

Corporate Governance

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YOKOREI Co., Ltd.

President and Representative Director: Hiroyuki Matsubara

Contact: Yutaka Yoshida,

Corporate Officer & Public Relations

and IR Dept. General Manager

Securities code: 2874

The following outlines YOKOREI's commitment to corporate governance.

I. Corporate Governance Philosophy, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic philosophy

The YOKOREI Group seeks to fulfil the trust of diverse stakeholders, to realize sustainable growth, and to increase corporate value over the medium to long term. In addition to this, with the aim of achieving fair and highly transparent management, the Group endeavors to speed up decision-making and strengthen checking functions to enhance corporate governance.

Our fundamental views on corporate governance are summarized on our website under the heading: Basic Policy on Corporate Governance.

[Reason not to Enforce Each Principle of the Corporate Governance Code]

Principle 2 Appropriate cooperation with stakeholders other than shareholders

Recognizing the importance of cooperating with all stakeholders, including shareholders, to generate sustainable growth for the Company and raise medium- to-long term corporate value, we will establish a management structure that makes it possible to respond to all changes in the economic and business environment by making the most of the business foundation we have created and abundant experience we have acquired. We have introduced various initiatives to foster a corporate culture and climate that respects the rights and positions of all stakeholders and sound business ethics. In addition to formulating the YOKOREI's Environmental Policy and YOKOREI Sustainability Vision 2030 concerning sustainability-related issues and building and promoting a system for operations and planning integrated with management, we appropriately disclose related initiatives. Recognizing that climate change-related risks and profit opportunities have a particularly important impact on our business, we have expressed our agreement with the spirit of the international disclose framework proposed by the Task Force on Climate-Related Financial Disclosures (TCFD) and have just launched an examination of ways to reinforce disclosure through the TCFD or equivalent frameworks.

Principle 2.4.1 Ensuring diversity in mid-career hires

In regard to hiring, we value diversity and promote the recruiting of diverse human resources regardless of gender, nationality, work experience, or other attributes. In YOKOREI Sustainability Vision 2030, we set the goal of at least doubling the number of female managers compared to fiscal 2020 (3 female managers) by fiscal 2030 to support the active participation of women, but as of now, there are no measurable targets related to hiring non-Japanese or mid-career people. As of September 30, 2021, of the 140 managers at YOKOREI, 3 were women, 0 were non-Japanese, and 48 were mid-career hires (1 of which was a women).

Supplementary Principle 2.5.1 Establishing a whistleblower hotline independent from the management team

Our internal whistleblowing system already in existence is effective at detecting risks at an early date and is functioning sufficiently well at promoting compliance; however, we would like to further strengthen this framework and are considering establishing an external whistleblower hotline independent from management.

Supplementary Principle 3.1.3 Sustainability-related initiatives, etc.

We formulated YOKOREI Sustainability Vision 2030 with an eye toward 10 years from 2020 to raise our medium- to long-term corporate value and have set harmony with the global environment, creating a rewarding workplace, providing better quality and service, developing together with local communities, and strengthening the business foundation and ensuring soundness as our materiality. In terms of creating a rewarding workplace, we will position human capital as the most important element of our business foundation and implement related measures. As for strengthening the business foundation and ensuring soundness, we actively work to improve our brand value, including intellectual property, as we reinforce corporate governance.

Recognizing that the impact of climate change-related risks and profit opportunities on our business is an important management issue, we have expressed our agreement with the spirit of the international disclose framework proposed by the Task Force on Climate-Related Financial Disclosures (TCFD) and have just launched an examination of ways to conduct disclosure based on the TCFD or equivalent frameworks.

Supplementary Principle 4.1.3 Oversight of a succession plan for the CEO and other top executives

We recognize that it is a top priority to foster a management team able to steadfastly achieve our business strategies based on our business principles and with a focus on future developments. As such, we plan to carry out discussions on our Nominating and Remuneration Advisory Committee

(with more than one half of its members being independent outside directors) and we will deepen debate regarding policies for fostering management and formulating a succession plan.

Supplementary Principle 4.2.2 Formulating basic policy on sustainability-related initiatives

We formulated YOKOREI Sustainability Vision 2030 with an eye toward 10 years from 2020 to raise medium- to long-term corporate value, have set harmony with the global environment, creating a rewarding workplace, providing better quality and service, developing together with local communities, and strengthening the business foundation and ensuring soundness as our materiality, and strive to solve related issues. The Board of Directors effectively supervises the allocation of business resources, including investments in human capital and intellectual property, and will launch various initiatives, including an examination of the business portfolio.

Principle 4.11 Preconditions for ensuring the effectiveness of the Board of Directors and the Board of Auditors

Our Board of Directors is composed of directors, 8 directors and 4 outside directors (Articles of Incorporation limit the number of directors to no more than 15), and they are selected in such a way that ensures a good overall balance in terms of knowledge, experience, and expertise related to the Corporate Management Sector, Cold Logistics Business Sector, and Food Sales Business Sector, and Customs Clearance Business Sector. We have also established a framework with officers in charge of overseas Group companies and have deemed our current composition to be diverse in terms of gender, work experience, and age and robust in terms of size. YOKOREI does not use internationality (nationality) as part of its criteria for appointment.

At present, no Board of Auditors members are certified public accountants or licensed tax accountants; however, we deem all members to possess knowledge of finance, accounting, and law from their prior professional experience and other career activities, and one appointed member possesses sufficient knowledge of finance and accounting from experience with corporate finance screening at a financial institution. We conduct an anonymous survey of all directors in order to assess the overall effectiveness of the Board of Directors and, as a commitment to improving Board functions, we strive to identify issues and make on-going improvements. We have confirmed that our current Board of Directors is operating appropriately overall.

Supplementary Principle 5.2 Basic policy regarding business portfolio

One example of the organizational reform initiatives given in phase I of our medium-term management plan is thoroughly managing our business portfolio, and we are currently examining several issues related to the business portfolio, including basic policy, goals, and changes.

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

Principle 1.4 Cross-Shareholdings

We regularly carry out a detailed examination of whether the benefits and risks balance out the cost of capital of our cross-shareholdings and the Board of Directors assesses the medium- to long-term economic rationale and future outlook of cross-shareholdings. Based on this analysis, we gradually sell any holdings whose strategic significance has diminished. With respect to the exercise of voting rights of shares held as cross-shareholdings, the Company formulates specific standards and discloses them, and makes decisions whether to approve or disapprove a proposal based on a comprehensive judgement of the relationship with the relevant company and whether such a proposal will lead to sustainable growth for the Group and increase of its corporate value over the medium to long term. This includes opposition to a proposal in cases where shareholder value will be significantly undermined by such issues as serious concerns resulting from social scandal, legal violations, organizational restructuring, and so forth.

Principle 1.7 Transactions with Related Parties

The Company will always obtain the approval of the Board of Directors when engaging in competing transactions and conflict-of-interest transactions with the Company's officers or with corporate entities that are substantially controlled by the Company's officers. The Company discloses the key facts appropriately in accordance with the provision of laws and regulations when it has engaged in such a transaction.

When engaging in transactions with its major shareholders, the Company obtains the approval of the Board of Directors in accordance with laws and regulations to ensure that such transactions do not harm the common interests of the Company and its shareholders, except when it is clear that the terms of transactions are the same as transactions in general.

Supplementary Principle 2.4.1 Ensuring diversity in mid-career hires

In regard to hiring, we value diversity and promote the recruiting of diverse human resources regardless of gender, nationality, work experience, or other attributes. In YOKOREI Sustainability Vision 2030, we set the goal of at least doubling the number of female managers compared to fiscal 2020 (3 female managers) by fiscal 2030 to support the active participation of women, but as of now, there are no measurable targets related to hiring non-Japanese or mid-career people. As of September 30, 2021, of the 140 managers at YOKOREI, 3 were women, 0 were non-Japanese, and 48 were mid-career hires (1 of which was a women).

Principle 2.6 Role of Corporate Pension Fund as Asset Owner

Given that the management of the corporate pension fund impacts on stable asset formation for

employees as well as the Company's financial position, the Company endeavors to assign and train human resources with the necessary experience and qualities so that the organization with the responsibility for managing the corporate pension fund can carry out the appropriate activities such as monitoring investment institutions. Moreover, the Company has introduced a defined contribution corporate pension plan as part of the welfare program and makes efforts to provide information on asset management in addition to providing explanations when employees join the Company. We are examining establishing a Corporate Pension Fund Management Working Group to manage the plan.

Principle 3.1 Full disclosure

- (1) We disclose information detailing our corporate philosophy, corporate strategies (Medium-Term Management Plan), and the like on our website and in our securities reports, earnings statements, and so on. Furthermore, we have formulated a Basic Policy on Corporate Governance and have published it on our website.
- (2) We aim to respond to the trust placed in us by a wide range of stakeholders and to realize sustainable growth and raise medium- to long-term corporate value. We also aim to practice highly transparent and fair management and we are always working to improve corporate governance through swifter decision making and stronger oversight functions.
- (3) Directors' remuneration is approved by the Board of Directors, limited to the scope passed by resolution at the General Shareholders Meeting, and based on the results of discussions and deliberations by the Nominating and Remuneration Advisory Committee (which has independent outside directors comprising a majority of its members). Director compensation is comprised of base compensation that is a fixed amount, performance-based compensation that reflects business results for one fiscal year, and stock compensation that reflects medium- to long-term business results. The rough ratios of each form of compensation, if performance targets are met, are 60% base compensation, 20% performance-based compensation, and 20% stock compensation. Outside director and corporate auditor compensation is only comprised of base compensation of a fixed amount.
- (4) The appointment of top management and the nomination of director and auditor candidates is spearheaded by representative directors, who compile a list of candidates taking into account knowledge and professional experience, as well as legally mandated qualifications. Final approval is made by the Board of Directors based on the results of discussions and deliberations by the Nominating and Remuneration Advisory Committee (which has independent outside directors comprising a majority of its members). If a member of top management is part of a

social scandal or has professionally violated a law or regulation, or the Company's Articles of Incorporation, or has considerably damaged corporate value through professionally negligent conduct, a framework is in place to ensure appropriate management, including dismissal upon comprehensive review by the Board of Directors.

(5) Explanation regarding the appointment and dismissal of candidates for director and auditor are provided in the “Reason for Appointing/Dismissing Directors and Auditors,” an attachment to this report.

■ Mr. Toshio Yoshikawa (Chairman and Representative Director)

Since being appointed president and representative director in December 2003, Mr. Yoshikawa has demonstrated leadership with clear foresight at the center of management, while striving to raise corporate value for the Group as a whole and leading the management team in pushing the Group forward. Mr. Yoshikawa is being nominated for director due to his abundant experience and knowledge being indispensable for improving the Group's sustainable corporate value.

■ Hiroyuki Matsubara (President and Representative Director)

With a track record as the Chief of the Corporate Management Sector and Chief of the Cold Logistics Business Sector, Mr. Matsubara has greatly contributed to improving the Company's corporate value through innovative vision and steadfast execution. Mr. Matsubara's experience and knowledge, in addition to his appropriate business management and operational supervision, are deemed to have contributed to improving the Group's sustainable corporate value, and as such he is being nominated for director.

■ Yuji Inoue (Executive Vice President and Director)

As a managing director, Mr. Inoue has assisted the chairman and president since December 2015 and has contributed to improving corporate value by, among other actions, leading the Company's business expansion. Mr. Inoue is deemed, through his experience and knowledge, to be a valuable resource capable of appropriately advising business management and supervising business operations, and as such he is being nominated for director.

■ Koji Ochi (Managing Director)

Mr. Ochi has been appointed to management posts of Group companies and to key posts in various sectors, while in the process contributing to the Company's development in a wide range of areas. He possesses extensive knowledge of the company because of this diverse experience. Due to being deemed capable of professionally pursuing business tasks, Mr. Ochi is being nominated for director.

■ Naotaka Yoshikawa (Director)

After amassing professional experience in the Cold Logistics Business Sector, Mr. Yoshikawa was appointed to various positions, including General Manager of the General Affairs and Human

Resources Department and then the General Manager of the Overseas Business Department, and has contributed to Company's development in various ways, including promoting greater business efficiency in the Food Sales Business Sector. Due to being deemed a valuable resource capable of leveraging his diverse experience and professionally pursuing business tasks, Mr. Yoshikawa is being nominated for director.

■ Mikio Hanazawa (Director)

After amassing professional experience in accounting, Mr. Hanazawa has been appointed to key posts, including Chief of the Corporate Management Sector and Chief of the Cold Logistics Business Sector, while in the process contributing to the Company's development in a wide range of areas. Due to being deemed a valuable resource capable of leveraging his diverse experience and professionally pursuing business tasks, Mr. Hanazawa is being nominated for director.

■ Kenji Furuse (Director)

Mr. Furuse has developed detailed knowledge of overall operations through his many years of professional experience in the Food Sales Business Sector. He has been appointed to key posts in the same sector and has served as General Manager of the Internal Audit Department, and currently contributes to the Company's development as the Chief of the Corporate Management Sector. Due to being deemed a valuable resource capable of leveraging his experience and specialized expertise, and also professionally pursuing business tasks, Mr. Furuse is being nominated for director.

■ Hiroshi Okada (Director)

Mr. Okada has developed detailed knowledge of overall operations through his many years of professional experience in the Cold Logistics Business Sector. After serving in key posts in the same sector, he was responsible for the Norway Business, and contributed to the Company's development in the process. Due to being deemed a valuable resource capable of leveraging his experience and specialized expertise, and also professionally pursuing business tasks, Mr. Okada is being nominated for director.

■ Mototsugu Sakai (Outside Director/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations
(2) Director relationships D. Relationships to the Company (2).

■ Yosuke Horiai (Outside Director/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations
(2) Director relationships D. Relationships to the Company (2).

■ Mitsuhiro Honda (Outside Director/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations
(2) Director relationships D. Relationships to the Company (2).

■ Yoriko Sakamoto (Outside Director/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations

(2) Director relationships D. Relationships to the Company (2).

■ Keizou Inoue (Outside Auditor/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations

(2) Director relationships D. Relationships to the Company (2).

■ Shuzo Hayashi (Outside Auditor)

Details given in section: II. 1. Matters related to institutional structure & organizational operations

(2) Director relationships D. Relationships to the Company (2).

■ Eizo Tanahashi (Outside Auditor/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations

(2) Director relationships D. Relationships to the Company (2).

■ Hisao Munakata (Outside Auditor/Independent Officer)

Details given in section: II. 1. Matters related to institutional structure & organizational operations

(2) Director relationships D. Relationships to the Company (2).

Supplementary Principle 3.1.3 Sustainability-related initiatives, etc.

We formulated YOKOREI Sustainability Vision 2030 with an eye toward 10 years from 2020 to raise medium- to long-term corporate value and have set harmony with the global environment, creating a rewarding workplace, providing better quality and service, developing together with local communities, and strengthening the business foundation and ensuring soundness as our materiality. In terms of creating a rewarding workplace, we will position human capital as an important element of our business foundation and implement related measures. As for strengthening the business foundation and ensuring soundness, we actively work to improve our brand value, including intellectual property, as we reinforce corporate governance. Recognizing that the impact of climate change-related risks and profit opportunities on business is an important management issue, we have expressed our agreement with the spirit of the international disclosure framework proposed by the Task Force on Climate-Related Financial Disclosures (TCFD) and have just launched an examination of ways to conduct disclosure based on the TCFD or equivalent frameworks.

Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors (1)

The Board of Directors shall make decisions on material matters stipulated in its Bylaws, in addition to matters stipulated in laws and regulations and the Company's Articles of Incorporation. Authority for decisions on other matters shall be delegated according to organizational rules prescribed by the Board of Directors and the Rules for the Division of Duties & Administrative Authority.

Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors

Based on the Tokyo Stock Exchange's criteria for independence, we have stipulated Standards for Outside Director and Outside Auditor Independence, and we select candidates who meet these standards.

Supplementary Principle 4.10.1 Appropriate participation and advice by independent outside directors through an independent Nominating and Remuneration Committee

We make decisions regarding the nomination and remuneration of managers and directors following deliberations by the Nominating and Remuneration Advisory Committee, more than half of whose members are independent outside directors, in order to follow proper procedures that are fair and highly transparent.

Supplementary Principle 4.11.1 Philosophy regarding the diversity of the directors, etc.

Our Board of Directors appoints directors, 8 of whom are directors and 4 of whom are outside directors, in such a way that ensures a good overall balance in terms of knowledge, experience, and expertise related to the Corporate Management Sector, Cold Logistics Business Sector, Food Sales Business Sector, and Customs Clearance Business Sector. We have also established a framework with officers in charge of overseas Group companies and have deemed our current composition to be diverse in terms of work experience and age and robust in terms of size, which is shown in the skill matrix. YOKOREI Group does not use gender as part of its criteria for appointment. When appointing directors, our representative directors select candidates who maintain a balance between excellent character, knowledge, experience, and expertise in such a way that will contribute to improving the Company's sustainable growth and corporate value. Appointments are finalized by the Board of Directors after deliberation by a voluntary advisory committee on nominating and remuneration (with a majority of their members being independent outside directors). With regard to dismissal, if a director has violated a law or regulation, or the Company's Articles of Incorporation, or if a director has considerably damaged corporate value through, for example, professionally negligent conduct, similar procedures as those for appointment are followed and dismissals are finalized by the Board of Directors after deliberation by an advisory committee on nominating and remuneration.

Supplementary Principle 4.11.2 Concurrent service of directors and auditors

When directors or auditors of the Company serve concurrently as officers or auditors of companies other than our Company, we limit the scope of said concurrent service so that they can appropriately fulfill their duty of diligence and duty of loyalty. Additionally, we disclose material facts of concurrent service every year in our notification of the Annual General Meeting of

Shareholders and our securities reports.

Supplementary Principle 4.11.3 Evaluation of the effectiveness of the Board of Directors

We conduct an anonymous survey of all directors in order to assess the overall effectiveness of the Board of Directors and, as a commitment to improving Board functions, we strive to identify issues and make on-going improvements. While we have confirmed the effectiveness of our current Board of Directors and are confident that it is operating appropriately overall, we will strive to distribute important reference material as quickly as possible and ensure more active discussions from broad points of view.

Supplementary Principle 4.14.2 Policy on Training for Directors and Auditors

The Company provides newly appointed Directors with opportunities to acquire the necessary information and knowledge on laws and regulations, management strategy, and finance required for appointment as well as providing ongoing training needed in order to fulfil their roles and responsibilities. The Company gives newly appointed Auditors and Outside Directors an overview of the Group's business and carries out site visits, providing opportunities to deepen their understanding of the Group's business.

Principle 5.1 Policy for constructive dialogue with shareholders

Through constructive dialogue with shareholders, the Company endeavors to contribute to sustainable growth and an increase in corporate value over the medium to long term. The Company has established the Public Relations and IR Department as a dedicated IR unit, and management executives and the Directors engage in dialogue with shareholders to the extent it is reasonable. The Company holds financial results briefings regularly (twice a year) and actively engages in investor meetings, facility tours, and interviews. In addition, by strengthening the collaboration of related departments through the officer with responsibility for the IR unit, the Company works to identify the actual composition of shareholders and to establish and operate rules on the prevention of insider trading.

2. Capital structure

Foreign shareholding ratio	10% or more but less than 20%
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[Major Shareholders]

Name	Number of shares held	Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,275,800	8.93
Matsuoka Co., Ltd.	2,551,600	4.32

The Dai-ichi Life Insurance Company, Limited	2,205,720	3.73
The Bank of Yokohama, Ltd.	2,176,955	3.68
The Norinchukin Bank	1,473,419	2.49
Hacchoko Co., Ltd	1,411,870	2.39
YOKOREI Employee Shareholding Association	1,192,140	2.01
SAKATA SEED CORPORATION	1,022,000	1.73
DFA INTL SMALL CAP VALUE PORTFOLIO	1,014,700	1.71
YOKOHAMA SHINKO CO., LTD.	892,000	1.51

Majority shareholders (excluding parent company)	-----
Parent company	None

Supplementary explanation

3. Corporate attributes

Stock exchange listing and section	Tokyo Stock Exchange, First Section
Fiscal year end	September
Industry sector	Wholesale Trade
Number of employees at end of previous fiscal year (consolidated)	Over 1,000
Net sales in the previous fiscal year (consolidated)	Between ¥100 billion and ¥1 trillion
Number of consolidated subsidiaries at end of previous fiscal year	Less than 10

4. Guidelines on measures to protect minority shareholders during dealings with majority shareholders

5. Other special circumstances that may have a material impact on corporate governance

II. Administrative Organizational Structure Covering Decision-Making, Execution, and Supervision in Management Activities, and Other Corporate Governance Systems

1. Matters related to institutional structure and organizational operations

Organizational form	Company with company auditor(s)
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[Matters Related to Directors]

Number of directors under the Articles of Incorporation	15
Term of service of directors under the Articles of Incorporation	2 years
Chairperson of the Board of Directors	Company president
Number of directors	12
Appointment of outside directors	Appointed
Number of outside directors	4
Number of outside directors designated as independent officers	4

Relationships to the Company (1)

Name	Affiliation	Relationship to the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Mototsugu Sakai	From another company									△			
Yosuke Horiai	Certified public accountant												
Mitsuhiro Honda	Academic												
Yoriko Sakamoto	Attorney												

*Categories of "relationships to the Company"

*A ○ icon indicates a category applicable to said person currently or recently. A △ icon indicates a category applicable to said person in the past.

*A ● icon indicates a category applicable to a close family member currently or recently. A ▲ icon indicates a category applicable to a close family member in the past.

- a Executive of a listed company or its subsidiary
- b Executive or non-executive director of the parent company of a listed company
- c Executive of a sister company of a listed company
- d A party whose major client or supplier is a listed company or an executive thereof
- e Major client or supplier of a listed company or an executive thereof
- f Consultant, accounting expert, or legal expert receiving a large monetary sum or other property, other than corporate officer remuneration, from a listed company
- g Major shareholder of a listed company (or an executive thereof, if the major shareholder is a

- corporation)
- h Executive (said person only) of a client or supplier (not covered by items d, e, and f) of a listed company
 - i Executive (said person only) of an entity with a mutual appointment of an outside director
 - j Executive (said person only) of an entity to whom a listed company makes donations
 - k Other relationship

Relationships to the Company (2)

Name	Independent officer	Supplementary explanation related to applicable items	Reason for selection
Mototsugu Sakai	○	-----	Mr. Sakai is from ZEN-NOH (the National Federation of Agricultural Cooperative Associations). He possesses a wealth of experience and wide-ranging expertise from his career in key positions at ZEN-NOH and he provides the Board of Directors with valuable opinions and advice on all aspects of business management. We deem that he will continue to provide valuable input for the overall management of the Company and, accordingly, have appointed him outside director. Furthermore, Mr. Sakai meets the Company's prescribed standards of independence for outside directors.
Yosuke Horiai	○	-----	As a certified public accountant, Mr. Horiai possesses abundant experience and considerable knowledge of corporate finance. We deem that, from this wealth of experience and expertise, he will provide the Board of Directors with valuable opinions and advice on all aspects of business management and, accordingly, have appointed him outside director. Furthermore, Mr. Horiai meets the Company's prescribed standards of independence for outside directors.

Mitsuhiro Honda	○	----	Mr. Honda has held various important taxation-related positions at the National Tax Agency and is currently active in various capacities, including as a professor at the University of Tsukuba Graduate School. Because of his abundant experience, we deem that Mr. Honda will provide the Board of Directors with valuable opinions and advice on all aspects of business management and, accordingly, have appointed him outside director. Furthermore, Mr. Honda meets the Company's prescribed standards of independence for outside directors.
Yoriko Sakamoto	○	----	Because of her abundant experience as an educator and extensive knowledge and experience as an attorney, we deem that Ms. Sakamoto will provide the Board of Directors with valuable opinions and advice on all aspects of business management from various perspectives. and, accordingly, have appointed her outside director. Furthermore, Ms. Sakamoto meets the Company's prescribed standards of independence for outside directors.

Voluntary establishment of committees equivalent to Nominating Committee or Remuneration Committee	Established
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Establishment of voluntary committees and their member composition and chairperson attributes

	Voluntary committee equivalent to Nominating Committee	Voluntary committee equivalent to Remuneration Committee
Committee name	Nominating and Remuneration Advisory Committee	Nominating and Remuneration Advisory Committee
Total members	6	6
Full-time members	2	2
Internal directors	2	2
Outside directors	4	4
Outside experts	0	0
Other members	0	0

Chairperson	Outside directors	Outside directors
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Supplementary explanation

We have established a Nominating and Remuneration Advisory Committee, which has independent outside directors comprising a majority of its members, as an advisory body to the Board of Directors for the purpose of strengthening the Board's supervisory functions and accountability, while also enhancing its discussions. This committee deliberates on matters related to the nomination and dismissal of directors, as well as matters of remuneration, and reports those results to the Board of Directors, thereby ensuring equitable, transparent, and objective proceedings by the Board with regard to nominations, remuneration, and the like.

[Matters Related to Auditors]

Establishment of a Board of Auditors	Established
Number of auditors under the Articles of Incorporation	4
Number of auditors	4

Coordination between Auditors, Accounting Auditors, and the Internal Auditing Department

The auditors regularly meet with certified public accountants carrying out accounting audit tasks and exchange information and opinions on audit plans and audit results, while coordinating in person for some of the audits by certified public accountants. In addition, they receive review reports from accounting audit firms at the time of quarterly earnings reports and they check any material issues that exist.

Also, our Internal Audit Department, which is a dedicated office independent from business execution tasks, takes charge of internal audits. Auditors work with the Internal Audit Department on an on-going basis to exchange information on audit plans, audit results, and the like. While maintaining a close relationship, they strive to facilitate the implementation of highly efficient and effective audits.

Appointment of outside auditors	Appointed
Number of outside auditors	4
Number of outside auditors designated as independent officers	3

Relationships to the Company (1)

Name	Affiliation	Relationship to the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Keizou Inoue	From another company										△			
Shuzo Hayashi	From another company							△						
Eizo Tanahashi	Attorney													
Hisao Munakata	Other													

*Categories of “relationships to the Company”

*A ○ icon indicates a category applicable to said person currently or recently. A △ icon indicates a category applicable to said person in the past.

*A ● icon indicates a category applicable to a close family member currently or recently. A ▲ icon indicates a category applicable to a close family member in the past.

- a Executive of a listed company or its subsidiary
- b Non-executive director or accounting advisor of a listed company or its subsidiary
- c Executive or non-executive director of the parent company of a listed company
- d Corporate auditor of the parent company of a listed company
- e Executive of a sister company of a listed company
- f A party whose major client or supplier is a listed company or an executive thereof
- g Major client or supplier of a listed company or an executive thereof
- h Consultant, accounting expert, or legal expert receiving a large monetary sum or other property, other than corporate officer remuneration, from a listed company
- i Major shareholder of a listed company (or an executive thereof, if the major shareholder is a corporation)
- j Executive (said person only) of a client or supplier (not covered by items f, g, and h) of a listed company
- k Executive (said person only) of an entity with a mutual appointment of an outside director
- l Executive (said person only) of an entity to whom a listed company makes donations
- m Other relationship

Relationships to the Company (2)

Name	Independent officer	Supplementary explanation related to applicable items	Reason for selection
Keizou Inoue	○	Mr. Inoue is from ZEN-NOH (the National Federation of Agricultural Cooperative Associations).	We are appointing Mr. Inoue outside corporate auditor because we deem him capable of appropriately auditing the business execution of directors due to his wealth of experience and knowledge from his career in key positions at ZEN-NOH and his later involvement in corporate management and audits. Furthermore, Mr. Inoue meets the Company's prescribed standards of independence for outside directors.
Shuzo Hayashi		Mr. Hayashi is from The Norinchukin Bank.	We are appointing Mr. Hayashi outside corporate auditor because we deem him capable of appropriately auditing the business execution of directors due to his wealth of experience and knowledge from his considerable professional work involved with business, finance, and accounting at The Norinchukin Bank.
Eizo Tanahashi	○	----	We are appointing Mr. Tanahashi outside corporate auditor because we deem him capable of appropriately auditing the business execution of directors due to his wealth of experience and knowledge from his considerable professional experience and his work involved with corporate law as an attorney. Furthermore, Mr. Tanahashi meets the Company's prescribed standards of independence for outside directors.
Hisao Munakata	○	----	We are appointing Mr. Munakata outside corporate auditor because we deem him

			<p>capable of adequately auditing the business execution of directors due to his wealth of experience and knowledge of crisis management and his career in key positions at the Defense Agency (now the Ministry of Defense), including Vice Chief of Staff and Inspector General of the North Eastern Army in the Ground Self-Defense Force.</p> <p>Furthermore, Mr. Munakata meets the Company's prescribed standards of independence for outside directors.</p>
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[Matters Related to Independent Officers]

Number of independent officers	7
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Other details concerning independent officers

<p>Mototsugu Sakai, Yosuke Horiai, Mitsuhiro Honda, and Yoriko Sakamoto were appointed at the 74th General Shareholders Meeting. All four individuals are independent officers in their capacities as outside directors. Mototsugu Sakai possesses abundant experience and broad knowledge, having held keys positions at ZEN-NOH (the National Federation of Agricultural Cooperative Associations), and we deem that he can provide valuable opinions on all aspects of business management. Yosuke Horiai possesses abundant experience as a certified public accountant and his considerable knowledge related to corporate finance, and because of his extensive experience and knowledge, we deem that he can provide the Board of Directors with valuable opinions and advice on all aspects of business management. Mitsuhiro Honda has held various important taxation-related positions at the National Tax Agency and is currently active in various capacities, including as a professor at the University of Tsukuba Graduate School. Because of his abundant experience, we deem that he can provide the Board of Directors with valuable opinions and advice on all aspects of business management. Because of her abundant experience as an educator and extensive knowledge and experience as an attorney, we deem that Yoriko Sakamoto can provide the Board of Directors with valuable opinions and advice on all aspects of business management from various perspectives.</p>

Independent officers Keizou Inoue, Eizo Tanahashi, and Hisao Munakata were appointed outside directors at the 73rd General Shareholders Meeting. From his experience with corporate management and auditing, we deem Keizou Inoue capable of providing advice to our management team and fulfilling supervisory functions with regard to business execution. We deem Eizo Tanahashi capable of utilizing his specialized knowledge and experience as an attorney to support our auditing systems. Hisao Munakata has had a career in key positions at the Defense Agency (now the Ministry of Defense), including Vice Chief of Staff and Inspector General of the North Eastern Army in the Ground Self-Defense Force. We deem him capable of utilizing his wealth of experience and knowledge of crisis management to support our auditing systems.

[Incentive-related Matters]

Implementation of measures to provide incentives to directors	Introduced stock option plan and other
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Supplementary explanation of this item

We approved the introduction of a stock compensation scheme at the December 19, 2014 General Shareholders Meeting in order to more clearly elucidate the link between director compensation and Company share price, while also increasing directors' incentive to achieve stronger operating results and to boost their level of awareness toward share price increases.

Stock option recipients	Internal Director
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Supplementary explanation of this item

A restricted stock compensation plan for internal directors was introduced in line with a proposal adopted at the 72nd General Shareholders Meeting held on December 20, 2019.

[Matters Related to Director Compensation]

Disclosure of individual director compensation	We do not disclose individual compensation.
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Supplementary explanation of this item

Director compensation detailed in the 74th term (the fiscal year ended September 30, 2021) securities report is as follows.

Recipients:

8 (excluding outside directors), Amount: 188 million yen (base compensation: 107 million yen,

bonus: 27 million yen, stock compensation: 54 million yen)

3 outside directors, Amount: 17 million yen (base compensation: 17 million yen)

Policy for determining compensation amounts and calculation methods

Yes

Disclosure of policy for determining compensation amounts and calculation methods

Directors' remuneration is determined by the Board of Directors, limited to the scope passed by resolution at the General Shareholders Meeting, and based on the results of discussions and deliberations by the Nominating and Remuneration Advisory Committee (which has independent outside directors comprising a majority of its members). Director compensation is comprised of base compensation that is a fixed amount, performance-based compensation that reflects business results for one fiscal year, and restricted stock compensation that reflects medium- to long-term business results. The rough ratios of each form of compensation, if performance targets are met, are 60% base compensation, 20% performance-based compensation, and 20% restricted stock compensation. Outside director and corporate auditor compensation are only comprised of base compensation of a fixed amount.

[Support System for Outside Directors (Outside Auditors)]

With regard to the Board of Directors agenda and relevant materials, the General Affairs Department provides advance copies and communicates necessary information to outside directors (outside auditors). Additionally, the Company assigns employees to assist with the duties of auditors.

[Former Representative Directors/Presidents]

Former representative directors/presidents in advisory/consulting positions

Name	Job title/position	Responsibilities	Employment terms (full-time, part-time, with/without compensation, etc.)	Date retired from said position	Term
-	-	-	-	-	-

Total no. of former representative directors/presidents in advisory/consulting positions

0

Other Matters

2. Matters on Functions Related to Business Execution, Auditing and Supervision, Nominations, and Remuneration Decisions (Overview of Current Corporate Governance System)

1. Board of Directors

The Company's Board of Directors consists of 12 members (four of whom, Mototsugu Sakai, Yosuke Horiai, Mitsuhiro Honda, and Yoriko Sakamoto, are independent outside directors) and, in addition to making decisions on important management issues and executing business tasks, the Board strives for mutual supervision among directors and thorough compliance. In principle, the Board meets once a month. Additionally, corporate officers are called to attend and contribute their opinions to Board meetings as necessary, while the Board endeavors to achieve dynamic management able to engage in swift and accurate decision making.

2. Executive Management Committee

The Executive Management Committee is comprised of the Chairman and Representative Director, the President and Representative Director, the Executive Vice President and Director, Managing Director, and the Chief of each Sector. The committee reviews matters referred to the Board and reports on transitional matters for important business execution, as well as the management of subsidiaries. In principle, the committee meets twice a month.

3. Auditors and the Board of Auditors

The Company has adopted a corporate auditor system that consists of four outside auditors (two of whom are part-time auditors). As noted in the section *Reasons for Appointing These Outside Auditors*, all of the Company's outside auditors possess broad experience and knowledge of finance, accounting, law, and crisis management, and their independence from the management team is ensured, while three auditors (Keizou Inoue, Eizo Tanahashi, and Hisao Munakata) are independent officers. Auditors visit business sites to conduct on-site audits following the audit policy and audit plan, while also auditing directors' execution of duties by attending Board of Directors meetings. Auditors, the Internal Audit Department, and accounting auditors exchange information on the results of audits and other matters and maintain a close relationship as they strive to facilitate the implementation of highly efficient and effective audits.

4. Status of accounting audits

The Company has signed an auditing agreement with Deloitte Touche Tohmatsu LLC to receive audits from an independent and unbiased point of view. The certified public accountants who have audited the Company are Konosuke Misawa, a designated limited liability partner and managing partner auditing us for the third consecutive year, Takaya Otake, a designated limited liability partner and managing partner auditing us for the sixth consecutive year, as well as seven certified public accountants assisting with the audit, in addition to ten other personnel.

5. Nominating and Remuneration Advisory Committee

We have established a Nominating and Remuneration Advisory Committee, which has independent outside directors comprising a majority of its members, as an advisory body to the Board of Directors for the purpose of strengthening the Board's supervisory functions and accountability, while also enhancing its discussions. This committee deliberates on matters related to the nomination and dismissal of directors, as well as matters of remuneration, and reports those results to the Board of Directors, thereby ensuring equitable, transparent, and objective proceedings by the Board with regard to nominations, remuneration, and the like.

3. Reason for adopting present system of corporate governance

The Company has adopted a corporate auditor system. Of the four auditors, all four are outside auditors (three of whom are independent officers) who possess the requisite knowledge and practical experience for performing the professional tasks of a corporate auditor. Furthermore, by making 4 of the 12 directors outside directors, we strive to incorporate diverse perspectives in our management as we work to strengthen reciprocal management supervisory functions among directors. With this structure, we judge that we are able to ensure proper corporate management and therefore have selected this current system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Efforts to boost participation in General Shareholders Meetings and to facilitate the exercise of voting rights

	Supplementary explanation
Early notification of General Shareholders Meetings	Early notification is sent before General Shareholders Meetings (notification of the 74th General Shareholders Meeting was sent 22 days before the day of convocation)
Scheduling meetings to avoid peak meeting days	We take the schedules of other companies' General Shareholders Meetings into account and endeavor to avoid scheduling our event during the peak meeting days in Japan.
Electronic exercise of voting rights	We have adopted a system for exercising voting rights over the internet.
Participating in a platform for electronically exercising voting rights and other initiatives to improve the environment for exercising voting rights among institutional investors	We participate in a platform for electronically exercising voting rights.
Providing an English version of the General Shareholders Meeting Notifications (Summary)	We provide an English version of the General Shareholders Meeting notification.
Other	We post General Shareholders Meeting notifications, business reports (in video format), video of shareholders meetings, and the results of shareholder votes on our website.

2. Investor relations activities

	Supplementary explanation	Explanations by the representative himself/herself
Creation and announcement of Disclosure Policy	We post our Disclosure Policy on the Company website.	
Regular investor	Financial results briefings are held twice a year: after the announcement of the second quarter financial results and	Available

briefings for analysts and institutional investors	after the annual financial results. Additionally, when formulating Medium-Term Management Plans, we explain the content of those plans at the time of financial results briefings.	
Posting of IR materials on website	<p>Company IR website URL (Japanese) https://www.yokorei.co.jp/ir/ (English) https://www.yokorei.co.jp/en/ir/</p> <ul style="list-style-type: none"> • Management policies (message from top management, Long-Term Vision and Medium-Term Management Plan, risk management initiatives, etc.) • Get to know YOKOREI (easy-to-understand explanations of our business activities) • Information (policies for dividends and shareholder returns, FAQs, etc.) for individual investors • Information (integrated reports, etc.) for institutional investors • Financial highlights, IR library (earnings statements, securities reports, financial briefing materials, etc.) • Stock and bond information (dividends, shareholder incentives, General Shareholders Meetings, ratings information, etc.) • Others: we disclose a variety of other information, including our IR calendar. 	
Establishment of an IR department (manager)	<ul style="list-style-type: none"> • Department in charge: an IR manager is positioned in the Public Relations and IR Dept. • Director in charge: Executive Vice President and Director 	

3. Initiatives for respecting the position of stakeholders

	Supplementary explanation
Guidelines (internal regulations, etc.) for respecting the position of stakeholders	A code of conduct for the YOKOREI Group is stipulated in our Basic Policy for Compliance and in our Compliance Manual.
Implementation of environmental protection	<p>[Initiatives for the SDGs & Sustainability]</p> <ul style="list-style-type: none"> • Coexisting with local communities (reducing GHG by adopting

<p>activities, CSR activities, etc.</p>	<p>solar power generation systems and CFC-free natural refrigerants, acquiring Green Management Certification, Aquaculture Stewardship Council (ASC) certification, and Chain of Custody (CoC) certification.</p> <ul style="list-style-type: none"> • Creating workplaces with a sense of fulfillment (using IT to save labor and work hours; diversity promotion) • Providing higher quality and better services • Developing alongside local communities (establishing a program for donating 1% of net income and sending it to social welfare groups and others) • Ensuring a strong and healthy business foundation
<p>Formulation of policies on the provision of information to stakeholders</p>	<p>Our basic policy is to disclose material information on our Company to shareholders, investors, and other stakeholders in a timely, unbiased, and fair manner.</p>

IV. Matters Related to our Internal Control System

1. Basic philosophy on and establishment of an internal control system

1. Systems for ensuring compliance with laws and regulations and the Company's Articles of Incorporation in the execution of duties by Directors and employees
 - (1) The Company has established the Basic Policy on Compliance and the Compliance Manual (Code of Conduct) indicating the general principles that form the standards of conduct, decisions, and evaluation for officers and employees, and has ensured that all officers and all employees are well aware of it.
 - (2) In accordance with the Compliance Management Regulations, the Corporate Management Headquarters conducts integrated compliance-related management to develop, promote, and manage compliance systems.
 - (3) The Company has established the YOKOREI Group Whistleblowing and Consultation Helpdesk in the General Affairs Department as the internal reporting system for legal violations and other compliance-related facts, which it works to prevent. Based on the Whistleblowing Process Rules, the Company also protects providers of information, which includes not engaging in unfavorable treatment.
 - (4) The Company has established the Internal Audit Department under the direct supervision of the President and Representative Director, and it conducts systematic internal audits, which include the state of compliance, based on an annual plan.
 - (5) Matters related to the execution of important corporate business are determined by the regular meetings of the Board of Directors held once a month and by extraordinary meetings of the Board of Directors. The Board of Directors also oversees the execution of duties by the Directors.
 - (6) The Auditors report their opinions to the Board of Directors as necessary and also advise on improvements to the execution of duties by the Directors as necessary.
 - (7) The Company has no relationship of any kind with anti-social forces and the entire organization will continue its firm stance against interference and other actions by anti-social forces.
2. System regarding the retention and management of information relating to the execution of duties by Directors
 - (1) The President and Representative Director has appointed the Chief of the Corporate Management Sector as the person responsible for the company-wide supervision of retention and management of information relating to the execution of duties by Directors.
 - (2) The Company has established the Management Rules for Documents Relating to the Execution of Duties by Directors for the retention and management of information relating to

the execution of duties by Directors. Information is recorded on documents or electromagnetic media, retained and managed based on the rules.

(3) The Directors and Auditors may view these documents at any time.

3. Rules and other systems related to managing the risk of loss

(1) The Company has ensured that all officers and all employees are well aware of the Basic Policy on Risk Management, which stipulates the basic objectives and action guidelines for risk management activities.

(2) The Board of Directors has established the Risk Management Rules to set out the relevant departments and the emergency response for each type of risk for the priority management risks.

(3) The Corporate Management Headquarters develops and operates the company-wide risk management system, and will continue the comprehensive and integrated management of Group-wide risk.

(4) Auditors and the Internal Audit Department audit the effectiveness and appropriateness of risk management in each department.

4. Systems for ensuring the appropriateness of financial reporting

(1) In order to ensure the appropriateness of the Group's financial reporting, the Company develops and operates internal controls and evaluates their effectiveness in accordance with the Internal Control Rules and the Basic Policy on the Development, Operation, and Evaluation of Internal Controls.

(2) Led by the development and operation team of the Internal Control Committee, the Company will endeavor to develop and operate the systems required to ensure the appropriateness of the Group's financial reporting.

5. Systems for ensuring the efficient execution of duties by Directors

(1) Authority and responsibility are clearly specified based on the rules regarding the division of duties and authority so that the Directors execute duties efficiently.

(2) A review of performance and execution of operations is carried out at the meetings of the Board of Directors that are held every month with the aim of efficient implementation of operations by assessing the achievement of management targets and issues.

(3) In order to strengthen the supervisory function and accountability of the Board of Directors as well as enhance its deliberations, the Company has established the Nomination and Remuneration Advisory Committee, which has independent Outside Directors as a majority of the members, as an advisory body to the Board of Directors. The committee reports the details of deliberations on matters related to the appointment, dismissal and remuneration of Directors

to the Board of Directors to ensure fairness, transparency, and objectivity in the procedures related to the nomination and remuneration of Directors.

- (4) Important decisions on management targets and matters with a serious impact are submitted to the Board of Directors after full discussion and consideration at Management meetings in order to expedite and streamline decision-making.
6. Systems for ensuring the proper operation of the corporate group composed of the Company and its subsidiaries
- (1) System for reporting matters related to the execution of duties of Directors of subsidiaries to the Company
 - a. In order to accurately understand the details of management at subsidiaries, the Company sets out the matters to be discussed and reported to the Company in advance and manages them appropriately based on the Affiliated Company Management Rules and the Detailed Rules for the Operation of Subsidiaries based on them established by the Company.
 - b. The regular meetings of the Company's Board of Directors and Management meetings regularly receive reports on execution of operations, financial position, and other important information from the Representative Directors and other officers of subsidiaries.
 - (2) Rules and other systems for managing the risk of loss at subsidiaries
 - a. Based on the Company's Risk Management Rules, each subsidiary appoints a person with responsibility for risk management and makes efforts to prevent and detect risk.
 - b. The Company stipulates that each subsidiary will report promptly to the Company's Risk Management Committee if a risk of loss is identified and has established a risk management system for the comprehensive and integrated management of Group-wide risk.
 - (3) Systems for ensuring the efficient execution of duties by Directors of subsidiaries
 - a. The Company formulates fiscal year plans and medium-term management plans for the Group in order to implement appropriate and efficient operations, taking into consideration the business characteristics, size, and other features of subsidiaries.
 - b. The Chief of the Company's Corporate Management Sector, who is the person with responsibility for the management of subsidiaries, receives timely reports on important decisions related to business activities and matters with a serious impact from the Representative Directors and other officers of subsidiaries, considers the content, and, when necessary, gives advice and reports to the Board of Directors.
 - (4) Systems for ensuring compliance with laws and regulations and the Articles of Incorporation in the execution of duties by Directors and employees of subsidiaries.
 - a. Based on the Detailed Rules for the Operation of Subsidiaries, each subsidiary ensures that all officers and all employees are well aware of the Company's Basic Policy on Compliance

- and the Compliance Manual (Code of Conduct).
- b. Based on the Company's Compliance Management Rules, each subsidiary appoints a person who is responsible for compliance to promote compliance and provide education and guidance.
 - c. The Company's Internal Audit Department regularly conducts audits of subsidiaries, which include the state of compliance.
7. Matters relating to employees when the Auditors request the assignment of employees to assist in their duties, matters relating to the independence of the employees from the Directors, and matters relating to ensuring the effectiveness of instructions given by Auditors to the employees
- (1) When the Board of Auditors has requested employees to assist with the duties of Auditors, the employees are appointed in consultation with the Board of Auditors.
 - (2) Personnel evaluations and transfers of the employees are conducted in consultation with the Board of Auditors in order to ensure their independence from the Board of Directors. Additionally, to ensure the effectiveness of the instructions of the Auditors, the duties ordered by the Auditors are not subject to commands and orders of the Directors and persons from the organizations with which the employees are affiliated.
8. Systems related to reports to the Company's Auditors
- (1) The Company's Directors and employees and the Directors, Auditors, and employees of subsidiaries report on company business position and the status of development and operation of the internal control system at the request of the Company's Auditors.
 - (2) The General Manager of the Company's Internal Audit Department reports to the Company's Auditors on the results of audits conducted by the Internal Audit Department. The General Manager of the General Affairs Department reports to the Company's Auditors on the status of reports and consultations with the YOKOREI Group Whistleblowing and Consultation Help Desk.
 - (3) The Company's Directors and employees and the Directors, Auditors, and employees of subsidiaries report promptly to the Company's Auditors after learning of facts that could cause significant corporate damage, serious compliance violations, and misconduct.
 - (4) The Company and its subsidiaries prohibit unfavorable treatment of any person who has made a report to the Company's Auditors for reason of having made such a report, and ensure that the Company's Directors and employees and the Directors, Auditors, and employees of subsidiaries are well aware of this prohibition.

9. Matters relating to policies on processing of audit expenses, etc.

- (1) When the Auditors request the Company to pay the expenses for the execution of their duties in advance, the Company processes the expenses or obligations promptly unless deemed unnecessary.
- (2) The Company sets a budget each fiscal year for expenses that arise related to the execution of duties by Auditors.

10. Other systems for ensuring the effectiveness of audits by the Auditors

- (1) The Auditors hold regular meetings with members of the Management meetings composed of the Representative Director and others to exchange opinions and communicate.
- (2) The Auditors hold regular meetings with the accounting auditor to exchange information.
- (3) The Auditors collaborate with the Internal Audit Department and endeavor to engage in appropriate communications and implement effective audit operations.

2. Basic philosophy and systems for excluding anti-social forces

Basic philosophy and systems for excluding anti-social forces

- (1) In our Basic Policy for Compliance, we stipulate our resolute stance against interference, etc. from anti-social forces and we implement an organized response in cooperation with attorneys, police departments, and other external agencies.
- (2) The Company is a member of a Corporate Defense Countermeasures Federation and also strives to gather information on and assess the status of anti-social forces through contact with police departments that have jurisdiction as well as the shareholder register administrator and other parties.

V. Others

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation of this item

2. Other matters related to the corporate governance framework

Reference: Corporate governance diagram

