

*The following English translation is provided for reference purposes only. In case of any inconsistency between this translation and the original Japanese version, the Japanese version shall prevail.*

## **Corporate Governance Guidelines**

### **Chapter 1. General Provisions**

#### **Article 1. Purpose**

The purpose of these corporate governance guidelines (hereinafter the “Guidelines”) is to specify the basic views and guidelines on the corporate governance of INPEX CORPORATION (hereinafter the “Company”) Group, and to ensure transparency and fairness in decision-making of the Company and realize effective corporate governance through the proactive provision of information.

#### **Article 2. Mission and Basic Views**

The mission of the Company is to contribute to the creation of a brighter future for society through our efforts to develop, produce and deliver energy in a sustainable way. Based on this mission, in order to achieve sustainable growth and increase corporate value over the mid- to long-term, the Company fulfills its social responsibilities in cooperation with its shareholders and other stakeholders, and works to enhance its corporate governance for the purpose of conducting transparent, fair, timely, and decisive decision-making.

### **Chapter 2. Relationships with Stakeholders**

#### **Section 1. Relationships with Shareholders, etc.**

#### **Article 3. General Meeting of Shareholders**

1. The Company recognizes the general meeting of shareholders as the highest decision-making body in the Company and an important opportunity for engaging in constructive dialogue with shareholders. Based on this recognition, the Company shall take adequate measures from shareholders’ perspectives for allowing their opinions to be appropriately reflected in the management of the Company.

2. To ensure that shareholders have sufficient time to consider agenda items for resolution at the general meeting of shareholders and are able to appropriately exercise their voting rights, the Company shall send the convening notice of the general meeting of shareholders around three weeks prior to the date of the meeting, and publish the content of the notice on the Company’s website or by other electronic means prior to sending the notice.

3. The Company shall appropriately set the date of the general meeting of shareholders and any associated dates, taking account of facilitating sufficient constructive dialogue with shareholders and ensuring the accuracy of information necessary for such dialogue.

4. The Company shall create an infrastructure allowing electronic voting, including the use of the Electronic Voting Platform, and provide English language translations of the convening notices of the general meeting of shareholders.

5. In cases where institutional investors who hold shares in the name of a trust bank or other custodial institutions express an interest in advance to exercise shareholders' rights including voting rights at a general meeting of shareholders, the Company shall consult with the trust bank and/or custodial institutions.

#### **Article 4. Securing the Rights of Shareholders**

1. The Company shall take appropriate measures to substantially secure the rights of all shareholders, and give adequate consideration to the exercise of the rights that are also granted to minority shareholders.

2. When more than 20% of the votes have been cast against a proposal by the Company and the proposal was approved at a general meeting of shareholders, the Company shall analyze the reasons for the opposing votes, and examine the need for dialogue with shareholders and other measures.

#### **Article 5. Basic Strategy for Capital Policy**

To achieve sustainable growth and increase corporate value over the mid- to long-term, the Company shall strive to implement efficient management that takes into consideration profitability and capital efficiency, and to ensure ongoing investment for growth, the maintenance of its financial strength, and appropriate shareholder returns.

#### **Article 6. Policy Concerning Cross-Shareholdings**

1. For the purpose of achieving sustainable growth and increasing corporate value over the mid- to long-term, when it is deemed necessary to hold shares in corporations in order to maintain good relationships, and to promote business smoothly and generate business opportunities, the Company shall hold shares in such corporations to the extent necessary.

2. Each year, the Company shall, at the Board of Directors meeting, assess whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether

the benefits and risks from each holding accord with the Company's cost of capital. As a result of the assessment, if it is determined that the necessity of holding any cross-shareholdings is decreased, such cross-shareholdings shall be reduced.

3. With respect to the voting rights as to the cross-shareholdings, the Company shall determine the matters to be confirmed for each proposal to shareholders, such as appropriation of surplus, election and compensation of directors and audit & supervisory board members, and company reorganization. Decisions whether or not to approve proposals shall be made after full consideration of the appropriateness of the proposals and whether they will contribute to the purpose of the cross-shareholdings and the sustainable growth and increased corporate value over the mid- to long-term of the companies invested in.

#### **Article 7. Anti-Takeover Measures, etc.**

The Company does not adopt anti-takeover measures.

The Company has issued a Class A stock to the Minister of Economy, Trade and Industry (**see Exhibit 1**).

#### **Article 8. Related Party Transactions and Submission of Pledges**

1. In accordance with relevant laws and regulations, the Company shall require directors' transactions in competition with the Company and conflict of interest transactions to be approved in advance by the Board of Directors and subsequent reporting to the Board of Directors. Also in the case of transactions with major shareholders, depending on the importance and characteristics of the transactions, the Company shall require the prior consent of or reporting to the Board of Directors.

2. Transactions with related parties shall be disclosed in accordance with the Companies Act, the Financial Instruments and Exchange Act and other applicable laws and regulations, as well as applicable rules of securities exchanges.

3. All directors of the Company, including outside directors, shall be required to submit a written pledge to carry out their duties as officers of the Company appropriately and with the highest regard for the importance of such matters as their duty not to compete with the Company under the Companies Act, the proper manner for dealing with conflicts of interest, and prevention of information leakage, etc.

## **Section 2. Relationships with Employees**

### **Article 9. Relationships with Employees**

1. The Company shall establish the INPEX Values as the common foundation for the executive officers and employees of the INPEX Group to work in a unified manner, and asks its executive officers and employees to demonstrate the values through concrete actions in the daily performance of their duties.

2. The Company shall establish Business Principles with which all executive officers and employees without exception must comply, in addition to applicable laws and regulations and internal rules, in the performance of their duties in the Company Group. All executive officers and employees must have a proper understanding of these principles and, if any act that violates these principles occurs or is foreseen, they must report it to and consult with their superiors or the related departments and take appropriate measures.

3. The Company shall develop a whistle-blowing system to practice compliance in good faith and realize fair management. Through the establishment of contact desks, such as the Internal Desk and the External Desk (external lawyer), any conduct that constitutes or is likely to constitute a breach of compliance requirements is promptly recognized to minimize the risk to the Company Group.

## **Section 3. Relationships with Customers, Business Partners, Local Communities, etc.**

### **Article 10. Relationships with Customers, Business Partners, Local Communities, etc.**

1. The social responsibility of the Company Group is to contribute to the creation of a more livable and prosperous society by providing a stable and efficient supply of energy while considering the environment and society. The Company shall strive to develop a responsible management system as a global entity, and engage in various initiatives to progressively strengthen its CSR management under the CSR Committee.

In its promotion of CSR management, the Company emphasizes communication with various stakeholders involved in its business, and shall strive to collaborate with them appropriately based on their concerns.

2. To contribute to the resolution of social issues through its business activities, while taking stakeholders' concerns into consideration, the Company shall identify the "Material CSR Issues" to be tackled on a priority basis, and actively disclose information thereof.

## **Chapter 3. Full Disclosure**

### **Article 11. Information Disclosure Standards**

1. Based on the Companies Act and other applicable laws and regulations, the Board of Directors shall determine and disclose the Company's policies in relation to its internal control systems and compliance with laws and regulations.
2. The Board of Directors shall disclose financial information and business related matters in a fair, detailed and plain manner in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations, as well as applicable rules of securities exchanges.
3. The Company shall appropriately make information disclosure in compliance with the relevant laws and regulations, but shall also strive to actively provide information beyond that required by law. This includes both financial information, such as financial standing and operating results, and non-financial information, such as business strategies and business issues, risk and governance.

## **Chapter 4. Corporate Governance Structure**

### **Section 1. Organizational Structure**

#### **Article 12. Organizational Structure**

1. To ensure the continued and stable management of the Company based on its corporate mission, the Company shall adopt the structure of a Company with an Audit & Supervisory Board (Company with *Kansayaku* Board), whereby Audit & Supervisory Board members conduct audits of the execution of business by directors.
2. The Company shall work to further increase the agility and efficiency of its management by introducing an Executive Officer System aimed at further strengthening its business operation system in order to respond accurately and promptly to a rapidly changing management environment and the expansion of its business activities.
3. The Company shall set up the Nomination and Compensation Advisory Committee as an advisory body to the Board of Directors with the aim of strengthening of independence, objectivity and accountability of the Board of Directors' functions relating to the nomination and compensation of directors. The Nomination and Compensation Advisory Committee shall consist of four or more members, including the Representative Director, President & CEO, where greater than or equal to the

half of its members are outside directors and/or outside Audit and Supervisory Board members including independent outside directors.

4. The Company shall set up the INPEX Advisory Committee as an advisory body to the Board of Directors with the aim of sustainable growth and increased corporate value over the mid- to long-term by soliciting a wide range of objective advice and suggestions from Japanese and international experts on various issues relating to business such as the international political and economic outlook, prospects for the energy sector and issues in the CSR field.

## **Section 2. Board of Directors**

### **Article 13. Roles and Responsibilities of the Board of Directors**

1. The responsibilities of the Board of Directors shall be to fully exercise its supervisory function, secure fairness and transparency in management, and ensure sustainable growth and increase corporate value over the mid- to long term through implementation of effective corporate governance, with recognition of its fiduciary responsibility to shareholders.

2. The Board of Directors shall formulate the Company's mission, corporate strategy and other basic management policies, and make decisions on the execution of important businesses.

3. To ensure flexible decision-making pertaining to the execution of business, the Board of Directors shall appropriately delegate decision authority other than that relating to the business execution referred to in the preceding paragraph to directors and executive officers, and conduct highly effective supervision, based on laws and regulations, the Articles of Incorporation and internal rules.

### **Article 14. Business Strategies and Business Plans**

1. In order to set its strategic direction, the Company shall establish at the Board of Directors meeting its "Vision" and "Medium-term Business Plan" as its business strategies and business plans, and disclose them accordingly.

2. When establishing and disclosing the Vision and the Medium-term Business Plan, the Company shall articulate its basic principles regarding its earnings plan and capital policy, and provide clear explanations to shareholders with respect to its targets for profitability and capital efficiency as well as the review of its business portfolio and the allocation of management resources to achieve such targets.

3. The Board of Directors and the senior management shall do their best to achieve the Medium-term Business Plan; should the Company fail to achieve the targets, the reasons underlying the failure as well as the Company's actions shall be fully analyzed and explained to shareholders, and such analytic findings shall be reflected in a plan for the subsequent period.

**Article 15. Composition of the Board of Directors**

1. The Company's Board of Directors shall be comprised of at least three (3) and not more than sixteen (16) members, several of whom are independent directors.

2. The term of office of directors of the Company shall be set at one (1) year to enhance the readiness of directors for changes in the global operating environment and to further clarify management responsibilities.

3. The Board of Directors shall be structured taking into consideration the appropriate balance of knowledge, experience and skills, as well as diversity.

**Article 16. Operation of the Board of Directors**

1. The Chairperson of the Board of Directors of the Company shall, based on proposals and opinions of each director, give advance notice of matters to be discussed at the following year's Board of Directors meetings and the planned schedule of the meetings.

2. In principle, the Board of Directors shall meet once a month.

3. To enable full discussion at each Board of Directors meeting, materials relating to agenda items for discussion and resolution at the meeting shall be distributed to each of the directors, including outside directors, sufficiently in advance of the date of the meeting.

**Article 17. Internal Controls**

1. The Board of Directors shall engage in oversight activities in order to ensure timely and accurate information disclosure, and shall establish appropriate internal control and risk management systems.

2. The Board of Directors shall appropriately establish the systems referred to in the preceding paragraph, and exercise oversight to determine whether they are being operated effectively.

**Article 18. Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole, etc.**

The Board of Directors shall analyze and evaluate its effectiveness as a whole each year, taking into consideration the self-evaluations of each director. A summary of the results shall be disclosed.

**Section 3. Audit & Supervisory Board Members and the Audit & Supervisory Board**

**Article 19. Roles and Responsibilities of Audit & Supervisory Board Members and the Audit & Supervisory Board**

The roles and responsibilities of the Audit & Supervisory Board members and the Audit & Supervisory Board shall be to audit the performance of directors' duties and to exercise their authority concerning the appointment and dismissal of accounting auditors and the determination of auditor remuneration thereof. To fulfill such roles and responsibilities, the Audit & Supervisory Board members and the Audit & Supervisory Board shall, based on their fiduciary responsibilities to shareholders, positively and proactively exercise their authority by making appropriate decisions from an independent and objective standpoint and providing opinions appropriately to the Board of Directors or the management.

**Article 20. Composition of the Audit & Supervisory Board**

The Company's Audit & Supervisory Board shall be comprised of at least three (3) and not more than five (5) members, the majority of whom are outside Audit & Supervisory Board members.

**Article 21. Relationship of the Audit & Supervisory Board Members and the Audit & Supervisory Board with Accounting Auditors, the Internal Audit Department, and Outside Directors**

The Audit & Supervisory Board members and the Audit & Supervisory Board shall coordinate with the accounting auditors, the internal audit department and the outside directors as set forth below, and ensure the system to enable adequate and proper audits to be conducted.

**(1) Coordination with Accounting Auditors**

The Audit & Supervisory Board members and the Audit & Supervisory Board shall meet on a regular and as-needed basis with the accounting auditors, and receive reports on accounting audits, reports containing reviews of quarterly results, and interim reports for internal control audit from the accounting auditors. Additionally, they shall exchange opinions on important points from the audits, and enable the gathering of a wide range of information about the current state of the Company.

The Audit & Supervisory Board shall appropriately select candidates for accounting auditors, set

standards for their evaluation, and confirm that they possess the required independence and expertise.

**(2) Coordination with the Internal Audit Department**

The Audit & Supervisory Board members shall maintain a close coordination with the internal audit department on a daily basis through means such as receiving reports about the state of internal audits and other matters as necessary. In addition, they shall report regularly to the Audit & Supervisory Board regarding internal audits conducted by the internal audit department and the state of the evaluation of internal controls.

**(3) Coordination with Outside Directors**

To ensure coordination with outside directors, the Audit & Supervisory Board members and the Audit & Supervisory Board shall create appropriate opportunities for exchanging opinions.

**Section 4. Accounting Auditors**

**Article 22. Accounting Auditors**

The Company shall recognize the responsibilities accounting auditors owe to shareholders and investors, and take appropriate measures to ensure that proper audits are conducted.

**Section 5. Directors and Audit & Supervisory Board Members**

**Article 23. Fiduciary Responsibilities**

With due attention to their fiduciary responsibilities to shareholders, the directors and Audit & Supervisory Board members shall secure the appropriate cooperation with stakeholders and act in the Company's interests and the common interests of its shareholders.

**Article 24. Directors, etc.**

1. The Company shall select candidates for directors from persons within the Company who have knowledge, expertise and international experience relating to the Company's business, as well as a sound knowledge of the Company in their particular field of expertise, and from external persons who have extensive experience and wide-ranging insight as corporate managers, academics, or other specialists in the resource/energy industry, or in fields of finance or legal affairs, etc.

2. The Company shall decide on the candidates for directors at the Board of Directors upon report by the Nomination and Compensation Advisory Committee, and disclose reasons for the nomination.

3. When it is judged inappropriate for director(s) to perform their duties due to violation of applicable laws and regulations, the Articles of Incorporation, or for other reasons, the Company shall decide whether the Board of Directors will propose the director's dismissal or to dismiss the Representative Director, President & CEO, etc. upon deliberation by the Nomination and Compensation Advisory Committee. Any dismissal of a director will be made pursuant to the laws and regulations, the Articles of Incorporation and/or other relevant legislation.

4. The Company shall, at the Board of Directors meeting, appoint executive officers, who have a sound knowledge of the Company and their particular field of expertise, and are able to fulfill the duties of executive officers.

#### **Article 25. Independent Directors**

The independent directors shall provide advice based on their own knowledge and experience, and monitoring of management and conflict of interest transactions from an independent standpoint, and appropriately represent the views of stakeholders in the boardroom.

#### **Article 26. Compensation for Directors, etc.**

1. The Board of Directors shall decide on compensation for directors within the limits and terms approved at the general meeting of shareholders upon report by the Nomination and Compensation Advisory Committee.

2. The compensation for directors and executive officers shall consist of monthly compensation, bonuses, and stock-based remuneration. The monthly compensation shall be paid based on the duties of each director and executive officer, and the bonus shall be paid based on the Company's performance from the mid- to long-term perspective and other factors. As to the stock-based remuneration, the Company's shares, etc. will be delivered based on the position, etc. of each director and executive officer, aiming to raise the awareness of directors and executive officers towards increasing corporate value of the Company and further increase their willingness to contribute to maximizing shareholder value, by making clear the linkage between the remuneration of directors and executive officers and the Company's mid-to long-term stock price. Outside directors' compensation shall consist solely of a fixed monthly compensation.

#### **Article 27. Audit & Supervisory Board Members**

1. The Company shall select candidates for Audit & Supervisory Board members from among persons who are able to maintain a fair and unbiased stance from a position independent of executives, and have deep insight. In addition, the Company shall appoint at least one Audit & Supervisory Board

member who has appropriate financial and accounting knowledge.

2. After obtaining the consent of the Audit & Supervisory Board, the Company shall decide on the candidates for Audit & Supervisory Board members at the Board of Directors meeting and disclose the reasons for their nomination.

#### **Article 28. Independence Standards**

The independence standards of outside directors and outside Audit & Supervisory Board members shall be specified in the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members (see Exhibit 2).

#### **Article 29. Concurrent Posts**

In the event that the directors and Audit & Supervisory Board members hold concurrent posts as officers of other listed companies, the holding of such posts shall be confined to a reasonable extent, and the status of the holding of concurrent posts shall be disclosed each year.

#### **Article 30. Information Gathering and Support Structure**

1. Directors, including outside directors, shall request the Company to provide them with additional information, where deemed necessary from the perspective of contributing to transparent, fair, timely and decisive decision-making. In addition, the Audit & Supervisory Board members, including outside Audit & Supervisory Board members, shall collect information appropriately, including the use of their statutory investigation power.

2. The Company shall establish a support structure, including providing sufficient staff, as a support structure for directors and Audit & Supervisory Board members, and the Board of Directors and Audit & Supervisory Board shall verify whether information requested by directors and Audit & Supervisory Board members is provided smoothly.

3. To enable the Audit & Supervisory Board members and Audit & Supervisory Board to appropriately perform their duties, the Company shall set up the Secretariat of Audit & Supervisory Board member with dedicated employees.

4. When deemed necessary for the execution of duties of directors and Audit & Supervisory Board members, the Company shall consider their consulting with external specialists at the Company's expense.

**Article 31. Succession plan**

The Company recognizes that a succession plan for the Representative Director, President & CEO, etc. is important to achieve sustainable growth and increase corporate value over the mid- to long-term. The Nomination and Compensation Advisory Committee will deliberate on the desired qualifications for the Representative Director, President & CEO, etc. and on the appropriate development plan, etc., and provide opinions to the Board of Directors.

**Article 32. Training Policy**

To enable directors and Audit & Supervisory Board members to appropriately fulfill their roles and responsibilities, the Company shall explain about its business, management strategies and other important matters to newly-appointed persons. In addition, the Company shall provide opportunities for necessary training (including training by specialists and site visits) to each director and Audit & Supervisory Board member.

**Chapter 5. Constructive Dialogue with Shareholders**

**Article 33. Constructive Dialogue with Shareholders**

For the purposes of contributing to sustainable growth and increased corporate value over the mid- to long-term, the Company shall promote constructive dialogue with shareholders. In addition, the Company shall formulate and publish a policy concerning the development of a system and initiatives for constructive dialogue (see Exhibit 3).

**Chapter 6. Miscellaneous Provisions**

**Article 34. Revisions and Abolition**

Revisions to and abolition of this Guidelines shall be implemented by resolution of the Board of Directors.

**Established and commenced on November 27th, 2015**

**Revised on June 27th, 2017**

**Revised on May 10th, 2018**

**Revised on June 26th, 2018**

**Revised on November 26th, 2018**

**Revised on December 25th 2020**

**Revised on February 15th February 2021**

## Exhibit 1

### **A Class A stock**

The INPEX Group will proactively engage in energy structure reforms towards the realization of a net zero carbon society by 2050, while responding to the growing energy demands of Japan and the world and fulfilling its responsibility for the development and stable supply of energy over the long-term. Specifically, the Company will continue to position its upstream business as a core business and will work to fulfill its two social responsibilities of providing a stable supply of energy and responding to climate change by strengthening its upstream business and making it cleaner. In addition, the Company will set climate change response goals towards a net zero carbon society and actively promote five business pillars including: reducing Co2 emissions from upstream operations; developing a hydrogen business; enhancing and emphasizing renewable energy initiatives; promoting carbon recycling and cultivating new business opportunities; and promoting forest conservation.

Based on the above policy, the Company has issued a Class A stock to the Minister of Economy, Trade and Industry to eliminate the possibility of speculative takeovers or management control by foreign capital, resulting in inappropriate management inconsistent with the Company's role to provide a stable supply of energy to Japan in an efficient manner as a core company or causing any other adverse effects.

To make decisions on i) the appointment or removal of Directors; ii) the disposition of all or a portion of material assets; iii) amendments to the Articles of Incorporation relating to the Company's business objectives and granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the Class A stock, which are already granted to the Class A stock); iv) business integration; v) capital reduction and vi) company dissolution, a resolution of a meeting of the holder of the Class A stock (hereinafter "a general meeting of Class A stock shareholders") is required in addition to resolutions of the shareholders' meeting or the Board of Directors of the Company. However, concerning i) the appointment or removal of Directors and iv) business integration, resolution of a general meeting of Class A stock shareholders is required only when certain conditions under the Articles of Incorporation are met.

Concerning the exercise of voting rights at a general meeting of Class A stock shareholders, the Class A stock shareholder can exercise his/her voting rights in accordance with the guidelines set forth in a Ministry of Economy, Trade and Industry Notice (No. 37, 2019). According to the guidelines, a resolution regarding the aforementioned items i) and iv) shall be vetoed only "when it is judged there is a high probability that the Company will be managed inconsistent with its role to provide a stable supply of energy to Japan in an efficient manner as a core company," and a resolution to change the

Articles of Incorporation related to granting voting rights to any shares other than the common shares of the Company (excluding voting rights in the meetings of the holder of the class A stock which is already granted to the class A stocks) in the aforementioned item iii) shall be vetoed only “when there is a possibility that it may have an effect on the exercise of the voting rights of the class A stocks” and the aforementioned item ii) and amendment to the Articles of Incorporation related to the Company’s business objectives in the aforementioned item iii), and resolutions related to items v) and vi) shall be vetoed only “when it is judged there is a high probability that it may adversely affect its role to provide a stable supply of energy to Japan in an efficient manner as a core company.”

In addition, the Articles of Incorporation of the Company’s subsidiaries stipulate that, upon disposing material assets, a resolution of a general meeting of shareholders of the subsidiary is required when it constitutes a “disposition of all or a portion of material assets” in the aforementioned item ii). In this case, a resolution of the meeting of the holders of the class A stock is required in addition to a resolution of the Board of Directors of the Company. The Company’s Board of Directors does not have any power over the exercise of the veto right through the exercise of the voting rights of Class A stock by Class A stock shareholders. Therefore, Class A stock does not have the purpose of maintaining the position of the executive officers of the Company.

Given the limited scope of the veto right of the Class A stock, and because the voting rights shall be exercised in accordance with the guidelines for the exercise of voting rights by the Minister of Economy, Trade and Industry, which are set forth in a Ministry of Economy, Trade and Industry Notice (No. 37, 2019), this measure is designed to be highly transparent to avoid unreasonably impeding the efficiency and flexibility of the Company’s management and to minimize the impact thereof. For these reasons, the Company believes that this measure is in line with the basic policy and does not impair the common interests of the Company’s shareholders.

Exhibit 2

**Independence Standards for Outside Directors and Outside Audit & Supervisory Board  
Members**

The Company shall, based on the independence criteria set forth by the Tokyo Stock Exchange, determine that an outside director or an outside Audit & Supervisory Board member is independent from the Company if he or she falls under none of the following items.

1. A major shareholder of the Company (who directly or indirectly holds 10% or more of the Company's voting rights) or an executive thereof
2. A person whose major business partner is the Company (\*1) or an executive thereof
3. A major business partner of the Company (\*2) or an executive thereof
4. A legal professional, accountant, or consultant who receives money or other properties of more than 10 million yen per year on average over the past three (3) years from the Company or its subsidiary, excluding compensation for directors or Audit & Supervisory Board members (if the person receiving such properties is an organization such as a legal entity or a partnership, a person who belongs to such organization)
5. An accounting auditor of the Company or its subsidiary (if such accounting auditor is an accounting firm, a person who belongs to such accounting firm)
6. A person who receives donations or subsidies of more than 10 million yen per year on average over the past three (3) years from the Company or its subsidiary (however, if the person receiving the donation or subsidies is an organization such as a legal entity or a partnership, a director or other officer managing the business of the organization to which the amount of such donations or subsidies exceeds the greater of 10 million yen per year or 30% of the total expenses per year of such organization, on average over the past three years)
7. A person who fell under any of items 1 through 6 above in the past three (3) years
8. A relative within the second degree of kinship of a person who falls under any of (a) through (d) below (excluding persons who are not material (\*3))
  - (a) A person who falls under any of items 1 through 7 above
  - (b) An executive of a subsidiary of the Company
  - (c) A non-executive director or an accounting advisor of a subsidiary of the Company (limited to cases where said outside Audit & Supervisory Board member is to be designated as an independent Audit & Supervisory Board member)
  - (d) A person who fell under item (b) or (c) above or an executive of the Company in the most recent three (3) years (including a non-executive director, if said outside Audit &

Supervisory Board member is to be designated as an independent Audit & Supervisory Board member)

9. Other than each of the preceding items, a person who is substantially judged by the Company to possibly cause a conflict of interest with ordinary shareholders of the Company

\*1 “A person whose major business partner is the Company” refers to a business partner whose business relationship with the Company may have an influence on decision-making of business, etc. of said business partner to the same extent as said business partner’s parent company, subsidiary or affiliate. Specifically, this could be a so-called subcontractor whose consolidated net sales from transactions with the Company account for a considerable part of the said subcontractor’s consolidated net sales, etc.

\*2 “A major business partner of the Company” refers to a business partner whose business relationship with the Company may have an influence on decision-making of business, etc. of the Company to the same extent as the Company’s parent company, subsidiary or affiliate. Specifically, this could be the counterparty in transactions with the Company whose consolidated net sales from the transactions account for a considerable part of the Company’s consolidated net sales, or a supplier who provides merchandise and services which are essential to the business activities of the Company.

\*3 Specifically, a “material” person is assumed to be an officer, general manager or equivalent of each company/business partner in case of the persons referred to in items 1 through 3, and a certified public accountant who belongs to each accounting firm or a lawyer who belongs to each law firm (including so-called associates) in case of the persons who belong to organizations referred to in items 4 and 5.

Exhibit 3

**Policy concerning the Development of a System and Initiatives for  
Promoting Constructive Dialogue with Shareholders**

- The Company's basic policy is to disclose corporate information that is necessary and sufficient for shareholders and investors to make decisions on their investment in the Company's securities in a timely, appropriate, and fair manner, and also actively engage in public relations activities to foster a deeper understanding of business activities of the Company among all stakeholders surrounding the Company.
  
- The Company conducts appropriate and fair information disclosure (statutory disclosure and timely disclosure), in compliance with the Financial Instruments and Exchange Act (including related laws and regulations; the same shall apply hereinafter) and rules of the Tokyo Stock Exchange. Furthermore, the Company conducts proactive disclosure of other information that is not required by the Financial Instruments and Exchange Act and rules of the Tokyo Stock Exchange, if it is deemed to be beneficial to its shareholders and investors in their making investment decisions, except in cases where disclosure is restricted by confidentiality agreements or where disclosure would be inappropriate due to the negative impact it might have on competition.
  
- The Company has appointed the Senior Vice President, Corporate Strategy & Planning as Corporate Information Handling Officer responsible for the timely disclosure of corporate information. In addition, the Company has established the Corporate Communications Unit, as the unit in charge of practical matters for the timely disclosure. The internal procedures for the timely disclosure are as follows:
  1. The Senior Vice President, Corporate Strategy & Planning, and the Corporate Communications Unit conduct exhaustive compilation of information for disclosure (information on decisions made by the Company, occurrence of material facts, financial results, etc.), and disclose such information in a timely manner mindful of fairness to investors.
  2. To facilitate the operations mentioned above, all divisions in the Company and its Group companies promptly report to the Senior Vice President, Corporate Strategy & Planning any information on decisions or emergence of new important information via the Corporate Communications Unit in accordance with the internal rules for corporate information disclosure. For its Group companies, the Company stipulates items that require its prior approval and items that are to be regularly reported by the Group companies in accordance with the internal Group

Regulations.

3. In accordance with internal rules on administrative authority, the Corporate Communications Unit conducts disclosure under the direction of Senior Vice President, Corporate Strategy & Planning based on the resolution of the Board of Directors concerning matters to be resolved at the Board of Directors, or by resolution of the Executive Committee concerning other matters. For information which require prompt disclosure, such as information related to facts which occurred regardless of the Company's intent, shall be disclosed based on prior approval of the President & CEO.
4. In accordance with internal rules against insider trading, the Company maintains comprehensive control of all important internal information and prevents any insider trading.
5. The Audit Unit, which reports directly to the President & CEO, monitors the state of the development and operations of the timely disclosure system, through internal audits and assessments based on the internal control reporting system.

• For institutional investors, the Company holds investor meetings on the Company's financial results, at which it explains the outline of the Company's business, management strategies, and financial results, etc. In addition, the Company conducts one-on-one meetings, group meetings and overseas IR road shows throughout the year in order to engage in close dialogue with the markets and implement appropriate information disclosure.

Moreover, the Company conducts dialogue with shareholders (including so-called beneficial shareholders) who are able to engage in constructive dialogue from a mid- to long-term perspective to build a trusting relationship.

Furthermore, for individual investors, the Company holds information meetings at IR fairs organized by securities companies and at branches of such companies.

• The Company reflects the opinions and concerns of shareholders and investors that have been recognized through the dialogue to the management members and the Board of Directors in a timely and effective manner.

End