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Corporate Governance Report

Last Update: June, 29, 2018

PRESS KOGYO CO., LTD.

President & COO, Tetsushi Mino

Contact: General Manager, Hisako Konishi

Securities Code: 7246

<http://www.presskogyo.co.jp/en/>

The corporate governance of PRESS KOGYO CO., LTD. (the “Company”) is described below.

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

1. Basic Views

The Company is committed to enhancing corporate governance on an ongoing basis for the purpose of seeking sustainable growth and increased corporate value over the mid- to long-term, based on the Press Kogyo Group’s “Principles of Management”.

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

The Company implements the Corporate Governance Code in its entirety.

[Disclosure Based on the Principles of the Corporate Governance Code]

The Company formulated “Corporate Governance Guidelines,” which provides for the Company’s concept and system of corporate governance, progress of the establishment thereof and operating policies therefor, etc.

“Corporate Governance Guidelines” can be seen on the Company’s website.

(<http://www.presskogyo.co.jp/en/ir/management/governance.php>)

[Principle 1.4]

It is disclosed in Articles 6 and 7 of the Company’s Corporate Governance Guidelines.

[Principle 1.7]

It is disclosed in Article 8 of the Company’s Corporate Governance Guidelines.

[Principle 3.1]

(i) It is disclosed in the “materials for Financial Statement briefings” on the Company’s website and Article 1 of the Company’s Corporate Governance Guidelines.

- (ii) It is disclosed in Article 1 of the Company's Corporate Governance Guidelines.
- (iii) It is disclosed in Articles 25, 26 and 27 of the Company's Corporate Governance Guidelines.
- (iv) It is disclosed in Article 17 of the Company's Corporate Governance Guidelines.
- (v) It is disclosed in Schedule 4 of the Company's Corporate Governance Guidelines. Reasons for appointments are stated in reference documents for the notice of the Annual shareholders' meeting.

[Supplementary Principle 4.1.1]

It is disclosed in Article 13 of the Company's Corporate Governance Guidelines.

[Principle 4.8]

The Company has elected four (4) Independent External Directors.

More information can be seen in this Report "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

[Principle 4.9]

It is disclosed in Schedule 1 and Article 21 of the Company's Corporate Governance Guidelines.

[Supplementary Principle 4.11.1]

It is disclosed in Article 14 of the Company's Corporate Governance Guidelines.

[Supplementary Principle 4.11.2]

It is disclosed in Schedule 4 and Article 17 of the Company's Corporate Governance Guidelines.

[Supplementary Principle 4.11.3]

It is disclosed in Schedule 3 and Article 19 of the Company's Corporate Governance Guidelines.

[Supplementary Principle 4.14.2]

It is disclosed in Article 24 of the Company's Corporate Governance Guidelines.

[Principle 5.1]

It is disclosed in Schedule 2 and Article 28 of the Company's Corporate Governance Guidelines and "IR/Disclosure Policy" on the Company's website.
(<http://www.presskogyo.co.jp/en/ir/disclosure.html>)

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
ISUZU MOTORS LTD.	10,151,185	8.90
JP MORGAN CHASE BANK 385632	7,458,000	6.54
THE MASTER TRUST OF JAPAN, LTD. (TRUST ACCOUNT)	5,227,400	4.58
NORTHERN TRUST CO.(AVFC) RE NVI01	5,143,400	4.51
JAPAN TRUSTEE SERVICE BANK, LTD. (TRUST ACCOUNT)	5,041,600	4.42
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	4,720,000	4.14
JAPAN TRUSTEE SERVICE BANK, LTD. (TRUST ACCOUNT 9)	3,869,900	3.39
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,526,300	2.21
PRESS KOGYO EMPLOYEES' STOCKHOLDINGS	2,222,767	1.94
PRESS KOGYO CUSTOMERS' STOCKHOLDINGS	2,056,520	1.80

Controlling Shareholder (except for Parent Company)	—
Parent Company	None.

Supplementary Explanation
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3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Transportation Equipment
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion /
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50 /

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

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	CEO
Number of Directors	12
Number of External Directors	4
Number of Independent Director	4

External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
	From another company / Lawyer / CPA / Tax Accountant / Academic / Other											
Yasuo Yamane	Academic											
Osamu Nakagawa	CPA											
Kenji Furusato	Lawyer											
Tomoko Ando	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;

"▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A 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, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company External directors/*kansayaku* are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

External Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasuo Yamane	○	○	—	Dr. Yamane has a career history that includes Executive and Vice President of a national university, and he possesses extensive specialist knowledge regarding technology and human resource training that he has accumulated over many years as a professor in the faculty of engineering of a national university. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as an External Director who is an Audit & Supervisory Committee Member. Because Dr. Yamane has no relationship with the Press Kogyo Group other than the election as an External Officer and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Dr. Yamane and general shareholders and has designated him as an Independent Officer.

Osamu Nakagawa	○	○	—	Mr. Nakagawa has served consecutively as partner in an audit corporation and tax accountant corporation and has expert perspective and abundant experience as a certified public accountant and certified tax accountant. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as an External Director who is an Audit & Supervisory Committee Member. Because Mr. Nakagawa has no relationship with the Press Kogyo Group other than the election as an External Officer and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Mr. Nakagawa and general shareholders and has designated him as an Independent Officer.
Kenji Furusato	○	○	—	Mr. Furusato has abundant experience in law office and has served consecutively as professor in law school with specialized expertise as a lawyer. Based on such experience and knowledge, the Company has judged that he is able to appropriately advise and supervise the management of the Company, and has elected him as an External Director who is an Audit & Supervisory Committee Member. Because Mr. Furusato has no relationship with the Press Kogyo Group other than the election as an External Officer and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Mr. Furusato and general shareholders and has designated him as an Independent Officer.
Tomoko Ando	○	○	—	Ms. Tomoko Ando has abundant experience and extensive insights regarding global corporations gained primarily from her experience regarding brand marketing and strategic personnel affairs at a foreign-owned enterprise and while serving as the Executive Vice President. Based on such experience and knowledge, the Company has

				<p>judged that she is able to appropriately advise and supervise the management of the Company, and has elected him as candidate for External Director who is an Audit & Supervisory Committee member. Because Ms. Ando has no relationship with the Press Kogyo Group other than the election as an External Director and satisfies the requirements for independence criteria set by the Tokyo Stock Exchange, Inc., and for Standards for Electing Independent External Directors set by the Company, the Company has judged that there is no possibility of conflict of interest between Ms. Ando and general shareholders and has designated her as an Independent Officer.</p>
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[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Chairperson
Audit & Supervisory Committee	5	1	1	4	Internal Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed
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Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

Employees who should support duties of the Audit & Supervisory Committee are accordingly assigned thereto (as Audit & Supervisory Committee staff members serving concurrently in other departments), and personnel affairs matters in that regard are determined upon consultation between Representative Directors and the Audit & Supervisory Committee. Directors are not assigned to assist in duties of the Audit & Supervisory Committee.

Moreover, Audit & Supervisory Committee staff members must comply with the Audit & Supervisory Committee's orders and instructions with respect to providing assistance as instructed by the committee.

Cooperation among Audit & Supervisory Committee, Accounting Auditors and Internal Audit Departments

With respect to internal controls, the Internal Control Dept. conducts audits targeted at principle departments and works to increase the effectiveness of internal control, including pointing out and giving guidance on matters to be improved to audited departments in collaboration with the Audit & Supervisory Committee. With respect to auditing and oversight performed by the Audit & Supervisory Committee, mainly Full-time Audit & Supervisory Committee Members attend important meetings including the meeting of the Board of Directors, and also conduct audits on operations and properties according to the annual audit plan. Audit & Supervisory Committee Members hold meetings with Accounting Auditors on a regular basis, receive reports from them and exchange opinions with them, as well as confirm the appropriateness of the performance of operations by such Accounting Auditors, including witnessing site visits. Audit & Supervisory Committee Members also work to enhance audits, exchanging opinions on matters of significance including the formulation and evaluation of internal control, with the Internal Control Dept.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	to	Committee Corresponding to Remuneration Committee	to
Committee's Name	—		—	
All Committee Members	—		—	
Full-time Members	—		—	
Internal Directors	—		—	
External Directors	—		—	
External Experts	—		—	
Other	—		—	
Chairperson	—		—	

Supplementary Explanation

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[Independent Officers]

Number of Independent Officers	4
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Matters relating to Independent Officers

The Company has established standards for independence of External Directors as follows.

《Standards for Electing Independent External Directors》

A person who falls under any of the paragraphs below shall not have independency:

1. An executing person (Executive Director, Executive Officer and equivalents to each of the foregoing, and employee; the same hereinafter) of the Press Kogyo Group
2. An executing person of any company, etc., who falls under any of the subparagraphs:

(1) Major business partner of the Press Kogyo Group

If its transaction amount with the Press Kogyo Group for any business year in the latest three (3) fiscal years exceeds 2% of the Company's or the transaction counterparty's consolidated sales amount, provided that, major business partners include all companies which belong to the Association for Business Partner Cooperation of the Company, regardless of the size of the transaction amount

(2) Major lender of the Press Kogyo Group

If the outstanding debt of the Press Kogyo Group at the end of any business year in the latest three (3) fiscal years exceeds 2% of the Group's or lenders' total consolidated assets amount	
(3) Major shareholder of the Company	
If it is ranked in the top 10 with respect to shareholdings for any business year in the latest three (3) fiscal years	
3. A person who belongs to any audit firm that acts as the Press Kogyo Group's Accounting Auditor	
4. A consultant or accounting or legal specialist who receives a substantial amount of money or any other property (i.e., an average payment of JPY 10 million or more in the latest three (3) fiscal years) in addition to compensation to be paid to Officers from the Press Kogyo Group (if an entity including a corporation and association receives such money or property, a person who belongs to such entity)	
5. An executing person of any managing securities company of the Press Kogyo Group	
6. An executing person of any cross-shareholding company of the Press Kogyo Group	
7. When an executing person of the Press Kogyo Group currently assumes or assumed any time in the latest three (3) years the office of external officer in any other company, the executing person of such company	
8. A person who fell under any of Paragraphs 2 through 6 above any time in the latest three (3) years	
9. A relative within the second degree of relationship of a person who falls under any of Paragraphs 1 through 7 above	
10. Notwithstanding Paragraphs 1 through 9 above, a person who is considered to have a special reason for which his/her conflict-of-interest relationship between the Company and general shareholders may be formed.	

[Incentives]

Incentive Policies for Directors	None
Supplementary Explanation	
Performance-based compensation is paid as part of the bonuses for Officers.	
Recipients of Stock Options	None
Supplementary Explanation	
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[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation

The total remuneration of the director is 449 million yen. (2018)

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

It is disclosed in Article 25, 26 and 27 of the Company's Corporate Governance Guidelines.

[Supporting System for External Directors]

The General Manager of the General Affairs Dept. provides support by regularly holding one (1) or more meetings on a monthly basis and distributing information.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]**Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)**

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

0

Others

1. A provision in the Company's Articles of Incorporation stipulates that "The Board of Directors may make resolutions appointing persons to serve as Advisors or Counselors."
2. Although there currently aren't any "Advisors or Counselors that are a former Representative Director, etc.," both a former Representative Director and Executive Vice President (Term of office: Two years starting from June 29, 2017) and a former Representative Director and Senior Managing Director (Term of office: Two years starting from June 28, 2018) are commissioned as Advisors. Their duties as Advisors involve providing advice regarding general management.

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

The Company is a company with Audit & Supervisory Committee and makes efforts to increase the effectiveness of corporate governance, ensuring the Board of Directors makes important decisions and supervises the execution of operations or promoting efficient management and accelerated execution of operations by introducing the Executive Officer System, as well as enhancing the Internal Auditing System for the purpose of strengthening the functions of the Audit & Supervisory Committee. The operations by, functions of and activities of each organization, etc. are as follows:

1. Executive Officer System

The Company has introduced the Executive Officer System and promotes efficiency and acceleration of management decision-making and execution of operations, separating management functions from operation execution functions as well as ensuring the small size of the Board of Directors.

2. Management Meeting

Executive Officer responsible for executing operations attend the Management Meeting (twice a month) and report and discuss matters of significance with respect to each of departments which such Executive Officer are in charge of, as needed. Full-time Audit & Supervisory Committee Members attend the Management Meeting and express their opinions, as needed.

3. Board of Directors

The Board of Directors consists of twelve (12) Directors (which includes four (4) External Directors) and holds a meeting once a month in principle and supervises the execution of operations and makes important decisions.

4. Audit & Supervisory Committee

The Audit & Supervisory Committee consists of five (5) Directors (which includes four (4) External Directors), and audits and supervises Directors' execution of operations.

5. Internal Control System

The Company established the Internal Control Dept. in October 2005 for the purpose of ensuring thorough compliance and strengthening internal control. The Company established the Internal Control Committee consisting of all Directors in May 2006 and is formulating internal control as well as supervising compliance of the execution of operations with laws and regulations and the Company's Articles of Incorporation.

6. Risk Management System

With respect to the risk management system, the Internal Control Committee identifies risks in each division, evaluates such risks, and decides on measures to address them. Risks such as those associated with product quality, safety and health, the environment, and disaster prevention are respectively managed by each of the committees subordinate to the Management Meeting. Each department formulates regulations, standards, rules, etc., and manages associated risks. Also, audit departments regularly conduct audits on risk management and report details thereof to the Internal Control Committee.

7. Internal Audits, and Audit and Oversight by the Audit & Supervisory Committee

About the internal audit, The Internal Control Dept. conducts an audit targeted at principle departments and works to increase the effectiveness of internal control, including pointing out and giving guidance on matters to be improved to an audited department in collaboration with the Audit & Supervisory Committee. With respect to auditing and oversight performed by the Audit & Supervisory Committee, mainly Full-time Audit & Supervisory Committee Members attend important meetings including the meeting of the Board of Directors and conduct audits on operations and properties according to the annual audit plan. Audit & Supervisory Committee Members hold meetings with Accounting Auditors on a regular basis, receive reports from them and

exchange opinions with them, as well as confirm the appropriateness of the performance of operations by such Accounting Auditors, including witnessing site visits. Audit & Supervisory Committee Members also work to enhance audits, exchanging opinions on matters of significance including the formulation and evaluation of internal control, with the Internal Control Dept.

External Director Osamu Nakagawa is a certified public accountant and certified tax accountant, and has considerable knowledge regarding finance and accounting. And External Director Kenji Furusato is a certified lawyer, and has considerable knowledge regarding law.

8. Status of Accounting Audit

With respect to accounting audits, the Company is subject to accounting audit by KPMG AZSA LLC. Two (2) certified public accountants, Hiroshi Abe and Toru Tanaka, are primarily responsible for executing accounting audit operations. Also, five (5) certified public accountants and thirteen (13) other persons provide support pertaining to the Company's accounting audit operations.

3. Reasons for Adoption of Current Corporate Governance System

The Company has set its sights on achieving its corporate vision to "To be the world's No.1 manufacture of our core products" and has accordingly adopted the company with Audit & Supervisory Committee structure with the aims of making decisions more swiftly and resolutely, achieving greater efficiency and flexibility with respect to business execution, strengthening supervisory functions of such execution, and further enhancing its corporate governance practices.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the Shareholder's Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of Shareholder's Meetings	The Company sends a notice of the Shareholder's Meetings to shareholders three weeks prior to the date thereof in order for such shareholders to have sufficient time to review matters to be resolved at such Meeting
Allowing Electronic Exercise of Voting Rights	The Company has judged that increased tools for exercising voting rights can improve convenience for shareholders and has been introducing the exercise of voting rights in an electromagnetic means since 2003.
Participation in Electronic Voting Platform	The Company has been introducing the Electronic Voting Platform targeted at institutional investors, which is operated by ICJ, Inc., since 2008 in order to improve convenience of exercising voting rights for institutional investors in Japan and overseas.
Providing Convocation Notice in English	The Company discloses an English version of the notice (summary) on the Company's website, etc., in order to improve convenience of exercising voting rights for institutional investors overseas

2. IR Activities

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	“Fundamental IR Policy” and “Disclosure Policy” that the Company has formulated are disclosed on the Company’s website (URL http://www.presskogyo.co.jp).
Regular Investor Briefings for Individual Investors	The Company holds a financial statement briefings targeted at analysts and institutional investors twice a year (for the second quarter and the fourth quarter).
Posting of IR Materials on Website	IR materials including information on financial statements, materials on any other information which is disclosed in a timely manner, securities reports, materials for financial statements briefings, Shareholder Newsletters and annual reports can be seen on the Company’s website (URL http://www.presskogyo.co.jp).
Establishment of Department and/or Manager in Charge of IR	The General Affairs Dept. is in charge of IR.

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Press Kogyo Group specifies stakeholders’ positions in “Principles of Management” “Corporate Vision,” “Guidelines” and “Code of Ethics.”
Implementation of Environmental Activities, CSR Activities etc.	<p>[Environmental Activities] The Company has obtained ISO 14001 Certification, the international standard for environmental management systems, and conducted improvement activities on a daily basis based on the structure thereof in all production sites in Japan, for the purpose of reducing the environmental burden in various kinds of business activities including production processes. Among others, with respect to measures against global warming upon which considerable emphasis is placed socially, the Company defines goals for the reduction of carbon dioxide emissions and operates to achieve said goals.</p> <p>[Community Contribution Activities] The Company’s track and field club has been participating in the All-Japan Corporate Ekiden Championships (New Year Ekiden) for nine (9) consecutive years. (As of January 1, 2018) Through running, respecting the relationship with the community, it works to foster the future potential in children, participating in running classes, conventions and training sessions (as guest runners or pacemakers) as well as contributes to the promotion of local sports. It is disclosed on the Company’s website (URL http://www.presskogyo.co.jp/club/).</p>
Development of Policies on Information Provision to Stakeholders	The Company works to provide information, establishing a system with respect to timely disclosure.
Other	The Company endeavors to develop a workplace environment that enables a diverse workforce to play an active role. To that end, the Company’s approach involves respecting individual standpoints and views irrespective of national origin, gender, or creed, and also abiding by the Labor Standards Act, the Child Care and Family Care Leave Act, the Act of Promotion of Women’s

	<p>Participation and Advancement in the Workplace, and other such laws and regulations.</p> <p>Specifically, in addition to the revision to the Company's regulations following the amendment to the Child Care and Family Care Leave Act, effective on January 1, 2017, to promote a diverse workforce that plays an active role, the Company will strive to enhance the welfare plan that accommodates various events that may occur in a person's life.</p> <p>Also, while progressing the proactive employment and promotion of women, the Company is working with the goal of "increasing the ratio of women who are hired into regular positions to 20%" as outlined in the five-year action plan started in April 2018.</p>
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IV. Matters Related to the Internal Control System

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

- (1) A system that ensures the execution of duties by Directors and employees complies with laws and regulations and the Company's Articles of Incorporation
 - 1) The Company ensures that Directors and employees are informed of the Press Kogyo Group's "Principles of Management" and "Code of Ethics."
 - 2) The department in charge of audit conducts an audit on the compliance of the execution of operations with laws and regulations and the Company's Articles of Incorporation as well as on progress of the formulation of internal control and reports on the same to the Internal Control Committee consisting of all Directors.
 - 3) The Internal Control Committee supervises the compliance of the execution of operations with laws and regulations and the Company's Articles of Incorporation, receiving reports on the operation of internal control.
 - 4) The Company works to prevent any scandal from occurring, deterring any illegal or unethical act in the Company by means of the "Hotline System" (whistle-blowing system), which enables employees of the Press Kogyo Group to consult or communicate directly.
- (2) A system that ensures Directors' duties are efficiently executed
 - 1) The Company continues to promote efficient management and accelerated execution of operations, enhancing the Executive Officer System which has been currently introduced.
 - 2) The execution of important operations is deliberated at the management meeting that Full-time Executive Officer and Full-time Audit & Supervisory Committee Members attend and matters to be resolved at the meeting of the Committee of Directors are deliberated and determined at such meeting.
 - 3) The Company works to efficiently utilize managerial resources, defining goals clearly to be achieved by developing the medium-term business plan.
- (3) Regulations on the management of the risk of loss and other systems
 - 1) The Internal Control Committee understands risks that each department may have and makes decisions on risk assessment and response to the risk.
 - 2) Each department formulates regulations, standards, rules, etc., and manages risks related to the

respective department, and the department in charge of audit regularly conducts an audit on risk management and reports the same to the Internal Control Committee.

3) The risk of product quality, safety and health, environment, disaster prevention, etc., is managed respectively by each of Committees, which are subordinate organizations of the management meeting.

(4) A system for the storage and management of information on the execution of Directors' duties

The Company stores and manages documents on important decision-making and reporting with respect to the execution of Directors' duties, in accordance with laws and regulations and the Company's regulations.

(5) A system that ensures the appropriateness of operations in the Press Kogyo Group consisting of the Company and its subsidiaries

1) Each department of the Company and each of its subsidiaries, respectively, establishes internal control according to the formulation program established by the Internal Control Committee. The department in charge of audit of the Company conducts an audit on internal control by each department of the Company and each of its subsidiaries on a regular basis and reports the same to the Internal Control Committee.

2) The department in charge of the management of subsidiaries of the Company manages the Company's subsidiaries in collaboration with each department in accordance with "Regulations on Management of Affiliates."

3) The Company receives a report on matters of significance with respect to its subsidiaries, as needed, and discusses issues of significance with respect to its subsidiaries, as needed, respecting the individual initiative and independence of its subsidiaries.

4) Each of the Company's subsidiaries manages risks with respect to itself, and the department in charge of audit of the Company conducts an audit on risk management by such subsidiary on a regular basis and reports the same to the Internal Control Committee.

5) The department in charge of the management of subsidiaries manages and gives guidance on operations of subsidiaries, and Directors or Audit & Supervisory Committee Members are dispatched to each subsidiary in order to secure the appropriateness of operations, in principle.

(6) Matters with respect to Directors or employees who should support duties of the Audit & Supervisory Committee, matters with respect to the independency of such employees from Directors (excluding Directors who are Audit & Supervisory Committee Members) and matters with respect to the securement of the effectiveness of instructions to such employees.

1) Employees who should support duties of the Audit & Supervisory Committee are assigned, and personal affairs with respect thereto are determined upon consultation between Representative Directors and the Audit & Supervisory Committee. Note that Directors who should support duties of the Audit & Supervisory Committee are not assigned.

2) Employees who should support Audit & Supervisory Committee Members obey directions and orders

from Audit & Supervisory Committee Members with respect to support operations instructed by said Members.

(7) A system in which Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees report to Audit & Supervisory Committee Members, a system in which Directors and employees report to other Audit & Supervisory Committee Members and a system that ensures that Directors and employees are not unfavorably treated on the ground they have reported the same.

1) Directors (excluding Directors who are Audit & Supervisory Committee Members) and employees of the Company and its subsidiaries report to Audit & Supervisory Committee Members if any event that may bring serious harm to the Press Kogyo Group occurs or might occur. Specific matters to be reported are discussed between Representative Directors and Audit & Supervisory Committee.

2) It is prohibited that persons who report to Audit & Supervisory Committee Members are unfavorably treated on the ground they have reported.

3) The department in charge of audit reports the results of audit to the Audit & Supervisory Committee on a regular basis.

(8) Matters with respect to policy for disposing of expenses or debts resulting from the execution of duties by Audit & Supervisory Committee Members (limited to matters relating to the execution of duties of the Audit & Supervisory Committee)

When, with respect to the execution of duties by Audit & Supervisory Committee Members, said Members request the Company to pay expenses in advance, etc. or request advice from an external expert, etc., expenses or debts resulting from such request are promptly disposed of and borne by the Company, except for the case in which they are deemed as not necessary for duties of such Audit & Supervisory Committee Members.

(9) A system that ensures that audits by other Audit & Supervisory Committee Members are executed effectively

1) Full-time Audit & Supervisory Members Committee may attend an important meeting including management meetings and express their opinions.

2) Audit & Supervisory Committee Members perform audit operations effectively in collaboration with the department in charge of audit and Accounting Auditors.

2. Basic Views on Eliminating Anti-Social Forces

The Company resolutely responds to anti-social forces that threaten social order and sound corporate activities. The Company specifies that effect in its “Code of Ethics” and works to ensure that all employees of the Press Kogyo Group, including Officers of the Company, are informed of said effect.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

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2. Other Matters Concerning to Corporate Governance System

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