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## Corporate Governance Report

Last Update: December, 25, 2018

**PRESS KOGYO CO., LTD.**

President & CEO, 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]**

##### **[Principle 1.4]**

At the current time, the Company has no plans to reduce our strategic-shareholdings (10 stocks).

The Company holds shares of strategic-shareholdings based on Article 6 of the Company’s Corporate Governance Guidelines and exercises voting rights regarding shares held by strategic-shareholdings based on Article 7 of the same Guidelines.

Furthermore, at the Board of Directors meeting held on May 22, 2018, it was decided that the individual strategic-shareholdings held as of the end of March 2018 would continue to be held, based on a verification of the propriety of holding said shareholdings.

##### **[Supplementary Principle 4.2.1]**

At the current time, the Company has not introduced mid- to long-term performance-based compensation or share-based compensation.

However, all of the Company’s Executive Directors have purchased shares in the Company through Press Kogyo Officers’ Shareholdings. This gives them a common interest with all shareholders, providing an incentive to conduct business in a way that is conscious of the Company’s share price and to improve corporate value.

[Supplementary Principle 4.10.1]

At the current time, the Company has not voluntarily established a Nomination Committee or Remuneration Committee.

The Company aims to ensure objectivity and transparency by making decisions based on the opinions of the Audit & Supervisory Committee concerning the nomination of candidates for Director (excluding Directors who are Audit & Supervisory Committee Members) and the remuneration, etc.

**[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 1.7]

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

[Principle 2.6]

The Company offers retirement benefit plans in the form of defined contribution pension plans and contract-type defined benefit corporate pension plans.

Regarding defined contribution pension plans, the Company provides employees with explanations of said system, educational opportunities related to the asset management, and the like.

Regarding contract-type defined benefit corporate pension plans, as the asset owner, the Company has established a strategic asset mix that takes into consideration risk and return in order to provide stable benefits to corporate pension fund recipients into the future.

Also, the situation regarding the management of plan assets is regularly monitored and if necessary, the Pension Plan Asset Management Committee will change the strategic asset mix and pick or change products under management in accordance with the Fundamental Pension Plan Asset Management Policy. Results of the management of plan assets are disclosed to employees.

Furthermore, the management of plan assets is entrusted to multiple plan trustees. The selection of individual investment destinations and exercise of voting rights is left entirely up to each trustee which ensures there are no conflicts of interest between corporate pension fund recipients and the Company.

[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 27, 28 and 29 of the Company’s Corporate Governance Guidelines.

(iv) It is disclosed in Articles 17 and 18 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. In cases involving dismissals, the reasons for the dismissal shall be disclosed.

[Supplementary Principle 4.1.1]

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

[Principle 4.9]

It is disclosed in Article 23 and Schedule 1 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 Article 17 and Schedule 4 of the Company's Corporate Governance Guidelines.

[Supplementary Principle 4.11.3]

It is disclosed in Article 21 and Schedule 3 of the Company's Corporate Governance Guidelines.

[Supplementary Principle 4.14.2]

It is disclosed in Article 26 of the Company's Corporate Governance Guidelines.

[Principle 5.1]

It is disclosed in Article 30 and Schedule 2 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	9.24
THE MASTER TRUST OF JAPAN, LTD. (TRUST ACCOUNT)	5,782,500	5.26
JAPAN TRUSTEE SERVICE BANK, LTD. (TRUST ACCOUNT)	5,284,300	4.81
NIPPON STEEL & SUMIKIN BUSSAN CORPORATION	4,720,000	4.29
JAPAN TRUSTEE SERVICE BANK, LTD. (TRUST ACCOUNT 9)	4,045,800	3.68

NORTHERN TRUST CO.(AVFC) RE NVI01	4,003,800	3.64
STATE STREET BANK AND TRUST COMPANY 505019	3,601,800	3.28
NORTHERN TRUST CO.(AVFC) RE IEDU UCITS CLIENTS NON LENDING 15 PCT TREATY ACCOUNT	2,835,400	2.58
DFA INTL SMALL CAP VALUE PORTFOLIO	2,764,200	2.52
JP MORGAN CHASE BANK 385632	2,488,500	2.26

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	Chairman & 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 &amp; 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	Committee Corresponding to Remuneration Committee
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**

<p>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</p> <p>(3) Major shareholder of the Company</p> <p>If it is ranked in the top 10 with respect to shareholdings for any business year in the latest three (3) fiscal years</p> <p>3. A person who belongs to any audit firm that acts as the Press Kogyo Group's Accounting Auditor</p> <p>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)</p> <p>5. An executing person of any managing securities company of the Press Kogyo Group</p> <p>6. An executing person of any cross-shareholding company of the Press Kogyo Group</p> <p>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</p> <p>8. A person who fell under any of Paragraphs 2 through 6 above any time in the latest three (3) years</p> <p>9. A relative within the second degree of relationship of a person who falls under any of Paragraphs 1 through 7 above</p> <p>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.</p>
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#### [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
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 27, 28 and 29 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 (Advisor, Counselor, etc.)]

Information on retired presidents/CEOs holding advisory positions (Advisor, Counselor, etc.)

Name	Job title/ position	Responsibilities	Working terms and conditions. (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Hiroshige Kakudo	Advisor	Advice regarding general management.	Part time, with compensation	December 31,2018	2years.Star ting from January 1,2019

Number of retired presidents/CEOs holding advisory positions (Advisor, Counselor, etc.)	1
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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. Besides the above Adviser 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 <a href="http://www.presskogyo.co.jp">http://www.presskogyo.co.jp</a> ).

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 <a href="http://www.presskogyo.co.jp">http://www.presskogyo.co.jp</a> ).
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 <a href="http://www.presskogyo.co.jp/club/">http://www.presskogyo.co.jp/club/</a>).</p>
Development of Policies on Information Provision to Stakeholders	The Company works to provide information, establishing a system with respect to timely disclosure.
Other	<p>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 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</p>

	are hired into regular positions to 20%” as outlined in the five-year action plan started in April 2018.
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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) System to ensure that the execution of duties by Directors and employees comply with laws, regulations, and with the Company’s Articles of Incorporation
  - 1) The Company ensures that Directors and employees are kept informed of the Press Kogyo Group’s Principles of Management and Code of Ethics.
  - 2) The Internal Audit Department audits the execution of operations for conformance with laws and regulations and with the Company’s Articles of Incorporation. In addition, this department monitors the progress of setting up the internal control system and delivers reports to the Internal Control Committee, made up of all Directors.
  - 3) The Internal Control Committee receives reports on the operation of the internal control system and monitors the execution of operations for conformance with laws and regulations and with the Company’s Articles of Incorporation.
  - 4) The Company works to prevent scandals by using the Hotline (whistleblower) System, deterring illegal or unethical acts in the Company. The Hotline System enables Press Kogyo Group employees to communicate with, and receive advice directly from, those designated to deal with these situations.
- (2) System to ensure that Directors’ duties are executed efficiently
  - 1) The Company will continue to promote more efficient management and accelerated execution of operations by improving the Executive Officer system that is now in use.
  - 2) The execution of important operations is deliberated on at the Management Meeting, made up of full-time executive officers and full-time Audit & Supervisory Committee members. Matters to be resolved by meetings of the Board of Directors are deliberated on and actions decided at meetings of the Board of Directors.
  - 3) The Company works to efficiently use management resources by drawing up a medium-term business plan to clearly define the goals to be achieved.
- (3) Regulations covering risk management and other systems
  - 1) The Internal Control Committee works to gain an understanding of the risks faced by every department and makes decisions on risk assessment and effective responses.
  - 2) Every department draws up regulations, standards, rules, etc. to manage their risks, and the Internal Audit Department regularly audits the state of that risk management and delivers reports to the Internal Control Committee.
  - 3) Product quality, health and safety, environmental and disaster prevention risks, etc. are managed by various committees that are sub-organizations of the Management Meeting.

(4) System management and information storage related to the execution of Directors' duties

In accordance with laws, regulations, and the Company's own regulations, the Company manages and stores documents related to important reports and decisions made in relation to the execution of Directors' duties.

(5) System to ensure the appropriateness of operations in the Press Kogyo Group (the Company and subsidiaries).

1) Every department in the Company and all subsidiaries establish an internal control system based on the formulation plan prescribed by the Internal Control Committee. The Internal Audit Department regularly audits the internal control systems of every department of the Company and all subsidiaries, and then delivers reports to the Internal Control Committee.

2) The department in charge of managing subsidiaries works in concert with various other departments and is guided by Regulations on Management of Affiliates.

3) The Company receives reports on the significant concerns of subsidiaries, and may discuss these concerns, as appropriate, while respecting the individual initiative and independence of the subsidiaries.

4) Every subsidiary manages the risks associated with their own operations, and the Company's Internal Audit Department regularly audits the state of risk management and delivers reports to the Internal Control Committee.

5) In addition to the supervisory departments managing and guiding the operations of subsidiaries, the Directors or the Auditors of the subsidiaries, as a rule, are dispatched from the company to ensure that all operations are being handled appropriately.

(6) Matters related to Directors or employees who support the duties of the Audit & Supervisory

Committee; matters related to the independence of these employees from Directors (excluding Directors who are Audit & Supervisory Committee members); and matters related to ensuring the effectiveness of instructions to these employees

1) Employees are assigned to support the duties of the Audit & Supervisory Committee, and related HR issues are determined by consulting with Representative Directors and the Audit & Supervisory Committee. Note that Directors are not assigned to support the duties of the Audit & Supervisory Committee.

2) Employees who support the duties of the Audit & Supervisory Committee must obey instructions and orders from the Audit & Supervisory Committee in relation to the support operations.

(7) System whereby Directors (excluding Directors who are Audit & Supervisory Committee members) and employees report to the Audit & Supervisory Committee; other system related to the report to the Audit & Supervisory Committee; and the system to ensure that Directors and employees are not unfavorably treated for making reports

1) Directors (excluding Directors who are Audit & Supervisory Committee members) and employees of



the Company and employees of subsidiaries report to the Audit & Supervisory Committee if there is an incident, or the risk of an incident, that could seriously harm the Press Kogyo Group. Specific matters to be reported are subject to discussion between Representative Directors and the Audit & Supervisory Committee.

2) Unfavorable treatment of anyone who has made a report to the Audit & Supervisory Committee is prohibited.

3) The Internal Audit Department regularly reports on the results of audits to the Audit & Supervisory Committee.

(8) Matters related to the policy for processing expenses or debts resulting from the execution of duties by Audit & Supervisory Committee members (limited to matters related to the execution of the duties of the Audit & Supervisory Committee)

When, in relation to the execution of duties by Audit & Supervisory Committee members, any committee member asks the Company to pay expenses in advance, etc. or requests advice from an external expert, etc., any expenses or debts resulting from requests are promptly processed and borne by the Company, except in cases where they are not recognized as necessary for the duties of Audit & Supervisory Committee members.

(9) Other systems to ensure that audits by the Audit & Supervisory Committee are executed effectively

1) Full-time Audit & Supervisory Committee members may attend important meetings, including management meetings, and can express their opinions.

2) Audit & Supervisory Committee members perform audit operations in cooperation with the Internal Audit Department and the 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
Supplementary Explanation	
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### 2. Other Matters Concerning to Corporate Governance System

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