shareholders and thus fulfills the requirements for being designated as an independent director. Mr. Inoue has therefore been designated as an independent director.
Yasunori Yoshimura	○	○	-	Yasunori Yoshimura has been appointed as an outside director as it was judged that he could use his experience from important positions, such as special advisor to the Cabinet, university professor, and chairman of various academic associations, to perform his duties in an effective manner and from an objective standpoint. It was also judged that he does not present the risk of conflicts of interest with general shareholders and thus fulfills the requirements for being designated as an independent director. Mr. Yoshimura has therefore been designated as an independent director.
Tomiaki Fukuda	○	○	Tomiaki Fukuda, Director and the member of Audit Committee, was	Mr. Fukuda has been appointed as an outside director as it was judged that

			<p>until recently the Chairman of the Japan Wrestling Association. The Company provides monetary support to the Association to sponsor wrestling competitions and other activities. This support is carried out to promote the sound development of youths through sports and as part of the Company's contributions to society in preparation for the Olympic and Paralympic Games Tokyo. The federation's philosophy resonates with the Company, and the Company provides support as part of its CSR activities. The amount of this payment is approximately ¥26 million per year (less than 0.01% of consolidated net sales and selling, general and administrative expenses of the Company), and the Company therefore believes that Mr. Fukuda has sufficient independence from the Company.</p>	<p>he could use his experience from important positions, such as president of the Japan Wrestling Federation, to perform his duties in an effective manner and from an objective standpoint. It was also judged that he does not present the risk of conflicts of interest with general shareholders and thus fulfills the requirements for being designated as an independent director. Mr. Fukuda has therefore been designated as an independent director.</p>
Jumpei Nishitani	○	○	-	<p>Jumpei Nishitani has been appointed as an outside director as it was judged that he could use the specialized knowledge and wealth of experience pertaining to accounting and economics gained through his position as a professor of a university's faculty of business administration to perform the duties of an outside director that is an Audit & Supervisory Committee member in an effective manner. It was also judged that he does not present the risk of conflicts of interest with general shareholders and thus fulfills the requirements for being designated as an independent director. Mr. Nishitani has therefore been designated as an independent director.</p>
Isao Kubo		○	<p>Isao Kubo, Director, held the positions of Director, Senior Managing Executive Officer, CSO and Advisor and so forth of FamilyMart Co.Ltd. He left the company in June 2021. The company used to be a major shareholder of the Company, but already sold part of its shares. As a result, it is no longer a major shareholder. Therefore, we believe that Mr. Kubo has sufficient independence from the Company.</p>	<p>Isao Kubo has been appointed as an outside director as it was judged that he could use his extensive experience and broad knowledge of management gained through holding key positions at ITOCHU Corporation and FamilyMart Co., Ltd., to perform the duties of an outside director in an effective manner. It was also judged that he does not present the risk of conflicts of interest with general shareholders and thus fulfills the requirements for being designated as an independent</p>

				director. Mr. Kubo has therefore been designated as an independent director.
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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	1	1	4	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 & Supervisory Committee (Auditors' Office) with staff exclusively dedicated to assisting the Audit & 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 & 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 & 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 implementation of the Audit & Supervisory Committee's instructions.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Departments

- (1) The Internal Audit Department provides the Audit & Supervisory Committee with timely and accurate updates on the implementation of internal controls.
- (2) Directors and employees of the Company and of Group companies (excluding directors who are Audit & Supervisory Committee members) shall promptly inform the Audit & 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 of Group companies (excluding directors who are Audit & Supervisory Committee members) must respond promptly when requested by the Audit & 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 & Supervisory Committee concerning information related to the aforementioned matters.

[Voluntary Establishment of Nomination/Remuneration Committee]

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

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

Supplementary Explanation

The Nomination and Compensation Committee was established as a voluntary advisory body to the Board of Directors for the purpose of enhancing fairness, objectivity, and transparency in the evaluation and decision-making process regarding the nomination and compensation of directors, etc., and to further enhance the corporate governance system.

The role of the Nomination and Compensation Committee is to advise the Board of Directors on matters related to the appointment and dismissal of Directors, the selection and dismissal of Representative Directors, etc., and the compensation of Directors, etc.

The Nomination and Compensation Committee is composed of at least three members, the majority of whom are independent outside directors. The chairperson of the committee is selected by resolution of the Board of Directors from among the members who are independent outside directors.

The Nomination and Compensation Committee determines the policy for determining the remuneration, etc., of each individual director of the Company after verifying the appropriateness of such policy at a meeting of the Board of Directors.

(Composition of the Nomination and Compensation Committee)

Chairman (Outside Director) Yukihiro Inoue

Member (Outside Director) Yasunori Yoshimura

Member (Representative Director) Naoki Yoshida

(Major deliberations of the Nomination and Compensation Committee)

- Organizing the roles of the Nomination and Compensation Committee
- Policy for determining remuneration, etc. of individual directors of the Company
- Confirmation and deliberation of the Company's executive compensation system
- Review and deliberation of the Company's executive compensation system
- Consideration of the executive compensation system for the 42nd term and thereafter

[Independent Directors]

Number of Independent Directors	5
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Matters relating to Independent Directors

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[Incentives]

Incentive Policies for Directors	Stock Options
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Supplementary Explanation

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 & Supervisory Board members. At the same time, share-based stock options were introduced for directors (excluding those that are Audit & Supervisory Committee members) with an exercise price of ¥1. 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 ¥40 billion annually for share-based stock options, which is to be separate from existing monetary compensation.

The stock options issued to directors (excluding those that are Audit & Supervisory Committee members) as of September 30, 2021, is as follows.

(1) First Share-Based Compensation Stock Options

Issue date: June 26, 2015

Number of share acquisition rights: 13 (800 shares of common stock can be acquired from 1 share acquisition right)

Number of recipients: 3

Issue amount: ¥993,600 per share acquisition right

Exercise price of share acquisition rights: ¥1 per share

(2) Second Share-Based Compensation Stock Options

Issue date: December 28, 2015

Number of share acquisition rights: 25 (400 shares of common stock can be acquired from 1 share acquisition right)

Number of recipients: 3

Issue amount: ¥403,000 per share acquisition right

Exercise price of share acquisition rights: ¥1 per share

(3) Third Share-Based Compensation Stock Options

Issue date: June 1, 2017

Number of share acquisition rights: 140 (400 shares of common stock can be acquired from 1 share acquisition right)

Number of recipients: 3

Issue amount: ¥404,600 per share acquisition right

Exercise price of share acquisition rights: ¥1 per share

(4) Fourth Share-Based Compensation Stock Options

Issue date: June 29, 2018

Number of share acquisition rights: 500 (400 shares of common stock can be acquired from 1 share acquisition right)

Number of recipients: 3

Issue amount: ¥494,300 per share acquisition right

Exercise price of share acquisition rights: ¥1 per share

(5) Fifth Share-Based Compensation Stock Options

Issue date: April 10, 2019

Number of share acquisition rights: 590 (400 shares of common stock can be acquired from 1 share acquisition right)

Number of recipients: 3

Issue amount: ¥647,500 per share acquisition right

Exercise price of share acquisition rights: ¥1 per share

(6) Sixth Share-Based Compensation Stock Options

Issue date: November 2, 2021

Number of share acquisition rights: 250 (100 shares of common stock can be acquired from 1 share acquisition right)

Number of recipients: 1
 Issue amount: ¥223,000 per share acquisition right
 Exercise price of share acquisition rights: ¥1 per share

In addition, following a resolution of the Board of Directors' meeting held on June 30, 2016, the Company issued 225 offered stock acquisition rights (the first paid-in stock option) to the current 9 Directors (including 3 Directors who are members of the Audit Committee). (400 shares of the Company's common stock per stock acquisition right, issue price of 2,000 yen per right, exercise price of 925 yen per share)

Recipients of Stock Options	Inside Directors / Outside Directors / Parent Company's Employee / Subsidiaries' Directors / Subsidiaries' Employee
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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 directors and employees ranked senior staff or above of the Company and its subsidiaries. Following a resolution at the meeting of the Board of Directors held on June 30, 2016, share acquisition rights were issued to the aforementioned eligible individuals (first paid-in stock options).

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 & Supervisory Board members. At the same time, share-based stock options were introduced for directors (excluding those that are Audit & Supervisory Committee members) with an exercise price of ¥1. 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 Remuneration]

Disclosure of Individual Directors' Remuneration	Not Disclosed
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Supplementary Explanation

In the fiscal year ended June 30, 2021, compensation totaling ¥226 million was paid to twelve directors (excluding those that are Audit & Supervisory Committee members) and compensation totaling ¥43 million was paid to six directors that are Audit & Supervisory Committee members (of which ¥38 million was paid to six outside directors).

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

In January 2021, the Company established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors in order to enhance the fairness, objectivity, and transparency of the evaluation and decision-making process regarding the nomination and compensation of directors and to further enhance the corporate governance system.

The role of the Nomination and Compensation Committee of the Company is to discuss and advise the Board of Directors on matters related to the election and dismissal of directors, matters related to the selection and dismissal of representative directors, matters related to the remuneration of directors, and other matters as requested by the Board of Directors.

The Nomination and Compensation Committee is composed of three or more members, the majority of whom are independent outside directors. The chairperson of the Committee is appointed by resolution of the Board of Directors from among the members who are independent outside directors.

The Nomination and Compensation Committee verifies the appropriateness of the policy for determining the individual remuneration of the Company's directors, and then the policy is determined by resolution of the Board of Directors.

The details of the policy for determining the remuneration of individual directors of the Company are outlined below.

1. Basic Policy

The Company's basic policy is that the remuneration of Directors shall be based on a remuneration system that takes into account the interests of shareholders so as to function as an incentive for the sustainable enhancement of corporate value. The remuneration for each director is determined at an appropriate level based on the responsibilities of each director.

2. Policy for Determining the Amount of Basic Remuneration (Monetary Remuneration) by Individual

The remuneration system for the Company's directors (excluding those that are Audit & Supervisory Committee members) consists of basic remuneration as monthly fixed monetary remuneration and stock compensation-type stock options (non-monetary remuneration) for the purpose of sharing shareholder interests. However, the Company has suspended the granting of stock compensation-type stock options since March 25, 2019, and is continuing to examine the appropriate remuneration system for directors.

The basic remuneration for the directors is fixed monthly monetary remuneration, and the Company considers the level of remuneration for directors at other companies of the same scale, the Company's business performance, and the salary level of employees, in accordance with the position and responsibilities of each director. Basic remuneration is paid on a monthly basis.

3. Policy on Determining the Content of Individual Remuneration for Directors

The Company's Board of Directors has delegated to the president & CEO, representative director the authority to determine the specific details of individual remuneration for each director of the Company.

The content of this authority is the evaluation and allocation of the determination of the amount of basic remuneration for each director.

However, in order to ensure that the delegated authority is exercised appropriately, the delegatee must hold sufficient discussions with the independent outside directors through the Nomination and Compensation Committee.

The remuneration of directors who are members of the Audit & Supervisory Committee is determined through discussions among the Audit & Supervisory Committee members within the scope of the total amount of remuneration approved by a resolution of the General Meeting of Shareholders.

[Supporting System for Outside Directors]

Five of the Company's fifteen directors are outside directors, and four outside directors are Audit & Supervisory Committee members. The Auditors' Office is responsible for tasks such as arranging meetings of the Audit & Supervisory Committee and managing meeting minutes and will support the outside directors in their duties when required.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate 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 chaired by the representative president, meets at least once a month to discuss and determine important issues concerning business activities. The Board of Directors comprises fifteen members, ten of which are directors (excluding those that are Audit & Supervisory Committee members), of which one is the outside director, and five are directors that are Audit & Supervisory Committee members, of which four are outside directors.

The execution of duties by directors are audited by the Audit & Supervisory Committee (four out of five members are outside directors) and, when necessary, the Audit & Supervisory Committee will work with the

independent auditor to facilitate the execution of audits. In addition, management has designated all the five outside directors as independent directors, who contribute broad-based knowledge from an objective position free from any conflicts of interest with general shareholders. Such input is applied to issues important from a corporate administration perspective, such as the formulation of companywide business strategies, and management therefore believes that the current Board of Directors structure is conducive to suitable decision-making processes.

(2) Compliance Committee

Takayuki Hyuga, Executive Officer in charge of Legal & Compliance, is in charge of fraud prevention planning, planning of inspections and investigations, verification of inspection and investigation results, sharing and verification of other companies' fraud cases, etc.

The members of this committee are as follows. The committee is chaired by Takayuki Hyuga, Executive Officer in charge of Legal & Compliance, and consists of six members: Junpei Nishitani, Director (Audit & Supervisory Board Member), Hideki Moriya, Director and Managing Executive Officer, Keiji Hayakawa, Executive Officer, Shuichi Takeuchi, Executive Officer, and one other member. Note that Junpei Nishitani, Director (Audit & Supervisory Board Member), is an outside director.

(3) Nomination/Remuneration Committee

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

The role of the Nomination and Compensation Committee of the Company is to deliberate and report on matters concerning the election and dismissal of Directors, matters concerning the selection and dismissal of Representative Directors, etc., matters concerning the remuneration, etc., of Directors, and other matters consulted by the Board of Directors.

The Committee is chaired by Yukihiro Inoue, Director (Audit & Supervisory Board Member), and consists of two members: Naoki Yoshida, Representative Director, and Mr. Yasunori Yoshimura, Director (Audit & Supervisory Board Member). Yukihiro Inoue and Yasunori Yoshimura are outside directors.

(4) Outside Directors

The Company has five outside directors. The outside directors are appointed on the expectation that the individuals will offer opinions and point out issues helpful to management from an external perspective, based

on specialized knowledge and experience in corporate management, and thereby contribute to enhanced management soundness and transparency. Outside Director Jumpei Nishitani, as a professor of a university's faculty of business administration, has a high level of specialized knowledge and possesses considerable insight regarding finance and accounting.

All five directors were designated as independent directors in accordance with rules set by the Tokyo Stock Exchange, to which notifications were submitted.

The Company has no clear-cut criteria or policies regarding the independence of individuals appointed as outside directors. However, in the appointment process, a candidate for outside director is evaluated on the ability to maintain a sufficient degree of independence to perform assigned duties independent of the management team.

(5) Internal Audit Department

The Internal Audit Department, under the direct authority of the Board of Directors, is independent from divisions that execute operations. This department provides a point of contact, as necessary, between the independent auditor and Audit & Supervisory Committee members and undertakes audits, based on an auditing plan, to ascertain the legality and appropriateness of the activities of divisions and subsidiaries. In addition, the department applies an internal control perspective to its monitoring of key business practices in all divisions, at stores, and at subsidiaries. There are five employees in Internal Audit Department.

(6) Other

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 preconfirmation 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 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 Audit & Supervisory Committee structure described in the Companies Act of Japan. The Company thus transitioned from the prior Company with Board of Company Auditors structure to the Company with Audit & Supervisory Committee structure effective September 28, 2016. In conjunction with the transition, the Audit & Supervisory Committee was established and directors that are Audit & 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 in order 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 41st Ordinary General Meeting of Shareholders held on September 29, 2021, the convocation notice was sent 5 days prior to the statutory date and posted on the Company's website 3 days prior to the date of dispatch.
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	Quarterly briefings for analysts and institutional investors are held to explain the financial figures from CFO. In the fiscal year ended June 30, 2021, the Representative Director attended all briefings and explained the business strategy, etc.	Yes
Regular Investor Briefings for Overseas Investors	Telephone/web conferences are held for the investors in Europe, North America, Asia, etc.	Yes
Posting of IR Materials on Website	Financial summaries, financial results briefing materials, non-financial disclosures, annual securities reports, quarterly business reports, and other investor relations materials are made available on the Company's corporate website (https://ppih.co.jp/en/ir/) to facilitate understanding of the Company among investors and other individuals (some information is available in Japanese only). In addition, the	

	Company proactively discloses information in English for the benefit of overseas investors.
Establishment of Department and/or Manager in Charge of IR	The CFO has been designated as the officer responsible for investor relations and the IR Division has been designated as the division responsible for investor relations.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	As a company that creates new store formats while adhering to its corporate philosophy of “valuing the customer as our utmost priority,” the Company implements various measures to develop stores that excite customers through high-quality amusement and services.
Implementation of Environmental Activities, CSR Activities etc.	<p>Based on corporate principle "the Customer Matters Most," the Company group is promoting ESG initiatives to continue to be a chosen store that pleases customers, strive to achieve sustainable growth and increase corporate value over the medium to long-term perspective. Moreover, the Company also believes that ESG's initiatives through our core business overlap with Sustainable Development Goals (SDGs) of the United Nations.</p> <p>In terms of environment, we will continue to contribute to the construction of a sustainable society by implementing environmentally friendly measures in the store opening areas, such as recycling cardboard resources used in stores and promoting eco-bags, in addition to the introduction of the latest energy-saving equipment that enables efficient operation of air conditioning facilities and LED lighting.</p> <p>UNY Co., Ltd., which has been certified as an “eco-first company” by the Minister of the Environment, is promoting environmental initiatives such as recycling of food waste, containers and packaging, and conducting environmental learning at its stores. In addition, it will also strive to enhance various educational opportunities and welfare benefits for the employees to create a comfortable working environment. Furthermore, in July 2021, the "Sustainability Committee" was established to address environmental measures and supply chain management on a more company-wide basis.</p> <p>In terms of social activities, the Diversity Management Committee, which was established in November 2020, is playing a central role in promoting diversity by recognizing diversity, promoting the activities of women, and increasing employee understanding of sexual minorities.</p>

	<p>We have also invited outside lecturers to conduct training for employees to further promote understanding.</p> <p>In addition, in order to create a society where families can raise their children with peace of mind and smiles on their faces, we have opened childcare facilities within the Group's business sites to eliminate child on waiting list for childcare services, and revitalize the local community. We are committed to creating a comfortable work environment by providing these benefits.</p> <p>In our daily social contribution activities, we make use of the Group's core business to engage in dialogue and cooperation with the local community, including on-site sales at nursing homes and support facilities for the physically challenged, and work experience for elementary and junior high school students at our stores.</p> <p>In addition, the late-night operation of our stores enables them to function as a safe harbor in times of emergency, and we are committed to continuously contributing to communities in the manner made possible by these late-night operations.</p> <p>In terms of corporate governance, we will strive to strengthen governance to increase management transparency. Based on the principle that business activities that adhere to high ethical standards are a prerequisite for corporate survival, we will establish an early response system internally and seek advice from outside experts to ensure the legality of our corporate governance system and its operations. Furthermore, we will actively disclose quantitative and qualitative information in the ESG field, referring to international guidelines.</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 in accordance with 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>

(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.

(2) To ensure 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 & Supervisory Committee, which has the participation of outside directors, conducts thorough audits that ensure impartiality and transparency from a position independent of influence of directors (excluding those that are Audit & Supervisory Committee members).

(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.

2. System for storing and managing information related to the execution of duties by directors

(1) The minutes of shareholders' meetings, Board of Directors' meetings, and other important meetings along with any and all 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 evaluate lateral risks from a compliance standpoint for the entire Group companies and examine 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 efficient execution of duties by directors

(1) Rules related 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 officer 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 that report an actual or possible violation from any sort of disadvantage for bringing potential infractions to light.

6. System ensuring appropriateness of operations at the Company and at 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 Department 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 Management of Affiliated Companies. These rules provide guidelines for monitoring business activities at Group companies.

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

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

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

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

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

(2) Directors and employees of the Company and of Group companies shall promptly inform the Audit & 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 of Group companies must respond promptly when asked by the Audit & 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 & Supervisory Committee concerning information related to the aforementioned matters.

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

(1) Opportunities are provided for the Audit & Supervisory Committee to communicate with directors (excluding those that are Audit & Supervisory Committee members) of the Company as well as the directors and audit & supervisory board members of Group companies to make audits as effective as possible. The Audit & Supervisory Committee keeps close ties with the Internal Audit Department 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 & Supervisory Committee confirms the appropriateness of the content therein.

(2) The Audit & 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 & 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 with 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 Crisis Management Department to respond to inappropriate requests by antisocial forces, implement in-house training, and address any questionable activities.

(3) The Crisis Management Department 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. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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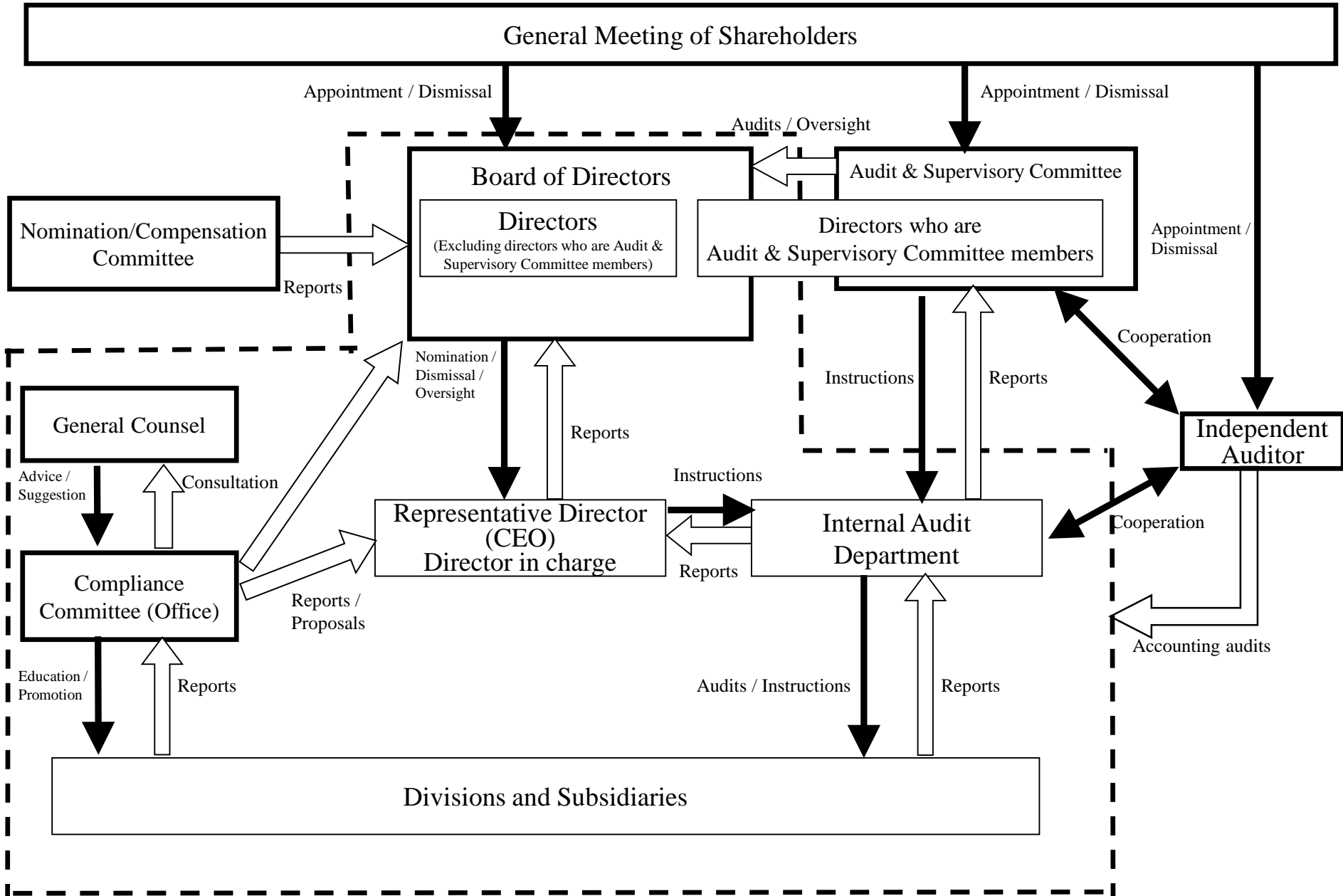
Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System

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< Corporate Governance Structure >



< Timely Disclosure System >

