

Corporate Governance

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BIC CAMERA INC.

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The corporate governance of BIC CAMERA INC. (the “Company”) is described below.

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

1. Basic Views

The Company and its group companies (the “Group”) believe that to maximize the interests of each stakeholder through efforts to enhance corporate value, the basic approach to corporate governance should be to begin from the basis of thorough compliance and work to develop a management system and audit system, increase transparency of management, and create an organization capable of making speedy decisions with the objective of enabling each division within a company to undertake highly productive and efficient business activities.

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

The Company complies with all principles of Japan’s Corporate Governance Code.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code]

[Principle 1.4 Cross-Shareholdings]

Basic policies on cross-shareholdings

(1) Basic policies on cross-shareholdings

The Group acquires and owns shares of other companies as cross-shareholdings under one of its management strategies which aims to create business opportunities, to establish, maintain and enhance transactional and cooperative relationships, and to maintain and strengthen its position in the industry. The Board of Directors strives to maintain cross-shareholdings appropriately by specifically examining on an annual basis whether the purpose of each individual cross-shareholding is appropriate and whether the benefits and risks from each holding cover the Company’s cost of capital, and selling shares that are deemed unnecessary to continue holding after taking into consideration the factors including share prices and market trends. As a result, the number of cross-shareholdings has fallen from 12 at the end of August 2016, to 4 at the end of August 2020.

(2) Standards for exercising voting rights with regard to cross-shareholdings

With respect to when companies in cross-shareholding relationship with the Company submit proposals to their respective general meetings of shareholders, the Company maintains a policy to cast opposing votes if such proposals are not justifiable from the perspective of maintaining and enhancing shareholder value.

[Principle 1.7 Related Party Transactions]

Related party transactions are to be conducted on transaction terms and decisions similar to those of other clients or suppliers in order to ensure that such transactions do not harm the interests of minority shareholders and other stakeholders. “The status of related party transactions” is reported twice a year at the meetings of the Board of Directors.

In addition, particularly important transactions among related parties are decided by a resolution of the Board of Directors.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company adopts an optional defined contribution pension plan in which the Company is not an asset owner. However, the Company offers its employees training on asset management by providing the opportunity to access e-learning programs on the asset manager's website. The selection of pension assets may be made at any time. In addition, participants are given the opportunity to change the amount of contribution twice a year.

[Principle 3.1 Full Disclosure]

<1>

Aiming to increase corporate value by expanding businesses that will serve as “pillars for future growth” and promoting existing businesses continuously and efficiently while upholding the founding corporate philosophy to practice the principle of customer first, the Group formulates a medium-term management plan which sets “improvement of productivity” and “sustainable growth” as two major strategies.

The Group had set its management goals to achieve net sales of ¥1 trillion or more, and an ROE of 10% or more for the fiscal year ending August 31, 2021; however, these will be revised to take into account the impact of COVID-19.

<2>

Basic views and basic policies on corporate governance

The Group believes that to maximize the interests of each stakeholder through efforts to enhance corporate value, the basic approach to corporate governance should be to begin from the basis of thorough compliance and work to develop a management system and audit system, increase transparency of management, and create an organization capable of making speedy decisions with the objective of enabling each division within a company to undertake highly productive and efficient business activities.

<3>

Basic policies on remuneration for Directors

The upper limit of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was set at ¥450 million per year (including a portion for Outside Directors of up to ¥50 million per year) by resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020. Meanwhile, the upper limit of remuneration in the form of share remuneration-type stock options for Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) was set at ¥100 million per year, which is in addition to the aforementioned remuneration, etc. per resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020. The upper limit of remuneration for Directors who are Audit and Supervisory Committee Members was set at ¥80 million per year by resolution of the 40th Annual General Meeting of Shareholders held on November 19, 2020. The officers who are eligible for payment of remuneration, etc. in accordance these payment limits are 10 Directors (excluding Directors who are Audit and Supervisory Committee Members, including 3 Outside Directors) and 3 Directors who are Audit and Supervisory Committee Members.

Given that the remuneration system for officers is extremely important with respect to corporate governance, the Company accordingly stipulates policy on determining amounts of officer remuneration, etc. or calculation methods thereof. Details are as follows.

- (1) Basic policies on remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)
 1. The remuneration system facilitates shared values with shareholders and other stakeholders, underpinned by a remuneration framework that gives rise to sustainable growth and greater corporate value over the medium to long term.
 2. The Company establishes rational, fair and transparent procedures for determining remuneration.
 3. Remuneration levels are set to help ensure and maintain human resources sufficiently capable of making important business decisions, monitoring management, and increasing corporate value.
- (2) Procedures for determining remuneration
Decisions on remuneration amounts for each Director (excluding Directors who are Audit and Supervisory Committee Members) and Executive Officer are made by resolution of the Board of Directors upon review undertaken by the Compensation Committee, established voluntarily and chaired by an Outside Director (excluding Directors who are Audit and Supervisory Committee Members). Moreover, the Compensation Committee, at request of the Board of Directors, deliberates on the reasonableness of the remuneration system and reports such results to the Board of Directors.

The Compensation Committee is chaired by an Outside Director (excluding Director who are Audit and Supervisory Committee Members) and a majority of its members consist of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members), thereby enhancing its objectivity and transparency.

- (3) Remuneration packages, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members

1. Directors (excluding Directors who are Audit and Supervisory Committee Members)

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) consists of “fixed remuneration” which varies depending on roles of each person, “performance-linked remuneration” as a short-term incentive derived from corporate performance and the extent to which individual missions have been accomplished, and “share remuneration-type stock options” as a medium- to long-term incentive.

As for standards for quantitative assessment, the Company evaluates achievement in each fiscal year of targets for net sales and operating income. The Company uses these benchmarks as standards for assessment given the notion that improving profitability is important in order to continuously increase corporate value. As for the extent to which each person has contributed to management, which acts as the standard for qualitative assessment, the Company comprehensively gauges the achievement thereof from short-term and medium- to long-term perspective against key measures set by each person and the Representative Director and President at the beginning of the term. Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) receive fixed remuneration only, given that they assume a monitoring and advisory role with respect to management of the Company and Group overall from an objective standpoint.

Basic policy on determining amounts of Director (excluding Directors who are Audit and Supervisory Committee Members) remuneration, etc., or calculation methods thereof is decided by the Board of Directors within the scope of the aforementioned resolutions by the General Meetings of Shareholders. In addition, specific amounts of remuneration, etc. are decided by the Representative Director and President at behest of the Board of Directors, within the amount approved at the General Meetings of Shareholders. During the fiscal year ending August 31, 2021, such authority was delegated to the Representative Director and President per resolution of the Board of Directors at its meeting held on November 19, 2020.

- 1) Fixed remuneration

Fixed remuneration is paid in money as basic remuneration for demonstrating qualities and capabilities to drive the increase in corporate value and responding to responsibilities. The amount of remuneration is set individual for each position, making reference to market standards.

- 2) Performance-linked remuneration

Performance-linked remuneration is monetary remuneration calculated in accordance with performance evaluations of the Company and the individual after the end of the fiscal year as an incentive to promote the achievement of performance targets for the Company and the individual along with human resource development and appropriate management for a single fiscal year.

- 3) Share remuneration-type stock options (medium- to long-term performance-linked remuneration)

Share remuneration-type stock options (medium- to long-term performance-linked remuneration) is a share remuneration plan intended to achieve the medium-term management targets and increase sustainable corporate value of the Group over the medium to long term.

2. Determination of remuneration amounts for Directors who are Audit and Supervisory Committee Members

Amounts of remuneration, etc. for Directors who are Audit and Supervisory Committee Members are determined through discussions involving Directors who are Audit and Supervisory Committee Members, taking into account factors that include full-time or part-time status, inside or outside Director status, and duties assigned. Directors who are Audit and Supervisory Committee Members receive fixed remuneration only, given that they assume the role of auditing Directors (excluding Directors who are Audit and Supervisory Committee Members) in their execution of duties from an objective standpoint.

<4>

Criteria for nominating Directors

- (1) Criteria for all Directors (excluding Directors who are Audit and Supervisory Committee Members)

1. A person with no conflict of interest, etc. that may affect the performance of the duties of a Director
2. A person who has abundant vitality to fulfill the duties of a Director
3. A person who is well-trusted, dignified and ethical

4. A person who possesses abundant management expertise and has objective decision-making ability and good foresight, etc.
5. In addition, a person who has the abilities necessary for a Director from the perspective of establishing corporate governance.
- (2) Criteria for Directors (excluding Directors who are Audit and Supervisory Committee Members)
A person who possesses abundant knowledge, abilities, know-hows, experience and track record with regard to the business operation, and has the ability to overlook and make decisions, not only on his/her own area of experience, but on the entire business operation of the Group
- (3) Criteria for Outside Directors (excluding Directors and Outside Directors who are Audit and Supervisory Committee Members)
 1. A person who has extensive insight in his/her specialized area
 2. A person who can offer highly transparent, fair and sound advice and opinions as to the reasonableness and appropriateness of matters during the decision making process at the meetings of the Board of Directors from an independent and objective standpoint
 3. A person who can monitor the management through important decision-making at the meetings of the Board of Directors including the appointment and dismissal of the senior management from an independent and objective standpoint
 4. A person who can monitor conflicts of interest between the Company and the management or controlling shareholder from an independent and objective standpoint
 5. A person who can appropriately represent the views of minority shareholders and other stakeholders at the meetings of the Board of Directors from an independent and objective standpoint
- (4) Procedures for nominating candidates for Director (excluding Directors who are Audit and Supervisory Committee Members)
Candidates of Directors (excluding Directors who are Audit and Supervisory Committee Members) are deliberated by the Nominating Committee and based on their opinions, determined by a resolution of the Board of Directors in accordance with the criteria for nominating Directors.

Criteria for dismissing Directors

- (1) If a Director is deemed inappropriate, including cases set forth below:
 1. If he/she conducts an act which is contrary to public order or morality
 2. If he/she is negligent of his/her duties and substantially damages the corporate value
 3. If he/she is found to have difficulty continuing with his/her duties for health reasons
 4. If he/she no longer satisfies the requirements set forth in the criteria for nominating Directors
- (2) Procedures for dismissing Directors
A proposal to dismiss a Director shall be deliberated by the Nominating Committee and based on their opinions, determined by a resolution of the Board of Directors in accordance with the criteria for dismissing Directors, which shall be submitted to the general meeting of shareholders.

Criteria for nominating Directors and Outside Directors who are Audit and Supervisory Committee Members

- (1) Criteria for all Directors who are Audit and Supervisory Committee Members
 1. A person with no conflict of interest, etc. that may affect the performance of the duties of a Director who are Audit and Supervisory Committee Members
 2. A person who has abundant vitality to fulfill the duties of a Director who are Audit and Supervisory Committee Members and is able to make efforts to improve himself/herself for the improvement of audit quality
 3. A person who is well-trusted, dignified and ethical
 4. A person who has objective decision-making abilities, etc.
 5. In addition, a person who has the abilities necessary for a Corporate Auditor from the perspective of establishing corporate governance.
- (2) Criteria for Outside Directors who are Audit and Supervisory Committee Members
 1. A person who has extensive insight in his/her specialized area
 2. A person who can offer sound advice and opinions as to the reasonableness and appropriateness of matters during the decision making process at the meetings of the Board of Directors from an independent and objective standpoint
- (3) Procedures for nominating candidates for Directors and Outside Directors who are Audit and Supervisory Committee Members

The candidates for Directors who are Audit and Supervisory Committee Members are decided by a resolution of the Board of Directors upon having obtained consent of the Audit and Supervisory Committee.

<5>

Explanation on individual appointments and nominations of all candidates for Director

Reasons for nomination of all candidates for Directors are disclosed on the “Notice of the Annual General Meeting of Shareholders.”

If it is determined that senior management is not adequately fulfilling its responsibilities, it shall be appropriately disclosed in accordance with laws and regulations after deliberation by the Nominating Committee and determination by a resolution of the Board of Directors.

[Supplementary Principle 4.1.1]

The Board of Directors makes decisions based on laws and regulations, the Article of Incorporation, and the Board of Directors Regulations. The scope of matters delegated to the management is stipulated in the “Administrative Authority Regulations.”

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

Independence Standards of Independent Outside Directors

In determining the independence of an Independent Outside Director, the Board of Directors considers a person who meets the criteria for determining independence presented by the Tokyo Stock Exchange as being independent from the Company.

[Supplementary Principle 4.11.1]

The Company has a policy to appoint two or more Outside Directors in order to appropriately represent the views of stakeholders in the boardroom from an independent and objective standpoint. For the diversity of the Board of Directors, the Company shall take into account the appropriate balance between knowledge, experience, skills and specialized areas of the Board of Directors as a whole, and with sufficient consideration so as to prevent bias in the division of responsibilities of each Director constituting the Board of Directors.

Candidates of Directors are deliberated by the Nominating Committee and based on their opinions, determined by a resolution of the Board of Directors, and shall be elected by a resolution of a general meeting of shareholders.

[Supplementary Principle 4.11.2]

The status of Directors and Audit and Supervisory Committee Members having concurrent positions will be disclosed annually in the Japanese Securities Report and Notice of the General Meeting of Shareholders.

[Supplementary Principle 4.11.3]

In order to evaluate the effectiveness of the Board of Directors, the Company conducts a questionnaire survey in the form of a self-check sheet for all officers attending the meetings of Board of Directors.

Question items

- (1) Roles of the Board of Directors
- (2) Operation of the Board of Directors
- (3) Compliance with the Corporate Governance Code
- (4) Evaluation of the composition of the Board of Directors
- (5) Other

From the collected self-check sheets, the Secretariat aggregated, evaluated and analyzed the 5 items listed above, and the results were reported by the officer in charge at the meeting of the Board of Directors.

The evaluation of effectiveness of the Board of Directors for the fiscal year ended August 31, 2020 stated that the Board of Directors generally maintains effective governance. Nevertheless, the Company will strive to further improve the operation of the Board of Directors based on the results of the self-check sheet by taking measures such as providing advance explanations on the content of deliberation.

[Supplementary Principle 4.14.2]

Basic policies on training of Directors

The Company works to improve the effectiveness of the Board of Directors as a whole by planning the following training sessions for all Directors for the purpose of increasing their management knowledge and capabilities in accordance with their respective purposes as well as by providing and arranging training opportunities that meet

the individual needs of each Director and Audit and Supervisory Committee Member along with financial support for associated expenses.

- (1) If any issue to be addressed as a corporation arises as a result of amendments of laws and regulations or changes in economic and social circumstances, the Company provides training for all Directors.
- (2) When Directors assume their offices, the Company provides training to gain understanding on their legal responsibilities.
- (3) In addition to the above, when Outside Directors assume their offices, the Company provides the following training as necessary:
 1. Provide explanation on the outline of the Company, etc.
 2. Measures to deepen understanding of the Group's business, including visits to stores and other facilities of the Group

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Policies concerning the development of a framework and measures aimed at promoting constructive dialogue with shareholders.

- (1) The Director General of Business Management is responsible for overall dialogue with shareholders. The Company works to improve the content and opportunities to facilitate constructive dialogue with shareholders.
- (2) The Public Relations & IR Office which supports the dialogue collaborates with related internal departments as necessary to facilitate constructive dialogue with shareholders.
- (3) To provide information on the Company's business operations and corporate strategies, etc., the Company actively holds financial results briefing sessions as well as investor briefings for individual investors, etc. In addition, the Company actively posts on the Company's website, videos and reference materials that it deems would facilitate dialogue with shareholders.
- (4) Opinions and requests from shareholders and investors, etc. that were received through IR activities are presented by the Director General of Business Management at the Director Generals Meeting and the meeting of Board of Directors.
- (5) The Company strictly manages information about undisclosed significant facts on the Company and its subsidiaries (collectively the "Company, etc.") or business partners that is obtained by the officers or employees, etc. of the Company, etc. in the course of performing their duties, in accordance with the Insider Trading Management Regulations.

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Administration Trust (A001) Trustee SMBC Trust Bank Ltd.	15,698,100	8.92
Custody Bank of Japan, Ltd. (Trust Account)	14,058,000	7.99
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026	12,657,000	7.19
Ra Holdings Co., Ltd.	9,361,500	5.32
Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1)	8,617,600	4.90
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152)	7,500,000	4.26
TOKYO BROADCASTING SYSTEM TELEVISION, INC.	6,119,000	3.48
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254)	4,646,530	2.64
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,985,400	2.27
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116)	3,758,070	2.14

Controlling Shareholder (except for Parent)	—
Parent	N/A

Supplementary Explanation

- In addition to the above, the Company owns 12,207,800 treasury shares.
- Of the above number of shares owned, the number of shares in association with fiduciary activities is as follows:

Administration Trust (A001) Trustee SMBC Trust Bank Ltd.	15,698,100
Custody Bank of Japan, Ltd. (Trust Account)	14,058,000
Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026	12,657,000
Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1)	8,617,600
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152)	7,500,000
The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254)	4,646,530
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,985,400
The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116)	3,758,070
- All shares owned by Administration Trust (A001) Trustee SMBC Trust Bank Ltd., Mizuho Trust & Banking Co., Ltd. Securities Management Trust 0700026, Sumitomo Mitsui Trust Bank, Limited (Trust Account KO No.1), The Nomura Trust and Banking Co., Ltd. (Trust Account 2052152), The Master Trust Bank of Japan, Ltd. (Retail Trust Account 820079254), and The Nomura Trust and Banking Co., Ltd. (Trust Account 2052116), as well as 12,503,400 shares (7.11%) of the shares owned by Custody Bank of Japan, Ltd. (Trust Account) are the assets in trust entrusted by Ryuji Arai, and he directs the exercise of the voting rights pertaining to those shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	August
Type of Business	Retail business
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

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

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5. Special Circumstances Which May Have Material Impact on Corporate Governance

1. The Company owns 50.3% (as of August 31, 2020) of the voting rights of Kojima Co., Ltd., a company listed on the First Section of the Tokyo Stock Exchange.
Important organizations such as Board of Directors of Kojima Co., Ltd. are managed independently, and the management independence is maintained.
As parent company, the Company maintains a common understanding on management with Kojima Co., Ltd. and keeps track of its earnings. The Company deems that the corporate governance framework of Kojima Co., Ltd. is satisfactory as a listed company.
2. The Company owns 61.4% (as of August 31, 2020) of the voting rights of Nippon BS Broadcasting Corporation, a company listed on the First Section of the Tokyo Stock Exchange.
Important organizations such as Board of Directors of Nippon BS Broadcasting Corporation are managed independently, and the management independence is maintained.
As parent company, the Company maintains a common understanding on management with Nippon BS Broadcasting Corporation and keeps track of its earnings. The Company deems that the corporate governance framework of Nippon BS Broadcasting Corporation is satisfactory as a listed company.

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

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	13
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Officers Designated from among Outside Directors	5

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masaaki Sato	From another company					△						
Takeshi Uemura	From another company											
Kiyoshi Tokuda	From another company							△				
Yukiko Kishimoto	From another company											
Koichi Sunayama	From another company					△						

* Categories for “Relationship with the Company”

“○” when the Director presently falls or has recently fallen under the category;

“△” when the Director fell under the category in the past;

“●” when a close relative of the Director presently falls or has recently fallen under the category; and

“▲” when a close relative of the Director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive Director or executive of the parent of the Company

c. Executive of a fellow subsidiary of the Company

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

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the Director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k. Other

Relationship with the Company (2)

Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masaaki Sato		○	<p>Mr. Sato had served as Director and Vice President of Mizuho Bank, Ltd., one of the major business partner (lender) of the Company, from April 2002 to March 2003.</p> <p>Although the Company has borrowings from Mizuho Bank, Ltd., a considerable number of years has passed since Mr. Sato retired from the bank in June 2003.</p> <p>Therefore, the bank does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Sato maintains a wealth of experience and extensive insight as a business manager. Drawing on that wide-ranging point of view, he furnishes sound advice and proposals to the management of the Company. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director that are useful for management of the Company, and he contributes to the maintenance and strengthening of governance.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Sato is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>
Takeshi Uemura		○	—	<p>Mr. Uemura maintains a wealth of experience and extensive insight as a business manager. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director that are useful for management of the Company, and he contributes to the maintenance and strengthening of governance.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Uemura is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>

Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kiyoshi Tokuda		○	<p>Mr. Tokuda served as a person who executes business in TV Tokyo Corporation, a major shareholder of the Company, from June 2016 to June 2019.</p> <p>Although he served as a person who executes business in the Company's major shareholder TV Tokyo Corporation, he has now retired from that company and is currently commissioned to TV Tokyo Corporation's group company (advisor to the engineering division). Therefore, TV Tokyo Corporation does not have influence on the Company's management decision-making through him.</p>	<p>Mr. Tokuda maintains a wealth of experience and extensive insight as a business manager. We believe that his abundant experience and insight are reflected in the management of the Company, he provides opinions as an Outside Director that are useful for management of the Company, and he contributes to the maintenance and strengthening of governance.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Tokuda is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>
Yukiko Kishimoto	○	○	—	<p>Ms. Kishimoto has abundant experience and extensive insight as an author and as a person of academic standing for many years. As such, we believe that she will draw on such expertise to sufficiently contribute to strengthening the Company's audit framework with accurate advice with regards to the management of the Company from an independent position.</p> <p>Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Ms. Kishimoto is unlikely to cause a conflict of interest with general shareholders, and appointed her as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.</p>

Name	Audit and Supervisory Committee member	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Koichi Sunayama	○	○	Mr. Sunayama worked at Mizuho Bank, Ltd. (former The Fuji Bank, Limited), a major business partner (lender) of the Company. Although the Company has borrowings from Mizuho Bank, Ltd., he has already retired from his role as a person who executes business in Mizuho Bank, Ltd. Therefore, the bank does not have influence on the Company's management decision-making through him.	Mr. Sunayama has abundant experience, achievements, and insight cultivated through his career at financial institutions and other organizations. As such, we believe that he will draw on such expertise to sufficiently contribute to strengthening the Company's audit framework with accurate advice with regards to the management of the Company from an independent position. Based on the judgment of attributes of the Tokyo Stock Exchange, the Company judged that as an attribute of an independent officer, Mr. Sunayama is unlikely to cause a conflict of interest with general shareholders, and appointed him as independent officer as defined in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.

[Audit and Supervisory Committee]

Member Composition, and Chairperson's Attributes

	Audit and Supervisory Committee
Total Committee Members	3
Full-time Members	1
Inside Directors	1
Outside Directors	2
Chairperson	Inside Director

Appointment of Directors and/or Employees to Support Duties of the Audit and Supervisory Committee	Appointed
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Matters Regarding the Independence of the Directors and/or Employees from the Executive Directors

The Audit and Supervisory Committee may exclusively employ employees, etc. to assist with its duties. To secure the independence of the assistant employees, etc. and the effectiveness of their instructions, instructions and orders for the assistant employees, etc. shall be given by the Audit and Supervisory Committee Members, and the reassignment and evaluation of, and disciplinary actions against the assistant employees shall require the prior approval of the Audit and Supervisory Committee.

Cooperation among Audit and Supervisory Committee Members, Accounting Auditor and Internal Audit Division

Cooperation among Audit and Supervisory Committee and Accounting Auditor

Meetings are held at the time of audits of quarterly financial results, etc. by the Accounting Auditor and as necessary to ensure mutual understanding by exchanging information and opinions on the audit plans, progress and results of audit.

Cooperation among Audit and Supervisory Committee and Internal Audit Division

The Internal Audit Office was set up as an independent organization under the direct supervision of the President. It conducts internal audit on the appropriateness and reasonableness of business processes whenever necessary. The Audit and Supervisory Committee participates regularly in the internal audit reporting meetings as well as giving intensive audit instructions to the Internal Audit Division and requesting detailed reports on results, and so forth, working to make companywide operational improvements.

[Voluntary committees]

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Compensation Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Compensation Committee
Committee's Name	Nominating Committee	Compensation Committee
Total Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

In addition to the above, to ensure transparency of the Company's management and to contribute to the enhancement of corporate governance by the Board of Directors, the Company has established a Governance Committee consisting mainly of outside directors in order to exchange opinions and submit proposals on matters related to the cooperation between the External Accounting Auditor, Internal Audit Division and Internal Control Division and matters related to the cooperation with the Audit and Supervisory Committees.

[Independent Officers]

Number of Independent Officers	5
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Matters relating to Independent Officers

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of the stock option plan
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Supplementary Explanation

The plan is introduced for the purpose of further enhancing motivation and morale of the Directors (excluding Outside Directors) to contribute to improving business performance and increasing corporate value over the medium to long term.

Recipients of Stock Options	Inside Directors, employees and Directors of Subsidiaries
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Supplementary Explanation

An incentive plan is introduced for the purpose of further enhancing motivation and morale of the Executive Officers and employees (“officers and employees of the Company”) to contribute to improving business performance and increasing corporate value over the medium to long term, as well as for the purpose of sharing the value between shareholders and officers and employees of the Company, and rewarding their services.

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	No individual disclosure
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Supplementary Explanation

The amount of remuneration paid in the fiscal year ended August 31, 2020

Director	Remuneration: ¥232 million	Number of Directors: 9 (Excluding Outside Directors)
Corporate Auditor	Remuneration: ¥24 million	Number of Corporate Auditors: 2 (Excluding Outside Corporate Auditors)
Outside officer	Remuneration: ¥35 million	Number of Outside officers: 5

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

- * The upper limit of the remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was set at ¥450 million per year (as part of which, the upper limit of the remuneration for Outside Directors was set at ¥50 million per year), and the upper limit of the remuneration for Directors who are Audit and Supervisory Committee Members was set at ¥80 million per year by the resolution of the 40th Annual General Meeting of Shareholders.

[Supporting System for Outside Directors]

Agendas, dates, etc. of meetings of the Board of Directors are notified to the Directors in advance by the Corporate Planning Department. Attendance and absence are confirmed in advance, and for matters that expression of opinion is required, those who plan to be absent convey their opinions to the Corporate Planning Department, which are expressed at the meetings as opinions of such absent officers.

The proceedings at the meeting and the result thereof are reported to the officers who were absent from the meeting.

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

The Company transitioned from a company with Board of Corporate Auditors to a company with Audit and Supervisory Committee on November 19, 2020, in accordance with a resolution of the Annual General Meeting of Shareholders held on the same day to amend the Articles of Incorporation to reflect the transition to a company with Audit and Supervisory Committee.

The Audit and Supervisory Committee consists of 3 Directors who are Audit and Supervisory Committee Members (including 2 Outside Directors), and it audits and supervises the legality and appropriateness of the Directors' business execution. The Company believes that an audit framework based on an Audit and Supervisory Committee including Outside Directors is an effective means of supervising management, and has adopted this system accordingly.

The Board of Directors consists of 13 Directors, including 3 Directors who are Audit and Supervisory Committee Members, (5 of whom are Outside Directors, including 2 Outside Directors who are Audit and Supervisory Committee Members). It decides the business execution of the Company and supervises the execution of duties by Directors through mutual checks among Directors. In principle, the Board of Directors holds a regular meeting once a month based on the Board of Directors Regulations, and in the event that an important management matter occurs, it holds an extraordinary meeting as needed. The Board of Directors deliberates and decides important matters in accordance with laws and regulations and internal rules, as well as receives a report on operating results, status of business execution, difference between the budget and actual results, etc. from a Director, etc. in charge of each division.

The Director Generals Meeting is comprised of the Representative Director and President, Representative Director and Vice President, Senior Executive Officers, Managing Directors, Director Generals and Deputy Director Generals. The officer in charge of internal control and Full-time Directors who are Audit and Supervisory Committee Members also attend the meeting. In principle, the Company holds the Director Generals Meeting once a month, and decides agenda items for meetings of the Board of Directors and other matters stipulated by the internal regulations. Each Director General and Deputy Director Generals, a member of the Director Generals Meeting, reports the status of business execution once a month, and if there is a matter that may conflicts with relevant laws and regulations, he/she reports it at the Director Generals Meeting. The officer in charge of internal control carries out necessary investigations on the matter and reports the status of handling at the Director Generals Meeting.

The Company also has established a Governance Committee, Nominating Committee, and Compensation Committee, which serve as advisory bodies to the Board of Directors. The Governance Committee is comprised of the Representative Director and President, Representative Director and Vice President, Outside Directors, and Directors who are Audit and Supervisory Committee Members and deliberates on general matters related to corporate governance. The Nominating Committee is comprised of the Representative Director and President, Representative Director and Vice President, and Outside Directors and deliberates on the appointment and dismissal of the Company's Directors and Executive Officers. The Compensation Committee is comprised of the Representative Director and President, Representative Director and Vice President, and Outside Directors and deliberates on the remuneration of the Company's Directors and Executive Officers. Each committee reports on its deliberations to the Board of Directors.

The remuneration amount for each of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) is decided by the Representative Director and President after deliberation by the Board of Directors, following examination by the Compensation Committee, taking into consideration the degree of contribution, financial status and economic climate, and within the total amount of remuneration approved at the general meeting of shareholders.

The remuneration amount for each Directors who are Audit and Supervisory Committee Member is decided through a discussion of the Director who are Audit and Supervisory Committee Members within the total amount of remuneration approved at a general meeting of shareholders.

The Company has entered into an audit agreement with Deloitte Touche Tohmatsu LLC, and is audited by the audit corporation. The certified public accountants who executed the audit duties for the fiscal year ended August 31, 2020, are Designated and Engagement Partners Aogi Suemura and Shinji Seki.

3. Reasons for Adoption of Current Corporate Governance Framework

The Company decides important management matters based on the Board of Directors Regulations at the meeting of the Board of Directors including Outside Directors, and decides agenda items for meetings of the Board of Directors and other matters stipulated by the internal regulations at the Director Generals Meeting, in an effort to enhance the management transparency and make swift decisions. The Company recognized that the appropriate corporate governance is ensured through the audit and monitoring by the Audit and Supervisory Committee and the mutual checks among Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The meetings are held in mid-November.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has made it possible for shareholders to exercise their voting rights via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the Electronic Voting Platform.
Providing Notice of Convocation in English (Translated Partially)	The Company provides English translation of the notice of convocation.
Other	The notice of the general meeting of shareholders, notice of resolutions, etc., are posted on the IR website established by the Company.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company establishes its IR policy including the objectives and basic policy of IR activities, method of information disclosure, future outlook, IR quiet period and share quotations, and publishes it on the IR website.	
Regular Investor Briefings for Individual Investors	The Company holds briefings for individual investors to facilitate understanding on the details of business and future business developments, etc.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds briefings twice a year for analysts and institutional investors to provide information such as details of financial results, business conditions, and future business developments. In addition, replays are made available via video-on-demand at a later date.	Yes
Posting of IR Materials on Website	The Company has an IR page where the Company introduces matters related to its business operation and appropriately posts financial data and related materials. The monthly sales information is also posted on the website. Website: https://www.biccamera.co.jp/ir/index.html	
Establishment of Department and/or Manager in Charge of IR	The Public Relations & IR Office with full-time staff is in charge of IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company has established the charter of corporate behavior and under the management philosophy to “contribute to society by practicing the principle of customer first, and offering best service to customers,” strives to maximize the interest of each stakeholder and to maintain and enhance social trust.
Implementation of Environmental Conservation Initiatives, CSR Activities, etc.	<p>[Environmental Conservation] The Company has been taking early steps to help bring about a recycling-oriented society. To that end it embarked on the business of home appliance recycling upon having established Future Ecology Co., Ltd. in 2001 and has been actively developing its re-use business upon having made Sofmap Co., Ltd. a subsidiary of the Group in 2006. In addition, Japan’s Ministry of the Environment (MOE) granted the Company the first certification under the Eco-First Program in 2008.</p> <p>[CSR] Acting in conjunction with the government and business partners, the Company strives to promptly and accurately provide information on product accidents. The Company also engages in initiatives that involve promoting softball and track and field events, and helping enable self-reliance of children through scholarship programs. The Company furthermore helps improve the environment for childcare support in part with its operations of its Bic Kids urban nursery school, and was also granted Platinum Kurumin certification from Japan’s Minister of Health, Labour and Welfare for its efforts as an enterprise in supporting excellence in childcare. Given the Company’s focus on health management, it was granted White 500 (3 years in a row) certification by Japan’s Ministry of Economy, Trade and Industry (METI) and Nippon Kenko Kaigi (Japan Health Council) for its efforts as a corporation in carrying out outstanding health management practices.</p> <p>[Integrated Reports] The Group issues integrated reports and posts them to the IR website.</p>
Formulation of Policies for Information Provision to Stakeholders	To ensure transparency and fairness, the Company ensures timely and appropriate disclosure of information to stakeholders as required by the rules on timely disclosure set by the stock exchanges. The Company also strives to disclose to the extent possible information that is not subject to the rules on timely disclosure but is deemed necessary or useful in gaining understanding on the Company.
Other	The Company obtains PrivacyMark which is a public authentication certifying that it has an established personal information protection management system.

IV. Matters Related to Internal Control System

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

Basic policies related to internal control system

The Company establishes the following basic policies in order to develop the framework for ensuring the proper business operation and the reliability of financial reporting (collectively referred to as the “internal control system”). The Board of Directors makes a sustained effort to review the development and implementation of the internal control system to establish a framework for efficient, lawful and proper business operation.

1. Framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - (1) To ensure that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, and to respect corporate ethics and fulfill social responsibilities, the Company ensures that the Bic Camera Charter of Corporate Behavior (“Charter of Corporate Behavior”), the Basic Policies on Risk Management, and the Compliance Manual are fully understood by its Directors and employees.
 - (2) The officer supervising business management shall be the officer in charge of compliance, and the Legal Affairs Office shall be the department in charge of compliance. The Legal Affairs Department produces a manual on compliance for distribution to Directors and employees, and conducts training, etc. to increase knowledge on compliance among Directors and employees and to foster a sense of respect.
 - (3) The Company develops a framework in which reports on the status of execution of duties by each Director and Director General are presented at meetings in accordance with the Board of Directors Regulations and the Director Generals Meeting Regulations.
 - (4) In order to adapt to changes in the business climate, the Company develops a framework in which duties are executed in accordance with the regulations as set forth in the Organization Regulations and Regulations on Segregation of Duties, which stipulate the corporate organization, office organization, chain of command, and segregation of duties, etc., and Administrative Authority Regulations which stipulate basic matters on the implementation of the decision-making system.
 - (5) The Company establishes a compliance help desk and a consultation desk for inquires on personal information and product accidents, in order to develop a framework for gathering and utilizing information obtained from within and outside the Company. The compliance help desk is operated in accordance with the Regulations on Protecting Whistleblower, and the Company shall develop and hasten familiarity of a framework to allow Directors and employees to easily consult or report any compliance violations, etc. within the Company, and to ensure that persons who have consulted or reported are not treated disadvantageously.
 - (6) The Company shall develop a framework in which the effectiveness of internal audit is secured in order to enable the Group Internal Control Division (“Internal Control Division”) to perform highly specialized and ethical audits.
2. Framework for storing and managing information related to execution of duties by Directors
The Company shall operate a framework for storing and managing information related to execution of duties by Directors appropriately as prescribed in the Board of Directors Regulations, Information Security Regulations, and Confidential Information Management Regulations.
3. Regulations and other framework for managing risks of loss
 - (1) The officer in charge of internal control shall act as officer in charge of risk management, and the Internal Control Division shall be the division in charge of risk management. The officer in charge of risk management and the Internal Control Division shall establish and implement a framework to comprehensively identify and manage the overall risks to the corporate group consisting of the Company and its affiliates (the “Group”) in accordance with the Risk Management Regulations (“Risk Management System”). The Risk Management System shall respond to the changes in social circumstances. Furthermore, the officer in charge of internal control shall report on the status of risk management as necessary to the Board of Directors and the Audit and Supervisory Committee.
 - (2) When an unexpected situation arises, an Emergency Response Headquarters headed by the Representative Director and President shall be established and implement a rapid response to provide a framework for preventing the spread of damage and containing it to a minimum.

4. Framework ensuring the efficiency of execution of duties by Directors
 - (1) The Company shall determine material matters and share information on the status of execution of business operations by the Directors at the regular meetings of the Board of Directors held once a month and extraordinary meetings held as needed based on the Board of Directors Regulations.
 - (2) In principle, the Director Generals Meeting is held once a month, and decides on material decision matters other than those matters to be determined by the Board of Directors and reviews agenda items for the meetings of the Board of Directors based on the Director Generals Meeting Regulations. The Company also holds extraordinary Director Generals Meeting as needed.
 - (3) To ensure speedy and efficient execution of business operations, the Company holds various meetings such as the Executive Officers Meetings and Each Division Meetings, etc. and the results of such reviews are resolved at the meetings of Director Generals and meetings of the Board of Directors.
 - (4) Based on the budgeting system, the Company obtains the monthly performance in a timely manner, and determine and implement countermeasures as needed.
 - (5) The Company formulates a medium-term management plan and clarifies objectives to be achieved as a company, while also clarifying operating targets for each Director (excluding Directors and Outside Directors who are Audit and Supervisory Committee Members).
 - (6) By using IT systems such as electronic approval applications, the Company seeks to streamline operations and speedup and simplify the sharing of information with other Directors and communication of intentions.

5. Framework ensuring the proper business operation of the Group
 - (1) Framework ensuring that execution of duties by Directors and employees of affiliates complies with laws and regulations and the Articles of Incorporation
 1. To develop a framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation, the entire Group shall work as one based on the Charter of Corporate Behavior and Regulations on the Management of Affiliates, and other regulations.
 2. The managing division provided for in the Regulations on the Management of Affiliates shall manage the unified internal control of the affiliates. Said managing department shall perform internal audits based on the Regulations on the Management of Affiliates in collaboration with the Internal Control Division.
 3. The department in charge of compliance shall establish a framework to allow Directors and employees of affiliates to easily consult or report to the Company any compliance violations, etc. within their organization, and provide necessary training for the Directors and employees of the Group depending on their positions and duties, etc.
 - (2) Framework for reporting to the Company matters pertaining to the execution of duties by the Directors and employees of affiliates and framework to ensure the efficient execution of such duties
 1. Based on the Regulations on the Management of Affiliates, the Company shall develop a framework on the reporting to the Company of matters pertaining to the execution of duties by the Directors and employees of affiliates, such as meetings with affiliates, and develop a framework to ensure the efficient execution of such duties.
 2. The Company shall develop a framework to establish an IT system that will be needed to achieve both management efficiency and risk management as well as proper financial reporting. In building the IT system, the Company shall develop the Information System Management Regulations and proper operational framework, and taking into account the mutual impacts that the IT system and the management environment, organization and business operations may have, make appropriate evaluation of the effects and risks in order to achieve optimization and improvements across the entire Group.
 - (3) Regulations and other frameworks related to management of Group's risk of loss

In order to identify the Group's risks in a timely and appropriate manner, the division in charge of risk management shall establish and implement an appropriate framework for the assessment and management of the risks to the entire Group such as requesting affiliates to submit Risk Management Reports based on the Risk Management Regulations.

6. Framework ensuring reliability of financial reporting
 - (1) Each group company shall manage the risks of making misstatements of material matters in the financial reporting, and to reduce and prevent such risks, develop and implement internal controls and regulations on financial reporting as well as assess the changes and revisions in the management environment,

- organization and business operations to make amendments to its internal controls and regulations on financial reporting in a timely and appropriate manner.
- (2) The Board of Directors shall supervise the development and implementation of the internal controls pertaining to financial reporting of each group company.
 - (3) The Internal Control Division shall evaluate the framework ensuring the reliability of financial reporting for each fiscal year, and report the results at the meetings of the Board of Directors. If, as a result of such evaluation, any correction or improvement is necessary, each supervising division shall promptly take countermeasures.
7. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts
- (1) The Company stipulates in the Charter of Corporate Behavior that it “will firmly confront anti-social forces and organizations that poses a threat to the order and safety of civil society,” and deal with anti-social forces in a resolute attitude. In addition, the Company distributes the Charter of Corporate Behavior and Compliance Manual to the Directors and employees of the Group and further strives to make sure they are fully understood through in-house training, etc.
 - (2) The General Affairs Office shall be responsible for dealing with anti-social forces, and shall collaborate with outside specialized institutions, such as the police and attorneys depending on the case. In addition, the Company is a member of Tokubouren (joint association for the prevention of specialized violence under the jurisdiction of the Metropolitan Police Department) and shall strive to strengthen the framework through activities such as collecting information on anti-social forces and receiving instructions on how to respond appropriately to illegitimate demands.
 - (3) The Company added a chapter on “Investigations and confirmation on affiliations with anti-social forces” in its Contract Management Regulations, and makes it a rule to investigate all perspective business partners first and start dealing with them only when they are found not to have problematic affiliations with anti-social forces. In addition, the Company prescribes a provision on code of conduct in the contract which requires the contractor to guarantee that it is not affiliated with anti-social forces and enables the Company to terminate the contract without notice in the event any violation is found. The internal rules also oblige checking on existing business partners to make sure they do not have affiliations with anti-social forces.
8. Matters related to the framework necessary in executing duties of the Audit and Supervisory Committee
- (1) Matters related to Audit and Supervisory Committee assistants in the case where the Audit and Supervisory Committee requests the placement of employees to assist its duties (“Audit and Supervisory Committee assistants”)
 1. In the case where the Audit and Supervisory Committee requests the placement of employees to assist its duties, the Board of Directors appoints appropriate personnel to carry out such duties.
 2. The Audit and Supervisory Committee assistants shall follow the directions and orders of the Audit and Supervisory Committee when assisting the Audit and Supervisory Committee’s duties.
 - (2) Matters regarding the independence of the Audit and Supervisory Committee assistants from the Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of their instructions

In order to ensure the independence of the Audit and Supervisory Committee assistants from the Directors (excluding Directors who are Audit and Supervisory Committee Members) and the effectiveness of their instructions, the reassignment and evaluation of, and disciplinary actions against the Audit and Supervisory Committee assistants shall require the prior approval of the Audit and Supervisory Committee.
 - (3) Framework for reporting to the Audit and Supervisory Committee by the Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees and frameworks related to other reports to the Audit and Supervisory Committee
 1. Directors and employees report the following matters to the Audit and Supervisory Committee in accordance with the “Audit and Supervisory Committee Regulations,” the “Regulations Regarding Reporting, etc., to the Audit and Supervisory Committee,” and “Audit and Supervisory Committee Auditing Standards.”
 - a. Material matters that affect the management and financial results of the Group.
 - b. Material matters concerning the management status of the Group each month
 - c. Overview of the activities of the Internal Control Division, the Legal Affairs Office and other departments in charge of audit engagements of the Group.

- d. Overview of activities related to the internal controls of the Group.
 - e. Serious breaches of laws, regulations, or the Articles of Incorporation.
 - f. Matters that could cause significant damage to the Group.
 - g. Status of operation of the compliance help desk, status of whistle blowing, and other material matters for compliance.
2. Directors in charge of each department (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report regarding the risk management framework for the department under their charge as appropriate after consultation with the Audit and Supervisory Committee.
- (4) Framework for reporting to the Audit and Supervisory Committee by the directors and employees of affiliates and frameworks related to other reports to the Audit and Supervisory Committee
Directors, employees and corporate auditors of affiliates or any person receiving a report from them shall report, in addition to matters designated by law, the following to the Audit and Supervisory Committee:
1. Material matters that affect the management and financial results of the Group.
 2. Outline of activities of Corporate Auditors, etc.
 3. Overview of activities related to internal control
 4. Serious breaches of laws, regulations, or the Articles of Incorporation.
 5. Matters that could cause significant damage to the Group.
 6. Status of operation of the Group's compliance help desk, status of whistle blowing, and other material matters for compliance.
- (5) Framework for ensuring that persons who have reported to the Audit and Supervisory Committee are not treated disadvantageously because of the report
The Company shall ensure that persons who have reported to the Audit and Supervisory Committee are not treated disadvantageously in personnel terms because of the report. The approval of the Audit and Supervisory Committee shall be obtained regarding their treatment.
- (6) Matters related to the policy for processing of expenses, etc. arising from the execution of duties of the Audit and Supervisory Committee
Advance payment of fees to attorneys and certified public accountants, etc. that arise in the course of executing the duties of Directors who are Audit and Supervisory Committee Members, reimbursement procedures, or settlement of other fees or debts that arise in the course of executing said duties shall be borne by the Company based on the Regulations on Reporting, etc. to Audit and Supervisory Committee, except for cases in which such fees are deemed unnecessary for the duties of Audit and Supervisory Committee Members.
- (7) Other frameworks for ensuring that audits of the Audit and Supervisory Committee are conducted effectively
1. The Company will strive to deepen the understanding of Directors, etc., regarding Audit and Supervisory Committee audits and prepare an environment for Audit and Supervisory Committee audits
 2. The Directors who are Audit and Supervisory Committee Members shall attend the meetings of the Board of Directors, as well as the Director Generals Meeting and other important meetings, where they may offer their opinions and request reports to Directors, etc., (excluding Directors who are Audit and Supervisory Committee Members) as necessary.
 3. The Audit and Supervisory Committee shall hold regular meetings, etc. with the Representative Director, Accounting Auditor, corporate auditors of affiliates, Internal Control Division, Legal Affairs Office and other departments in charge of audit engagements. Moreover, the Audit and Supervisory Committee shall realize a full collaboration between the Audit and Supervisory Committee Members, Internal Control Office, and Accounting Auditor, to develop a framework ensuring that audits are performed effectively.
- (8) The Audit and Supervisory Committee may inspect documents requesting formal approval and other material documents concerning the performance of duties, and may request explanation as needed to Directors and employees.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

- (1) The Company stipulates in the Charter of Corporate Behavior that it “will firmly confront anti-social forces and organizations that poses a threat to the order and safety of civil society,” and deal with anti-social forces in a resolute attitude. In addition, the Company distributes the Charter of Corporate Behavior and Compliance Manual to the Directors and employees of the Group and further strives to make sure they are fully understood through in-house training, etc.
- (2) The General Affairs Office shall be responsible for dealing with anti-social forces, and shall collaborate with outside specialized institutions, such as the police and attorneys depending on the case. In addition, and shall strive to strengthen the framework through activities such as collecting information on anti-social forces and receiving instructions on how to respond appropriately to illegitimate demands.
- (3) The Company added a chapter on “Investigations and confirmation on affiliations with anti-social forces” in its Contract Management Regulations, and makes it a rule to investigate all prospective business partners first and start dealing with them only when they are found not to have problematic affiliations with anti-social forces. In addition, the Company prescribes a provision on code of conduct in the contract which requires the contractor to guarantee that it is not affiliated with anti-social forces and enables the Company to terminate the contract without notice in the event any violation is found. The internal rules also oblige checking on existing business partners to make sure they do not have affiliations with anti-social forces.

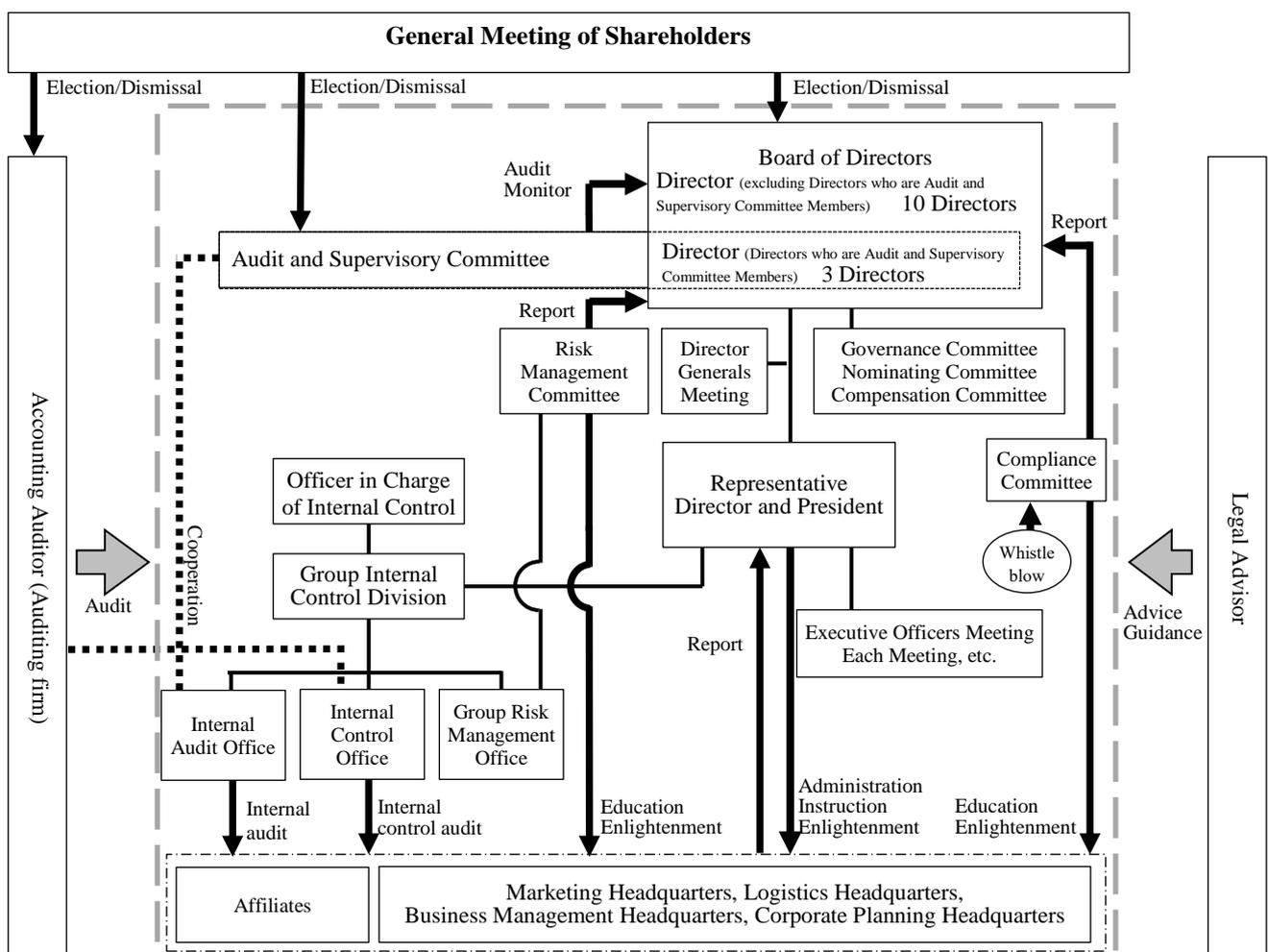
V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System, etc.



Overview of Timely Disclosure System

