

Last Update: April 1, 2026

**Nakanishi Inc.**

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The corporate governance of Nakanishi Inc. (the "Company") is described below.

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

### 1. Basic Views

The Company aims to enhance corporate value by promoting the strengthening and improvement of the corporate governance system. The fundamental policy of management to improve corporate value is to gain the trust of stakeholders, starting with shareholders, as a global company.

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

(Supplementary Principle 4-1-3)

At present, the Company has not established a succession plan for the CEO and other senior executives. However, the Nomination and Remuneration Committee has begun considering the framework of a succession plan and the policy for successor development.

(Principle 4-11: Prerequisites to guarantee the effectiveness of the Board of Directors and the Audit and Supervisory Board)

The Company's Board of Directors is comprised of diverse Directors who possess expertise and experience in their respective fields. The Audit and Supervisory Board perform pertinent, relevant auditing activities through Outside Corporate Auditors, who possess expertise in management experience, judicial affairs, etc., coordinating with outside specialists such as accountants and others. Also, the Board of Directors is analyzed and evaluated on its effectiveness, aiming to improve its functionality.

### Disclosure Based on the Principles of the Corporate Governance Code

(Principle 1-4: Cross-shareholdings)

The Company performs verifications of appropriateness of possession by performing verifications related to the Board of Directors' cross-shareholding possession purpose and economic rationality. Also, when exercising voting rights, to properly exercise, overall judgment is made considering conformity to the Company's possession policy and whether it plays a part in the corporation's mid-to-long term corporate value enhancement.

(Principle 1-7: Transactions between related parties)

In the event of undertaking a transaction between related parties, deliberation and resolution by the Board of Directors is required, and the Director possessing the interests may not exercise voting rights related to the relevant agenda items. Regarding a transaction between related parties, verification of the transaction details will be conducted to prevent loss of minority shareholder profit, and the transaction basis will be equivalent to the transaction conditions between other corporations with no capital ties.

(Supplementary Principle 2-4-1)

To ensure diversity, the Company proactively appoints mid-career recruitments and others to core personnel. The proportion of mid-career hires in managerial positions is already high, so no target has been set. As for the appointment of foreign personnel, the Company promotes the localization of management at its overseas subsidiaries and other entities, of which foreign employees hold the majority of managerial positions. The proportion of foreign employees in managerial positions at overseas subsidiaries and other entities is already high, so no target has been set. In addition, the Company proactively promotes the empowerment of women, and has set a target of increasing the proportion of female employees in managerial positions to 10% by 2027.

(Principle 2-6: Roles of Corporate Pension as asset owners)

The Company, on Defined-Benefit Corporate Pension asset management, implements initiatives such as effective management based on regulations, monitoring, and other actions.

(Principle 3-1: Enhancement of information disclosure)

(1) The Company's management philosophy, management strategy, and business plan  
Disclosed in the Mid Term Management Plan as well as Briefing Materials, etc.

(2) Basic views regarding corporate governance

Please refer to "Basic Views" in this document.

(3) Policies and procedures related to determining Director compensation

The amount of Director compensation and the like are within the compensation limits set at the General Meeting of Shareholders. Entrusted by the Board of Directors, these amounts are determined by the President and Group CEO after deliberation by the Nomination and Remuneration Committee, taking into account each Director's responsibilities and performance, as well as the company's performance and economic climate.

(4) Policies and procedures related to the nomination of Director and Corporate Auditor candidates

Regarding the nomination of the Company's Director and Corporate Auditor candidates, based on the perspective of thoroughly considering the right person for the right job, the Board of Directors will decide on the candidate recommended by the President and Group CEO after deliberation by the Nomination and Remuneration Committee. As for Corporate Auditor candidate nominations, approval from the Audit and Supervisory Board is obtained.

(5) Explanation concerning the election and nomination undertaken upon Director and Corporate Auditor candidate nomination

When placing Director or Corporate Auditor candidacy on the agenda at a General Meeting of Shareholders, the process of disclosure is to outline a brief personal record and offer evidence to determine ability, experience, etc., together with, for Outside Directors, a proxy statement specifying reasons for election.

(Supplementary Principle 3-1-3)

To tout the creation of the mission to "create brilliant progress" via "innovative grinding technology," the Company aims to solve societal issues through three areas of business- dental, surgical, and industrial.

Please refer to the Company's website for the Company's views, policies, and initiatives regarding sustainability.

(<https://www.en.nakanishi-inc.jp/sustainability/report/>)

(Supplementary Principle 4-1-1)

Based on applicable laws, Articles of Incorporation, and regulations of the Board of Directors, concrete business execution is entrusted to the Executive Vice President after requiring resolution of items by the Board of Directors. Furthermore, the Company adopts a Corporate Vice President system, and based on the President's direction, business can be executed by sanctioned authority as stipulated by the professional duty authority regulations, enabling rapid decision-making.

(Principle 4-9: Criteria for judging the independence of Independent Outside Directors and attributes of Independent Outside Directors)

Regarding the selection of Independent Outside Directors, based on independence standards in accordance with the Tokyo Stock Exchange, after completing classification of each item, selection is made after aggregating the combined decisions.

(Supplementary Principle 4-10-1)

The Company has established a Nomination and Remuneration Committee as a voluntary advisory body, which is comprised of a majority of Independent Outside Directors, to increase the fairness, transparency, and objectivity of procedures regarding the nomination and remuneration of Directors and Corporate Vice Presidents of the Company and its major subsidiaries and to further enhance the corporate governance system. The Nomination and Remuneration Committee deliberates and reports on matters regarding the appointment and dismissal of Directors and Corporate Vice Presidents, and the remuneration of Directors and Corporate Vice Presidents, among other matters.

(Supplementary Principle 4-11-1)

The Company's Board of Directors consists of diverse Directors with expertise and experience and who possess excellent character and insight; to be able to perform rapid decision-making, the Articles of Incorporation limit the acceptable number of Directors to ten people or less. The Company elects six Directors, including three Outside Directors, which the Company feels is an appropriate arrangement

for accurate and rapid decision-making. A skill matrix of Directors is provided in convocation notices of Annual General Meetings of Shareholders.

(Supplementary Principle 4-11-2)

Status of concurrent service for Directors and Corporate Auditors are disclosed through convocation notices of General Meetings of Shareholders, annual securities reports, etc.

(Supplementary Principle 4-11-3)

Concerning the effectiveness of the Board of Directors, self-assessment is undertaken through surveys by Directors and Corporate Auditors. The results of the analysis and evaluation of the effectiveness of the Board of Directors is used to confirm that the Company's Board of Directors' management is satisfactory, and overall effectiveness is ensured. Continuous assessment will be performed in the future so, even more, the Board of Directors' functionality will be enhanced as much as possible.

(Supplementary Principle 4-14-2)

The Company offers appropriate provisions of necessary information and opportunities so that Directors and Corporate Auditors can accomplish their duties and obligations.

(Principle 5-1: Policy related to constructive dialogue with shareholders)

The Company regards constructive dialogue with shareholders as important, and to the extent possible, holds various opportunities to communicate, primarily with management. In addition, insider information is properly managed in accordance with applicable laws and internal regulations when shareholders and investors communicate.

(Action to Implement Management that is Conscious of Cost of Capital and Stock Price)  
(Disclosed in English)

In addition to net sales, EBITDA, and EBITDA margin, which are sales and profit target indicators, the Company has set an ROE target, an indicator for profitability relative to shareholders' equity, as a KPI in the Mid Term Management Plan NV2030 to promote management emphasizing capital efficiency. For details, please refer to the Mid Term Management Plan NV2030.

Mid Term Management Plan "NV2030"

[https://www.en.nakanishi-inc.jp/app/wp-content/uploads/2025/08/NV2030S\\_E1.pdf](https://www.en.nakanishi-inc.jp/app/wp-content/uploads/2025/08/NV2030S_E1.pdf)

## 2. Capital Structure

Foreign Shareholding Ratio 30% or more

### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Nakanishi E&N Inc.	4,530,000	5.45
Chiyo Nakanishi	4,362,000	5.25
The NSK Nakanishi Foundation	3,721,600	4.48
Custody Bank of Japan, Ltd. (Trust accounts)	3,250,000	3.91
Office Nakanishi Inc.	3,120,000	3.76
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account	2,953,371	3.56
Eiichi Nakanishi	2,802,500	3.37
Kensuke Nakanishi	2,774,200	3.34
Ashikaga Bank, Ltd.	2,265,000	2.73
The Bank of New York Mellon 140042	2,257,840	2.72

Name of Controlling Shareholder, if applicable (excluding Parent Company) \_\_\_\_\_

Name of Parent Company, if applicable None

Supplementary Explanation

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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Standard Market
Fiscal Year-End	December
Business Sector	Precision Instruments
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net sales (Consolidated) as of the End of the Previous Fiscal Year	10B JPY or more and less than 100B JPY
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances which May Have Material Impact on Corporate Governance

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Corporate Auditors
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	Ten
Directors' Term of Office Stipulated in Articles of Incorporation	Two years
Chairperson of the Board of Directors	President
Number of Directors	Six
Election of Outside Directors	Elected
Number of Outside Directors	Three
Number of Independent Directors	Three

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Yuji Nonagase	Academic													
Yukiko Araki	From another company													
Chika Shiomi	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.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Director/ Corporate Auditor compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- 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)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

## Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yuji Nonagase	○	—	Elected as an Outside Director, the Company expects contributions to improve management integrity and to strengthen corporate governance by receiving overall management recommendations utilizing expertise related to management system engineering. Independence has been ensured with no concerns over conflicts of interest with general shareholders.
Yukiko Araki	○	—	Elected as an Outside Director, the Company expects contributions to improve the Company's sustainability promotion and strengthen corporate governance with years of abundant experience being involved in administration and possessing a wide range of expertise in CSR, environmental strategy, and healthcare. Independence has been ensured with no concerns over conflicts of interest with general shareholders.
Chika Shiomi	○	—	Elected as an Outside Director, the Company expects contributions to strengthen corporate governance by receiving overall management recommendations utilizing her diverse viewpoints, with extensive experience and broad insight in the management of a manufacturer focused on globally expanding its business. Independence has been ensured with no concerns over conflicts of interest with general shareholders.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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### Details of Establishment, Members, and Attribute of Chairperson

	Name of Committee	Total Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Others	Chairperson
Committees Corresponding to the Nomination Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	In-house Director
Committees Corresponding to the Remuneration Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	In-house Director

### Supplementary Explanation

The Company has established a Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors to increase the fairness, transparency, and objectivity of procedures regarding the

nomination and remuneration of Directors and Corporate Vice Presidents of the Company and its major subsidiaries and to further enhance the corporate governance system.

### Corporate Auditors

Establishment of Audit and Supervisory Board	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	Four
Number of Corporate Auditors	Three

#### Cooperation among Corporate Auditors, Accounting Auditors, and Internal Audit Departments

Corporate Auditors and the Audit and Supervisory Board receive an outline of audit plans from the Accounting Auditor, and the Accounting Auditor receives explanations to understand the state of internal controls, risk assessment, and important audit items. Striving for mutual cooperation, periodic exchange of opinions take place.

Furthermore, regarding the Corporate Auditor’s audit standards, in the event the Accounting Auditor finds a Director’s execution of duties to be dishonest or in violation of applicable laws or Articles of Incorporation, and a report of the grievous facts to the Audit and Supervisory Board is made, there is a stipulation that Corporate Auditors, after deliberation, proceed with necessary audits and take necessary corrective measures, such as advising or counseling the Director.

Corporate Auditors, receiving required reports concerning progress and results on internal audits as well as internal controls from the Internal Audit Office, mutually cooperate to perform efficient and effective audits.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	Two
Number of Independent Corporate Auditors	Two

#### Outside Corporate Auditors’ Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshihiro Maki	From another company													
Hironao Yazaki	Certified Public Accountant													

\*Categories for “Relationship with the Company”.

(Use “○” when the Corporate Auditor presently falls or has recently fallen under the category; “△” when the Corporate Auditor fell under the category in the past; “●” when a close relative of the Corporate Auditor presently falls or has recently fallen under the category; and “▲” when a close relative of the Corporate Auditor fell under the category in the past.)

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

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yoshihiro Maki	○	_____	Elected as an Outside Corporate Auditor, the Company expects contributions to improve management integrity and to strengthen corporate governance by receiving overall management recommendations utilizing a wealth of experience and expertise as a public servant in successive key positions. Independence has been ensured with no concerns over conflicts of interest with general shareholders although he holds 1,000 shares of the Company.
Hironao Yazaki	○	_____	Elected as an Outside Corporate Auditor, the Company expects contributions to effective audits based on his deep understanding of the medical device industry, in addition to high-level professional knowledge about finance and accounting through his experience as a partner of an audit firm. Although he belonged to the Company's Accounting Auditor, he never engaged in audits of the Company during his service and does not have a special interest with the Company as he currently operates an independent office. The Company has judged that he would appropriately supervise management from an objective viewpoint.

**Matters Concerning Independent Directors and Independent Auditors**

Number of Independent Directors and Independent Auditors      Five

Other Matters Concerning Independent Directors and Independent Auditors

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## Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Remuneration, Introduction of Stock Options Scheme, Other

### Supplementary Explanation for Applicable Items

· Stock Options Scheme

At the 58th Annual General Meeting of Shareholders held on March 30, 2010, it was resolved to abolish the retirement bonus system for Directors other than Outside Directors, and in line with the above, issue stock acquisition rights as stock compensation-type stock options. For remuneration at retirement, each Director is granted a fixed number of stock acquisition rights depending on the position in which the Director served.

· Restricted Stock Compensation

At the 71st Annual General Meeting of Shareholders held on March 30, 2023, it was resolved to provide remuneration for granting restricted shares to Directors other than Outside Directors. The remuneration shall be provided within the monetary remuneration limit for Directors pursuant to a resolution of the Board of Directors.

Persons Eligible for Stock Options

Inside Directors

### Supplementary Explanation for Applicable Items

The aim of this grant is to strengthen, more than ever, the link between Director remuneration and the Company's performance and shareholder profit.

## Director Remuneration

Status of Disclosure of Individual Directors' Remuneration

Disclosure for Selected Directors

### Supplementary Explanation for Applicable Items

For those whose total remuneration is JPY 100M or more, individual disclosures are provided in the annual securities report. The annual securities report is published on the Company's website and is provided to the public for review.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

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

Remuneration for Directors (excluding Outside Directors) is based on a remuneration structure that incorporates shareholder profits to ensure that it adequately functions as an incentive to work toward sustainable improvement in corporate value. In determining remuneration for each Director, the basic policy is to provide an appropriate level in view of duties and responsibilities, with fixed remuneration, performance-linked remuneration, and non-monetary remuneration. Additionally, remuneration for Outside Directors only consists of fixed remuneration since they are at a standpoint independent from business execution.

1. Policy on fixed remuneration

Fixed remuneration shall be determined in comprehensive consideration of the status of duties and execution of each Director and the business results of the company, etc.

2. Policy on performance-linked remuneration

Performance-linked remuneration shall be determined based on the level of achievement (business results indices) according to the duties of each Director. Business results indices shall be net sales, EBITDA, and ROE.

3. Policy on non-monetary remuneration

Non-monetary remuneration shall be comprised of stock options and restricted stock, with the number of shares allotted determined based on the position, duties, etc., of each Director.

4. Policy on ratio of remuneration, etc.

Regarding the ratio of remuneration, etc., the policy shall be to ensure that the ratio is the most appropriate for the purpose of contributing to the sustainable improvement of corporate value.

5. Policy on allotment timing and conditions for remuneration, etc.  
Based on each policy, fixed remuneration shall be provided monthly and performance-linked remuneration shall be provided annually. Stock options and restricted stock shall be provided annually.
6. Matters concerning delegation of determining remuneration, etc.  
The content of remuneration, etc., for individual directors shall be deliberated by the Nomination and Remuneration Committee and subsequent to receiving its report, determined by the President & Group CEO.

## Support System for Outside Directors and/or Outside Corporate Auditors

The management department handles support pertaining to Outside Directors and Outside Corporate Auditors. A system is put into place whereby generally, advance notifications of Board of Director Meetings to be held are handled, as well as smoothly executing exchanges of opinion, deliberation, and approval with the Board of Directors.

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

### 1. Board of Directors

The Board of Directors, comprised of six Directors (including three Outside Directors), positioned as the management decision-making body, carries out the Company Groups' deliberation and decision-making concerning important matters.

### 2. Audit and Supervisory Board

The Audit and Supervisory Board, comprised of three Corporate Auditors (including two Outside Corporate Auditors), is established to perform audits on Directors' management activities, including responsibilities and performance.

### 3. Internal Audit System

The Internal Audit Office carries out internal audits and inspections of each Company account ledger. It also audits by monitoring business activity appropriateness and efficiency together with system effectiveness. Also, Corporate Auditors as well as the Accounting Auditor hold periodic meetings to exchange information and opinions to strive for validity and effectiveness of audit operations. The results of internal audits and progress with activities of the Internal Audit Office are reported to the President and Corporate Auditors as required, as well as to the Board of Directors and the Audit and Supervisory Board on a regular basis.

### 4. Status of Accounting Audit

There are no special interests between the Company's Accounting Auditor, Ernst & Young ShinNihon LLC. and the Engagement Partners engaged in the Company's audits.

The names of the certified public accountants engaged in said duties in the 74th Fiscal Year (FY2025) Ernst & Young ShinNihon LLC.

Seiichiro Suyama, Designated Limited Liability Partner and Engagement Partner

Keiichi Iida, Designated Limited Liability Partner and Engagement Partner

Assistants engaged in the Company's audit duties are three certified public accountants and fourteen others.

## 3. Reasons for Adoption of Current Corporate Governance System

The Company's three Outside Directors and two Outside Corporate Auditors are independently positioned to perform supervision and audits in terms of management, having no interests related to the Company's personnel, capital, business relationships, etc. Each Outside Director advises based on his or her own views to realize the Board of Directors' proper and efficient decision-making. Likewise, Outside Corporate Auditors audit management's legality and the like using their professional points of view, and are expected to perform monitoring functions in regards to management. From the above-mentioned, we find appropriate that the Corporate Auditor system starting with the Board of Directors, Corporate Auditors, and Audit and Supervisory Board aims to strengthen internal control functionality.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize General Meetings of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Convocation Notices of General Meetings of Shareholders	Convocation notices of General Meetings of Shareholders are posted earlier than the designated day.

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	Each quarter, the CFO holds a conference call for analysts and institutional investors to explain an overview of the financial results. In addition, for the interim and full-year financial results, the President & Group CEO also participates and provides explanations not only on an overview of the financial results but also on business trends and medium- to long-term management policies.	Held
Online Disclosure of IR Information	Provided on the website is an IR information site where annual securities reports, Briefing Materials, business reports, etc., are published.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Group CFO is the responsible party and person in charge of disclosure of information.	

#### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Recognizing consideration for the environment as an important issue for management, the Company has acquired ISO14001 and performs continuous improvement activities of environmental conservation and publishes the results of said activities on the Company's website.

## IV. Matters Concerning the Internal Control System

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

Outline of decided content relating to the system to ensure proper operation

- (1) System to ensure execution of duties of the Company and subsidiaries' (referred as "the Company Groups" below) Directors and employees conform to applicable laws as well as the Articles of Incorporation  
The Company, to improve the system created so the Company Groups' Directors and employees can execute their duties conforming to applicable laws as well as the Articles of Incorporation, conducts corporate management with an emphasis on compliance. Also, for Directors and employees, the Company Groups' information campaigns related to compliance is provided, aimed at creating a company culture that creates compliance awareness.
- (2) System for storing and managing information related to the execution of duties by Directors  
Handling of documents and other information related to Directors' execution of duties is managed by conforming to the "Document Management Regulations" and proper storage.
- (3) Regulations and other systems for managing the risk of loss  
The entire Company Groups' risk is comprehensively and uniformly managed based on the "Risk Management Regulations," which aim to evaluate and thoroughly manage the Company Groups' risk.
- (4) System to ensure that the Company Groups' Directors execute their duties efficiently  
The Board of Directors of the Company Groups perform supervision, etc., of determined important matters as well as the status of Directors' business executions. Also, conforming to the "Division of Duties Regulations," the "Business Authority Regulations," etc., delegation of authority is proactively conducted, and based on the rule where the person in charge can make decisions on each matter, duties are executed.
- (5) System to ensure the appropriateness of business in the corporate group consisting of the Company Groups  
Each company in the Company Group conforms to the "Affiliates Management Regulations" and other regulations to enhance corporate value of the entire group. Closely cooperating, the Company, regarding the subsidiaries, performs appropriate management and guidance, striving for effective operation from the group as a whole.
- (6) Matters relating to employees in the event that a Corporate Auditor requests assignment of an employee for assistance in duties  
In the event that a Corporate Auditor requests assignment of an employee for assistance in duties, respecting the Corporate Auditor's wishes, personnel are assigned as necessary.
- (7) Matters related to independence from Directors of employees in the preceding clause  
Regarding the transfer, evaluation, etc., of assigned personnel in the event of a Corporate Auditor requesting assignment of an employee for assistance in duties, the opinions of the Corporate Auditor are respected.
- (8) System related to reporting to the Corporate Auditor  
Facts of violations, etc., of applicable laws or concern about extreme harm to the Company by the Company Groups' Directors and employees must be reported to the Company's Corporate Auditors or Audit and Supervisory Board without delay.
- (9) System to ensure a person does not receive mistreatment due to appropriate whistleblowing to the Corporate Auditor  
Concerning the Company Group Director or employee who blows the whistle to a Corporate Auditor, carrying out mistreatment due to appropriate whistleblowing is prohibited, and this information is disseminated to Company Group Directors and employees.
- (10) Matters related to the procedures for prepaying or redeeming expenses arising from execution of duties by Corporate Auditors, as well as policies related to the processing of expenses or obligations arising from the performance of such duties  
When a Corporate Auditor requests advance payment, etc., of expenses for the execution of duties per Article 388 of the Company's the Companies Act, after the division in charge deliberates, other than when the relevant request for expenses or liabilities is deemed not necessary for the relevant Corporate Auditor's execution of duties, the request shall be promptly processed.
- (11) Other systems to ensure that audits by Corporate Auditors are conducted effectively  
Corporate Auditors, in order to understand the process of important decision-making, together with attending Board of Directors Meetings, read approval documents and other documents related to business execution, and exchange information with each Director. These systems are established to sufficiently enable information communication.

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

### 1. Basic views

Administered with a firm position, there are absolutely no relationships with Anti-Social Forces and groups that threaten order and safety in civil society.

### 2. System development

- (1) The General Manager of General Affairs Department is the responsible party and is handled primarily within the management department.
- (2) Striving to prevent taking part in Anti-Social Forces, the Company endeavors to cooperate and collaborate with the police with jurisdiction, lawyers, etc., to collect information.
- (3) The Company publishes "Handling Anti-Social Forces" in the Compliance Behavioral Guidelines and disseminates to employees.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items
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Special measures have not been introduced.

### 2. Other Matters Concerning the Corporate Governance System

Status of the Company's internal system related to timely disclosure of company information is as follows.

#### 1. The Company's basic stance on timely disclosure

The Company, as a listed corporation, is sufficiently aware of social responsibility and works towards building information management systems which strive to ensure management legality and fairness, and improve transparency.

Also, in accordance with applicable laws, Tokyo Stock Exchange timely disclosure regulations, etc., the Company diligently works to provide prompt, pertinent disclosure of information of matters decided at the Board of Directors Meetings and matters accepted at Management Meetings and by each department.

#### 2. Status of the Company's internal system related to timely disclosure

##### •Decisions made

Regarding important decisions made, they are decisions undertaken at Board of Directors Meetings. In accordance with Tokyo Stock Exchange timely disclosure regulations, regarding important decisions made, consideration on whether a disclosure is necessary is carried out mainly by the person in charge of information management. In the event that a disclosure is necessary, it is handled as promptly as possible.

##### •Events occurred

In accordance with Stock Exchange timely disclosure regulations, regarding important events that occur, consideration on whether a disclosure is necessary is carried out mainly by the person in charge of information management. In the event that a disclosure is necessary, it is handled as promptly as possible.

##### •Information regarding financial results

Regarding information related to financial results, the Accounting Department prepares the financial results numbers, and together with receiving audits from the Accounting Auditor, the Board of Directors approves, and the financial results information is disclosed that day.