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Sapporo Holdings Limited

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Securities Code: 2501

<http://www.sapporoholdings.jp/english/>

The corporate governance of Sapporo Holdings Limited (the “Company”) is described below.

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

1. Basic Views

1. Basic Views

The Company has set forth as follows Sapporo Group’s “Management Philosophy”, “Fundamental Management Policy”, and “Fundamental Operational Principles”, and in order to realize the foregoing and strive for the sustained enhancement of the Group’s overall corporate value, will value the strengthening and enhancement of the Group’s corporate governance as a vital managerial goal, will clearly specify supervisory, executive and audit functions within the Group under a holding company structure, and will endeavor to strengthen managerial oversight with a view to greater transparency in management and the attainment of the Group’s business objectives.

(1) Management Philosophy

Sapporo will contribute to the evolution of creative, enriching and rewarding lifestyles.

(2) Fundamental Management Policy

The Sapporo Group strives to maintain integrity in corporate conduct that reinforces stakeholder trust and aims to achieve continuous growth in corporate value.

(3) Fundamental Operational Principles

Under a pure holding company structure, with the fundamental operational principles for the Sapporo Group as set forth below, the Sapporo Group, while allowing the business divisions within the Sapporo Group to maintain their autonomy, will pursue optimization and the creation of synergy for the Sapporo Group as a whole, and will aim to maximize corporate value.

1) Principles for the Group’s Overall Optimization

With the maximization of Sapporo Group’s value and the Group’s overall optimization understood as goals, the Group’s companies will focus energy on their respective business activities and in turn contribute to improving the Group’s consolidated performance results.

2) Principles of Autonomy and Independence

The Sapporo Group’s companies will work to enhance their operating foundations and aim to be independent, with a view to achieving the purposes for which they were established and accomplishing their respective missions under Sapporo’s management policy.

The Company will delegate to Group company Presidents the executive authority they require to manage their businesses, and the Group company Presidents will assume responsibility for such management. Likewise, the Company will provide all support and advice necessary for the growth and development of the Group’s companies.

3) Principle of Mutual Cooperation

The Company and the Group's companies, while taking economic feasibility into consideration, will cooperate with each other in the procurement of materials, products, services and the like, as well as in other areas of business promotion, and will endeavor to achieve synergistic effects for the Group.

The Company, with respect to its basic approach and operation policy etc. to Corporate Governance, has put in place the "Basic Policy on Corporate Governance", which is disclosed on the Company website. Please refer to the following URL to view said policy:

https://www.sapporoholdings.jp/en/csr/governance/policy/pdf/basic_governance_approach_2021.pdf

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

This report is based on the Corporate Governance Code following the June 2021 revisions (including principles related to the Prime Market).

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

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

[Basic Policy 1-4. Strategically-Held Shares]

[Policy on Strategic Holding of Shares]

The Company is engaged in businesses such as alcoholic and non-alcoholic beverages, food, and real estate, which are closely connected with its customers' lifestyles, and believes it to be necessary, for the purposes of business strategy, to maintain cooperative relationships with the many companies along its supply chain from development through procurement, manufacturing, logistics and sales. On the basis of this belief, the Company may in some cases retain Strategically-Held Shares if, after comprehensively considering the state of such cooperative relationships, the Company finds that doing so will help raise corporate value over the medium-to-long term. The Board of Directors will regularly verify annually whether the Company's Strategically-Held Shares are being appropriately retained and managed in accordance with its strategic holdings policy. As a result of the verification, the Company will reduce the amount of Strategically-Held Shares in order to conform to its strategic holdings policy.

[Details of Verification pertaining to Strategically-Held Shares]

In FY2020, the Board of Directors verified whether the Company's Strategically-Held Shares were being appropriately retained and managed in accordance with its strategic holdings policy from the viewpoints of objectives, risks, returns and capital efficiencies, etc. As a result of the verification, the Company decided to sell a portion of Strategically-Held Shares.

[Exercise of Voting Rights pertaining to Strategically-Held Shares]

In exercising voting rights pertaining to Strategically-Held Shares, the Company shall comprehensively judge whether or not to approve, from a medium-to-long term perspective, in light of the Company's holdings policy and the common interests of the shareholders of the investee. Details of the agenda will be discussed with the investee as necessary.

On this point, please refer to "5. Basic Policy on Strategic Holding of Shares and on the Exercise of Voting Rights Pertaining to Strategically-Held Shares" in the abovementioned "Basic Policy on Corporate Governance", which sets forth the policy detailed in the previous paragraph.

[Basic Policy 1-7. Transactions between Related Parties]

In cases where, pursuant to the Board of Directors Rules, it is necessary for the Company to carry out a competitive transaction, a self-dealing transaction, or a conflict-of-interest transaction with a Director, the Company must first obtain approval from the Board of Directors.

For transactions with major shareholders etc., internal rules are set forth elsewhere, and all officers and employees are thoroughly notified of such rules.

On this point, please refer to “7. Transactions Between Related Parties” in the abovementioned “Basic Policy on Corporate Governance”, which sets forth the policies detailed in the previous paragraph.

[Supplemental Principle 2-4① Ensuring Diversity in the Appointment, etc. of Key Personnel]

<Approach to ensuring diversity>

The Sapporo Group’s Management Philosophy is “Contributing to the evolution of creative, enriching, and rewarding lifestyles.” In order to achieve this goal, the Company has defined the basic philosophy of its personnel strategy as “Go beyond boundaries.” “Going beyond boundaries” means transcending one’s personal limits, going beyond organizational divides, and going beyond business and national borders. It is only when the Company’s employees nurture each other and acknowledge their differences to create strengths that the Company can go beyond boundaries—and the Company believes that this will lead to the realization of our Management Philosophy. To this end, the Group will continue to respect diversity—of gender, age, disability, nationality, education and work experience, employment type, values, sexual orientation, gender identity, etc.—recognize and incorporate human resources with diverse ideas and thoughts, and reinforce environments that enable each employee to fulfill his or her maximum potential.

The Company’s approach and current status regarding the promotion of women’s participation, employment of diverse human resources, human resources development policy and policy on maintaining internal environment are as follows:

(1) Promotion of women’s participation

The Sapporo Group maintains an environment in which “women can naturally and continuously participate with a sense of satisfaction” as the gateway toward respect and application of all diversities. As a priority measure, the Company is working on building a pipeline within human resources by actively developing female employees who can attain a position that enable them to exercise her influence in corporate management, such as various decision-making and the creation of new value.

The status and goals for promoting female employees to managerial positions are disclosed on the Company website; please refer to the following URL

https://www.sapporoholdings.jp/csr/policy/systems/pdf/subject_materiality_2020_2021.pdf (Japanese)

(2) Employment of diverse human resources

The Sapporo Group is founded on its “Open and Fair” mentality. The hiring policies of each Group company is based on this mentality, along with individual company characteristics and environments, to hire diverse human resources without distinction of nationality, gender or education and work experience.

(3) Human resources development policy and policy on maintaining internal environment

These policies are disclosed on the Company’s website; please refer to the following URL.

<https://www.sapporoholdings.jp/en/csr/employee/>

<https://www.sapporoholdings.jp/en/csr/employee/diversity/propulsion/>

The current status regarding these policies is disclosed on the Company’s website; please refer to the following URL.

<https://www.sapporoholdings.jp/en/csr/employee/>

https://www.sapporoholdings.jp/en/ir/library/factbook/items/integratedreport_2020_en.pdf

[Basic Policy 2-6. Performance of Function as Asset Owner of Corporate Pension]

The method of management of corporate pension fund established by the Company is set forth in “11. Management of Corporate Pension Fund” in the aforementioned “Basic Policy on Corporate Governance”; please refer to that document.

[Basic Principles 3-1. Ensuring Appropriate Disclosure of Information]

(i) The Company’s “Management Philosophy” and “Fundamental Management Policy” are as follows.

1) Management Philosophy

The Company will contribute to the evolution of creative, enriching and rewarding lifestyles

2) Fundamental Management Policy

The Sapporo Group strives to maintain integrity in corporate conduct that reinforces stakeholder trust and aims to achieve continuous growth in corporate value.

With regard to the details of the Sapporo Group Long-Term Management Vision “SPEED150” for the period from 2017 to 2026 and the “Group Management Plan 2024”, the five-year plan starting from 2020, please refer to the following URL:

<https://www.sapporoholdings.jp/en/strategy/vision/>

(ii) The Basic Approach to Corporate Governance is also set forth in this report “I. 1. Basic Views” and in “1. Basic Thinking on Corporate Governance” in the abovementioned “Basic Policy on Corporate Governance”; please refer to those documents.

(iii) The Company has established a “Compensation Committee” as an advisory body of the Board of Directors. The policies and procedures for decision-making regarding Directors’ compensation are set forth in “II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report and “13(5)②. Compensation Committee” in the abovementioned “Basic Policy on Corporate Governance”; please refer to that document.

(iv) The Company has established a “Nominations Committee” as an advisory body of the Board of Directors. The policies and procedures for appointment and dismissal of senior management and appointment of Directors are set forth in “13(5)①. Nominations Committee” in the abovementioned “Basic Policy on Corporate Governance”; please refer to that document.

(v) The reasons for the selection or appointment of Directors and Directors who are Audit & Supervisory Committee Members are disclosed in the “Notice of Convocation of Ordinary General Meetings of Shareholders.” In the event of the dismissal of senior management, the reason for the dismissal shall be disclosed in a timely and appropriate manner.

The Notices of Convocation of the 95th through the 97th Ordinary General Meetings of Shareholders are disclosed on the Company website; please refer to the following URL:

<https://www.sapporoholdings.jp/en/ir/event/meeting/>

[Supplemental Principle 3-1③ Sustainability Initiatives]

<Sustainability Initiatives>

The Company established “Sapporo Group Sustainability Policy” through a resolution of its board of directors. Please refer to “Implementation of Environmental Activities, CSR Activities etc.” in “3. Measures to Ensure Due Respect for Stakeholders” in “III. Implementation of Measures for Shareholders and Other Stakeholders” for the sustainability initiatives of the Company.

In addition, the Sapporo Group declared its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), which promotes evaluation, management and information disclosure in respect of corporate risks and opportunities associated with climate change, and endeavors to conduct active information disclosure.

The details are disclosed on the Company website; please refer to the following URL:

https://www.sapporoholdings.jp/csr/earth/carbon/climate_change/ (Japanese)

<Investment in Human Resources>

The basic policies under the Management Plan of the Company are “Focus on core business and build resilience”, “Accelerate global expansion”, “Establish simple and compact organizational structure” and “Promote sustainability management”. In order to realize these basic policies, the Company has defined its human resources policy as “Be a group that goes beyond boundaries by taking on challenges promptly” and set forth the following human resources strategies corresponding to each basic policy under the Management Plan.

◇Basic policies under the Management Plan	◇Human resources strategies in order to accomplish the Management Plan	◇ Human resources strategies corresponding to basic policies of human resources strategies
Focus on core business and build resilience	Be a group that goes beyond boundaries by taking on challenges promptly	Create human resources and organizations that are always a step ahead of the times.
Accelerate global expansion		Strengthen human resources and organizations in priority development areas (global).
Establish simple and compact organizational structure		Unify the personnel systems of major business companies.
Promote sustainability management		Support the career and growth of each employee by practicing diversity and inclusion (D&I).

The current status regarding these policies is disclosed on the Company’s website; please refer to the following URL.

https://www.sapporoholdings.jp/en/csr/esg/pdf/Labor_Health_Work-life-balance_Social-contribution_2020.pdf

<Investment in Brands>

The Company has defined its long-term vision as becoming “a company with highly unique brands”. The Company focuses on activities to improve its brand value including the emotional value and functional value of the Company and its products and aims to further improve such value through the business activities of each business company.

The Group has been involved in various facets of customers’ lives not only through its alcoholic beverage business originated from beer but also by expanding its business areas to food and soft drinks and through its real estate business. The Group aims to resolve social issues and achieve a sustainable society by improving its brand value composed of strengths such as its corporate history of over 140 years, confidential relationship with customers, unique products, innovation, quality and human resources.

The measures to create value are stated in the integrity report of the Company, Value Creation Story:

https://www.sapporoholdings.jp/en/ir/library/factbook/items/integratedreport_2020_en.pdf

[Supplemental Principle 4-1①. Scope of Delegation to Management]

In addition to the matters set forth in laws and regulations and the Company’s Articles of Incorporation, the Company has set forth, in the “Board of Directors Rules”, the matters that are to be determined and decided by the Board of Directors, including the Group’s management policy and business plans, and other material matters relating to the conduct of corporate operations in business companies.

In combination with other internal regulations, these Rules clarify the scope of matters delegated to management, allowing management to engage in swift decision-making within the scope of its authority via the Management Council, Group Management Council, and other advisory bodies.

[Principle 4-9. Standards and Qualifications for Judging Independence of Independent Outside Directors]

The independence standards for Outside Officers of the Company are set forth in “II.1 [Independent Officers] Matters relating to Independent Officers” of this report and in “Appendix 1. Standards for Independence of Outside Directors” in the abovementioned “Basic Policy on Corporate Governance”; please refer to these documents.

[Supplemental Principle 4-10 ① Policies, Authority and Roles regarding the Independence of the Composition of the Nominations Committee and Compensation Committee.]

In order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy management functions, the Company has established the Nominations Committee and the Compensation Committee to act as advisory bodies to the Board of Directors.

The policies, authority and roles regarding the independence of each Committee are set forth in “Supplementary Explanation” of “Voluntary Establishment of Nomination/Remuneration Committee” in “1. Organizational Composition and Operation” in “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” as well as “13(5)①. Nominations Committee” and “13(5)②. Compensation Committee” in the abovementioned “Basic Policy on Corporate Governance”, please refer to that document.

[Supplemental Principle 4-11①. Approach to Balancing the Knowledge/Experience/Abilities, and to the Diversity and Scale, of the Board of Directors as a Whole]

The overall structure of the Company’s Board of Directors is set forth in “13(5)①. Nominations Committee” in the abovementioned “Basic Policy on Corporate Governance”; please refer to that document. Please refer to “2. Other Matters Concerning to Corporate Governance System” in “V. Other” of this report for the skill matrix of Directors.

[Supplemental Principle 4-11②. Status of Director Concurrent Appointments as Officers of Other Listed Companies]

The Company discloses the material concurrent appointments of its Directors in the business reports and general shareholders’ reference materials indicated in Notices of Convocation of Ordinary General Meetings of Shareholders; please refer to the Company website for details. We have judged that all such concurrent appointments are limited to a reasonable scope, in consideration of the time and effort required for appropriate performance of the duties and responsibilities of a Company Director.

https://www.sapporoholdings.jp/en/ir/event/meeting/pdf/210225_01.pdf

[Supplemental Principle 4-11③. Assessment of the Effectiveness of the Board of Directors]

As set forth in “13(6) Assessment of the Board of Directors” in the abovementioned “Basic Policy on Corporate Governance”, each year, the Company, on the basis of self-evaluations by each Director, analyzes and assesses the effectiveness of the Board of Directors and discloses a summary of the results.

(1) Initiatives in FY2020 in Response to the Results of Board of Directors Effectiveness Assessments for FY2019

In the assessments for FY2019, it was recognized and shared once again that there was a need to provide information to Outside Officers, as well as to further deepen discussions and continuously confirm the status of progress, in the course of implementing the medium-to-long term management framework and the mid-term management plan.

In response to the abovementioned results of the assessments, in FY2020, the Company organized the agenda items presented to the Board of Directors in accordance with changes in organizational design and endeavored to increase the constructiveness of discussions, by way of clarifying points of discussion at the Board of Directors meetings through the following initiatives.

- 1) Prior explanation of agenda items to Outside Directors and improvement of methods for provision of information to Outside Directors
- 2) Review of the discussion process and schedule in the respective Advisory Committee pertaining to the Nominations Committee, Compensation Committee and Outside Directors Committee
- 3) Enhancement of provision of management information by sharing a summary in respect of the Management Council

In addition, by establishing a web conference system, Board of Directors meetings were held 15 times a year as scheduled even under the state of emergency resulting from the COVID-19.

(2) Results of Board of Directors Effectiveness Assessments for FY2020

With respect to the Board of Directors effectiveness assessments for FY2020, in continuation of similar practices in FY2019, all Directors took an anonymous survey. With respect to the results of this survey, the Company conducted feedback early and, with securing enough time, a discussion with a view toward ascertaining the current states of affairs and recognizing issues and challenges was conducted at the Board of Directors meeting held in January 2021.

The result of the assessment was that evaluations rose or were maintained as regards 80% of the questions, as compared with the 2019 evaluations and then it was judged that the effectiveness of the Board of Directors as a whole was ensured from the viewpoint of its composition, management, and roles and duties. On the other hand, it was recognized and shared that there was a need to further deepen discussions and continuously confirm the status of progress after grasping the whole picture, in the course of implementing the mid-term management plan and investments and loans.

By way of solving the identified issues and implementing continuous assessments that make use of appropriate methods, the Company is making an effort to further improve the effectiveness of its Board of Directors.

[Supplemental Principle 4-14②. Training Policy for Directors]

The Company is implementing the following training to enable Directors to acquire a deeper understanding of their roles and duties and fully discharge their responsibilities.

(1) Persons newly appointed as Directors will undergo training in regard to the necessary laws and regulations including the Companies Act, and in regard to corporate governance.

(2) After the appointment of any Director, the Company will continue to provide a diverse program of training activities, to be conducted internally and externally, in regard to legal amendments and business issues and challenges etc.

(3) Persons newly appointed as Independent Outside Directors will receive explanations necessary in regard to the corporate profile of Sapporo Group, the Group's management strategy and financial condition, and other important matters, and will also be provided with opportunities to observe Group company production facilities and research sites etc. for the purpose of acquiring a deeper understanding of the Sapporo Group.

With respect to this paragraph, please also refer to "13(8) Training Policy for Directors" and "14(5) Training Policy for Audit & Supervisory Board Members" in the abovementioned "Basic Policy on Corporate Governance."

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

The policy on constructive dialogue with shareholders is set forth in "16. Dialogue with Shareholders" in the abovementioned "Basic Policy on Corporate Governance"; please refer to that document.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan Ltd. (on trust)	6,928,200	8.88
Custody Bank of Japan, Ltd. (on trust)	3,296,700	4.22
Mizuho Trust & Banking of the employee pension trust of Custody Bank of Japan, Ltd.	2,442,400	3.13
Nippon Life Insurance Company	2,237,364	2.87
Meiji Yasuda Life Insurance Company	2,236,800	2.87
The Norinchukin Bank	1,875,115	2.40
Marubeni Corporation	1,649,266	2.11
Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, re-trusted to Custody Bank of Japan, Ltd.	1,594,000	2.04
Taisei Corporation	1,400,000	1.79
Custody Bank of Japan, Ltd. (trust account 7)	1,236,500	1.58

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

Supplementary Explanation

Notes on abovementioned status of major shareholders * The abovementioned status of major shareholders is the status as of December 31, 2020. Treasury shares owned by the Company are excluded from the percentage above.

1) 2,442 thousand shares held by Mizuho Trust & Banking of the employee pension trust of Custody Bank of Japan, Ltd. are the trust property of the employee pension trust entrusted to Custody Bank of Japan, Ltd. by Mizuho Trust & Banking Co., Ltd., in regard to which trust Mizuho Trust & Banking Co., Ltd. retains voting rights. Mizuho Trust & Banking Co., Ltd. holds 832 thousand shares in addition to the foregoing.

2) The 1,594 thousand shares held by Mizuho Trust & Banking Co., Ltd., employee pension trust, Mizuho Bank account, re-trusted to Custody Bank of Japan, Ltd. are the trust property of the employee pension trust entrusted to Custody Bank of Japan, Ltd. by Mizuho Bank, Ltd., in regard to which trust Mizuho Bank, Ltd. retains voting rights.

3) In a Large Shareholding Report (Change in Shareholding) which was made available for public inspection as of July 21, 2020, it is described that, Nomura Securities Co., Ltd. and other two joint holders hold the following shares as of July 15, 2020; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Nomura Securities Co., Ltd. and other two joint holders/1-9-1, Nihonbashi, Chuo-ku, Tokyo

4) In a Large Shareholding Report (Change of Status Report) which is being made available for public inspection as of October 19, 2020, it is described that, Mitsubishi UFJ Financial Group, Inc. and other one joint holder hold the following shares as of October 12, 2020; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report (Change of Status Report) is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Mitsubishi UFJ Financial Group, Inc. and other one joint holder/2-7-1, Marunouchi, Chiyoda-ku, Tokyo/2,710/3.44

5) In a Large Shareholding Report (Change of Status Report) which is being made available for public inspection as of December 22, 2020, it is described that, Sumitomo Mitsui Trust Bank, Limited and other one joint holder hold the following shares as of December 15, 2020; however, since the Company could not confirm the actual number of shares owned as of the voting record date, such shares are not included in Status of Major Shareholders described above.

The content of the Large Shareholding Report (Change of Status Report) is as follows.

【Name or Company Name/Address/Number of Shares Owned (thousand shares)/Percentage of Number of Shares Owned by Total Number of Issued Shares (%)】

Sumitomo Mitsui Trust Bank, Limited and other one joint holder/1-4-1, Marunouchi, Chiyoda-ku, Tokyo/4,577/5.81

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section; Sapporo; existing market
Fiscal Year-End	December
Type of Business	Foods
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less 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

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

None

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President
Number of Directors	10
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	
Mackenzie Clugston	Other									△			
Shuji Fukuda	From another company									△			
Tetsuya Shoji	From another company									○			
Kazuo Sugie	From another company									△			
Kohtarō Yamamoto	Lawyer												

* Categories for "Relationship with the Company"

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

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

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

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

e. Major client or supplier of the listed 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/*kansayaku*

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/*kansayaku* 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
Mackenzie Clugston		○	<p>In September 2016, Mr. Mackenzie Clugston assumed office as a consultant of the Company, and since then, the Company's management had been receiving advice from him. The annual remuneration paid to Mr. Clugston was compensation for his advice to the Company's management based on his experience and insight, and such remuneration was five million yen or less. Mr. Clugston resigned from the role of consultant of the Company in March 2018, in conjunction with his election as an outside director of the Company.</p>	<p>Although Mr. Mackenzie Clugston has no experience in directly managing a company, he has extensive insight in the fields of diplomacy and trade in North America and Southeast Asia where the Company is pursuing business development. Based on that wealth of experience, rich track record and great insight, Mr. Clugston offers pertinent opinions and advice to the Board of Directors of the Company from an objective position, independent of the management team engaged in executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company, which is moving forward with global expansion, and he has thus been appointed as an Outside Director. He is designated as an independent officer based on the Company's decision that Mr. Clugston is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" established by the Company.</p>
Shuji Fukuda		○	<p>Mr. Shuji Fukuda was involved in business execution at Taiheiyo Cement Corporation until March 2018. Currently, although there have been transactions between the said company and the Company's subsidiaries, the amount of such</p>	<p>Mr. Shuji Fukuda has a wealth of experience, a rich track record and great insight as the president of a business corporation. Based on his experience in overall treasury, human resources and corporate management fields up until the present, Mr. Fukuda can offer pertinent opinions and advice to the Board of Directors of the Company from an objective position, independent of the management team engaged in</p>

			<p>transactions in the most recent business term has been less than 0.1% of either the consolidated revenue of the Company or the consolidated net sales of the said company.</p>	<p>executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company in such areas as the strengthening of the Group's management structure, and he has thus been appointed as an Outside Director.</p> <p>He is designated as an independent officer based on the Company's decision that Mr. Fukuda is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the "Standards for Independence of Outside Directors" established by the Company.</p>
Tetsuya Shoji		○	<p>Mr. Tetsuya Shoji was involved in business execution at NTT Communications Corporation until June 2020. Currently, although there have been transactions between the said company and the Company's subsidiaries, the amount of such transactions in the most recent business term has been less than 0.2% of either the consolidated revenue of the Company or the consolidated operating profit of the said company.</p>	<p>Mr. Tetsuya Shoji has a wealth of experience, a rich track record and great insight as the president of a business corporation. Based on his experience in planning, personnel and administration, global development, and DX promotion fields up until the present, Mr. Shoji can offer pertinent opinions and advice to the Board of Directors of the Company from an objective position, independent of the management team engaged in executing the operations of the Company. The Company has determined that he will contribute greatly to the corporate governance of the Company in such areas as the strengthening of the Group's management structure, and he has thus been appointed as an Outside Director.</p> <p>He is designated as an independent officer based on the Company's decision that Mr. Shoji is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial</p>

				instruments exchanges and the “Standards for Independence of Outside Directors” established by the Company.
Kazuo Sugie	○	○	Mr. Kazuo Sugie was involved in business execution at DIC Corporation until March 2015. Currently, although there have been transactions between the said company and the Company’s subsidiaries, the amount of such transactions in the most recent business term has been less than 0.1% of either the consolidated revenue of the Company or the consolidated net sales of the said company.	<p>As the president of a business corporation, Mr. Kazuo Sugie has a wealth of experience and highly developed insight based on extensive knowledge and information. The Company has determined that, he will be able to audit the Company Directors’ performance of their duties from an objective and neutral position, and he has thus been appointed as an Outside Director who is an Audit & Supervisory Committee Member.</p> <p>He is designated as an independent officer based on the Company’s decision that Mr. Sugie is unlikely to have a conflict of interests with shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the “Standards for Independence of Outside Directors” established by the Company.</p>
Kohtaro Yamamoto	○	○	---	<p>Although Mr. Kohtaro Yamamoto has no experience in directly managing a company, the Company has determined that he will be able to audit the Company Directors’ performance of their duties from an objective and neutral position based on his wealth of knowledge and experience as a lawyer with expertise in the field of corporate law specializing in the Companies Act, Antimonopoly Act, international contracts, etc., and he has thus been appointed as an Outside Director who is an Audit & Supervisory Committee Member.</p> <p>He is designated as an independent officer based on the Company’s decision that Mr. Yamamoto is unlikely to have a conflict of interests with</p>

				shareholders of the Company in light of the applicable criteria of independence as stipulated by financial instruments exchanges and the “Standards for Independence of Outside Directors” established by the Company.
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[Audit & Supervisory Committee]

Committee’s Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	3	1	1	2	Inside 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

The Company established the “Audit & Supervisory Committee Office” as an organ to assist the Audit & Supervisory Committee in performing its duties, and has assigned three full-time staff members, who have extensive work experience in the Group and appropriate knowledge or abilities and are independent from the execution of the operations of the Company. The Company has ensured the independence of such staff members from the management by, among other things, obtaining the prior consent of the Audit & Supervisory Committee in relation to the assignment and evaluation of such staff members.

Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Auditing Departments

The Audit & Supervisory Committee has regular meetings with the Accounting Auditors, receives from the Accounting Auditors explanations of audit plans and reports on the results of accounting audits, and also has cooperates closely with them as needed to exchange information concerning the status of accounting audits, accounting problems, and other similar issues in the Company and its subsidiaries. In addition, the Audit & Supervisory Committee has regular meetings with the Auditing Department to receive reports concerning the results of internal audits, the state of internal control systems, and other similar matters. Furthermore, the Audit & Supervisory Committee provides instructions concerning additional audit, investigation, and other necessary matters.
Accounting Auditors review Internal Audit Reports by the Auditing Department as needed.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee’s Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nominations Committee	Compensation Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	5	5
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Company has Audit & Supervisory Committee (*1), and in order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy management functions, has established the Nominations Committee and the Compensation Committee to act as advisory bodies to the Board of Directors. The membership of these committees is composed of all Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), all Directors who are Audit & Supervisory Committee Members, and the President (or, when the President is chosen from among Group Operating Officers, the Chairman), for a total of seven people; the chairperson is chosen from among Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).

*1. Due to the transition to a Company with Audit & Supervisory Committee (March 27, 2020), Directors who are Audit & Supervisory Committee Members were chosen as observers in FY2020, but have been chosen as members since FY2021.

[Independent Directors]

Number of Independent Directors	5
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Matters relating to Independent Directors

The Company has appointed all five Outside Directors (three Outside Directors and two Outside Directors who are Audit & Supervisory Committee Members) who meet the qualifications for independent officers.

Our standards for independence of Outside Directors are as set forth below.

[Standards for Independence of Outside Directors]

1. In order for the Outside Directors of the Company to be Outside Directors who are independent ("Independent Officers"), any such Outside Directors shall satisfy the applicable standards of independence specified by the financial instruments exchanges and, no such Outside Directors may fall under any of the following Items (1) through (3).

(1) A person who currently is or during the past ten years was an executive officer (*gyomu shikkou sha*) of the Company or its consolidated subsidiaries (collectively, "Group") (*1).

(2) A person who currently falls under or during the past three years has fallen under any of the following sub-items (i) through (viii).

(i) A person having the Group as a major business partner, or its executive officer (*gyomu shikkou sha*) (*2);

(ii) A major business partner of the Group or its executive officer (*gyomu shikkou sha*) (*3);

(iii) A consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration etc. (if a person who has obtained such

- properties is a corporation, association, or other group, this means a person who belongs to such group) (*4);
- (iv) A major shareholder of the Group (if such major shareholder is a corporation, an executive officer (*gyomu shikkou sha*) of such corporation) (*5);
- (v) In the case where the executive officer (*gyomu shikkou sha*) of the Company holds the office of Outside Directors or Outside Audit & Supervisory Board Members of another company, an executive officer (*gyomu shikkou sha*) of such other company;
- (vi) A person who has received large donations from the Group or a Director or other executive officer (*gyomu shikkou sha*) of a group that received such donations (*6);
- (vii) A member, partner, or employee of the audit corporation that is the accounting auditor for the Group; and
- (viii) A major lender of the Group or its executive officer (*gyomu shikkou sha*) (*7)
- (3) A spouse or a relative in the second degree or closer of any person listed in Item (1) or Item (2) above (excluding any unimportant person).
2. An Independent Officer of the Company must be an Outside Director with respect to whom there is no likelihood of a constant and substantial conflict of interests arising with the entire general shareholders of the Company for any reason other than the reasons considered in Items (1) through (3) of Paragraph 1 above.
3. An Outside Director who falls under any of Items (1) through (3) of Paragraph 1 above may nonetheless be appointed as an Independent Officer of the Company, if the Company considers such Outside Director to be appropriate as an Independent Officer in light of such Outside Director's personality and insight etc., on the condition that such Outside Director satisfy the applicable standards of independence specified by the financial instruments exchanges and that a public explanation be given of the reasons why we consider such Outside Director to be appropriate as an Independent Officer of the Company.

(Notes)

- *1. For any person who was a non-executive Director, an Accounting Advisor (if the Accounting Advisor is a juridical person; a member who is to execute its duties) or an Audit & Supervisory Board Member of the Group at any time over the last ten years, the ten-year period prior to assumption of such office. "Executive officer (*gyomu shikkou sha*)" means a person stipulated in Article 2, Paragraph 3, Item (6) of the enforcement regulations of the Companies Act.
- *2. "Person having the Group as a major business partner" means a person who has received from the Group payment of an amount equivalent to 2% or more of its annual consolidated sales (annual consolidated revenue) in the most recent fiscal year.
- *3. "Major business partner of the Group" means a person who in the most recent fiscal year made payment to the Group payment of an amount equivalent to 2% or more of the Company's annual consolidated revenue.
- *4. "Consultant, accounting professional, or legal professional who has obtained from the Group large sums of money or other property other than officer remuneration etc." means a person who in the most recent fiscal year obtained, other than officers remuneration etc., money or property in an amount or value equivalent to 2% of annual consolidated sales (annual consolidated revenue) or ten million yen, whichever is higher, or a member, partner, or employee of any law firm, auditing corporation, tax accountant corporation, consulting firm, or other professional advisory firm that received from the Group payment of an amount equivalent to 2% or more of that firm's annual total sales in the most recent fiscal year.
- *5. "Major shareholder of the Group" means a person or a corporation who directly or indirectly holds 10% or more of the total voting rights of a company within the Group.
- *6. "Large donation" means a donation that is made in the most recent fiscal year, the amount of which is not less than the higher of (i) ten million yen or (ii) 30% of the average annual expenses for the relevant group.
- *7. "Major lender of the Group" means any financial institution or other major creditor that is essential for the Company's fund-raising, upon which the Company relies to such extent that such lender is not replaceable.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration
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Supplementary Explanation

We have adopted, from 2016, a “Board Benefit Trust (BBT)” stock compensation plan for Directors (excluding Directors who are Audit & Supervisory Committee Members), Group Operating Officers and some Directors of subsidiaries (excluding Outside Directors; “Group Applicable Officers”) for the purpose of reinforcing attention on contributing to an increase in business results over the medium-to-long term and to raising the Company’s corporate value.

This plan is a stock compensation plan under which Company stock is acquired through the trust using funds that the Company contributed, and Company stock or the monies equivalent to the amount obtained by converting such Company stock at a market price, as of the resignation date, are provided to the Group Applicable Officers on the basis of their position and performance in accordance with the Officer Stock Benefit Rules stipulated by the Company and subsidiaries which are covered by this plan.

Other policies on performance-linked remuneration are set forth in “II. 1. [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods” in this report. Please refer thereto.

Recipients of Stock Options	
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Supplementary Explanation

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[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure
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Supplementary Explanation

The Company does not disclose individual remuneration as there is no officer whose total consolidated remuneration etc. (remuneration etc. as an officer of the Company and as an officer of a major consolidated subsidiary) is more than one hundred million yen.

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
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In order to determine remuneration in an objective and transparent manner, the Company has established, as an advisory body to the Board of Directors, a Compensation Committee composed of all Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), all Directors who are Audit & Supervisory Committee Members, and the President (or, when the President is chosen from among Group Operating Officers of the Company, the Chairman), for a total of seven people, and the amount of individual remuneration for each Director (excluding a Director who is an Audit & Supervisory Committee Member) is determined by such committee on the basis of a resolution of the Board of Directors.

Other policies for determination of the amount of remuneration of Directors or the calculation methods thereof are as follows.

1 Basic Policy

In order to contribute to the sustainable growth of the Company, the remuneration of the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members, the same applies hereinafter) shall be a combination of monetary remuneration and stock-based remuneration, and is linked to performance and medium-to-long term corporate value. When determining the amount of individual remuneration for each Director, the basic policy is to set an appropriate level based on such Director's work responsibilities. Specifically, the remuneration of the executive directors shall be monetary remuneration and stock-based remuneration. Of these, monetary remuneration consists of ① standard remuneration as fixed remuneration and ② performance-linked remuneration within the maximum ceiling for remuneration payment decided a General Meeting of Shareholders, and stock-based remuneration has performance-linked remuneration as its basis. Outside Directors will only be paid standard remuneration.

2 Policy on decision of the amount of individual of standard remuneration (including policy on decision of the time or terms for granting such remuneration, etc.)

The standard remuneration of the Company's Directors shall be a fixed monthly monetary remuneration. The amount of the standard remuneration shall be determined by comprehensively taking into account the ranking, public standards, and the Company's performance, among other matters.

3 Policy on decision of performance indicators pertaining to performance-linked remuneration and the calculation methods of the amount of performance-linked remuneration (including the policy on decision of the time or terms for granting remuneration, etc.)

Performance-linked remuneration shall be paid in money in accordance with the performance for the preceding year (provided, however, that the remuneration shall be within the maximum ceiling for remuneration payment decided a General Meeting of Shareholders in conjunction with 2 above). In the calculation thereof, the amount computed based on ranking corresponding to the degree of attainment of the target sales revenue and business profit (*) for each fiscal year, and which reflects the assessment in respect of each Director, is to be paid every month in addition to the standard remuneration.

*Business profit means the profit index obtained by deducting the cost of sales and selling, general and administrative expenses from sales revenue (the same shall apply hereinafter).

4 Policy on decision of the content and amount of, or number in respect of stock-based remuneration or the calculation methods thereof (including policy on decision of the time or terms for the granting remuneration, etc.)

Stock-based remuneration shall be performance-linked. In the calculation, points are awarded, computed by the ranking according to the degree of attainment of the target sales revenue and business profit for each fiscal year, and after the retirement of the particular Director, stock in a number corresponding to the points awarded is provided. Other details in respect of monetary payment of a certain percentage in respect of performance-linked remuneration shall be set forth in the Officer Stock Benefit Rules to be separately stipulated.

5 Policy on decision of the ratio of the amount of standard remuneration, of performance-linked remuneration, or of stock-based remuneration to the amount of individual Director's remuneration, etc.

The remuneration ratio with respect to each category, in respect of the remuneration of executive directors shall be determined by the Compensation Committee, an advisory body of the Board of Directors, based on the ratio of compensation levels and performance-linked remuneration pertaining to companies of the same business scale as the Company as indicated by data from external research organizations. Where the attainment of the performance target is of the highest degree, the ratio in respect of standard remuneration, performance-linked remuneration, and stock-based remuneration is set at 7:2:1.

[Supporting System for Outside Directors]

The Company does not assign full-time staff for Outside Directors. However, the Company has appointed staff in charge of the Board of Directors in the General Affairs Department and established the Board of Directors Office, which provide support to Outside Directors. Neither does the Company assign full-time staff for Outside Directors who are Audit & Supervisory Committee Members. However, to address this, the Company has assigned staff to the Audit & Supervisory Committee as employees who are to support the Audit & Supervisory Committee Members in performing their duties. The Board of Directors Office distributes materials and provides explanations of the agenda to Outside Directors who are Audit & Supervisory Committee Members prior to Board of Directors meetings.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Takao Murakami	Honorar y Advisor	External Operations (Not involved in Management)	Part Time/ With Compensation	March 30, 2012	One Year
Okio Isogai	Honorar y Advisor	---(*1) (Not involved in Management)	Part Time/ Without Compensation	March 29, 2001	Not Specified
Tsutomu Kamijo	Special Advisor	External Operations (Not involved in Management)	Part Time/ With Compensation	March 27, 2020	One Year

Number of retired presidents/CEOs holding
advisory positions (sodanyaku, komon, etc.)

3

Others

- (i) The Company abolished the Senior Advisor System as of March 29, 2018.
- (ii) Appointment of a former President and Representative Director etc., as an Advisor etc., is determined at the Board of Directors after consulting with a Nominations Committee(*2). The compensation is determined at a Compensation Committee(*2).

(Note)

*1 Notwithstanding (ii) above, only using an official title “Honorary Advisor” without substance of operation, service and compensation etc.

*2 The Company has Audit & Supervisory Committee, and in order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy

management functions, has established the Nominations Committee and the Compensation Committee to act as advisory bodies to the Board of Directors. The membership of these committees is composed of all Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members), all Directors who are Audit & Supervisory Committee Members, and the President (or, when the President is chosen from among Group Operating Officers, the Chairman) for a total of seven people; the chairperson is chosen from among Independent Outside Directors (excluding Directors who are Audit & Supervisory Committee Members).

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

(1.) Overview of corporate governance system for corporate operations

The Company has a system in which the Board of Directors adopts resolution with respect to matters that are stipulated in laws and regulations or Articles of Incorporation, or material operational matters in accordance with the “Board of Directors Rules.”

For other corporate operations, based on the “table for decision-making authority of the Regulations for the Conduct of Business (Appendix)”, the Company has clarified the scope of corporate operations delegated to the management, and the management engages in swift decision-making within the scope of its authority through advisory bodies such as the Management Council and the Group Management Council.

Group Operating Officers of the Company, who at the same time serve as President and representative director of key business companies of the Group shall, to the President of the Company, make commitment to the managerial goals of their division and clarifying their responsibility for the Group managerial goals, give monthly report regarding the business conditions of their division.

(2) Overview of corporate governance for supervisory and auditing

(Supervisory function)

In order to reinforce the management monitoring functions for the purpose of improving the transparency of the management and achieving management goals under the holding company system, the Company has the Board of Directors made up of ten Directors, and half of whom, five Directors, have been appointed as Independent Outside Directors. Three of ten Directors are Directors who are Audit & Supervisory Committee Members, and they constitute the Audit & Supervisory Committee.

The Board of Directors shall, in addition to making decisions on statutory matters and material corporate operations matters stipulated in the Board of Directors Rules, appoint the President who controls the overall business execution of the Group, the Group Operating Officers who control the corporate operations of each major business division, etc., and shall monitor their business execution. From an objective and independent position, five Independent Outside Directors provide valuable advice and appropriate oversight regarding the deliberation of agenda items for the Board of Directors to the management engaged in the conduct of the Company’s corporate operations as Directors.

(Auditing function)

The Company has an Audit & Supervisory Committee that consists of three members including two Outside Directors who are Audit & Supervisory Committee Members, and audits the Directors(excluding Directors who are Audit & Supervisory Committee Members)’ performance of duties and other performance of duties relating to Group management in general.

By (i) collecting and sharing information by presenting at the Board of Directors, the Management Council, and other important meetings, and (ii) establishing a close cooperation system with the Auditing Department, in order to ensure the effectiveness of the audit and supervisory function of the Audit &

Supervisory Committee, the Audit & Supervisory Committee has appointed one Internal Director who is a Standing Audit & Supervisory Committee Member, and mainly through such Standing Audit & Supervisory Committee Member, periodically exchanges opinions with the Representative Director and seeks to communicate with the Auditing Department and Internal Control Department, as well as with the Accounting Auditors; in this way, the Audit & Supervisory Committee is working to collect information and develop an audit environment. The Company established the “Audit & Supervisory Committee Office” as an office of employees for assisting the Audit & Supervisory Committee in performing its duties, and has assigned three full-time staff members, who have extensive work experience and knowledge, or abilities in the Group and are independent from the management, to assist Audit & Supervisory Committee.

In accordance with audit plans including audit policy, priority items for audit, assignments of duties and other matters stipulated by the Audit & Supervisory Committee, in cooperation with the Auditing Department, Directors who are Audit & Supervisory Committee Members attend meetings of the Board of Directors, the Management Council, and the Group Management Council, and other important meetings, receive reports from Directors and employees regarding the status of performance of their duties, request explanations as needed, review important documents relating to the execution of operations such as requests for approval (*ringisho*), and audit the business and assets of the business companies and other subsidiaries, etc.; the Company has implemented a system where the Audit & Supervisory Committee can thoroughly audit and supervise the status of the of the Company Directors’ performance of their duties. The two Independent Outside Directors who are Audit & Supervisory Committee Members audit the Company Directors’ performance of their duties from their objective and neutral position.

The Company executes limitation of liability agreements that limit liabilities under the provisions of Article 423, Paragraph 1 of the Companies Act with all Outside Directors who are not Audit & Supervisory Committee Members and Directors who are Audit & Supervisory Committee Members in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act. The maximum amount of their liability under such agreements is the amount set forth in laws and regulations.

The Auditing Department (consisting of 14 members) implements internal audits for the business companies, subsidiaries, and the Group as a whole. Mr. Yasuo Matsuura and Mr. Shigeyoshi Sato, two certified accountants from Ernst & Young ShinNihon LLC, perform the accounting audits. The number of years audited is five years for Mr. Yasuo Matsuura and six years for Mr. Shigeyoshi Sato. In addition, assistants concerning the accounting audits of the Company consist of 18 certified accountants and 26 others.

(3) Overview of corporate governance system related to nomination and remuneration decisions

In order to increase the transparency of operations related to the selection and treatment of Directors and to maintain healthy management functions, the Company has established a Nominations Committee and a Compensation Committee as advisory bodies to the Board of Directors.

Please refer to “[Directors] Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee” of this report and “13(5) ① Nominations Committee” and “13(5) ② Compensation Committee” of the “Basic Policy on Corporate Governance” for details regarding each committee.

3. Reasons for Adoption of Current Corporate Governance System

The Company considers the strengthening and reinforcement of Group governance as an important management issue, and, as described in 2. above, is working to clarify the supervisory function, operating functions and audit functions throughout the Group under the holding company system and to strengthen management monitoring functions in order to increase transparency in management and achieve management goals.

In order to achieve further growth in corporate value through efforts to further enhance corporate governance and enable the Company to make decisions in a more flexible manner with enhanced management transparency and efficiency, the Company made a transition from a Company with an Audit & Supervisory Board to a Company with an Audit & Supervisory Committee, upon obtaining approval at the 96th Ordinary General Meeting of Shareholders held on March 27, 2020.

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 Notification of General Shareholder Meeting	On the occasion of the 97th Ordinary General Meeting of Shareholders held on March 30, 2021, the Company sent out the convocation notice on March 5 th , 2021 (25 days prior to the date of the meeting).
Allowing Electronic Exercise of Voting Rights	The exercise of voting rights via the internet (<i>i.e.</i> , using a website for the exercise of voting rights operated by securities agents designated by the Company) has been adopted.
Participation in Electronic Voting Platform and Other Measures for Improving the Environment for Exercising Voting Rights by Institutional Investors	The Company has participated in a platform for exercise of voting rights that is operated by Investor Communications Japan Inc.
Providing Convocation Notice (Summary) in English	The Company prepares an English version (abridged translation) of convocation notices and posts the same on the Company's English website.
Other	The contents of convocation notices (including reference documents) and attachments are posted on the Company's website.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	Posted on the Company's website.	
Regular Investor Briefings for Individual Investors	The Company holds investor briefings several times per year, mainly briefings held by securities companies, conducted by officers and managers in charge of IR as an explainer.	None
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial settlement briefings for analysts and institutional investors after the announcement of the second quarter-end financial results (announced in July or August) and the year-end financial results (announced in February). The Company also distributes audio data of the content of the investor briefings on the Company's website to investors who cannot attend the briefings. In addition, the Company also holds telephone conferences for the first quarter and third quarter, conducted by officers in charge of IR.	Provided
Regular Investor Briefings for Overseas Investors	The Company visits individually, or holds telephone conferences for, overseas investors (applicants are selected through securities brokerage firms or IR consulting firms) once or twice per year.	Provided
Posting of IR Materials on Website	The Company endeavors to enhance the contents of IR website and posts "Financial Results," "Presentation Materials," "Integrated Reports," "Annual Reports and	

	Quarterly Reports,” “Materials of Timely Disclosure,” “Notices of Convocation of General Meetings of Shareholders,” etc.	
Establishment of Department and/or Manager in Charge of IR	An IR Office has been established in the Accounting Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has stipulated its fundamental management policy as “striving to maintain integrity in corporate conduct that reinforces stakeholder and aiming to achieve continuous growth in corporate value” and is endeavoring to achieve continuous growth and increase corporate value for the entire Group and to contribute to stakeholders into the future.
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company established the “Sapporo Group Sustainability Policy” in order to vigorously promote initiatives through its business to address social issues such as climate change, food loss, marine plastic waste, and regional revitalization as the “Sustainability Management” and is working to realize a sustainable society by aiming at both solving social issues and sustainable growth of the Company. Based on its sustainability policy, the Company will execute its sustainability management strategy, entitled Sustainable Smile Plan.</p> <p>The key sustainability issues that lie at the heart of these initiatives have been distilled into the “Four Promises” (1. Contributing to Creative, Enriching and Rewarding Lifestyles Through “Alcoholic Beverages, Food, and Soft drinks”, 2. Promoting Coexistence with Society, 3. Promoting Environmental Conservation, and 4. Cultivating Highly Unique Employees). While cooperating with various stakeholders, the Company will continue to promote the creation of smiles in a sustainable manner.</p> <p>With respect to the environmental issues, the Company declares its support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in May 2019 and formulates its “Sapporo Group Environmental Vision 2050” aiming at 1. Establishment of a decarbonized society, 2. Realization of a recycling society, and 3. Creation of a society in harmony with nature. In appreciating the bounty of nature, each employee of the Company will proactively work for environmental conservation and realization of a sustainable society.</p> <p>With respect to the sustainability information, please see the websites below. Sustainability Policy: https://www.sapporoholdings.jp/en/csr/plan/ Sustainability Book: https://www.sapporoholdings.jp/csr/sustainability_book/ (Japanese)</p>
Development of Policies on Information Provision to Stakeholders	The Company has provided the item “Proper Disclosure and Management of Corporate Information” in the Sapporo Group Code of Corporate Conduct and has stipulated that information needed by the public is to be disclosed in a timely and proper manner, and that investor relations activities for shareholders and investors is to be enhanced. The Company manages the use of insider information properly, in accordance with the Rules for Preventing Insider Trading.

IV. Matters Related to the Internal Control System

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

As set forth below, the Board of Directors of the Company has stipulated “Guidelines on the Construction of an Internal Control System” relating to “A Development of Systems Necessary to Ensure the Properness of Operations of a Stock Company and Operations of Group of Enterprises Consisting of said Stock Company and its Subsidiaries” under Article 399-13, Paragraph 1, Item 1, Sub-Item (b) and (c) of the Companies Act and Article 110-4, Paragraph 1 and 2 of the Ordinance for Enforcement of the Companies Act, and the Board of Directors of the Company has also stipulated a “Basic Policy on Framework toward Eliminating Anti-Social Forces” and a “Basic Policy on Ensuring Credibility of Financial Reports.” Necessary resolutions have been passed at Board of Directors meetings of each business company.

In order to make an effort to enforce the basic policies passed at the Company’s Board of Directors meetings and to continuously develop and reinforce the system for the Group as a whole, the Company has stipulated “Guidelines on the Construction of an Internal Control Systems at Sapporo Group” which specifically stipulates the construction of the Group’s internal control system, appointed officers to act as responsible parties, and taken specific measures.

[Guidelines on the Construction of an Internal Control System]

(1) The system for ensuring the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

1) The Board of Directors shall prevent actions which violate laws and regulations and the Articles of Incorporation (i) by making decisions or giving approval for statutory matters, management policies and other material matters relating to corporate operations, in accordance with laws and regulations, the Articles of Incorporation and the Board of Directors Rules, and (ii) by monitoring each other’s performance of duties as Directors.

2) The Company has stipulated the “Sapporo Group Code of Corporate Conduct” as a code for encouraging all of the Group’s officers and employees to take actions based on concrete ethical views, and has constructed a compliance system for the entire Group in cooperation with its subsidiaries, with the General Affairs Department as a point of contact. The Company has also established a corporate ethics hotline for the prevention and early discovery of wrongdoing.

3) Under the instruction of the Representative Director or Audit & Supervisory Committee, the Auditing Department, which is an internal audit body independent from the corporate operations line, shall audit, in the whole operations of the Company and its subsidiaries, the status of compliance with laws and regulations, the Articles of Incorporation and internal company rules.

(2) System regarding retention and management of information relating to Directors’ execution of operation

1) With respect to the retention and management of information relating to Directors’ execution of operation, the Company shall properly retain and manage the following documents (including electromagnetic records) in accordance with applicable laws and regulations and internal company rules, and shall make such documents available as needed.

a. Minutes of General Shareholders Meetings, minutes of Board of Directors and related materials

b. Minutes of the Management Council, minutes of the Group Management Council and related materials

c. Requests for Approval(*ringisho*), accompanying documents and other material documents relating to Directors’ job performance

2) The department in charge shall stipulate the method for the retention and maintenance of other material documents, in accordance with applicable laws and regulations.

(3) Rules and other systems for the management of risk of loss

1) The risk inherent in material decision-making in corporate operations or the conduct of business shall be managed at the Management Council, and each management division, such as Management Strategy, Accounting and Legal Affairs, shall analyze the possible risk and makes necessary reports with respect to

matters to be discussed or reported at the Council.

2) As a risk management in the event of an emergency or when a fact that could lead to a state of emergency comes to light, the Group Risk Management Committee shall discuss solutions including information disclosure in cooperation with subsidiaries' risk management body etc. and handle such cases promptly and appropriately.

(4) System for ensuring efficient performance of duties by Directors

1) The Board of Directors shall appoint a Representative Director, President and officers with titles, as well as the Group Operating Officers assigned to control key business divisions of the Group or handle key management goals for the entire Group of the Company, and shall ensure that these individuals execute the business for which they are responsible.

2) The President oversees the execution of Group corporate operations as a whole. The Management Council and the Group Management Council are established as advisory bodies for the President, and the President shall gain an understanding of the status of business execution by each division, discuss material matters and make expeditious decisions.

3) The President shall formulate a management plan for the entire Group and obtain approval therefor from the Board of Directors. Reports on the state of execution of these plans by the entire Group shall be made to the Board of Directors quarterly.

4) The Group Operating Officers who are in charge of key business divisions shall make a commitment, to the President, for the management goals of their division, and shall report the management status every month. They shall also attend Board of Directors meetings every quarter and provide reports on the business performance in their division.

5) In order to establish responsibility in business execution and to ensure smooth and efficient operation, the Company stipulates standards for administration, organization, and division of duties and authorities, etc. in the Regulations for the Conduct of Business, and as supplemental provisions, the Company stipulates standards for division of duties in the Division of Duties Regulations, and standards for authority in the Table for Decision-Making Authority.

(5) System for ensuring appropriate execution of duties in the corporate group consisting of the Company, its parent company, and its subsidiaries

1) Secure systems of receiving periodic reports from Directors of subsidiaries with respect to matters relating to the performance of their duties.

2) The Board of Directors shall stipulate policies under Paragraph 1, 3 and 4 of the Guidelines on the Construction of an Internal Control System, and ensure that subsidiaries establish a required system for their Board of Directors in accordance with these basic policies.

3) General Affairs Department shall be in charge of controlling subsidiaries and shall control the corporate operations of subsidiaries in accordance with the "Sapporo Group Company Management Operation Rules." Material matters relating to the entire Group shall be discussed at Board of Directors meetings, the Management Council and committee meetings ancillary thereto.

(6) Matters relating to employees to assist with the duties of the Audit & Supervisory Committee in the case where the Audit & Supervisory Committee request the assignment of such employees, matters relating to the independence of such employees from Directors (excluding Directors who are Audit & Supervisory Committee Members), and matters relating to ensuring the effectiveness of instructions given by the Audit & Supervisory Committee to such employees

1) If Audit & Supervisory Committee requests the assignment of employees to support their duties, Audit & Supervisory Committee assistant staff will be assigned.

2) In cases where Audit & Supervisory Committee assistant staff is put in place for Audit & Supervisory Committee, the Company shall ensure the independence of such staff from Directors by respecting the opinions of Audit & Supervisory Committee in relation to the assignment and evaluation of such staff etc., and the Company shall also ensure the effectiveness of instructions given by the Audit & Supervisory Committee to such staff.

(7) Structure for reporting from Directors and employees to Audit & Supervisory Committee and other structures regarding reports to Audit & Supervisory Committee

1) Audit & Supervisory Committee shall be provided with reports from Directors or employees regarding the following matters.

- a. Matters to be reported regularly
 - Management, business and financial status, risk management and compliance status
 - b. Matters to be reported in special circumstances
 - Matters which may cause serious damage to the Company and other material facts related to management
 - Fraud in relation to Directors' performance of their duties and material breaches of laws and regulations or the Articles of Incorporation
- 2) In order that the Audit & Supervisory Committee gain an understanding of the status of Directors' performance of their duties in addition to the report of 1) above, the Company shall maintain a system in which Directors who are Audit & Supervisory Committee Members attend Board of Directors, Management Council and Group Management Council meetings, and other important meetings, review important documents relating to business execution of operation such as requests for approval (*ringisho*), and in which Directors and employees otherwise make reports to Audit & Supervisory Committee.
- 3) Employees who belong to the Internal Auditing Department shall exclusively follow the instructions and orders of the Audit & Supervisory Committee if such employees assist Audit & Supervisory Committee in performing their duties upon receiving instructions from Audit & Supervisory Committee.
- 4) A system shall be in place such that Directors, Audit & Supervisory Board Members or employees of the Company's subsidiaries or persons who are reported by these persons report to the Audit & Supervisory Committee.
- 5) A system shall be in place such that whistleblowers who report to Audit & Supervisory Committee are not treated unfavorably.
- (8) Other systems ensuring efficient audits by Audit & Supervisory Committee
- 1) Directors shall attempt to acquire a better understanding of the auditing of Directors and employees by Audit & Supervisory Committee, and to create an environment for auditing by Audit & Supervisory Committee.
- 2) A system shall be in place such that Audit & Supervisory Committee can collect necessary information, including by holding occasional meetings with Representative Directors, obtaining reports from the Auditing Department, and periodically exchanging opinions with Accounting Auditors.
- 3) The Company shall bear fees and liabilities arising from the job performance by Audit & Supervisory Committee, unless such fees or liabilities are not needed the job performance by in the Audit & Supervisory Committee.

2. Basic Views on Eliminating Anti-Social Forces

- (1) The Group, as a code of conduct, is not and will not be engaged in any relationship with anti-social forces and organizations which could pose a threat to the order or the safety of civil society, and shall implement such code of conduct thoroughly.
- (2) Under this Basic Policy, the Company shall create an administrative division which handles matters relating to anti-social forces and organizations, and shall appoint a person in charge of preventing undue claims, collect and manage information within the Group, and develop and enforce the system for eliminating such anti-social forces and organizations by cooperating with police, organized crime group elimination organizations, lawyers, and other outside specialized organizations.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Adopted
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Supplementary Explanation

The "Basic Policy Regarding What and How a Person Controlling Decisions on a Stock Company's Financial and Business Policies Should Be" provided for in the Ordinance for Enforcement of the

Companies Act was resolved at the Board of Directors held on February 13, 2020, and the overview etc. of the content is as set forth below.

1. Basic Policy on Company Control

In managing the Company that, as a holding company, controls the management of the entire business of the Group, which consists primarily of the alcoholic beverage business, food and soft drink business and real estate business, it is indispensable to have extensive know-how, abundant experience, and an understanding of the relationships established with the stakeholders, including domestic and foreign customers, employees, business partners, etc. Without a sufficient understanding of the above matters by persons in control of decisions on the Company's financial and business policies, the shareholder value that could be realized by Company shareholders in the future may be damaged. Therefore, in order to protect the common interest of shareholders of the Company, the Company believes that it is necessary to take measures, as the Board of Directors deems appropriate, against the large-scale purchase of shares etc. of the Company, which may clearly and seriously damage the common interest of shareholders ("Large-Scale Purchase", with the purchaser being referred to as a "Large-Scale Purchaser").

2. Effective Utilization of the Company's Assets, Formation of an Appropriate Corporate Group, and Other Special Efforts to Realize the Basic Policy on Company Control

In November 2016, the Group formulated the "Sapporo Group Long-Term Management Vision 'SPEED150'". This vision sets forth the overall direction the Group should pursue over the 10 years from 2017 to 2026, the year marking the 150th anniversary of the Group's founding. The Group once again recognizes that the source of the Group's growth lies in the "Brand Assets" cultivated over the Group's 140-year history since it was founded, and promoted the "First Medium-Term Management Plan (2017-2019).

However, in light of recent business trends, the Company judged that the current organizational structure and continuation of business activities were insufficient to respond to changes in the market environment and customer consumption styles. Accordingly, the Company formulated a new management plan, the "Group Management Plan 2024" and announced it on February 13, 2020.

Taking into account the issues each business is facing and differences in the speed of growth of each business, the Company has set a five (5)-year plan starting from the year 2020 and will vigorously push forward toward the achievement of the goals set in the plan for 2024.

"Basic policies"

- (1) Concentration and strengthening of core business
- (2) Acceleration of global expansion
- (3) Establishment of a simple and compact corporate structure
- (4) Promotion of sustainability management

The Company has made positive efforts toward strengthening corporate governance systems as follows.

In November 1998, the Company has voluntarily established a "Nominations Committee" and a "Compensation Committee" (each of such committees consists of the Independent Outside Directors and the President, and one Chairman is elected from Independent Outside Directors) to enhance the transparency of the operations concerning employees and the treatment of Directors and made efforts to maintain and improve the soundness of management organizations.

In March 1999, the Operating Officer System was adopted.

In March 2002, the term of office of the Directors was reduced to one year.

In July 2003, the Company shifted to a pure holding company system, and since then the Company have gradually increased the number of Independent Outside Directors, and the Company have elected three Independent Outside Directors since 2009.

In December 2015, the Company set up an "Independent Outside Directors Committee" (which consists of the Independent Outside Directors) to encourage the Independent Outside Directors to exchange information and share their thoughts with regard to the Company and the Group's management strategy and matters relating to corporate governance, etc.

The Company shifted to a Company with Audit & Supervisory Committee in March 2020, and will achieve further growth in corporate value through efforts to further enhance corporate governance such as increasing the ratio of the Independent Outside Directors in the Board of Directors to one-half from previous one-third, enable the Company to make decisions in a more flexible manner with enhanced management transparency and efficiency.

After the Company shifted to a Company with Audit & Supervisory Committee, the Company will properly establish and operate the system of such company, and further endeavor to strengthen and reinforce corporate governance in order to realize continuous growth and improve corporate value in the medium-to-long term.

3. Efforts to Prevent the Company's Financial and Business Policies from Being Controlled by Inappropriate Parties, in Accordance with the Basic Policy on Company Control

In order to prevent the Company's finance and business policies from being controlled by inappropriate parties, in accordance with the Basic Policy on Company Control, the Company asks that Large-Scale Purchasers follow certain reasonable rules ("Large-Scale Purchase Rules"), and has stipulated certain policies for compliance and non-compliance in relation thereto. The Company stipulated these as the Company Policy for Handling the Large-Scale Purchase of Shares etc. (the "Large-Scale Purchase Policy").

In the Large-Scale Purchase Rules, it is stipulated that a Large-Scale Purchaser must provide the Board of Directors with all necessary and sufficient information concerning the relevant Large-Scale Purchase in advance, in order to ensure that shareholders are provided with the information necessary to decide whether or not to accept such Large-Scale Purchase, and also shareholders are provided with the opinion of the Board of Directors of the Company and the opportunity to receive alternative proposals. The Large-Scale Purchase may be commenced only after a certain period of assessment by the Board of Directors of the Company has elapsed. If a Large-Scale Purchaser complies with the Large-Scale Purchase Rules, except in exceptional cases where it is considered that the common interests of the Company's shareholders will be clearly and seriously damaged, the Board of Directors may not take countermeasures against the relevant Large-Scale Purchase. On the other hand, if a Large-Scale Purchaser does not observe the Large-Scale Purchase Rules, the Board of Directors of the Company may take the countermeasures available to them under the Companies Act, other laws, and the Articles of Incorporation of the Company against the Large-Scale Purchase to protect the common interests of the Company's shareholders.

Please refer to the Company's website (*) for details regarding the Large-Scale Purchase Policy.

The Large-Scale Purchase Policy was approved by shareholders at the 96th Ordinary Meeting of General Shareholders held on March 27, 2020, and became effective on the same date (with a period of validity until the end of the 99th ordinary general shareholders meeting, to be held by March 31, 2023).

(*) The Company Website:

<https://www.sapporoholdings.jp/en/news/items/20200213en-tekijikaiji-kaituketaiou.pdf>

4. The Large-Scale Purchase Policy Is in Compliance with the Basic Policy on Company Control, Will Not Damage the Common Interests of Shareholders, and Does Not Have As a Purpose the Maintenance of the Status of Company Officers; the Reasons Therefor

(1) The Large-Scale Purchase Policy is in compliance with the Basic Policy on Company Control.

The Large-Scale Purchase Policy explicitly stipulates that the Board of Directors may take countermeasures against Large-Scale Purchasers who do not observe the Large-Scale Purchase Rules. Even when there is compliance with the Large-Scale Purchase Rules, if the Board of Directors of the Company deems that the Large-Scale Purchase will clearly and seriously impair the common interest of the shareholders of the Company, it may take such countermeasures as it deems appropriate for protecting the common interest of shareholders. As such, it can be said that the Large-Scale Purchase Policy was established in line with the Basic Policy on Company Control.

(2) The Policy shall not impair the common interest of shareholders.

As described in 1. the Basic Policy on Company Control is premised on the assumption that the common interest of shareholders of the Company should be respected. The Large-Scale Purchase Policy is consistent with the Basic Policy on Company Control and is intended to ensure that shareholders of the Company are provided with the information necessary to decide whether or not to accept a Large-Scale Purchase, with the opinion of the Board of Directors of the Company, and with the opportunity to receive alternative proposals. Because the shareholders of the Company and investors can make proper investment judgments through the Large-Scale Purchase Policy, said policy does not damage the common interest of the shareholders of the Company, but rather supports those interests.

(3) The Policy does not have as a purpose the maintenance of the status of the Company Officers.

The Large-Scale Purchase Policy provides a detailed advance disclosure of the cases in which the Board of Directors of the Company may take countermeasures, and countermeasures by the Board of Directors of the Company may be taken in accordance with said policy. The Board of Directors of the Company may not unilaterally implement and continue the Policy; the approval of shareholders of the Company is required.

In addition, in when, in relation to a Large-Scale Purchase, the Board of Directors of the Company is to assess and review the purchase and form an opinion as a board, the Board of Directors shall request advice from outside experts, etc. as necessary, and shall consult with the Independent Committee, which consists of members who are independent of the management team that conducts the Company's corporate operations, and shall give utmost respect to the recommendations of such Independent Committee. As mentioned above, the Policy includes procedures through which the appropriate operations by the Board of Directors of the Company are ensured.

As described above, the Company believes it to be clear that the Policy does not have as a purpose the maintenance of the status of officers.

2. Other Matters Concerning to Corporate Governance System

1. Basic Stance Regarding Timely Disclosure by the Company

The Company conducts corporate operations having stipulated, as a fundamental management policy, that it is "striving to maintain integrity in corporate conduct that reinforces stakeholder trust and aiming to achieve continuous growth in corporate value." The Company recognizes that the timely and appropriate disclosure of information requested by the public is an essential responsibility for a corporation, and endeavors to disclose such information in a timely manner.

The Company stipulates as follows regarding the "Proper Disclosure and Management of Corporate Information" in the "Sapporo Group Code of Corporate Conduct", for the Company, each Group and employees, and strives to act in compliance with such code.

Proper Disclosure and Management of Corporate Information, from "Sapporo Group Code of Corporate Conduct"

- The Company must properly disclose, in a timely manner, management information regarding the Company's corporate financial condition, business activities and similar matters, and must take measures to help shareholders and investors understand Sapporo Group more deeply through investor relations activities.

- The Company must properly manage the use of insider information in accordance with the Sapporo Group Rules for Preventing Insider Trading.

2. The Company's Internal System for Timely Disclosure

The Director of General Affairs Department is the person responsible for handling information, and the actual practices related to information disclosure such as timely disclosure are handled by the General Affairs Department as set forth below.

(1) Information collection and timely disclosure determinations

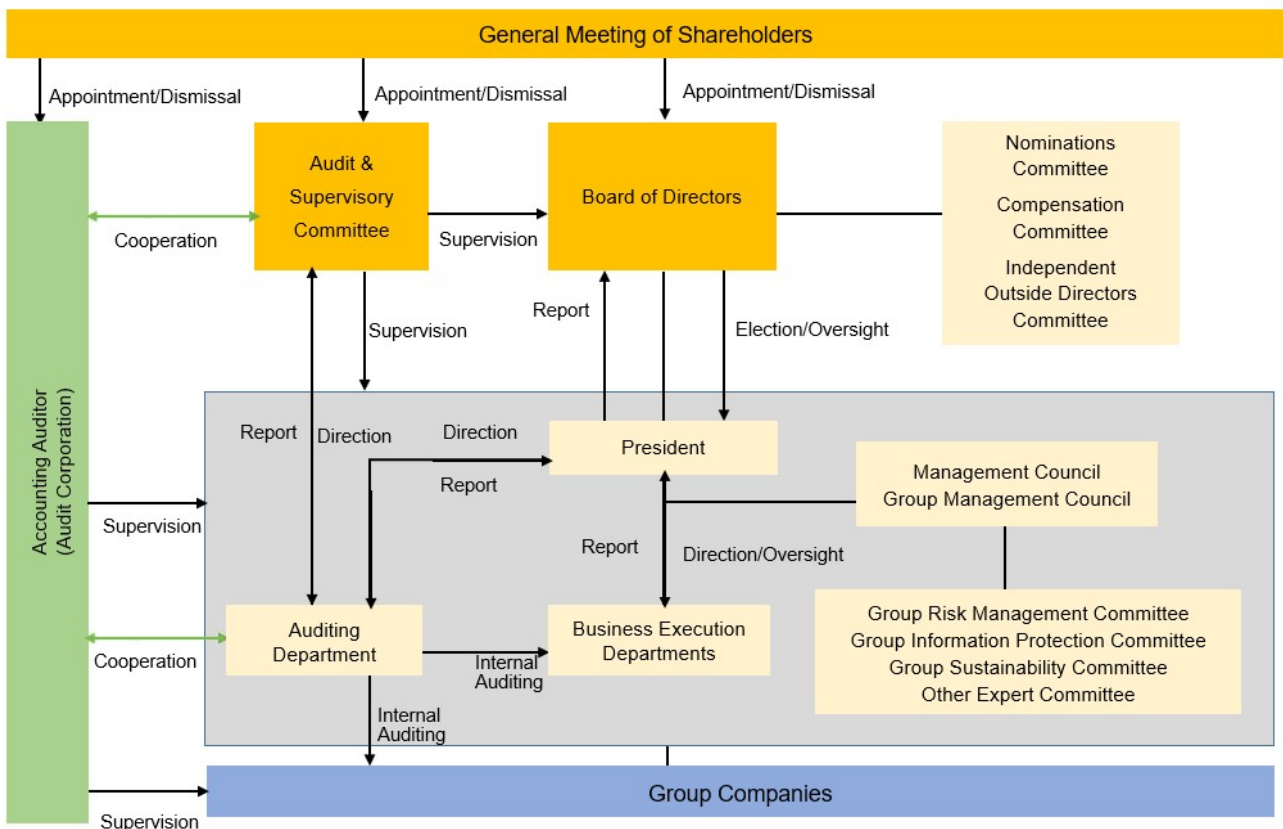
- Information collection from each division and each Group company is handled by Accounting Department (1. Financial statement information); and General Affairs Department (2. Decisions, 3-1. Facts that have arisen other than risk matters and 3-2. Risk matters).

- With respect to 1. Financial statement information, 2. Decisions, and 3-1. Facts that have arisen other than risk matters, General Affairs Department passes information on to the Timely Disclosure Consideration Meeting (handling office: General Affairs Department), which analyzes such information, and in light of the Timely Disclosure Rules etc., prior consideration is made regarding whether to disclose and the content and method of disclosure.

- With respect to 3-2. Risk matters, the Group Risk Management Committee (administration office: General Affairs Department) analyzes the relevant risk information, considers whether to disclose the same in a timely manner, and refers the matter to the Timely Disclosure Consideration Meeting, if it is deemed necessary.

(2) Public announcement

- With respect to 1. Financial statement information, 2. Decisions, 3-1. and 3-2. Facts that have arisen including risk matters, matters are discussed or reported at the Management Council or Group Management Council (chair: President; administrative office: Director of General Affairs Department) after prior consideration at the Timely Disclosure Consideration Meeting as set forth in (1) above, and in addition to decision-making and approval regarding such matter, the content and method etc. of timely disclosure are determined.
- For 1. Financial statement information, and 3-1 and 3-2. Facts that have arisen including risk matters, disclosure will be made promptly after the report to the Management Council or Group Management Council is made. For 2. Decisions, disclosure will be made promptly after decision-making at the Management Council.



Name	Title	Knowledge and experience of each director						
		Corporate management	Financial accounting	Legal compliance risk management	Human resources	Global operation	Sales & marketing	R&D, Production Engineering SCM IT
Masaki Oga	President and Representative Director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	
Yoshihiro Iwata	Managing Director	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>	
Mayumi Fukuhara	Director	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>
Yasuyuki Oohira	Director	<input type="radio"/>		<input type="radio"/>	<input type="radio"/>			<input type="radio"/>
Mackenzie Clugston	Director (Outside)	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>		
Shuji Fukuda	Director (Outside)	<input type="radio"/>	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>	
Tetsuya Shoji	Director (Outside)	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Toshio Mizokami	Director (Chair and full-time member of the Audit and Supervisory Committee)	<input type="radio"/>	<input type="radio"/>			<input type="radio"/>		<input type="radio"/>
Kazuo Sugie	Director (a fellow member of the Audit and Supervisory Committee/ Outside)	<input type="radio"/>			<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Kohtaro Yamamoto	Director (a fellow member of the Audit and Supervisory Committee/ Outside)	<input type="radio"/>		<input type="radio"/>		<input type="radio"/>		

* The items in the table above does not represent all the knowledge or experience of each Director.