

Corporate Governance Regulations

Chapter 1 General Provisions

(Purposes)

Article 1 These regulations stipulate the Company's basic ideas to put the corporate governance in place in order to achieve mid to long term corporate value improvements based on the corporate philosophy which the Company upholds.

(Positioning of Regulations)

Article 2 By placing these regulations as important basic policies to raise corporate's and shareholders' value for a mid to long term through the achievement of the corporate philosophy, the Company shall strive to do the Company's best in achieving the matters provided in the regulations.

Chapter 2 Relationship with Shareholders

(Ensuring Shareholder Rights)

Article 3 The Company shall make every effort to foster an appropriate environment where the Company effectively ensures all shareholders' rights taking into consideration the importance of such rights and facilitate their appropriate exercise of rights. In addition, the Company will strive to ensure timely and appropriate information disclosure to ensure the rights and equal treatment of all shareholders.

(General Meeting of Shareholders)

Article 4 Recognizing General Meeting of Shareholders as a place for constructive dialogue with shareholders, the Company shall strive to set up appropriate environment where the Company effectively and equally secures all shareholders' rights and facilitates their appropriate exercise of their voting rights.

2. The Company shall make every effort to provide information in General Meeting of Shareholders deemed to contribute shareholders in making appropriate decisions in an appropriate and a clearly understandable manner by posting it on the Company website, the Tokyo Stock Exchange website, etc. as needed.
3. The Company endeavor to set a day to hold General Meeting of Shareholders avoiding days on which many companies hold shareholders meetings from the standpoint of fulfilling constructive dialogue with shareholders and providing accurate information for the purpose.

4. In addition to sending a convocation notice early 3 weeks prior to General Meeting of Shareholders in principle to ensure adequate consideration period for shareholders on the agendas, the Company shall strive to post the convocation notice (English and Japanese) on Stock Exchange timely disclosure system as well as on the Company's website prior to sending the notice. In addition, taking into account the ratio of institutional and overseas investors among the Company's shareholders, the Company will strive to create an environment where the Company's shareholders can exercise voting rights using an electric voting planform for institutional investors so that the Company's shareholders can exercise voting rights smoothly at a General Meeting of Shareholders.
5. The Company shall not only analyze reasons and a cause of increase when a considerable number of opposing votes were cast against a proposal by the company in General Meeting of Shareholders, but also continue to fulfill accountability through dialogue with shareholders so that the Company's views are understood, while striving to examine whether a dialog with shareholders and other means are necessary.

(Dialogue with Shareholders)

Article 5 In order to contribute to sustainable growth and the increase of corporate value mid- to long-term through dialogue with shareholders, the Company shall appropriately handle a request from shareholders for dialogue (interview) as follows.

- (1) After confirming objectives of dialogue (interview) for the request by Department in charge of IR, senior management members, etc. who are in charge of IR shall respond as needed.
- (2) Upon such dialogue (interview) with shareholders, Department in charge of IR shall share information with relevant internal departments and ensure to coordinate in handling as well as report comments gathered through dialogue (interview) with shareholders to senior management members and Directors in the group in an appropriate and timely manner striving to resolve the issues.
- (3) In addition to the above, the Company shall strive to periodically send out such information to Directors and senior management members in the group through financial briefing sessions and other occasions. In addition, the Company shall distribute video content of earnings presentations in Japanese and English via webcast, while making efforts to participate in investors' conferences held both in Japan and overseas.
- (4) The Company shall thoroughly manage information upon dialogue (interview) with shareholders based on relevant internal regulations, endeavoring to prevent insider information leaks.

(Capital Policy)

Article 6 The Company shall strive to reinforce financial standing for increasing corporate value as well as consider and implement capital strategies that enable investments and proactive returning profits to the Company's shareholders.

2. Dividends to shareholders shall be determined holistically considering performances and retained earnings with the highest priority placed on keeping stable dividend distributions.
3. Retained earnings shall contribute to increasing corporate value through utilization, etc. to extending sales assets such as vending machines or investing to streamline operations in addition to reinforcing financial standing.
4. When considering implementation of a capital policy that results in the change of control or in significant dilution, the Company shall make every effort to carefully examine the necessity and rationale, ensure appropriate procedures, and provide sufficient explanation to shareholders.

(Cross-shareholdings)

Article 7 The Company shall not, in principle, own cross-shareholdings.

Nevertheless, as there are some shares acquired for the purpose of creating business opportunities and building, maintaining and strengthening relationships with business partners and local communities, the Company shall evaluate and report on the cost of holding major cross-held shares and the return on investment thereof in Board Meeting, and work on reducing the cross-held shares based on such evaluation.

In addition, with regard to the exercise of voting rights for shares held by the Company, the Company shall scrutinize the details of the proposal and consider whether or not the proposal impairs shareholder value and what impact it may have on the relationship with the Company, etc. before deciding on the exercise of the voting rights.

(Anti-takeover Measures)

Article 8 In the event of a purchase of a significant amount of the Company's shares, the Company shall strive to proactively gather information and disclose information in a timely manner in order to ensure and increase the Company's corporate value and mutual benefits with shareholders as well as take appropriate measures within the scope permitted by the laws and regulations and Article of Incorporation.

2. When the Board deems necessary to adopt Anti-takeover Measures in order to ensure and increase the Company's corporate value and mutual benefits with shareholders as mentioned in the preceding clause considering future trend of the society, the Company shall consult in General Meeting of Shareholders for the implementation according to the provisions of Article of Incorporation.

(Transactions between Associated Interested Parties)

Article 9 In the event the company engages in transactions with Directors, Executive Officers or major shareholders, approval shall be gained in Board Meeting based on statutory and internal regulations.

2. When the transaction is made as mentioned in the preceding clause between the company and Directors, Executive Officers or major shareholders, the important fact shall be reported in Board Meeting.

Chapter 3 Relationship with Stakeholders

(Relationship with Stakeholders)

Article 10 The Company shall increase corporate value by gaining trust from various stakeholders through activities that offer values to each individual with clearly identified raison d'etre of the company.

2. The Company shall stipulate the corporate philosophy to be the basis of all activities and the “Code of Business Conduct & Ethics” to be the specific guiding principles and judging criteria for each employee to observe in order to achieve the preceding clause and fully spread within the group.

(Relationship with Local Communities)

Article 11 The Company shall value environment and connection with the local communities that the Company have been nurtured over the years, and make efforts for realization of co-creation of values (CSV).

2. The Company shall take environmental risk preventive measures by paying attention to environmental stewardship in every aspect of business activities including operation of a system aimed at reducing environmental burden in daily tasks in order to realize a sustainable society.

(Relationship with Consumers and Customers)

Article 12 The Company shall aim to be the preferred partner for all customers, and sincerely and appropriately respond to them in good faith.

2. The Company shall sincerely and appropriately respond to inquiries or complaints from consumers in good faith.

(Relationship with Employees)

Article 13 The Company strive to create an environment where each employee's human rights and individuality are respected and employees can exert their ability, and to incorporate various values and ideas proactively.

2. The Company shall continue to set up and maintain internal whistle-blowing system and make efforts to have the Board oversees the operation status so that the Company's employees (including partner employees), etc. can report information on illegal or inappropriate behavior, disclosures, or any other serious concerns without concerns for a danger to suffer a loss, as well an objective assessment and appropriate use of the reported issues or doubts can be made.

Chapter 4 Information Disclosure and Ensured Transparency
(Timely and Appropriate Information Disclosure)

Article 14 The Company will aim to become a company who is trusted by the society and discloses information in an easy to understand, timely, appropriate, accurate and understandable manner to ensure transparency, fairness, and sustainability so that all of the Company's shareholders, investors, and other stakeholders inside and outside Japan can correctly understand the company group.

2. The Company will disclose the company information pursuant to the Company Act, Financial Instruments and Exchange Act, and other laws and regulations inside and outside Japan and as defined by the "securities listing regulations" of the stock exchanges (hereinafter "Timely Disclosure Regulations"). In addition, as for the disclosure of non-financial related information, not subject to the Timely Disclosure Regulations or the like, the Company strive to proactively disclose information deemed relevant for investment decisions and promoting their understanding of the Group.
3. The Company will strive to proactively disclose the information, including the one that is not subject to the timely information disclosure regulations and so forth when so deemed useful for making investment decisions and understanding the company group.

(Appropriate Executions of Audits by External Accounting Auditors)

Article 15 Recognizing that external accounting auditors assume important responsibilities for shareholders and investors, the Company shall respond properly in ensuring appropriate audits.

2. Audit and Supervisory Committee shall obtain necessary information and reports from internal relevant departments as well as from accounting auditors on external accounting auditors, examine every period based on assessment criteria and confirm appropriateness of accounting auditors' duty execution status, audit structure, independence and expertise for appointment, dismissal and reappointment of accounting auditors.

3. The Board and Audit and Supervisory Committee shall handle the following in order to ensure appropriate audits.

- (1) Secure appropriate audit dates and audit structure.
- (2) When requested by external accounting auditors, set up a meeting with top management including Representative Directors and Executive Corporate Officers.
- (3) Ensure coordination among external accounting auditors, Audit and Supervisory Committee and internal audit departments.
- (4) When pointed out by external accounting auditors, Representative Directors, Directors in charge or department managers in charge shall each take necessary measures.

Chapter 5 Corporate Governance Structure

(Basic Ideas Behind Corporate Governance Structure)

Article 16 The Company shall build a structure that enables greater management efficiency, transparency as well as enhancement of corporate and shareholder values.

2. With the aim of further extending Corporate Governance by reinforcing audit and oversight functions of the Board and enhancing corporate value through greater soundness and efficiency enabled by speedy decision-making and operation executions with delegated authorities, the Company shall adopt the form of a company with an Audit and Supervisory Committee.
3. In order to separate the decision-making as well as management oversight and operation execution functions, the Company shall adopt the system of Executive Officers, and enhance deliberations on especially important matters in the Board Meeting by entrusting part of decisions on important operational executions to Directors as well as accelerate management decisions on other matters by the management.
4. The Company shall take necessary measures to extend and reinforce Corporate Governance structure other than the aforementioned matters.

(Roles and Responsibilities of Board Meeting)

Article 17 With due attention to their fiduciary responsibilities and accountability to shareholders, the Board shall assume roles and responsibilities appropriately in order to enhance efficiency and transparency of management, enable sustainable growth of the Company's group and increase mid- to long-term corporate value.

2. The Board shall engage in constructive discussions for setting strategic directions and specific management plans based on the company's corporate philosophy, the Company raise and resolve the following matters based on the discussions.

- (1) Matters on basic policy for management
- (2) Matters on management structure and the management & officers responsible of executions
- (3) Matters on the company's organization and human resources
- (4) Matters on shareholders and shares
- (5) Matters on corporate assets
- (6) Matters on corporate organizational structure and M&A
- (7) Other important matters, etc.

3. The Board shall strive to set up a necessary environment where Directors and Executive Officers in the group can make decisions assuming appropriate risks and execute operations in order for the group to achieve sustainable growth and to enhance mid- to long-term corporate value.

4. From an independent and objective standpoint, the Board shall strive to oversee Directors and Executive Officers in the group with high level of effectiveness and shall establish appropriate internal control and risk management systems.

(Roles and Responsibilities of Audit & Supervisory Committee)

Article 18 Audit and Supervisory Committee shall strive to ensure effectiveness of audits from independent and objective standpoint in light of the institution as the sole discussion and resolution entity to form opinions on audits based on fiduciary responsibility to shareholders.

2. Audit and Supervisory Committee shall validate reports received from Directors (Executive Directors etc.), employees and accounting auditors as well as investigate matters on corporate operations and financial standings.

3. Audit and Supervisory Committee shall provide Directors (Executive Directors etc.) or employees opinions and express opinions such as solicitations positively and proactively as well as take necessary measures in a timely manner including enjoinderment of acts by Directors (Executive Directors).

4. Audit and Supervisory Committee shall ensure the company's transparent and fair decision-making and strive to set up an environment where the company can make speedy and decisive decision-making without considering the scope of its role excessively limited while endeavoring to express opinions to Directors and employees positively and proactively.

5. Audit and Supervisory Committee shall establish the Secretariat of the Audit and Supervisory Committee to maintain high level of information collection capability.
6. Audit and Supervisory Committee shall strive to ensure and raise effectiveness of audits by considering matters on information sharing and coordination with Outside Directors who are not serving on Audit and Supervisory Committee.

(Nomination of Director Candidates)

Article 19 Up to 10 Directors (excluding those who serve on Audit and Supervisory Committee) and up to 7 Directors who serve on Audit and Supervisory Committee shall be appointed as stated in Article of Incorporation as quota.

2. Out of the Directors mentioned in the previous clause, one-third or more shall be Independent Directors. In addition, as for the Directors who serve on the Audit and Supervisory Committee, mentioned in the previous clause, at least 2 shall be Independent Directors.
3. Composition of Directors shall be appropriately balanced overall with those equipped with diverse insight and expertise on corporate management, financial strategies, risk management and statutory compliance.
4. Nomination of candidates for Executive Directors shall be made by the Board, which appropriately evaluates, from an independent and objective standpoint, the level of contributions and the future potential of the candidates based on the Company's evaluation system.
5. Nomination of Outside Director candidates shall be made by the Board, which appropriately judges, from an independent and objective standpoint, those who are likely to make a significant contribution to the enhancement of the Company's corporate value.
6. In nominating Director candidates who also serve on Audit and Supervisory Committee, at least one person shall be nominated who have appropriate knowledge and insight on financial and accounting matters.
7. Procedures to nominate Director candidates shall be determined by the Board on the basis of proposals submitted by the Audit and Supervisory Committee which includes multiple Independent Directors.
8. When the Company's Directors concurrently serve as Executive Officers of other listed companies, the number of concurrent positions shall be kept to rational range and such status shall be disclosed every year.

(Independent Directors)

Article 20 In light of expected roles and responsibilities to contribute to sustainable growth and the increase of mid- to long-term corporate value, the Company shall appoint one-third or more Independent Directors who are fully equipped with such qualities, and among those Independent Directors, 1 or more are required to have management experience at other companies.

2. The Company determines Outside Directors (including candidates) are fully independent from the Company when all the following requirements are deemed not applicable as a result of survey done under the scope reasonably feasible.

(1) Executive Officer of our company or the Company's affiliates at present and for the past 10 years

(2) The Company's major business partner or (and) its Executive Officer at present and for the past year (that constitutes more than 2% of their consolidated revenue in the recent fiscal year)

(3) The Company's major customer or (and) its Executive Officer at present and for the past year (that constitutes more than 2% of the company's consolidated revenue in the recent fiscal year)

(4) Consultants, C.P.A. or attorneys who receive more than 10 million yen a year at present and for the past year besides the Company's executive compensations from the company

(5) Entity or its Executive Officer that receives the Company's donations of more than 10 million yen a year at present and for the past year

(6) Relative within the second degree of relationship to those applicable to 1-5 above

3. The Company expect Independent Directors to assume the following roles and responsibilities.

(1) Provide opinions and advices on management policies and management improvements based on own knowledge and insights from the standpoint of promoting the company's sustainable growth and increasing mid- to long-term corporate value.

(2) Conduct management oversight through important decision-making in Board Meeting including appointment of Director candidates, appointment and dismissal of corporate officers in the group.

(3) Oversee conflict of interest among company, the management and major shareholders.

(4) Incorporate opinions of stakeholders including minority shareholders to the Board appropriately from independent standpoint from the management and major shareholders.

4. When a request is made from and Independent Director to provide a place to share information and understanding from independent and objective standpoint apart from Board Meeting in order to actively contribute to discussions in Board Meeting, the Company shall respond quickly.
5. When a request is made from and Independent Director to set up a system to contact and coordinate with Executive Directors apart from Board Meeting, the Company shall respond quickly.

(Remuneration of Directors)

Article 21 The Company sets up remuneration of Directors at the level where the Company can recruit and maintain human resources who are capable in enhancing soundness, transparency and efficiency of businesses, increasing mid-to long-term corporate value and increasing the Company's shareholder value under the framework that allows linkage with performances of the Company.

2. The remunerations of Directors (excluding those who serve on Audit and Supervisory Committee) shall consist of fixed payments and payments that vary depending on the performance of the company, etc. to reflect the responsibilities and contribution to the company' performance of Directors, and shall be determined by Representative Directors authorized by the Board based on the criteria set by the Board and the proposals submitted by the Audit and Supervisory Committee which includes multiple Independent Directors.

- (1) Fixed remunerations of Directors (excluding those who serve on Audit and Supervisory Committee) shall be determined based on their positions, possession of representative rights and responsible duties.

- (2) The payments that vary depending on the performance of the company, etc. shall be determined subject to Executive Directors based on company performances and the level of contributions by each individual to the performances.

3. The remunerations of Directors who also serve on Audit and Supervisory Committee shall be determined through discussions among themselves.

(Fiduciary Responsibilities of Directors)

Article 22 With due attention to their fiduciary responsibilities to shareholders, Directors shall secure the appropriate cooperation with stakeholders and act in the interest of the Company and the common interests of its shareholders.

(Executive Officers)

Article 23 Executive Officers shall acknowledge their fiduciary responsibilities to shareholders and strive to act for mutual benefits with shareholders as well for the corporate interests, while ensuring appropriate cooperation with stakeholders.

2. Executive Officers shall assume important operational authority and responsibilities within the group.
3. Executive Officers shall be appointed by resolution of the Board of Directors, which appropriately judges from an independent and objective standpoint, the level of contribution and the future potential based on the Company's evaluation system, on the basis of proposals submitted by the Audit and Supervisory Committee including multiple Independent Directors.
4. Directors (excluding those who serve on Audit and Supervisory Committee) may concurrently serve as Executive Officers.

(Appraisal of the Board)

Article 24 The Board shall increase its functions by conducting analysis and appraisal for overall effectiveness of the Board every year.

(Activation of Deliberations in Board Meeting)

Article 25 Board Meeting strives to cultivate a culture where constructive discussions and opinion exchanges freely and vigorously are upheld including issue raising by Outside Directors.

2. The Company shall strive to activate deliberations in Board Meeting, while ensuring the following handling of its operations.
 - (1) Board Meeting materials shall be distributed in beforehand in a timely manner.
 - (2) Board Meeting materials shall be provided in a manner sorted and analyzed so that the key points are easily understood.
 - (3) Annual Board Meeting schedule and expected matters for deliberation shall be determined in advance.
 - (4) Number of matters to be deliberated and frequency to hold the meeting shall be set appropriately.
 - (5) Deliberation time shall be fully secured.

(Acquisition of Information and Support Structure)

Article 26 The Company shall strive to set up the following environment to enable Directors to assume their roles and responsibilities effectively.

- (1) To be able to request the company for additional information when deemed necessary by Directors from the standpoint of contributing to the company's transparent, fair, speedy and decisive decision-making.

- (2) To enable Directors who also serve on Audit and Supervisory Committee to obtain information appropriately including exercising investigation authority based on laws and regulations.
- (3) To be able to gain advices from external subject matter experts at the company's expenses when deemed necessary by Directors.
- (4) To enable coordination between internal audit departments and Directors and provision of necessary information to Outside Directors in an appropriate and an accurate manner by establishing a system such as where internal audit departments makes reports directly to the Board and Audit and Supervisory Committee.
- (5) The Board and the Audit and Supervisory Committee shall confirm whether information requested by Directors has been provided smoothly or not.

(Trainings)

Article 27 The Company shall strive to provide opportunities for Directors including Outside Directors to take trainings and public seminars for gaining knowledge required on the Company group's businesses, finance and organizational structure deemed necessary to fulfill their expected roles and statutory responsibilities.

2. The Company shall also strive to provide internal/external trainings deemed necessary for Executive Directors and Executive Officers in order to develop successors who demonstrate higher level of leadership.
3. The Board shall make every effort to check the status of whether such measures has been implemented properly as needed.

Chapter 6 Others

(Disclosure of Regulations)

Article 28 The Company shall disclose the Regulations in order to fulfill fiduciary responsibility to shareholders and accountability to various stakeholders.

(Revisions or Amendments of Regulations)

Article 29 Revisions or Amendments of those Regulations shall be made by resolution of the Board Meeting.

Chapter 7 Supplementary Provisions

1. These Corporate Governance Regulations shall be established and implemented on January 1, 2018.
2. These revisions to the Regulations shall take effect on March 26, 2019.
3. These revisions to the Regulations shall take effect on May 13, 2020.
4. These revisions to the Regulations shall take effect on December 30, 2021.