

Last Update: June 24, 2022
Hitachi Transport System, Ltd.

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The corporate governance of Hitachi Transport System, Ltd. (the “Company”) is described below.

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

1. Basic Principles

At the Group, we consider corporate governance to be key to realizing even greater management transparency and efficiency, as well as ensuring that our business is carried out with compliance and in accordance with correct corporate ethics. We will follow these basic principles by establishing a sound, highly transparent corporate governance system that will enable us to nimbly respond to changes in the business environment. As part of this effort, the Company has adopted a Company with a Nominating Committee, etc. System in which management supervision and business execution functions are separate.

By using a Company with a Nominating Committee, etc. System, substantial authorities are delegated from the Board of Directors to executive officers, who make prompt decision making about business restructuring and strategic investments. Executive Committee meeting consisting of all executive officers is held to discuss material subjects which have impacts on the Company and the entire Group and clarify responsibilities and authorities of the executive officers. Three committees, Nominating Committee, Audit Committee, and Compensation Committee are set up within the Board of Directors, with majority of members consisting of outside directors, to segregate duties and strengthen management transparency and supervision function.

We enacted the Corporate Governance Guidelines, which is available at our website.

<https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>

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

This report is prepared based on the Corporate Governance Code revised in June 2021, including principles for the Prime Market. The Company is implementing all principles of the Corporate Governance Code.

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

[Principle 1-4: Cross-Shareholdings]
 (Shareholding Policy)

The Company does not hold cross-shareholdings in principle, unless it is for a medium-to-long-term sustainable growth of the Company and increase of corporate value.

Under such policy, of 26 issues held, we sold all shares of 14 issues in March 2016, one issue in October 2016 and one issue in June 2017, and we purchased one issue in March 2019; and as a result, we held 11 issues of shares as of March 31, 2022. As of March 31, 2022, the amount of cross-shareholdings accounted for less than 1% of total assets, which is insignificant on the balance sheet. In addition, the Board of Directors evaluates every year whether to continue holding those shares from the viewpoint of the criteria for investment assessment (ROE, dividend payout ratio, and impairment risk, etc. of individual issues) and the criteria for business assessment (revenues from direct transactions with the Company, comparison with the capital cost of core businesses, credit information by third party agencies, and compliance, etc.).

(Exercise of voting rights)

The Company exercises its voting rights from the perspective of its medium-to-long-term sustainable growth and increase of corporate value.

[Principle 1-7: Related Party Transactions]

Approval of the Board of Directors shall be required for competitive transactions and transactions involving conflict of interest with directors and entities substantially controlled by directors, and said policies and procedures, etc. are stipulated in Article 4, Section 9 of the Company’s Corporate Governance Guidelines. Terms and conditions are disclosed in the Annual Securities Report, etc., and the status of the transactions are monitored and supervised through the Board of Directors and the Audit Committee, etc.

Corporate Governance Guidelines <https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>

Annual Securities Report <https://www.hitachi-transportssystem.com/jp/ir/library/securities/> (Japanese version only)

[Principle 2-4-1: Diversity at Workplace Including Promotion of Active Participation of Female Employees]

The Company has established the “Diversity Promotion Center” in 2012 and is implementing the following measures to “create workplace that respects individual differences and encourages diverse human resources to demonstrate their abilities.”

- We set the KPI target for the ratio of female managers and female officers at 10% by FY2023, and one female executive officer appointed from within the Company took office in April 2022.
- We have not set any targets regarding promotion of foreign or mid-career employees to management positions as we ensure to prevent disparities due to nationality or timing of hiring.
- The information on the current status of our diversity promotion efforts, the human resources development policy, and the working environment development policy, etc. is disclosed on the Company’s website.

<https://www.hitachi-transportssystem.com/en/profile/csr/social/employee/diversity.html>

[Principle 2-6: Roles of Corporate Pension Funds as an Asset Owner]

The Company has a defined benefit corporate pension plan and are implementing the following measures as the management of the corporate pension reserves affects the employees’ stable asset building as well as the Company’s financial position.

- (1) We established the Pension Committee, composed of officers, etc. in charge of finance and human resources, which is responsible for:
 - (a) Setting out basic management policy and policy asset mix
 - (b) Monitoring asset management status on a regular basis
- (2) Management is entrusted to the trustees to avoid any conflict of interest between the beneficiaries of the corporate pension and the Company.
- (3) We conduct comprehensive evaluation of the trustees based not only on quantitative factors such as investment results but also on qualitative factors including investment policy, management process, and adherence to the stewardship code.
- (4) We have established an adequate management support system by entering into an advisory agreement with actuaries since FY2021 to seek advice on the status of pension finances and management status and obtain the latest information from the Ministry of Health, Labour and Welfare and the

Financial Services Agency.

- (5) We have assigned and trained human resources in charge of the pension plan and management in the finance and human resources divisions in a systematic manner.
- (6) We conducted an ALM analysis for our pension plan in FY2021 to understand the risk associated with the pension plan management (asset management, liability fluctuation risk) and developed/reviewed an optimal strategic asset mix.

[Principle 3-1: Enhancement of Disclosure]

- (1) Corporate philosophy, etc. management strategy, and management plan
Disclosed on the Company's website and presentation materials of financial results, etc.
Corporate philosophy <https://www.hitachi-transportssystem.com/en/profile/policy/>
Presentation materials of financial results <https://www.hitachi-transportssystem.com/en/ir/library/presentations/>
- (2) Basic principles and guidelines on corporate governance
Disclosed in "1. Basic Principles" above, the Notice of Convocation of the Annual General Meeting of Shareholders, the Company's Corporate Governance Guidelines, and on the Company's website.
<https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>
- (3) Policies and procedures for determining compensation for directors and executives (executive officers)
The Compensation Committee develops the policy and procedures, which are disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders and "Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods" described below.
Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>
- (4) Policies and procedures for the appointment and dismissal of executives (executive officers), nomination of candidates for directors and dismissal of directors, as well as explanation of each appointment, nomination, and dismissal
Candidates for directors are selected at the Nominating Committee and appointed at the General Shareholders' Meeting. The information on candidates for executives (executive officers) is reported to the Nominating Committee, which then submits it to the Board of Directors for appointment. The policy of appointment and dismissal of CEO and the composition of the Board of Directors and independence of outside directors to be considered in selecting candidates for directors are specified in the Corporate Governance Guidelines of the Company.
<https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>
The reasons for each appointment/nomination and individual backgrounds are described in the Notice of Convocation of the Annual General Meeting of Shareholders and the Annual Securities Report.
Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>
Annual Securities Report <https://www.hitachi-transportssystem.com/jp/ir/library/securities/> (Japanese version only)
The Board of Directors dismiss executive officers through fair and transparent procedures based on deliberations at the Nominating Committee made up of a majority of outside directors and comprehensive evaluation of factors including business performance and execution of their duties.

[Principle 3-1-3: Enhancement of Disclosure]

The Company discloses the information related to its management strategy and sustainability initiatives and also clearly explains its investments in human capital and intellectual property in the Integrated Report, the Company's Website, and presentation materials of financial results. We have developed the basic policy regarding intellectual property governance and will start to invest in and use intellectual property under the supervision of the Board of Directors from FY2022.

As for the information disclosure in accordance with TCFD recommendations or a framework equivalent thereto, we received "A- (A minus)" score in the "Climate Change Report 2021" issued by CDP, an international environmental non-profit organization, for two consecutive years, indicating that the Company was recognized as a leader in terms of its initiatives and information disclosure. In September 2021, we endorsed the TCFD recommendations and disclosed information in accordance with them in the Integrated Report and Annual Securities Report. We will continue to enhance information disclosure both in quality and quantity.

Integrated Report <https://www.hitachi-transportssystem.com/en/ir/library/annual/>

Annual Securities Report <https://www.hitachi-transportssystem.com/jp/ir/library/securities/> (Japanese version only)

[Principle 4-1-1: Scope of Authority Delegated by the Board of Directors to Executives (Executive Officers)]

The Board of Directors has delegated its authorities to executives (executive officers) except for those related to the matters required by law and stipulated in the Articles of Incorporation and the Board of Directors regulations, etc. to be exclusively decided by the Board of Directors, the Company's basic policy, and important management decisions.

[Principle 4-9: Independence and Qualification for Independent Outside Directors]

The Company's Corporate Governance Guidelines stipulate the size and composition of the Board of Directors and the criteria for independence of outside directors, and the criteria is disclosed in "Other Matters Concerning Independent Officers" described below, the Company's Corporate Governance Guidelines, and Notice of Convocation of the Annual General Meeting of Shareholders, etc.

Corporate Governance Guidelines <https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>

Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>

[Principle 4-10-1: Utilization of Voluntary System]

The Company is a company with a Nominating Committee, etc.

[Principle 4-11-1: Requirements to Ensure Effectiveness of the Board of Directors and the Board of Auditors]

The Company's Corporate Governance Guidelines stipulate the size and composition of the Board of Directors and the criteria for independence of outside directors, and the criteria is disclosed in the Company's Corporate Governance Guidelines and the Notice of Convocation of the Annual General Meeting of Shareholders, etc.

The Nominating Committee has established the guidelines for appointment and dismissal of directors and the process for appointing directors. The Committee also deliberates on the skill matrix, which is disclosed in the Integrated Report and the Notice of Convocation of the Annual General Meeting of Shareholders.

Outside directors include those who have experience in management of other companies.

Integrated Report <https://www.hitachi-transportssystem.com/en/ir/library/annual/>

Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>

[Principle 4-11-2: Status and Policy of Directors' Concurrent Positions in Other Listed Companies]

The status of outside directors holding concurrent positions in other companies is disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders, the Annual Securities Report, etc. every year. The number of companies to serve as officer concurrently is limited to less than three excluding the Company to maintain their attendance rate to the Company's meetings at 75% or higher upon consultation with each director, which is stipulated in the Company's "Corporate Governance Guidelines" and "The Guidelines for Appointment and Dismissal of Directors" established by the Nominating Committee.

Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>

Annual Securities Report <https://www.hitachi-transportssystem.com/jp/ir/library/securities/> (Japanese version only)

Corporate Governance Guidelines <https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>

[Principle 4-11-3: Analysis and Evaluation of Effectiveness of the Entire Board of Directors, and the Result]

The Company, pursuant to Article 4, Section 7 "Board Self-Evaluation" of its Corporate Governance Guidelines, evaluates the effectiveness of its Board

of Directors annually. The activities and assessment of the Board of Directors, etc. are disclosed in the Notice of Convocation of the Annual General Meeting of Shareholders.

Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>

[Principle 4-14-2: Training Policy for Directors]

The Company has established “Training Policy for Directors” to ensure that directors can sufficiently fulfill their roles and responsibilities and provides them with necessary knowledge about the Company’s business, finance, organization, and issues, etc. in a planned manner at the time they assume office and on an ongoing basis, which is stipulated in the Company’s Corporate Governance Guidelines.

<https://www.hitachi-transportssystem.com/en/profile/csr/governance/cg/>

[Principle 5-1: Policy for Constructive Dialogues with Shareholders]

(1) Stance on dialogue

The dialogues (interviews) with investors including shareholders will be conducted by Public Relations Department, Corporate Strategy Office which is in charge of investor relations, and directors and executives (executive officers) attend the interviews as needed in consideration of the topic and schedule.

(2) Policy on the system and initiatives to facilitate constructive dialogues

We have a system whereby IR division cooperates with corporate divisions and relevant business divisions to facilitate constructive dialogues with shareholders and investors. Specifically, IR, accounting/finance, administration/legal, and relevant business divisions cooperate under the supervision of General Manager of Corporate Strategy Office. Also, IR personnel attends various internal meetings and shares internal information to facilitate constructive dialogues with shareholders.

(3) Methods of dialogues

In addition to individual interviews, we hold financial results briefings for the annual and semi-annual results and conference calls and small-scale meetings for the first and third quarters. Presentation materials and summary of Q&As are available at the Company’s website. We also hold events for individual investors.

<https://www.hitachi-transportssystem.com/en/ir/library/presentations/>

(4) Feedback on IR activities to directors and executives (executive officers)

The contents of dialogues with shareholders and investors are reported to directors and executives (executive officers) on a timely and appropriate manner.

(5) Measures to manage insider information in holding a dialogue

The Company has established internal rules concerning information management and disclosure to prevent insider trading as stipulated by laws and regulations related to securities transactions.

See the Company’s website for the policy for constructive dialogues with shareholders included in IR Policy.

<https://www.hitachi-transportssystem.com/en/ir/policy/>

2. Capital Structure

Percentage of Foreign Shareholders	More than 20% and less than 30%
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[Status of Major Shareholders]

[Update](#)

Name/Company Name	Number of Shares Owned	Percentage (%)
Hitachi, Ltd.	33,471,578	39.91
SG Holdings Co., Ltd.	8,210,600	9.79
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,674,900	7.96
State Street Bank and Trust Company 510312	2,694,154	3.21
State Street Bank and Trust Company 510311	2,402,746	2.86
Custody Bank of Japan, Ltd. (Trust Account)	1,841,100	2.20
GOLDMAN, SACHS & CO. REG	1,444,833	1.72
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,425,381	1.70
OASIS INVESTMENTS II MASTER FUND LTD.	1,394,979	1.66
Hitachi Transport System, Ltd. Employees’ Shareholding Association	1,216,385	1.45

Controlling Shareholder (excluding Parent Company)	-----
Parent Company	No

Supplementary Explanation [Update](#)

“Percentage of Foreign Shareholders” and “Status of Major Shareholders” are as of March 31, 2022.

3. Corporate Attributes

Listed Stock Exchange and Market Segment Update	Prime Market of Tokyo
Fiscal Year-End	March

Business Sector	Land transport industry
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Over 1,000
Revenues (Consolidated) as of the End of the Previous Fiscal Year	100 billion yen or more and less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more and less than 100

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

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

Hitachi, Ltd. is one of our major shareholders with ownership of 39.9% of our shares (ratio of voting rights).

None of our eight directors, including six outside directors, hold concurrent positions in Hitachi, Ltd., or its group companies, and five outside directors are independent officers registered with Tokyo Stock Exchange, and therefore, we believe we are capable of making management decisions on our own discretion.

As announced on April 28, 2022, with respect to a tender offer by HTSK Co., Ltd.* (the “Tender Offeror”) for the common shares of the Company (the “Tender Offer”), the Company resolved at the Board of Directors’ meeting held on April 28, 2022 to express an opinion supporting the Tender Offer if it is commenced and to recommend that the Company’s shareholders tender their shares in the Tender Offer.

The above resolution is based on the assumptions that the Tender Offeror intends to acquire all of the Company’s shares and the Company’s shares will be delisted through the Tender Offer and a series of transactions and procedures to follow.

* HTSK Co., Ltd. is a stock company (kabushiki kaisha) established on April 21, 2022 with the primary business of controlling and managing the business activities of the Company following completion of the Tender Offer in which the Tender Offeror will acquire and hold shares in the Company, and all of the issued shares of the Tender Offeror are held by HTSK Holdings Co., Ltd., a stock company (kabushiki kaisha) established on April 21, 2022. Furthermore, all of the issued shares of HTSK Holdings Co., Ltd. are held by HTSK Investment L.P., a limited partnership established under the laws of Ontario, Canada on April 25, 2022, which is indirectly held and operated by Kohlberg Kravis Roberts & Co. L.P., which is an investment advisory company established in the State of Delaware, the United States.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with a Nominating Committee, etc.
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[Directors]

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Outside director
Number of Directors Update	8

[Outside Directors]

Number of Outside Directors Update	6
Number of Independent Directors Update	5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Outside Directors' Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Miho Aoki	Scholar											
Sayoko Izumoto	Certified Public Accountant											
Mitsudo Urano	From another company											
Takashi Nishijima	From another company											
Hiroshi Maruta	From another company											
Hajime Watanabe	Attorney											

* Categories for "Relationship with the Company"

* Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past

* Use "●" 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

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major customer or a person who executes business for such person/entity
- Major customer of the Company or a person who executes business for such customer
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to Officers' compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a customer of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Others

 Outside Directors' Relationship with the Company (2) Update

Name	Membership of Committee			Independent Officer	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Miho Aoki			○	○	April 2020 Associate Professor, Department of Food Safety and Management, Faculty of Life and Environmental Sciences (currently known as Faculty of Food and Health Sciences), Showa Women's University (currently in office) June 2020 Outside Director, Toshiba Tec Corporation (currently in office) June 2020 Outside Director, Hitachi Transport System, Ltd. (currently in office)	Ms. Miho Aoki served as executive officer in Deloitte Tohmatsu Consulting Co., Ltd. (currently known as ABeam Consulting Ltd.) and held executive positions at various other firms. Based on her abundant experience in company management, she currently works as an associate professor at a university. The Company has determined that she can leverage her knowledge and experience in supervising the Company's management and thereby contribute to enhancing the function of the Board of Directors. 【Reason】 Since Ms. Miho Aoki fulfills the "Criteria for Independence of Outside Directors" prescribed by the Company, the Company has determined that she has sufficient independence and is unlikely to involve any conflict of interest with general shareholders of the Company. The Company has appointed Ms. Aoki as an independent officer.
Sayoko Izumoto		○	○	○	January 2015 Member, Information and Communications Council, Ministry of Internal Affairs and Communications (currently in office) August 2016 Established Izumoto Certified Public Accountant Office (currently in office) April 2017 Member, Information Disclosure and Personal Information Protection Review Board, Ministry of Internal Affairs and Communications (currently in office) May 2017 External Audit and Supervisory Board Member, Freund Corporation (currently in office) June 2017 Outside Director, Hitachi Transport System, Ltd. (currently in office)	Ms. Sayoko Izumoto has a long career in corporate accounting at a large audit corporation and has served in various public posts. Ms. Izumoto has sufficient knowledge and experience in the field of audit and supervision of business execution. The Company has determined that she can leverage her knowledge and experience in supervising the Company's management and thereby contribute to enhancing the function of the Board of Directors. 【Reason】 Since Ms. Sayoko Izumoto fulfills the "Criteria for Independence of Outside Directors" prescribed by the Company, the Company has determined that she has sufficient independence and is unlikely to involve any conflict of interest with general shareholders of the Company. The Company has appointed Ms. Izumoto as an independent officer.

Mitsudo Urano	○		○	<p>June 2013 Outside Director, HOYA CORPORATION (currently in office)</p> <p>June 2014 Outside Director, Hitachi Transport System, Ltd. (currently in office)</p>	<p>Mr. Mitsudo Urano has worked to enhance management efficiency as a top executive in manufacturing and logistics businesses and has experienced a number of positions as an outside officer at various enterprises. At the Company's Board of Directors, he currently serves as Chairman of the Board in the capacity of an Independent Officer, striving to further energize, raise the caliber of debate and otherwise enhance the Board's functions. As past chairperson of the Compensation Committee, Mr. Urano was instrumental in realizing a performance-linked stock compensation system for executive officers. The Company has determined that he can leverage his knowledge and experience in supervising the Company's management and thereby contribute to enhancing the function of the Board of Directors.</p> <p>【Reason】 Since Mr. Mitsudo Urano fulfills the "Criteria for Independence of Outside Directors" prescribed by the Company, the Company has determined that he has sufficient independence and is unlikely to involve any conflict of interest with general shareholders of the Company. The Company has appointed Mr. Urano as an independent officer.</p>	
Takashi Nishijima	○	○	○	<p>June 2020 Outside Director, Hitachi Transport System, Ltd. (currently in office)</p> <p>April 2021 Chairman, Yokogawa Electric Corporation (currently in office)</p>	<p>After serving as the president at Yokogawa Electric Corporation and holding various executive positions in the Yokogawa group, Mr. Takashi Nishijima currently serves as the chairman of Yokogawa Electric Corporation. The Company has determined that he can leverage his knowledge and experience in supervising the Company's management and thereby contribute to enhancing the function of the Board of Directors.</p> <p>【Reason】 Since Mr. Takashi Nishijima fulfills the "Criteria for Independence of Outside Directors" prescribed by the Company, the Company has determined that he has sufficient independence and is unlikely to involve any conflict of interest with general shareholders of the Company. The Company has appointed Mr. Nishijima as an independent officer.</p>	
Hiroshi Maruta			○	—	<p>Mr. Hiroshi Maruta has deep insights in the field of finance and accounting and has extensive experience working overseas. The Company has determined that he can leverage his knowledge and experience in supervising the Company's management and thereby contribute to enhancing the function of the Board of Directors.</p>	
Hajime Watanabe			○	○	<p>June 2013 Statutory Auditor (Outside Company), Meiji Holdings Co., Ltd. (currently in office)</p> <p>June 2020 Outside Director, Hitachi Transport System, Ltd. (currently in office)</p> <p>January 2022 Established WATANABE & SHIMIZU Law Office (currently in office)</p>	<p>Mr. Hajime Watanabe is an attorney at law, who is savvy about international business and trade law. The Company has determined that he can leverage his knowledge and experience in supervising the Company's management and thereby contribute to enhancing the function of the Board of Directors.</p> <p>【Reason】 Since Mr. Hajime Watanabe fulfills the "Criteria for Independence of Outside Directors" prescribed by the Company, the Company has determined that he has sufficient independence and is unlikely to involve any conflict of interest with general shareholders of the Company. The Company has appointed Mr. Watanabe as an independent officer.</p>

[Committees]

Committees Composition and Attributes of the Chairperson Update

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Nominating Committee	3	0	1	2	Outside Director
Compensation Committee	3	0	1	2	Outside Director
Audit Committee	4	1	0	4	Outside Director

[Executive Officers]

Number of Executive Officers

20

Status of Additional Duties

[Update](#)

Name	Representative Authority	Concurrent Duties as Director			Concurrent Duties as Employee
			Nominating Committee Member	Compensation Committee Member	
Yasuo Nakatani	Yes	Yes	○	○	No
Hiroaki Takagi	Yes	Yes	×	×	No
Takashi Jinguji	No	No	×	×	No
Seiki Sato	No	No	×	×	No
Kazuhisa Hatakeyama	No	No	×	×	No
Nobukazu Hayashi	No	No	×	×	No
Toru Watanabe	No	No	×	×	No
Kenji Abe	No	No	×	×	No
Kazuhisa Sakaguchi	No	No	×	×	No
Kiyoshi Nagao	No	No	×	×	No
Kazuhiro Nishikawa	No	No	×	×	No
Shunsuke Yonekura	No	No	×	×	No
Kenichi Iyoku	No	No	×	×	No
Takaki Sebe	No	No	×	×	No
Junko Takata	No	No	×	×	No
Hiroshi Nakamura	No	No	×	×	No
Riichiro Hirano	No	No	×	×	No
Hitoshi Honda	No	No	×	×	No
Ryuichi Honda	No	No	×	×	No
Tetsuji Mimura	No	No	×	×	No

[Auditing Structure]

Appointment of Directors and/or Employees to Support the Audit Committee

Appointed

Matters Related to the Independence of Such Directors and/or Employees from Executive Officers

The Company has established the Director's Office, a dedicated organization to support duties of the Audit and other Committees and the Board of Directors and assigned employees who are not subjected to instructions of executive officers. To ensure the independence of the employees assigned to the Director's Office from executive officers, the Audit Committee shall be notified of the relocation of personnel of the Director's Office in advance and may request the executive officer in charge of human resources to change it as necessary.

Cooperation among Audit Committee, Independent Accounting Auditor, and Internal Audit Department

[Update](#)

1. Cooperation between the Audit Committee and the Independent Accounting Auditor

The Audit Committee and the independent accounting auditor develop an audit plan for the relevant fiscal year, based on which the independent accounting auditor perform an audit. The independent accounting auditor reports the audit results to the Audit Committee, which then evaluates the appropriateness of the audit method and results.

(Frequency and detail of the meetings between the Audit Committee and the independent accounting auditor from June 2021 to June 2022)

The number of meetings about the audit plan was one, about the results of the quarterly review was three, and about the results of the audit was two. (Independent Accounting Auditor of the Company)

Ernst & Young ShinNihon LLC (Certified Public Accountants Masayuki Aida and Chiho Muto)

2. Cooperation between the Audit Committee and the Internal Audit Department

To check the legality of the business operation and management and the effectiveness and appropriateness of internal control, the Company has established the Internal Auditing Office, consisting of the Head and 35 full-time staff, which performs internal audit and monitors internal control on a regular basis. The Internal Auditing Office enhances the effectiveness of its internal audit by performing the cross-organizational audit in cooperation with Financial Strategy Office, Human Resources & Business Support Office, Safety and Quality Control Management Office, Information Security Office, AEO & Corporate Export Regulation Office, etc. In planning the internal audit, the Internal Auditing Office selects the target departments in consideration of the business risk based on the audit cycle and Summary of Control Deficiencies (SOCD) and the results of the previous audit and proposes them to the Audit Committee, which then deliberates and approves it. In FY2021, internal audit was performed for a total of 21 departments, including eight

divisions in the head office organization, seven business divisions of the Company and domestic group companies, and six domestic group companies, but not for overseas divisions due to travel restrictions tied to the COVID-19 pandemic.

The results of audit by the Internal Auditing Office and the Audit Committee are shared at the monthly meeting with the chiefs of Corporate Strategy Office, Global Business Management Headquarters, Financial Strategy Office, Human Resources & Business Support Office, Safety and Quality Control Management Office, and Business Management Headquarters, and the Audit Committee provides advice on the execution as necessary. Any special matters are reported by the Audit Committee to the Board of Directors, through which outside directors recognize issues in the internal audit and provide advice on the execution as necessary.

We recognize issues identified during the course of the internal audit and internal control monitoring at each company as the Group's common issues and make requests and recommendations to the Company's corporate divisions, enhancing the effectiveness of the business improvement.

[Matters Concerning Independent Officers]

Number of Independent Officers	Update	5
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Other Matters Concerning Independent Officers

(Criteria for Independence of Outside Directors)

Outside directors to whom none of the undermentioned standards applied are deemed to be independent.

1. A director, auditor, accounting advisor, executive officer, corporate officer or manager and any other person equivalent thereto of a corporation or organization that holds 10% or more of the outstanding shares of the Company, either directly or indirectly, as of the end of the previous fiscal year (collectively, "Related Party"), or those who had been a Related Party in the last ten years
2. A Related Party of subsidiaries of corporation or organization described in 1
3. A Related Party of a corporation or organization where 10% or more of its outstanding shares are owned, either directly or indirectly, by the Company as of the end of the previous fiscal year
4. A Related Party of a company whose transaction volume with the Company accounts for 2% or more of the Company's consolidated service revenues for the previous fiscal year, or those who had been a Related Party in the last five years of such company
5. A Related Party of a business partner that receives payments from the Company and its consolidated subsidiaries that account for 2% or more of such company's consolidated service revenues for the previous fiscal year, or those who had been a Related Party in the last five years of such business party
6. A Related Party of a financial institution from which the Company borrows the amount that accounts for 2% or more of the Company's consolidated total assets, or those who had been a Related Party in the last five years of such financial institution
7. A consultant, or accounting or legal professional who receives cash or other economic benefits equal to 10 million yen or more per year (average annual amount if the payment covers multiple fiscal years) in the last five years in addition to director's compensation from the Company
8. A person who received donation or financial assistance equal to 10 million yen or more per year from the Company during the previous fiscal year, or those who belong to the recipient organization Company
9. A Related Party of a company that accepts director (s) or auditor (s) from the Company or its consolidated subsidiaries, or its parent company or consolidated subsidiaries
10. Spouses or relatives by blood or affinity within the second degree of kinship of those described in 1 through 9 (excluding those who are not in an important position such as officer)
11. Spouses or relatives by blood or affinity within the second degree of kinship of an executive director, executive officer, corporate officer, or manager or employees of the Company or its consolidated subsidiaries ("Executive"), or those who had been an Executive in the last ten years, and a Related Party of the Company or its consolidated subsidiaries

(Materiality threshold in determining the impact on the execution of voting rights by shareholders)

The attribute information of independent officers is omitted if transactions or donations related to independent officers meet the following threshold requirements and are deemed to have no impact on their independence.

Transactions: (1) The transaction volume during the most recent fiscal year is less than 1% of consolidated revenues of the Company or the counterparty

(2) For consultants and accounting or legal professionals, the annual transaction volume is less than 5 million yen

Donations: Annual amount of donations during the most recent fiscal year is less than 5 million yen

[Incentives]

Implementation Status of Measures Related to Incentives Granted to Directors and/or Executive Officers	Introduction of performance-linked compensation plan
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Supplementary Explanation for Applicable Items

We have the performance-linked stock compensation plan for executive officers. See "Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods" below for details.

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

[Compensation for Directors and Executive Officers]

Status of Disclosure of Individual Directors' Compensation	No disclosure for any directors
Status of Disclosure of Individual Executive Officers' Compensation	No disclosure for any executive officers

Supplementary Explanation for Applicable Items

The compensation for directors and executive officers is described in the Notice of Convocation of the Annual General Meeting of Shareholders and the Annual Securities Report.

Notice of Convocation of the Annual General Meeting of Shareholders <https://www.hitachi-transportssystem.com/en/ir/meeting/>
Annual Securities Report <https://www.hitachi-transportssystem.com/jp/ir/library/securities/> (Japanese version only)

Policy on Determining Compensation Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof

■ Compensation Committee's Policy for Determining the Amount of Compensation, etc. for Directors and Executive Officers

1. Method of Determination of Policy

Pursuant to the provisions in the Companies Act pertaining to a Company with a Nominating Committee, etc., the Compensation Committee sets forth the policy on determining the compensation amounts of individual directors and executive officers.

2. Basic policy on the compensation plan for officers

- Ensure that the plan is designed to reflect the evaluation for the Company's social position while always keeping in mind the corporate philosophy "to deliver high-quality services that will help make the world a better place for people and nature for generations to come"
- Ensure that the plan is designed to reflect the evaluation for aggressive challenges to create "new value" and realize "dynamic growth" based on Smart Logistics and collaborative innovation strategies under our business concept "LOGISTEED"
- Ensure that the plan is designed to appropriately reward highly capable management personnel who can contribute to the Company's sustainable development and an increase in long-term corporate value
- Ensure that the plan is designed to motivate officers to achieve performance targets, reflect potential risks associated with efforts for such achievement and function as a sound incentive toward the Company's sustainable growth
- Ensure that the plan is designed to encourage the management to work together toward increasing corporate value and achieving the targets of the company-wide strategies

3. Policy on the determination of the composition ratio of performance-linked compensation and other compensation

We determine the composition ratio of performance-linked compensation and other compensation in accordance with the basic policy on the compensation plan for officers. In determining, we benchmark our compensation levels against those of peer companies with similar business size based on the "management compensation database" compiled by the external compensation consultant every year to verify the appropriateness of our compensation levels and then determine the compensation levels, etc. for officers commensurate with the ability and responsibilities, etc. required for each position.

4. Director compensation, etc.

Director compensation levels are comprised of basic compensation which is fixed monetary compensation. Basic compensation reflects factors such as full-time or part-time service and position and is determined based on the deliberation at the Compensation Committee and is paid at a certain time every month.

5. Executive officer compensation, etc.

Executive officers' compensation levels are comprised of a combination of basic compensation and performance-linked compensation (annual bonus and stock compensation) and determined by reflecting their performance review in a base amount commensurate with their position. Basic compensation is paid at a certain time every month, and annual bonus is paid once a year at a certain time, and stock compensation is paid at a certain time after the evaluation period of three fiscal years. The composition ratio of officers' compensation by type reflects the level of management responsibility with higher ratio of performance-linked compensation for senior officers.

For the ratio of each compensation element by position with the basic compensation as 100, KPIs for performance-linked compensation and reasons for selecting them, and the method to determine the compensation amounts, please refer to "Compensation, etc. for Officers" in the 63rd Annual Securities Report of the Company.

Annual Securities Report <https://www.hitachi-transportssystem.com/jp/ir/library/securities/> (Japanese version only)

[Support System for Outside Directors]

The Director's Office under the supervision of the Audit Committee and the Human Resources & Business Support Office under the supervision of executive officers support the execution of duties by outside directors. Before the Board of Directors meetings are held, outside directors receive explanations on the agenda and also reports or explanations on other matters as needed.

[Statuses of Persons Who Have Retired as Representative Director and President, etc.]

Information on Persons Holding Advisory Positions after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without compensation, etc.)	Date when former role as president/CEO ended	Term
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Number of Persons Holding Advisory Positions after Retiring as Representative Director and President, etc.

0

Other Related Matters

- Although the Company's Articles of Incorporation stipulate that Advisors may be appointed by a resolution of the Board of Directors, there is currently no one with that position.
- The title of Honorary Advisor may be given to express respect for the contributions to the Company over the years, but there will be no relationship between the Honorary Advisor that may influence the Company's management decisions.

2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions

(Overview of Current Corporate Governance System)

Update

1. Business execution functions

By using a Company with a Nominating Committee, etc. System, substantial authorities related to business execution are delegated from the Board of Directors to executive officers, who make prompt decision making about business restructuring and strategic investments.

Executive Committee meeting consisting of all executive officers is held once a month in general to discuss material subjects which have impacts on the Company and the entire Group and clarify responsibilities and authorities of the executive officers. (As of the date of submission of this report, eight members of the Board of Directors (six male directors and two female directors) include six outside directors. As of the date of submission of this report, there are 20 executive officers (including one female officer)).

2. Functions regarding audit/supervision, nomination, and determination of compensation, etc.

Three committees, Nominating, Audit, and Compensation Committees made up of a majority of outside directors, are set up within the Board of Directors to segregate duties and strengthen supervision function.

(1) Nominating Committee (three members (three males, no female): two outside directors, director/Chairman and CEO)

- Primary role ... Election of candidates for directors, etc.
- Items to be discussed ... Elects appropriate candidates, considering all relevant factors including their past performance and personality
- Number of meetings ... six per year (FY2021 result)
- Attendance of each director (FY2021 results)
 - Mitsudo Urano (attended six out of total six meetings)
 - Takashi Nishijima (attended six out of total six meetings)
 - Tetsu Fusayama (attended six out of total six meetings)
 - Yasuo Nakatani (attended six out of total six meetings)
- Secretariat ... Director's Office

(2) Audit Committee (four members (two males, two females): four outside directors)

- Primary role ... Audit of execution of duties by directors and executive officers and preparation of audit report, etc.
- Items to be discussed ... Performs audit of execution of duties by directors and executive officers from the viewpoint of legal compliance and appropriate performance of duties in cooperation with independent auditors and internal audit department, with an aim of establishing a high-quality corporate governance system to maintain social trust
- Number of meetings ... 20 per year (FY2021 result)
- Attendance of each director (FY2021 results)
 - Miho Aoki (attended 20 out of total 20 meetings)
 - Sayoko Izumoto (attended 20 out of total 20 meetings)
 - Hiroshi Maruta (attended 20 out of total 20 meetings)
 - Hajime Watanabe (attended 20 out of total 20 meetings)
- Secretariat ... Director's Office

(3) Compensation Committee (three members (two males, one female): two outside directors, director/Chairman and CEO)

- Primary role ... Determination of compensation, etc. of directors and executive officers
- Items to be discussed ... Determines the compensation level, etc. for each position commensurate with the ability and responsibilities required of the Company's directors and executive officers and the Company's performance, taking into consideration the compensation level of other companies
- Number of meetings ... five per year (FY2021 result)
- Attendance of each director (FY2021 results)
 - Sayoko Izumoto (attended five out of total five meetings)
 - Takashi Nishijima (attended five out of total five meetings)
 - Yasuo Nakatani (attended five out of total five meetings)
- Secretariat ... Director's Office

*Based on the number of meetings held during the term of office.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a Company with a Nominating Committee, etc. System in which management supervision and business execution functions are separate with the aim of establishing a sound, highly transparent corporate governance system that will enable us to nimbly respond to changes in the business environment.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholders' Meeting and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Scheduling of the General Shareholders' Meeting During Non-Peak Days	Our basic policy is to schedule the General Shareholders' Meeting by avoiding the peak day to allow many shareholders to attend the meeting.
Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights by electronic means including a PC, smartphone, or mobile phone.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	We use the platform for the electronic exercise of voting rights for institutional investors operated by ICJ, Inc.
Provision of Convocation Notice in English	The English translation of the Notice of Convocation of the Annual General Meeting of Shareholders is available on the Company's website. https://www.hitachi-transportssystem.com/en/ir/meeting/
Other	We use charts and UD font in the Notice of Convocation in an effort to create easy-to-see presentation. The Notice of Convocation and other relevant materials are available on the Company's website. https://www.hitachi-transportssystem.com/en/ir/meeting/

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Available at "Investor Relations" on the Company's website https://www.hitachi-transportssystem.com/en/ir/policy/	
Regular Investor Briefings Held for Individual Investors	We hold IR seminars and have a dedicated page on the Company's website for individual investors. Materials used at the IR seminars for individual investors are available on our website. https://www.hitachi-transportssystem.com/en/ir/individual/	No
Regular Investor Briefings Held for Analysts and Institutional Investors	Financial results briefings are held at the announcement of the semi-annual and annual results. Conference calls and small-scale meetings are held at the announcement of the first and third quarters results.	Yes
Regular Investor Briefings Held for Foreign Investors	The Company's executive officers, etc. hold individual interviews with foreign investors to explain the Group's performance and management strategies.	Yes
Posting of IR Materials on Website	Summary of financial results, presentation materials and videos of financial results briefings, Annual Securities Report, Business Report, Integrated Report, etc. are available. IR information is available at "Investor Relations" on the Company's website. https://www.hitachi-transportssystem.com/en/ir/	
Establishment of Department and/or Placement of a Manager in Charge of IR	(Department in charge of IR) Public Relations Department, Corporate Strategy Office	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Corporate Philosophy, Guiding Principles, and HTS Group Code of Conduct stipulate that we should respect positions of stakeholders including customers and employees.
Implementation of Environmental Protection Activities and CSR Activities, etc.	<p>In consideration of the environmental impact of the logistics business, and to contribute to a decarbonized society, we renewed the “Medium-to-Long-Term Environmental Targets 2030/2050” developed in the first half of 2020 into more ambitious targets in FY2021 and have been promoting initiatives to improve energy/resource efficiency. In September 2021, we endorsed the TCFD recommendations. In addition, recognizing changes in business environment and our responsibilities as a company, we are promoting activities in line with “Basic CSR Policy” as a Group-wide effort to meet stakeholders’ expectations and request. In October 2019, we set up the Sustainability Promotion Department (former CSR Promotion Office) within the Corporate Strategy Office to strengthen linkages between our activities and the management strategy. In the second half of FY2021, we reviewed material issues identified in FY2017 and clarified the relationship between “Objectives” and SDGs as part of our initiatives to solidify management base toward sustainability management. See the Company’s website and the Integrated Report (available in Japanese and English) for our environmental protection activities and CSR activities.</p> <p>CSR/ESG: https://www.hitachi-transportssystem.com/en/profile/csr/ Integrated Report: https://www.hitachi-transportssystem.com/en/ir/library/annual/</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>To maintain and develop trust relationships with various stakeholders through fair and highly transparent information disclosure:</p> <ul style="list-style-type: none"> • “HTS Group Code of Conduct” stipulates the need for providing all stakeholders and third parties with information that needs to be disclosed accurately. https://www.hitachi-transportssystem.com/jp/profile/policy/pdf/koudoukohan.pdf (Japanese version only) • “Basic CSR Policy” stipulates the need for information disclosure and dialogue with stakeholders. https://www.hitachi-transportssystem.com/en/profile/csr/sustainability/ • “IR Policy” stipulates the appropriate information disclosure to shareholders and investors. https://www.hitachi-transportssystem.com/en/ir/policy/
Other	<ul style="list-style-type: none"> • As for appointment of female officers, the Company has two female outside officers. Also, one female executive officer appointed from within the Company took office in April 2022. • In terms of promotion of diversity, the Company encourages the hiring of diverse human resources including women, people with disabilities, foreign nationals, and seniors and strives to create an environment where they can demonstrate their abilities. See the Company’s website for information related to promotion of diversity. https://www.hitachi-transportssystem.com/en/profile/csr/social/employee/diversity.html

IV Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development Update

Based on the relevant laws and ordinances, we have established an Audit Committee to supervise the work of our directors and executive officers, while our Board of Directors implements comprehensive systems related to internal controls.

The Group has set up an Internal Controls Committee, through which internal controls related to financial reporting are documented and also assessed for effectiveness throughout the Group. By adhering to internal control reporting systems on financial reporting as stipulated in the Financial Instruments and Exchange Act, our financial reporting earns the optimal trust level.

Our compliance initiatives include holding of meetings to report our initiatives to executives, establishment of basic policies and rules (including HTS Group Code of Conduct), a whistle-blowing system, and a compliance audit system. We also proactively work on enlightenment activities including systematic compliance education to ensure compliance with laws and regulations, internal rules and corporate ethics and raise awareness of the Group's employees.

In terms of initiatives related to large-scale natural disasters, we maintain stockpile of water, foods, hygiene products, etc. at all domestic sites, enhance the structure to secure electricity supply in case of power outage, have an initial response manual and conduct initial response trainings, and hold disaster prevention seminars on an ongoing basis. In terms of initiatives related to COVID-19, as we thoroughly implemented measures to prevent infections at workplaces, there was no suspension of business activities. We will continue to ensure infection prevention with cooperation of our customers, partner companies, and employees. We will continue to endeavor not to suspend our business as much as possible, but in case the business is suspended, we will try to quickly recover and continue the business to meet expectations and trust of stakeholders.

In terms of initiatives related to information security and protection of personal information, we established internal rules for the handling of information assets subject to security management, including customer and personal information obtained during the course of undertaking logistics operations under the guiding principles for protection of personal information and information security, and ensure strict management through internal audit and in-house trainings while making other efforts including acquisition of third-party certification such as ISO27001^{*1} and Privacy Mark^{*2}, compliance with tighter regulations on personal data and privacy around the world such as GDPR^{*3} and enhancement of the governance of information security and protection of personal information.

Our efforts to deal with cyberattacks include establishing monitoring systems, etc., upgrading to a cutting-edge defense technology, providing thorough education and guidance including a training for targeted email attack, and enhancing monitoring including audit.

*1 ISO27001: An international standard to assess whether security management of the information system meets certain standards and grant certification

*2 Privacy Mark: A system operated by JIPDEC to assess and certify business operators that appropriately handle personal information in accordance with Japanese Industrial Standards

*3 General Data Protection Regulation (GDPR): A governing regulation that aims at protection of personal data within the European Economic Area and specifies legal requirements for transfer and processing of personal data

2. Other Matters Concerning the Corporate Governance System

The Group ensures to sever relationships of the Group's employees with anti-social forces by establishing the code of conduct indicating the actions to be taken by employees. We also have a system to prohibit and prevent anti-social transactions by establishing the "Rules for Prevention of Anti-Social Transactions," setting up the Anti-Social Transaction Prevention Committee, and conducting thorough review to ensure new customers are not anti-social forces.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

In accordance with the laws and regulations, rules stipulated by the financial instruments exchange on which the Company is listed and internal rules, etc. concerning information management and disclosure, the Company properly manages important information about the Company and its group companies that should be disclosed, ensures the accuracy of the disclosures, and provides fair and highly transparent information disclosure in a timely and appropriate manner. We also have the following systems depending on the type of corporate information.

As the Company is a company with a Nominating Committee, etc. as stipulated by the Companies Act, the authority regarding timely disclosure, etc. of corporate information is delegated to executive officers, and the Board of Directors and the Audit Committee supervise to ensure appropriate execution of duties by executive officers.

1. Facts that have been decided or occurred

When important management decisions are made or when a fact that may have a significant impact on the investment decisions by investors occurs, the executive officer in charge of the relevant division promptly reports to the executive officer in charge of IR in accordance with the internal rules. The executive office in charge of IR who has received the report gives instruction to Public Relations Department in Corporate Strategy Office, determines whether it falls under the material fact defined by the laws and regulations, and the timely disclosure rules of the financial instruments exchange on which the Company is listed, and ensures to properly manage the information. When it is determined that timely disclosure is necessary, the Company prepares disclosure materials after checking the adequacy and accuracy of the details, obtains the approval of the relevant executive officer, reports it to the President and CEO, and then makes timely disclosure through Public Relations Department in Corporate Strategy Office.

2. Financial results

The financial result materials are prepared by the Financial Strategy Office and disclosed in a timely manner through Public Relations Department in

Corporate Strategy Office after, in case of annual financial results, being checked by the independent accounting auditor, deliberated by the Executive Committee and approved by the Board of Directors, or in case of quarterly financial results, deliberated by the Executive Committee and reported to the Board of Directors.

3. Other

- (1) In terms of important information of our group companies, we have a system whereby such information is appropriately managed and transmitted to the Company through the executive officer in charge of the relevant company.
- (2) In addition to the timely information disclosure, we endeavor to make the information widely known outside the Company through the disclosure on the Company's website.
- (3) The Company has established the internal rules, etc. concerning information management and disclosure to prevent insider trading stipulated by the laws and regulations related to securities transactions. We also have the Disclosure Committee consisting of executive officers in charge of public relations, accounting, and legal affairs to check the laws and regulations concerning disclosure of important matters and rules of the financial instruments exchange, determine the disclosure policy, and check the adequacy of the contents of the Annual Securities Report, etc.

