

Corporate Governance Regulations

Chapter 1 **General Provisions**

(Purposes)

Article 1 These regulations stipulate our basic ideas to put the corporate governance in place in order to achieve mid to long term corporate value improvements under the mission of “Deliver happy, refreshing moments to everyone in the community, every day.”.

(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 Route (mission, corporate identity and culture), we shall strive to do our best in achieving the matters provided in the regulations.

Chapter 2 **Relationship with Shareholders**

(Ensuring Shareholder Rights)

Article 3 We shall take appropriate measures to ensure all shareholders’ rights taking into consideration the importance of such rights.

(General Meeting of Shareholders)

Article 4 Recognizing General Meeting of Shareholders as a place for constructive dialogue with shareholders, we shall set up appropriate environment for all shareholders in the meeting to exercise their voting rights.

2. We shall provide information in General Meeting of Shareholders deemed to contribute shareholders in making appropriate decisions in an appropriate and a clearly understandable manner as needed.
3. We 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, we shall participate electronic voting platform for institutional investors, post the convocation notice (English and Japanese) on Stock Exchange timely disclosure system as well as on our website.

5. We 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 our views are understood.

(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, we 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, an executive officer in charge of IR or others 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 Directors and Corporate officers in the group in an appropriate and timely manner striving to revolve the issues.
- (3) In addition to the above, we shall periodically send out such information to Directors and Corporate officers in the group through financial briefing sessions and other occasions.
- (4) We shall thoroughly manage information upon dialogue (interview) with shareholders based on relevant internal regulations, endeavoring to prevent insider information leaks.

(Capital Policy)

Article 6 We shall reinforce financial standing for increasing corporate value as well as consider and implement capital strategies that enable investments and proactive profit returns.

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 for 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, we shall carefully examine the necessity and rationale, ensure appropriate procedures, and provide sufficient explanation to shareholders.

(Cross-shareholdings)

Article 7 We shall not, in principle, own the so-called cross-shareholdings..

(Anti-takeover Measures)

Article 8 In the event of a purchase of a significant amount of our shares, we shall strive to proactively gather information and disclose information in a timely manner in order to ensure and increase our 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 as needed.

2. When Board Meeting deems necessary to adopt Anti-takeover Measures in order to ensure and increase our corporate value and mutual benefits with shareholders as mentioned in the preceding clause considering future trend of the society, we 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, 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, the important fact shall be reported in Board Meeting.

Chapter 3 Relationship with Stakeholders

(Relationship with Stakeholders)

Article 10 We 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 our company.

2. We shall stipulate “The Route (Mission, Corporate Identity, and Culture)” as charted in Appendix to be the basis of all activities in order to achieve the preceding clause and fully spread within the group.

(Relationship with Local Communities)

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

2. We 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 We shall focus on consumers and customers, learn from them, and aim to become a trusted partner, and sincerely and appropriately respond to them in good faith.

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

(Relationship with Employees)

Article 13 We 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. We shall continue to set up and maintain internal whistle-blowing system and have Board Meeting oversees the operation status so that employees 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 We will aim to become a company who is trusted by the society and discloses information in a timely and appropriate manner to ensure transparency, fairness, and sustainability so that all of our shareholders, investors, and other stakeholders inside and outside Japan can correctly understand our company group.

2. We will disclose our 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”).
3. We will 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 our company group.

(Appropriate Executions of Audits by External Accounting Auditors)

Article 15 Recognizing that external accounting auditors assume important responsibilities for shareholders and investors, we 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. Board Meeting 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 We 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 Board Meeting and enhancing corporate value through greater soundness and efficiency enabled by speedy decision-making and operation executions with delegated authorities, we shall implement Audit and Supervisory Committee.
 3. In order to expedite decision-making as well as reinforce management oversight and operation execution functions by separating each function, we shall adopt the system of Corporate officers in the group.
 4. We 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, Board Meeting shall assume roles and responsibilities appropriately in order to enhance efficiency and transparency of management, enable sustainable growth of our group and increase mid- to long-term corporate value.

2. Board Meeting shall engage in constructive discussions for setting strategic directions and specific management plans based on "The Route (Mission, Corporate Identity, and Culture)" we 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) Matters on subsidiary management
 - (8) Others (matters authorized by conclusion of important contract and the articles of incorporation or resolution of general meeting of shareholders)
3. Board Meeting shall strive to set up a necessary environment where Directors and Corporate 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, Board Meeting shall strive to oversee Directors and Corporate 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 officers), employees and accounting auditors as well as investigate matters on corporate operations and financial standings.
 3. Audit and Supervisory Committee shall provide Directors (executive officers) 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 officers).

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 appoint multiple full-time Audit and Supervisory Committee members from Directors who also serve as Audit and Supervisory Committee members 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, 2 or more shall be independent outside directors.
3. Composition of Directors shall be appropriately balanced overall with those having deep knowledge and insight of our group's businesses as well as those equipped with diverse insight and expertise on corporate management, financial strategies, risk management and statutory compliance.
4. Nomination of internal director candidates shall be made judging from the level of contributions based on our appraisal system as well as potential.
5. Nomination of outside director candidates shall be made judging to be irreplaceable by others in increasing our 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 in Board Meeting.
8. When our 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 Outside 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, we shall appoint 2 or more independent outside directors.

2. We determine external directors (including candidates) are fully independent from our 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 our affiliates at present and for the past 10 years
- (2) Our 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) Our major customer or (and) its Executive Officer at present and for the past year (that constitutes more than 2% of our 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 our executive compensations from our company
- (5) Entity or its Executive Officer that receives our 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. We expect independent outside directors to assume the following roles and responsibilities.

- (1) Provide opinions and advice 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 controlling shareholders.
- (4) Incorporate opinions of stakeholders including minority shareholders to Board Meeting appropriately from independent standpoint from the management and controlling shareholders.

4. When a request is made from and independent outside 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, we shall respond quickly.
5. When a request is made from and independent outside director to set up a system to contact and coordinate with executive officers apart from Board Meeting, we shall respond quickly.

(Remuneration of Directors)

Article 21 We set up remuneration of directors at the level where we can recruit and maintain human resources who are capable in enhancing soundness, transparency and efficiency of businesses and increasing our shareholder value under the framework that allows linkage with performances.

2. The remunerations of directors(excluding those who serve on Audit and Supervisory Committee) shall consist of fixed base payments to allow directors to assume responsibilities and reflect the contributions to corporate performances as well as performance-based bonuses and long-term incentives which shall be determined by Representative Directors authorized by Board Meeting based on the criteria set in the Meeting with respect to advice given by the Audit & Supervisory Committee of which the majority is comprised of external 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) Performance-based bonuses and long-term incentives shall be determined subject to directors who also serve as corporate officers 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 in the group shall assume important operational authority and responsibilities within our group.

2. Executive officers in the group shall be appointed by resolution in Board Meeting, judging from the level of contribution based on our appraisal system as well as potential.
3. Directors (excluding those who serve on Audit and Supervisory Committee) may concurrently serve as Executive officers in the group.

(Appraisal of Board Meeting)

Article 24 Board Meeting shall increase its functions by conducting analysis and appraisal for overall effectiveness of Board Meeting 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. We shall strive to activate deliberations in Board Meeting, while ensuring the following handling of its operations.
 - (1) Board Meeting materials shall be distributed in advance as early as possible.
 - (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 We shall strive to set up the following environment to enable directors to assume their roles and responsibilities effectively.

- (1) To be able to request 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.

(Trainings)

Article 27 We shall provide opportunities for directors including outside directors to take trainings and public seminars for gaining knowledge required on our group's businesses, finance and organizational structure deemed necessary to assume expected roles and statutory responsibilities as such.

2. We shall also provide internal/external trainings deemed necessary for executive officers in the group including internal directors in order for them to demonstrate higher level of leadership and to develop successors.

Chapter 6 Others

(Disclosure of Regulations)

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

(Revisions or Amendments of Regulations)

Article 29 Revisions or Amendments of Regulations shall be made through resolution in Board Meeting.

Chapter 7 Supplementary Provisions

1. These Corporate Governance Regulations shall be established and implemented on January 1, 2018.