Corporate Governance Report

CORPORATE GOVERNANCE KOMEDA Holdings Co, Ltd.

Last Update: May 29, 2024
KOMEDA Holdings Co., Ltd.
Yuichi Amari,
Representative Director and President
Contact: Administration Headquarters
General Affairs Department
Tel: 052-936-8880
Securities code: 3543
https://www.komeda-holdings.co.jp/

Note: This translation of the Corporate Governance Report is provided for reference purposes. In the event of any discrepancy, the original Japanese version shall prevail.

The corporate governance of KOMEDA Holdings Co., Ltd. ("KOMEDA Holdings" or "the Company") is described below.

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

1. Basic Views

To achieve sustainable growth and increase corporate value over the medium to long term, the Company maintains good relationships with shareholders and all stakeholders, fulfills its social responsibilities as a company, and is working to strengthen its corporate governance system with the aim of establishing a legal compliance system, building an effective internal control system, and ensuring management objectivity and prompt decision-making.

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

The Company is compliant with all principles.

Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1-4 Cross-shareholdings]
KOMEDA Holdings does not hold listed shares as cross-shareholdings.

[Principle 1-7 Related Party Transactions]
When conducting transactions with officers and major shareholders, etc., the Company obtains the approval of the Board of Directors after consulting opinions from the Audit and Supervisory Committee members, deliberating them. Transactions with a conflict of interest are approved by the Board of Directors as required. Furthermore, in the event of transactions between these related parties, disclosure will be made in accordance with relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, as well as the rules stipulated by stock exchanges.

[Supplementary Principle 2-4 (1) Ensuring Diversity in the Promotion, etc. of Core Personnel]
To provide customers with "an ideal space and service for KUTSUROGI" as well as contribute to the enhancement of corporate value over the medium to long term and the realization of sustainable societies through its business activities, the Company addressed material issues that should be prioritized (hereinafter referred to as "Materiality"). One such matter is "Promotion of human resource diversity." To achieve this, the Company will embrace diversity (diversity and inclusion) in areas such as gender,

age, marriage, race, nationality, religion, and disability, and strive to create and improve a workplace environment where a wide range of human resources can demonstrate their individuality and abilities.

The main initiatives for the above policy are as follows.

(Promoting the Advancement of Women)
To increase the number of female employees involved in management decision-making in the future, the Company has a woman in the role of general manager, along with a Chief Store Operation Officer (CSOO) specializing in KOMEDA's store operations, and a Chief Smiling Ambassador (CSA) specializing in customer service. These three women participate in weekly departmental management meetings to discuss and share information with other departments prior to decision-making.

In addition, three women have been appointed as department heads at Komeda Co., Ltd., a major subsidiary of the Company, and two women as directors at affiliated companies.

Of note, in 2019 KOMEDA Co., Ltd. received a three-star "Eruboshi" rating indicating a company that promotes the advancement of women. As of the end of the fiscal year ended February 2024, the ratio of female managers, including female store managers, was 19.6%. To achieve the target of 23% by the end of February 2026, the Company will continuously promote the creation of workplaces where women can play active roles.

(Active Participation of Non-Japanese Human Resources)
KOMEDA Holdings is also focusing on promoting the active participation of overseas human resources with the aim of responding to the future decline in the working population and vitalizing human resources. In the fiscal year ended February 2023, the first 43 graduates of the KOMEDA Training Center in Myanmar entered Japan and are playing active roles in the operations of KOMEDA Holdings Group’s directly managed stores and bakeries. In the fiscal year ended February 2024, the Company began making preparations to welcome the second group of graduates. These non-Japanese employees are receiving training aimed at promotion to management positions in the future.
In addition, KOMEDA Holdings Group has established local subsidiaries in Taiwan and Indonesia to expand its business. For business growth, the Company is selecting and developing local management personnel in order to quickly and accurately grasp the needs of diverse local customers and respond flexibly to such needs. Therefore, a voluntary and measurable target for the ratio of foreign managers has not been set.

(Recruitment of diverse human resources)
In the era of an economic environment marked by VUCA (volatility, uncertainty, complexity, and ambiguity), KOMEDA Holdings believes that diversity of human resources is important for continued expansion of its business, and has proactively hired mid-career human resources with various career backgrounds. As a result, the ratio of mid-career hires of employees has reached a high level on a par with that of the previous fiscal year. For this reason, the Company has not set a voluntary and measurable target for the ratio of mid-career hires to managerial positions, but will continue to actively promote recruitment and promotion to core positions in order to reflect this diversity in management.

(Creating a Workplace Environment Comfortable for Diverse Human Resources)
KOMEDA Holdings strives to create a workplace environment that improve employee’s rewarding to ensure the diversity of human resources, and is promoting the development of a workplace environment that makes the most of human resource diversity in accordance with the following five materiality matters. In addition, the Company has focused on employee engagement, and added engagement survey items to the annual Employee Satisfaction Survey.

Materiality	Details of Initiatives
Improvement of occupational health and safety	- Introduction of Super Flextime System and Variable Working Hours System - Implementation of stress checks - Implementation of occupational health and safety training

Securing Human Resources and Creating an Environment that Supports Growth	- Periodic review of plans of human resource recruitment and development, human resource allocation and organizational restructuring strategies, and evaluation systems - Conducting of regular follow-up interviews with employees who have joined the company - Establishment of various training systems, such as subsidies for acquiring qualifications
Revitalization of Diverse Human Resources	- Promotion of telework - Implementation of measures to promote maternity and childcare leave, such as making maternity and childcare leave partially paid - Establishment of a side job system
Good employment relationship and suitable working conditions	- Employee satisfaction survey (including engagement survey items) - Encouraging employees to take paid leave
Eradicating discrimination and harassment	- Implementation of harassment prevention training - Establishment and operation of a harassment consultation desk (helpline)

[Principle 2-6 Roles of a Corporate Pension Fund as an Asset Owner]

Since KOMEDA Holdings Group has adopted a defined contribution corporate pension plan, there is no investment of the corporate pension fund, and no impact on the Company's financial position.

[Principle 3-1 Full Disclosure]

(1) KOMEDA Holdings Group publishes its management philosophy, management strategy, and management plan on its website. Please refer to the following URL. https://komeda-holdings.co.jp/

(2) The basic approach to corporate governance is described in "I.1 Basic View" of this report.

(3) The Company decides on policies and procedures for determining the amount of remuneration for Directors (excluding directors who are Audit and Supervisory Committee Members, "Directors") within the limits of the total amount of remuneration for Directors as determined by the General Meeting of Shareholders, taking into account the role, responsibility, management capability, performance, and degree of achievement of individual targets, etc. of each Director, and after deliberation by the Board of Directors upon receiving a report from the Independent Advisory Committee (composed of four independent outside directors), which is an advisory body to the Board of Directors. In addition, the policy and procedures for determining the amount of remuneration for directors who are Audit and Supervisory Committee members ("Audit and Supervisory Committee members") are determined by the Audit and Supervisory Committee within the limits of the total amount of remuneration for Audit and Supervisory Committee members as determined by resolution of the General Meeting of Shareholders, taking into account their full-time or part-time audit work status.

(4) The selection of candidates for a Director (excluding directors who are Audit and Supervisory Committee Members) is decided by the Board of Directors after deliberation by the Human Resources Strategy Committee and the Independent Advisory Committee based on a skill matrix that lists the skills expected of directors, bearing in mind the overall knowledge, experience, and abilities of the Board of Directors as a whole, and that diversity is respected as possible in consideration of the number and size of the Board of Directors of the Company. If it is recognized that a director is not fully performing his or her functions, such as when a director violates laws and regulations or the Articles of Incorporation, causes significant loss or hindrance to business, or causes significant obstacles to the execution of duties, the Board of Directors will deliberate on the dismissal of the director.

(5) Regarding the appointment and nomination of individual directors and Audit and Supervisory Committee members, the biographies of candidates are included in the Notice of Convocation of the Ordinary General Meeting of Shareholders and the annual securities report. In addition, the reasons for each appointment as a Director and Audit and Supervisory Committee member candidate are described in the Notice of Convocation of the Ordinary General Meeting of Shareholders.

"Notice of Convocation of the 10th Ordinary General Meeting of Shareholders"
https://komeda-holdings.co.jp/english/wp-content/uploads/2024/05/Notice-of-Convocation-of-The-10th-Ordinary-General-Meeting-of-Shareholders-1.pdf

[Principle 3-1 (3) Initiative of Sustainability]

(1) The Company's basic sustainability policy is as follows.

To continue to provide customers with “an ideal space and service for KUTSUROGI”, KOMEDA Holdings will consider the global environment and work to solve social issues.

(2) To promote sustainability activities across the entire business organization, the Company has established the Sustainability Committee, chaired by the President and Representative Director. Positioned as a meeting body under the direct control of the President and Representative Director, the Sustainability Promotion Division serves as the secretariat, the committee continuously sets targets for sustainability activities, monitors progress, and evaluates achievements of each business internal organization. In addition, the status of sustainability-related activities is reported to the Board of Directors each quarter.

(3) KOMEDA Holdings recognizes climate change initiatives to be an important management issue, and believes that it is necessary to identify risks and opportunities, and link them to increasing corporate value over the medium to long term. Accordingly, in addition to working to reduce CO_2 emissions in the logistics field through the decentralization of factories, and promoting the introduction of renewable energy at factories and stores, the Company discloses on its website the impact of risks and opportunities related to climate change on its business activities and earnings, based on the framework of the TCFD recommendations.

https://komeda-holdings.co.jp/sustainability/

(4) Details of specific sustainability initiatives are disclosed on the Company’s website.

Please refer to the following URL. https://komedacomestrue.komeda.co.jp/

(Investing in Human Capital)

As described in Supplementary Principle 2-4 (1), KOMEDA Holdings has identified "Promotion of human resource diversity." as a materiality matter, and believes that it is necessary to create a workplace environment where diverse personnel can demonstrate their abilities, and to develop human resources. In the fiscal year ended February 2024, the Company conducted various measures including dispatching employees to external business schools, and conducting rank-based training to develop the next generation of leaders.

Going forward, the Company will continue to pursue measures for diversity of human capital.

(Investing in Intellectual Property)

Since approximately 95% of KOMEDA’s Coffee and Okage-An stores are franchise stores, KOMEDA Holdings Group recognizes that obtaining rights to trademarks used in stores is an important management issue. In 2018, after reviewing the scope of trademark rights in Japan and overseas, the Company applied for registration of necessary trademarks.

Going forward, the Company will continue to consider the sales of each product and the possibility of resale, and periodically apply for and acquire trademark rights that its deems necessary.

[Supplementary Principle 4-1 (1) Outline of Scope of the Matters Delegated to the Management]

Matters other than those stipulated by laws and regulations, internal rules, etc. as matters to be resolved by the Board of Directors are delegated to Directors, etc.

[Principle 4-8 Effective Use of Independent Outside Directors]

The Company has appointed four independent outside directors to exercise the supervisory function of the Company's management corporate activities from an objective, broad, and advanced perspective.

[Principle 4-9 Criteria for Determining the Independence and Qualifications for Independent Outside Directors]

This report II.-1 [Matters Concerning Independent Directors] The Company lists the independence judgment criteria for other matters related to independent directors.

[Supplementary Principle 4-10 (1) Voluntary Committee on Nomination and Remuneration of Directors]

The concept, authority, and roles of the Voluntary Advisory Committee regarding the Nomination and Remuneration of Directors is described in "II.-1 [Voluntary Established Committees]" in this report.

[Supplementary Principle 4-11 (1) Composition of the Board of Directors and Policy and Procedures for Appointment of Directors]

The Board of Directors nominates candidates from both inside and outside the Company with extensive experience, insight, and expertise as director candidates, and by selecting them at the General Meeting of Shareholders, the Board of Directors strives to ensure the diversity of the Board of Directors and the overall balance of knowledge, experience, abilities, and gender in an optimal structure for the Company.

The policies and procedures concerning the appointment of directors are described in Principle 3-1 (iv).

In addition, the Company has appointed a person with management experience an outside company as an outside director.

The Company has prepared a skill matrix for directors and included it in the reference documents for the General Meeting of Shareholders.

[Supplementary Principle 4-11 (2) Directors' Concurrent Positions]

The status of officers in the annual securities report is described in the status of their concurrent positions.

[Supplementary Principle 4-11 (3) Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

The Company conducts an evaluation of the effectiveness of the Board of Directors in March every year as an opportunity to assess the candid opinions of directors regarding the activities of the Board of Directors. In evaluating the effectiveness of the Board of Directors meetings (19 times in total) held from March 2023 to February 2024 for the fiscal year ended March 2024, the Company conducted an anonymous questionnaire of nine directors (including four outside directors who are Audit and Supervisory Committee members). The questionnaire covered 1) the composition of the Board of Directors, 2) the operation of the Board of Directors, and 3) the agenda of the Board of Directors. After analyzing the results of the questionnaire at the Audit and Supervisory Committee, the Audit and Supervisory Committee held a discussion on the effectiveness of the Board of Directors at an extraordinary meeting of the Board of Directors on May 8, 2024, and determined that the composition of the Board of Directors, items to be deliberated, frequency of meetings, and deliberation hours were appropriate, and the composition of officers was balanced. It was determined that the effectiveness of the Board of Directors was generally ensured in terms of both decision-making and supervision.

At the same time, to improve the effectiveness of the Board of Directors, views were exchanged regarding implementing initiatives for the following two points.

First, regarding the composition of the Board of Directors, while diversity of the Board of Directors is being ensured by inviting certified public accountants, lawyers, and people with experience in corporate management, including women, from outside the Company and appointing them as outside directors (Audit and Supervisory Committee members), also the Company is making effort to further enhancement of the diversity by nurturing women employees to be candidates for directors. Currently, as results of investment in activities to promote the participation of women in the workplace and human resource development, women within the Company have been appointed as general managers and department heads, as well as directors of subsidiaries, an opinion was expressed that directors shall continue to be deeply involved in the development of candidates for directors, including women, and systematize the training to develop the next generation of director candidates.

Second, regarding the operation and agenda of the Board of Directors, while there has been discussion of medium- to long-term management issues on semiannual management conferences held by the KOMEDA group management team, primarily by the Board of Directors, including directors of subsidiaries, corporate officers of a major subsidiary of the Company and general managers, it has not been necessary for outside directors with participating management liaison meeting and PDCA meeting about mid-term plan issues, an opinion was expressed that it should be considered with holding regular meetings about management issues to further enhancement of discussion among the Board of Directors.

Based on the above opinions, the Company will further promote initiatives to deeply discussion of human resource investment and medium- to long-term management issues, for ensuring the effectiveness of the Board of Directors

[Supplementary Principle 4-14 (2) Training Policy for Directors]

To enable directors to fully fulfill their functions, the Company uses training from external organizations in addition to that provided by the General Affairs Department, and provides opportunities for director training as appropriate. Training costs are borne by the Company.

[Principle 5-1 Policy and System for Constructive Dialogue with Shareholders]

The Company is taking the following measures to promote constructive dialogue with shareholders.
(1) In addition to the General Meeting of Shareholders, the Company works to further enhance dialogue with shareholders to a reasonable extent through opportunities such as individual interviews and briefings.
(2) The Company will provide feedback obtained through such dialogue to directors (including Audit and Supervisory Committee members) and internal business organizations, and strive to appropriately reflect these views in corporate activities.
(3) The Company supervises overall dialogue with shareholders, establishes an officer in charge of IR and a department dedicated to IR, and promotes timely and appropriate disclosure of corporate information and dialogue with shareholders.
(4) The Company has formulated various regulations to prevent insider trading and is working to ensure thorough management. In addition, a certain period prior to the announcement of financial results is set as a silent period, and dialogue and interviews with shareholders and investors are restricted.

[Principle 5-2 Formulation and Disclosure of Management Strategies and Plans]
The Company has set the following financial targets as priority strategies in the VALUES 2025 medium-term business plan implemented in FYE 2/21.

・Growth:	EPS (Earnings per share)	Compound annual growth rate of 13%
・Profitability:	ROIC* (Return on Invested Capital)	11.5% or higher in the final year of the plan
・Financial Soundness:	Capital ratio	40% or higher in the final year of the plan
・Shareholder Returns:	Total payout ratio	50% or higher of the cumulative amount during the plan period

* ROIC: Operating profit after tax ÷ (Average of interest-bearing debt at the beginning and end of the fiscal year excluding lease liabilities + Average of equity at the beginning and end of the fiscal year)

Details of the VALUES 2025 medium-term management plan are disclosed on the Company's website.
https://komeda-holdings.co.jp/english/management-plan/

(Measures for the realization of management conscious of the cost of capital and stock price) (Disclosure in English)
The Company calculates the cost of capital based on the weighted average cost of capital. The weighted average cost of capital used for assessing goodwill impairment in the annual securities report for FYE 2/24 is 5.85% (pre-tax discount rate of 8.27%).

The Company has adopted ROIC as a financial target to emphasize profitability and capital efficiency. ROIC for FYE 2/24 was 11.0%, remaining at a level well above the weighted average cost of capital.

In addition, based on a resolution approved at the General Meeting of Shareholders on May 25, 2023, the Company adopted as a directors' remuneration system performance-based restricted stock compensation. By setting as performance-linked conditions the compound annual growth rate (CAGR) of earnings per share, ROIC, capital ratio, total payout ratio, and reductions in CO_2 emissions, the Company has enhanced incentives for internal directors to conduct management with an awareness of increasing corporate value.

(Disclosure of the status of basic policies and revisions related to the business portfolio)
Because KOMEDA Holdings Group's main business is limited to the operation of franchise chains such as KOMEDA's Coffee, the Board of Directors has not established a basic policy regarding the business portfolio as of the latest update of this document. However, the Board does evaluate capital efficiency each term through the formulation of its management plan.

2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan Ltd. (Trust account)	5,431,200	11.85
Custody Bank of Japan, Ltd. (Trust account)	3,042,500	6.64
JAPAN POST INSURANCE Co., Ltd.	953,000	2.06
SUMITOMO LIFE INSURANCE COMPANY	788,500	1.72
STATE STREET BANK WEST CLIENT-TREATY 505234	623,000	1.36
SMBC Nikko Securities Inc.	519,200	1.13
BNYM AS AGT/CLTS NON TREATY JASDEC	432,900	0.94
STATE STREET BANK AND TRUST COMPANY 505225	418,800	0.91
JP MORGAN CHASE BANK 385166	360,900	0.79
Northern Trust Company ABB.F.C. RE US Tax Exempt Pension Funds Security Lending	336,400	0.73

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
Name of Parent Company, if applicable	None

Supplementary Explanation

—

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market in Tokyo, Premium in Nagoya
Fiscal Year-End	End of February
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more and fewer than 1,000
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Fewer than 10

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

–

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Committee

Directors

Number of Directors Stipulated in Articles of Incorporation	11
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hisashi SHIRAHATA	CPA											
Hisashi HORI	From another company											
Chiaki ODA	Lawyer											
Tomoe MATSUDA	From another company											

*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

a. Person who executes business of the Company or a subsidiary
b. Person who executes business or a non-executive director of a parent company
c. Person who executes business of a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
e. Major client of the Company or a person who executes business for such client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
k. Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hisashi SHIRAHATA	○	○	—	As a certified public accountant and utilizing his abundant experience and insight in accounting and finance at financial institutions, the Company has judged that he will contribute to strengthening the decision-making and supervisory functions of the Board of Directors of the Company from a standpoint independent of management. There is no conflict of interest in the Company.
Masatoshi HORI	○	○	—	As representative director of POKKA CORPORATION (currently POKKA SAPPORO Food & Beverage Co., Ltd.) from December 2005, he led the management of the company for many years and played major roles in its growth. He has a wealth of knowledge and experience in corporate management, business strategy, sales and marketing measures, and the Company has judged that he will contribute to the further and company-wide growth, the strengthening of the decision-making and supervisory functions of the Board of Directors. There is no conflict of interest in the Company.
Chiaki ODA	○	○	—	He has a high level of expertise, experience, and insight as a lawyer in terms of such fields as overseas business development and M&A set forth in the Company's medium-term management plan. In addition, since he is from and lives in Nagoya, he has the perspective of a customer of KOMEDA Coffee, and together with the above high level of experience and insight, the Company has judged that he will contribute to strengthening the decision-making and management supervision functions of the Board of Directors of the Company. There is no conflict of interest in the Company.
Tomoe MATSUDA	○	○	—	She has been involved with business relating to communication with people for many years, and has a wealth of knowledge and experience regarding "People and Job Satisfaction," one of the Company's material issues that it considers a priority (materiality), such as delivering lectures on mental health as a clinical psychological counselor. The Company has judged that she will contribute to strengthening the decision-making and supervisory functions of the Board of Directors. There is no conflict of interest in the Company.

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	0	0	4	Outside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Audit and Supervisory Committee conducts audit activities systematically using the internal control system, appoints employees to assist in their duties, and has direct command and order authority over the Internal Audit Office.
The Internal Audit Office, which is three assistant employees, is not appointed by the Audit and Supervisory Committee and conducts internal audits based on instructions from the President. If there are any inconsistent instructions from the President and the Audit and Supervisory Committee, the instructions of the Audit and Supervisory Committee shall take precedence.
In addition, to ensure independence from directors, etc. other than Audit and Supervisory Committee members, the Company shall appoint such assistant employees and transfer personnel (including transferees). Personnel evaluations, disciplinary measures, etc. require the consent of the Audit and Supervisory Committee.

Status of Coordination between Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Company has concluded an audit agreement with EY Shin Nihon LLC and has appointed as an accounting auditor.
The Audit and Supervisory Committee Members, the Internal Audit Office, and the Accounting Auditor exchange information as necessary, enhance mutual cooperation, and take all possible measures to ensure the legality and appropriateness of the Company's operations.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Independent Advisory Committee	4	0	0	4	0	0	Outside Director

Voluntarily Established Committee Equivalent to Remuneration Committee	Independent Advisory Committee	4	0	0	4	0	0	Outside Director

Supplementary Explanation

In order to ensure transparency and objectivity, the Independent Advisory Committee, which consists of all four members of the Company's independent outside directors (Audit and Supervisory Committee members), reports from an independent standpoint in response to consultation from the Board of Directors in order to comply with the relevant principles* of the Corporate Governance Code, such as ensuring diversity in the Board of Directors, selecting and dismissing director candidates, and deliberating on the remuneration of directors.

The Board of Directors deliberates and decides on the appointment and remuneration of Directors in accordance with the reports from the Independent Advisory Committee. Furthermore, by the procedure, the Board of Directors enhance objectivity and transparency in decision-making, aim to enhance the management supervision function.

*Principle 3-1 (iii.), principle 3-1 (iv.), supplementary principle 4-1 (3), supplementary principle 4-2 (1), principle 4-3, supplementary principle 4-3 (1), supplementary principle 4-3 (2), supplementary principle 4-3 (3), supplementary principle 4-11 (1)

Matters Concerning Independent Directors

Number of Independent Directors	4

Other Matters Concerning Independent Directors

All outside officers who meet the qualifications of independent officers have been designates by the Company as independent officers.

In addition, based on the requirements for independent directors stipulated by financial instruments exchanges in Japan such as the Tokyo Stock Exchange, Inc., if it is determined that any of the following items do not apply, independence is considered to exist.

1. Executive of the Company or its subsidiaries (hereinafter referred to as the "Group") *1
2. Major shareholders of the Group (persons and companies that directly or indirectly hold 10% or more of total voting rights) or executives thereof
3. Companies, etc. in which the Group directly or indirectly holds 10% or more of total voting rights, or their executives
4. Major business partners*2 of the Group or their executives
5. Business partners*3 or executives thereof whose main business partners are the Group
6. A person who oversees auditing work of the Group as an accounting auditor of the Group or an employee thereof
7. Consultants, accounting experts, or legal professionals who receive a large amount of money or other assets*4 from the Group in addition to officer remuneration (if the person receiving such assets is an organization such as a corporation or association, a person who belongs to that organization)
8. A person who receives a large amount of money or other assets*4 from the Group, or an executive of a corporation, organization, etc. that receives donations
9. An executive of a company that accepts directors from the Group or its parent company or subsidiary
10. Those who have fallen under the above 2~9 in the last 3 years
11. Close relatives, etc. of those who fall under 1~10 above (those in important positions*5)*6

*1 An executive officer is an executive director, executive officer, or other employee who has been a member of the Group in the last 10 years.

*2 Major business partners of the Group refer to business partners who have paid the Company an amount of 2% or more of

the Company's annual consolidated net sales in the most recent fiscal year, or business partners who have loaned the Company 2% or more of the consolidated total assets of the Company as of the end of the most recent fiscal year.

*3 A business partner whose principal business partner is the Group refers to a business partner who has received payment from the Company of 2% or more of the annual consolidated sales of the business partner in the most recent fiscal year.

*4 "Large amount of money or other assets" refers to an amount of 10 million yen or more per year other than officer remuneration and other property benefits in the most recent fiscal year. (If the person acquiring the property is an organization such as a corporation or partnership, it means monetary or other property interests exceeding 2% of the total income of the organization in the most recent business year.) In the case of a donation, it also refers to an amount of 10 million yen or more and other property benefits.

*5 Persons in important positions are directors (excluding outside directors), executive officers, and employees in managerial positions at the level of general manager or higher.

*6 "Close relatives" refer to spouses and relatives within the second degree of kinship.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme

Supplementary Explanation for Applicable Items

- In April 2023, the Company revised the officer remuneration system to replace the existing stock option system and stock compensation system with the aim of enhancing incentives for the sustainable improvement of the corporate value of the Company, realizing value sharing with shareholders on a more long-term basis, and enhancing the link between the Company's business performance and the remuneration of eligible directors. The Company introduced a new restricted stock compensation plan for continuous service and a performance-linked restricted stock compensation plan.
- Under the new performance-linked restricted stock compensation plan, in order to provide incentives for achieving the targets set forth in the medium-term management plan, in addition to the financial targets set forth in the medium-term management plan (average annual growth rate of earnings per share (EPS), return on invested capital (ROIC), capital ratio, and total payout ratio), the Company has set CO_2 emission reductions as indicators to solve social issues.

Persons Eligible for Stock Options	Inside Directors / Employees / Subsidiaries' Directors / Subsidiaries' Employees

Supplementary Explanation for Applicable Items

In 2014 and 2015, stock options were granted to internal directors, employees of the Company, directors, executive officers, and employees of the Company's subsidiaries with the aim of increasing motivation and morale to improve the Group's business performance. Since April 2018, when the restricted stock compensation plan was introduced, incentives in the form of restricted shares have been granted to these target persons.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors

Supplementary Explanation for Applicable Items

For each category of director and director who are Audit and Supervisory Committee members, the total amount of remuneration by type is disclosed in the business report and annual securities report.

The following are the results for the fiscal year ended February 29, 2024.

- 6 Directors Total amount of remuneration, etc.: 188 million yen (of which fixed remuneration is 90 million yen, performance evaluation standard remuneration is 71 million yen, stock-based remuneration is 27 million yen)

- 5 Directors (Audit and Supervisory Committee Members) Total amount of remuneration, etc.: 22 million yen (of which fixed remuneration: 22 million yen, performance evaluation standard remuneration: None, stock remuneration: None)

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

The amount of remuneration for the Directors and Audit and Supervisory Committee members of the Company is limited by the amount based on the resolution of the Ordinary General Meeting of Shareholders . The amount of remuneration for each Director is determined by the Board of Directors taking into account the position and responsibilities of each Director, the scope of management, the level of other companies, etc., as well as the company-wide business performance and the degree of contribution to the company-wide goals.

In addition, the amount of remuneration for each Audit and Supervisory Committee member is determined by the Audit and Supervisory Committee, taking into account their full-time or part-time audit work status.

The details of the policy for determining the amount and calculation method of remuneration for officers of the Company are described in the annual securities report for the fiscal year ended February 29, 2024, "4. Status of the Submitting Company, 4 Status of Corporate Governance, etc., and (4) Remuneration of Officers, etc."

https://www.komeda-holdings.co.jp/ir/securities.html

Support System for Outside Directors

To provide accurate and necessary information to outside directors (Audit and Supervisory Committee members), a person responsible for providing such information has been appointed to the Internal Audit Office.

Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
Okitane USUI	Senior Advisor	Provide advice at the request of the current management, without participating in management decision-making	Part-time Paid	May 25, 2023	1 year renewable

Number of Persons Holding Advisory Positions (*Sodanyaku*, *Komon*, etc.) After Retiring as Representative Director and President, etc.	1

Other Related Matters

Okitane Usui, former Representative Director and Chairman of the Company, retired from his positions as a director and chairman on the date of the Ordinary General Meeting of Shareholders held on May 25, 2023, and has served as a senior advisor to the Group and has been providing advice at the request of management.

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

KOMEDA Holdings is a company with an Audit and Supervisory Committee, and as an organization based on the Companies Act, in addition to the General Meeting of Shareholders, the Board of Directors and the Audit and Supervisory Committee have been established, and the Compliance Committee and the Risk Countermeasures Committee have been established as a means of building a governance system. In addition, to enhance transparency and objectivity in the determination of director candidates and director remuneration, the Company has established the Independent Advisory Committee (consisting of four independent outside directors) as an advisory body to the Board of Directors and the Human Resources Strategy Committee (consisting of five directors (excluding Audit and Supervisory Committee members)), as an advisory body to the President and Representative Director.

The Board of Directors, which consists of nine directors (including four outside directors and four members of the Audit and Supervisory Committee Members), meets regularly once a month and as necessary to make important decisions for the Company and supervise the execution of duties by directors.

The Audit and Supervisory Committee consists of four outside directors. Outside Director Hisashi Shirahata is a certified public accountant, and Outside Director Chiaki Oda is a lawyer, and each has considerable knowledge of finance, accounting, and legal affairs. Audit and Supervisory Committee members exercise legal authority to investigate business and assets through attendance at meetings of the Board of Directors and to listen to reports from the Directors, employees, and accounting auditors. In addition, the Audit and Supervisory Committee gives direct instructions to the Internal Audit Office for the conduct of audit activities systematically using the internal control system, and receives reports from the Internal Audit Office on the results.

The Company has established the Internal Audit Office as the department in charge of internal audits, and one general manager and two assistants of the Internal Audit Office audit the overall operations of each division of the Group based on an internal audit plan approved by the president. After the internal audit is completed, the facts are confirmed with the head of the audited department (site manager), the results of the internal audit are immediately reported to the head of the audited department, and an internal audit report is prepared and reported to the president. Regarding points to be improved, the president issues instructions in the name of the president requesting the submission of an improvement plan to the audited department and improves operations. In addition, the Internal Audit Office must receive instructions directly from the Audit and Supervisory Committee and report the results, and if the instructions of the President differ from the instructions of the Audit and Supervisory Committee, the instructions of the Audit and Supervisory Committee shall take precedence.

The accounting auditor has concluded an audit agreement with EY Shin Nihon LLC, which provides, from an independent and impartial standpoint, audits of accounting and consultation and exchange of opinions as needed. There is no special interest between the Company and EY Shin Japan LLC or the certified public accountants who execute the business.

In addition to the above, regarding the Company's risk management system, the Company has established "Risk Compliance Regulations" for the purpose of identifying, evaluating, and preventing risks by taking a comprehensive view of various risks, minimizing damage by responding promptly and appropriately when risks materialize, preventing recurrence, protecting corporate value, and complying with laws and regulations. The structure is managed by the Risk Countermeasures Committee and the Compliance Committee under the direct control of the President. The Risk Countermeasures Committee and the Compliance Committee are chaired by the President and are composed of members appointed by the Chairperson, with the General Affairs Department of the Administration Headquarters serving as the secretariat. In addition to the Secretariat's request

to the Chairperson to hold meetings as needed, meetings are held regularly once a quarter.

The Independent Advisory Committee, which consists of all four members of the Company's independent outside directors (Audit and Supervisory Committee members), is an organization that reports from an independent standpoint in response to consultations from the Board of Directors and exchanges information for management supervision in order to comply with the relevant principles of the Corporate Governance Code*. It meets twice a year in principle.

The Human Resources Strategy Committee, which consists of all five directors (excluding Audit and Supervisory Committee members) of the Company, is an organization that deliberates, formulates, and reports on human resource strategies that promote the sustainable growth of the Group in addition to candidates for directors in response to consultation from the President and Representative Director of the Company. It meets four times a year in principle.

*Principles 3-1 (iii.), 3-1 (iv.), Supplementary Principle 4-1(3), Supplementary Principle 4-2(1), Principle 4-3, Supplementary principles 4-3 (1), Supplementary principles 4-3 (2), Additional principles 4-3 (3), Additional Principles 4-11 (1)

3. Reasons for Adoption of Current Corporate Governance System

The Company is working to strengthen the supervisory function of the Board of Directors by having Audit and Supervisory Committee members, who have voting rights at the Board of Directors, be involved in management decision-making. In addition to strengthening the supervisory function of the Board of Directors, realizing fair and highly transparent management by having multiple outside directors, and establishing the Human Resources Strategy Committee, Independent Advisory Committee, Sustainability Committee, Risk Countermeasures Committee, and Compliance Committee, the Risk Management System and Compliance, the current corporate governance system was selected because the Company recognizes that soundness, efficiency, and transparency of management can be ensured by establishing a promotion system and an internal audit system, and cooperating with these organizations.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	To ensure that shareholders can fully deliberate on the content of the agenda items, the convocation notice is posted early on TDnet, the electronic voting platform, and the Company's website prior to the dispatch of the convocation notice.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company's settlement for financial results is in the end of February, and the Ordinary General Meeting of Shareholders is held in May every year, so as to avoid days on which many companies hold shareholder meetings.
Electronic Exercise of Voting Rights	The Company has introduced the exercise of voting rights via the internet (including smartphones, etc.).
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has been participating in the electronic voting platform since the 7th Ordinary General Meeting of Shareholders (held on May 27, 2021).
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The convocation notice and reference documents are disclosed in English in a limited manner on TDnet, the electronic voting platform, and the Company's website.
Other	—

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Disclosed on the Company’s website.	
Regular Investor Briefings held for Individual Investors	Quarterly supplementary financial results explanatory materials are disclosed on the Company’s website.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings (interim and full year financial results).	Held
Regular Investor Briefings held for Overseas Investors	Not held.	Not Held
Online Disclosure of IR Information	Financial results disclosure materials, supplementary financial results explanations, etc. are disclosed on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established an IR department to conduct activities for shareholders and investors.	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	To embody the Group's management philosophy, the Company has established a Corporate Code of Conduct, which clearly states respect for the position of each stakeholder. In addition, the Corporate Code of Conduct is disclosed on the Company's website. https://komeda-holdings.co.jp/code-of-conduct/
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group has established a dedicated department to promote corporate sustainability activities. To realize a sustainable society and the sustainability of the KOMEDA chain, the Company has identified Materiality that considers social and business issues, and is engaged in company-wide sustainability activities. In addition, the Company has begun mainly sustainable procurement of coffee beans as food material. In terms of the environment, the Company is installing solar panels, introducing renewable energy, and conducting forest conservation activities in the KOMEDA Forest. The Company strives to improve environmental awareness and knowledge internally, such as by making the Environmental Society Certification Test (ECO certification) mandatory for department heads. To contribute to the SDGs (Sustainable Development Goals), the Company will continue to work together with our customers, franchisees, and business partners to solve social issues in a unique manner toward the realization of a sustainable and better society.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Corporate Code of Conduct stipulates as policy regarding the provision of information: "We will disclose corporate information in a timely and appropriate manner, conduct highly transparent management, pay due attention to internal information management, and prevent insider trading and leakage of personal information." As a measure to ensure this, the Company has established "Insider Trading Management Regulations" and "Personal Information Protection Management Regulations".
Other	

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company has established the following basic policy regarding the internal control system in order to comply with laws, regulations and the Articles of Incorporation and to ensure the efficiency and appropriateness of operations.

1. System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

(1) Outside directors who do not execute duties and Audit and Supervisory Committee members conduct audits to ensure that matters related to the execution of important duties decided at the Board of Directors meeting held in principle monthly and as necessary comply with internal rules such as laws and regulations, the Articles of Incorporation, and the Rules of the Board of Directors.

(2) Recognizing that compliance with laws and regulations and thorough corporate ethics are the starting points of management, directors shall actively promote compliance based on the Risk Compliance Regulations and the Corporate Code of Conduct.

(3) For employees, the Company will thoroughly comply with laws, regulations, and corporate ethics through compliance education and corporate conduct that utilizes the operation of risk and compliance regulations and training systems.

(4) Based on the Risk Management and Compliance Regulations, the Compliance Committee shall convent regularly under the direct supervision of the Representative Director, identify matters to be thoroughly enforced, and educate and raise awareness for directors and employees on compliance.

(5) Establish and operate internal rules that clearly state legal and appropriate procedures and procedures in business.

(6) Audits shall be conducted by the Internal Audit Office to confirm that legal and appropriate business operations are being conducted.

(7) As a whistleblowing system, a helpline shall be established for compliance in general.

(8) The Company's Code of Conduct stipulates that it shall not have any relationship with antisocial or similar groups or individuals. In addition, the Company will create a manual for dealing with antisocial forces, and based on this manual, will promptly respond as an organization, such as by coordinating with external specialized organizations such as the police.

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

Information related to the execution of duties by directors shall be appropriately stored and managed in accordance with laws and regulations, document management regulations, information system security regulations, and other related regulations that stipulate management methods such as retention periods.

3. Regulations and other systems for managing the risk of loss

(1) Based on the Risk Management and Compliance Regulations, the Risk Countermeasures Committee shall be held on a regular basis under the direct control of the Representative Director, and the Administration Division shall comprehensively grasp and manage the risks of the Group. In addition, the Administration Division shall consider countermeasures together with the Risk Countermeasures Committee of each department and strive to minimize risks.

(2) From the perspective of risk prevention, the Internal Audit Office conducts internal audits on the status of risk management in each department and reports the results to the Representative Director, the Audit and Supervisory Committee, and the Risk Countermeasures Committee.

4. System to ensure efficient execution of duties by directors

(1) The Board of Directors shall meet once a month in principle and occasionally when necessary, and may make resolutions in writing in accordance with laws and regulations.

(2) The basic framework of the responsibilities and authorities of each position and the business shall be clarified in accordance with the regulations of approval authorities, and prompt and appropriate decision-making and efficient business execution shall be conducted.

(3) The Company shall develop a management cycle of planning, implementation, and control evaluation based on the basic management policies and plans for each fiscal year, as the foundation of the medium-term management plan.

5. System to ensure the appropriateness of business operations in the corporate group consisting of the Company and its subsidiaries (hereinafter referred to as "the Group")

(1) System for reporting matters related to the execution of duties by directors of subsidiaries to the Company

1) The Company shall stipulate a headquarters to supervise subsidiaries in the Group Company Management Regulations, approve important matters or receive reports based on these headquarters, and appropriately manage subsidiaries.

2) The Company shall receive regular reports on the financial results, business status, and other important business execution status of subsidiaries at the Board of Directors of the Company.

(2) Regulations and other systems for managing the risk of loss at subsidiaries

1) The Company shall establish risk and compliance regulations related to risk management as common regulations with subsidiaries, and establish a system for comprehensively managing risks for the entire Group.

2) The Company's Internal Audit Office shall conduct internal audits of the entire Group.

(3) System to ensure efficient execution of duties by directors, etc. of subsidiaries

1) Based on the Group's strategies stipulated in the Medium-Term Management Plan, etc., the Administration Division shall take responsibility for managing and guiding subsidiaries to improve the efficiency and optimization of operations of the entire Group.

(4) System to ensure that the execution of duties by directors and employees of subsidiaries complies with laws and regulations and the Articles of Incorporation

1) The Compliance Committee shall manage the compliance of subsidiaries and establishes a compliance system for the entire Group.

2) The Internal Audit Office shall conduct audits to confirm whether subsidiaries are executing their business legally and appropriately.

3) A helpline shall be established as a whistleblowing system for the Group that can be used by directors and employees of subsidiaries.

6. System to ensure the reliability of financial reporting

The Group shall establish a basic policy on internal control over financial reporting and ensure the reliability of financial reporting.

7. System to ensure that audits by the Audit and Supervisory Committee are conducted effectively

(1) Matters relating to the system for directors (excluding Audit and Supervisory Committee members) and employees to assist the Audit and Supervisory Committee in its duties, and ensuring both independence from such directors and other directors of employees (excluding Audit and Supervisory Committee members), and the execution of the of the Audit and Supervisory Committee to the directors and employees concerned

1) The Internal Audit Office shall assist the Audit and Supervisory Committee. The appointment of employees of the Internal Audit Office, personnel changes (including transferees), personnel evaluations, disciplinary measures, etc. shall be subject to the consent of the Audit and Supervisory Committee, and independence from directors (excluding Audit and Supervisory Committee members) shall be ensured.

2) When assisting the duties of the Audit and Supervisory Committee, employees of the Internal Audit Office shall give priority to the instructions and orders of the Audit and Supervisory Committee.

3) The Audit and Supervisory Committee may independently appoint assistant employees who have sufficient ability and knowledge to assist in audit work.

4) Auxiliary employees are not required to be full-time, but must give priority to the directives and authority of the Audit and Supervisory Committee. Appointment and transfer (including the destination of transfers) of such assistant employees, personnel evaluations, disciplinary measures, etc. require the consent of the Audit and Supervisory Committee.

(2) Directors of the Group (excluding Audit and Supervisory Committee members) and a system for employees to report to the Audit and Supervisory Committee

1) The Company shall ensure opportunities for Audit and Supervisory Committee members to attend and express their opinions at important meetings other than those of the Board of Directors.

2) The Audit and Supervisory Committee Members shall, as necessary, inspect or copy important information of the Group and make copies of the Group's important information, and directors (excluding Audit and Supervisory Committee members). and may request an explanation from the employee.

3) Directors (excluding Audit and Supervisory Committee members) and employees shall report to the Audit and Supervisory Committee on matters that may cause significant damage to the Group, the status of internal audits, the content of reports based on the whistleblowing system, and other matters deemed necessary by the Audit and Supervisory Committee.

4) The Company shall not treat persons who have reported to the Audit and Supervisory Committee or who have provided information to the whistleblowing system disadvantageously because of such reporting.

5) The Audit and Supervisory Committee shall regularly exchange opinions with the Representative Director, the Internal Audit Office, and the Accounting Auditor.

(3) Matters relating to procedures for advance payment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee members and other policies concerning the processing of expenses or reimbursement arising from the execution of such duties

If the Audit and Supervisory Committee Members request the Company for expenses related to the execution of their duties, the Company shall bear such expenses, unless it is deemed unnecessary for the duties of the Audit and Supervisory Committee Members.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company has adopted the "Charter of Corporate Behavior: Implementation Guide (6th Edition)" (September 2010) and the "Guidelines for Preventing Damage by Antisocial Forces" (June 2007, Proposal of the Executive Committee of the Ministerial Council on Crime Countermeasures) published by the Japan Keidanren as a basic principle, and has established and implemented a system in accordance with these guidelines. Regarding the policies of the KOMEDA Group, the KOMEDA Group's "Code of Corporate Conduct" states that it shall have no relationship whatsoever with antisocial forces, and caution is urged from time to time at major internal meetings. In addition, the Company has prepared a manual for dealing with antisocial forces, and in the event of unreasonable demands, etc. by antisocial forces, the department in charge centrally manages information and has shall establish a system to take prompt measures, including consultation with the competent police station and corporate lawyers.
In addition, the Company actively participates in seminars on antisocial forces held by police stations and related organizations, mainly officers and employees of management-related departments, and strives to collect information while ensuring thorough awareness.

In addition, as a precaution, in addition to strengthening relationships with the consultation desk of the competent police station and building an emergency system through simulations of corporate lawyers, the Company is strengthening the cooperative system by joining the Aichi Prefectural Council for the Elimination of Violence.

With regard to checking business partners, in the case of new business partners, the basic method for individuals if they are business partners at the start of new transactions, and for companies and representatives if they are corporations, is to search the internet and Nikkei Telecon, with any concerns reported to the General Manager of the Administration Headquarters and inquiries and consultations made to external organizations (police, Center for the Promotion of Movement to Expulsion of Organized Crime Groups, bar associations, etc.). The Company also solicits information from financial institutions and business partners. In the case of existing business partners, once a year if business volume is 1% or more of the total transaction amount, and once every two years if it is less than 1%, if the business partner is an individual, the company / representative of the company / representative if it is a corporation, the basic method is to search the internet and Nikkei Telecon, with any concerns reported to the general manager of the management headquarters and external organizations (police, center for the promotion of expulsion of organized crime groups, bar associations, etc.). The Company also solicits information from financial institutions and business partners.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation for Applicable Items

–

2. Other Matters Concerning the Corporate Governance System

–

END