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Kintetsu World Express, Inc.

Nobutoshi Torii President

& CEO Securities Code: 9375

<https://www.kwe.com/index.html>

The corporate governance of Kintetsu World Express, Inc. (“KWE”) is described below.

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

1. Basic Views

The KWE Group’s corporate philosophy is to “Contribute to the development of a global community through logistics services—by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees.” The primary management goal of the KWE Group is to improve corporate value while maintaining good relationships with all stakeholders. To achieve this goal, it is one of the important management challenges to strengthen corporate governance and enhance the transparency and fairness of decision-making processes.

KWE has 8 Directors (including 3 Outside Directors). In order to accelerate decision-making and to clarify the responsibilities of the supervisory function and the executive function of management, we have introduced a managing officer system, and appointed 17 Managing Officers (including 5 concurrent Directors).

Moreover, to ensure decisions made by the President and Chief Executive Officer are reached with adequate care, under the supervision of the Board of Directors, the "Corporate Management Meeting" which is comprised of the standing Directors, the Audit & Supervisory Board Members, Managing Officers, and division managers, is held twice a month to resolve general management policies and important issues related to business execution.

With regard to the governance of group companies, KWE has adopted the Headquarters Management System, and divided the control and management of global group companies into six segments: Japan; the Americas; Europe, Middle East & Africa; East Asia & Oceania; Southeast Asia; and APL Logistics Ltd and its group companies (“APLL”). Adopting such a system allows KWE to arrange its management, business execution, and audit and supervisory systems as a consolidated business entity, and promotes initiatives for strengthening corporate governance and internal control.

KWE has adopted the current structure because we have determined that it is the most suited to ensuring the appropriateness of operations, as we engage in accelerated and appropriate decision-making, clarifies the authority and responsibilities of business execution, while at the same time enhancing the management supervision function through the management structure described above.

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

The information is based on the revised Corporate Governance Code of June 2021 (including the principles for the Prime Market that will be applied after April 4, 2022).

[Supplemental Principle 3-1-3]

The Company has identified Emissions (reduction of CO2 emissions as a response to climate change) and Energy (promotion of the use of clean energy) as material issues, and has positioned climate change as a management strategy and issue, and is working to address them.

In Japan, we have been collecting and calculating CO2 emission data based on the "Act on the Promotion of Measures to Cope with Global Warming", and based on this data, we will start working on specific strategies and risk management processes, as well as setting targets and disclosing information in accordance with the disclosure framework recommended by TCFD. The Company will also consider collecting and analyzing data for segments other than Japan in the future.

[Principle 4-8: Effective use of independent outside directors]

The Company has appointed two independent directors out of eight directors, and will establish a system to ensure that the ratio of independent outside directors is maintained in the future.

[Supplemental Principle 4-11-1]

The Company's basic policy for the selection of directors is to make decisions based on a comprehensive consideration of individual performance, managerial ability, sense of balance, and other factors, and appointments are made in accordance with this policy.

In addition, in selecting directors, the Nomination and Compensation Committee gives full consideration to the diversity of the members of the Company's Board of Directors, including gender and other aspects of diversity and skills, and makes a series of selections.

A matrix of the combined skills possessed by directors will be included in the notice of convocation of the Ordinary General Meeting of Shareholders in June 2022, together with the policies and procedures for the selection of directors.

[Disclosure Based on Principles of Corporate Governance Code]

The information is based on the revised Corporate Governance Code of June 2021 (including the principles for the Prime Market that will be applied after April 4, 2022).

[Principle 1.4: Cross-Shareholdings]

1. Cross-Shareholdings Policy

Investments in cross-shareholdings are aimed at maintaining and strengthening business alliances and transactions, and are made when they will help maintain and improve the corporate value of the KWE Group. The Board of Directors regularly reviews the investments in cross-shareholdings and upon comprehensively taking into account the purpose of the shareholding as well as the benefits and risks associated with the shareholding, verifies whether or not to continue holding the shares. If it is decided that the continued holding is not appropriate, KWE reduces the shares, as necessary.

2. Details of the Verification

With regard to the regular reviews, the Board of Directors carefully examines and verifies each cross-shareholding of listed shares from a qualitative perspective (from the standpoint of business operations, including whether it maintains and reinforces transactions) and a quantitative perspective (including market value, book value, the status of cross-shareholding, dividends, ROE, capital costs, etc.) each year. As of March 31, 2021, KWE had held 13 issues for a total of 4.9 billion yen but upon conducting a review by the Board of Directors on June 15, 2021, we decided to dispose of 2 issues, and as a result, the number of issues decreased to 11 as of the end of September 2021.

3. Criteria for Exercising Voting Rights

KWE will exercise its voting rights and make decisions for or against proposals from the standpoint of whether the company in which KWE holds shares is making appropriate decisions which will help increase its corporate value over the medium to long term, and improve the corporate value of the KWE Group as a whole.

[Principle 1.7: Related Party Transactions]

Directors' competing transactions and transactions between Directors and KWE (conflict-of-interest transactions) are required to be approved by the Board of Directors. Also, unusual transactions must be audited by standing Audit & Supervisory Board Members before being carried out.

[Supplemental Principle 2-4-1]

The Company actively promotes women, non-Japanese, and mid-career hires to management positions and to core positions, and utilizes differing values, experiences, and skills to revitalize the organization. A diverse human resource strategy is essential for improving corporate value over the medium and long term, and to achieve this, we select and train candidates from various countries who can become the next generation of management.

In addition, from the perspective of providing services from diverse perspectives, we are creating an environment in each country where women employees can play an active role.

As of September 2021, the ratio of women employees is 42.8%, of which 28.9% are in management positions. The Company is aiming for 30% by the end of 2022.

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

With respect to the management of our pension assets, we have established a Pension Committee consisting of the Corporate Human Resources Department, the Corporate Finance & Accounting Department, and representatives of the labor union to deliberate on matters related to pension finances and asset management, and have established a system to realize a stable asset composition for participants and proper management of pension finances.

With respect to the management of pension assets, the Company selects investment products based on the policy asset composition ratio, based on the basic policy of securing the earnings required to reliably provide benefits to the beneficiaries in the future over the long term.

[Principle 3.1: Full Disclosure]

(i) KWE's corporate philosophy, management strategy and management plan (the Medium-Term Management Plan) are disclosed on KWE's website and in its financial results briefing materials and other IR materials.

- 🕒 Corporate philosophy

<https://www.kwe.com/about/whoweare/policy/philosophies/index.html>

- 🕒 Management strategy and management plan (the Medium-Term Management Plan)

<https://www.kwe.com/ir/management/plan/index.html>

(ii) KWE's perspective on corporate governance is disclosed on KWE's website and in corporate governance report, securities report and the Annual Report.

- 🕒 KWE's perspective on corporate governance

<https://www.kwe.com/about/sustainability/governance/index.html>

(iii) KWE policy stipulates that Director compensation is allocated within the range resolved at the General Shareholders' Meeting. Such compensation is divided into monthly- and performance-based compensation. The amount of compensation is decided by the Board of Directors upon deliberation by the Nomination and Compensation Committee, based on amounts prescribed in internal regulations, KWE's performance, economic conditions and other matters, and the degree to which the Directors have contributed individually to the performance of KWE, among others.

(iv) Nominations for candidates to be elected to KWE senior management and Director and Audit & Supervisory Board Member positions are decided, upon deliberation by the Nomination and Compensation Committee, by comprehensively evaluating individual performance, a sense of impartiality as an executive officer, abilities and other factors. The President and Chief Executive Officer shall explain these matters following the Board of Directors' meeting and seek approval. Additionally, with regard to their dismissal, approval shall be sought at the Board of Directors' meeting, upon sufficient deliberation by the Nomination and Compensation Committee.

(v) KWE discloses the individual selection reasons for candidates to be elected to KWE senior management and Director and Audit & Supervisory Board Member positions in the Reference Documents of the Ordinary General Meeting of Shareholders. Additionally, with regard to dismissal of members of senior management, in the event that negligence with respect to the execution of duties, acts of fraud, facts in violation of laws and regulations and the Articles of Incorporation of KWE, etc. are discovered, they are dismissed by resolution of the Board of Directors, upon deliberation by the Nomination and Compensation Committee, as the situation demands.

<https://www.kwe.com/jp/ir/general-meeting-info/general-meeting/index.html>

[Supplementary Principle 3.1.3]

See Reasons for Non-compliance with the Principles of the Corporate Governance Code above.

[Supplementary Principle 4.1.1]

KWE has established Board of Directors Regulations and matters to be deliberated on and decided at Board of Directors' meetings are set in accordance with laws and regulations. KWE has also established Organization and Duties Authority Regulations, which clarify the scope of actions which can be executed by management.

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

KWE has established and discloses its own independence standards, based on the independence standards for outside officers prescribed by the Companies Act and the Tokyo Stock Exchange.

<https://www.kwe.com/about/sustainability/governance/index.html>

As stated in the Annual Securities Report and the Notice of Convocation of the Ordinary General Meeting of Shareholders, the independent outside directors appointed by the Company are highly

independent and have diverse backgrounds and knowledge, including a wealth of experience and expertise.

[Supplementary Principle 4.10.1]

The Company's Nomination and Compensation Committee, in which the majority of members are independent directors, deliberates on the election and dismissal of directors (including succession planning), compensation, and other matters, and reports the status of such deliberations to the Board of Directors. The Nomination and Compensation Committee is composed of three independent directors and two internal directors, and has a system to obtain appropriate involvement and advice from independent directors when considering particularly important matters such as the nomination and compensation of directors.

In selecting directors, the diversity of the members of the Board of Directors of the Company, including gender diversity and skills, is fully considered and a series of selections is made.

[Supplementary Principle 4.11.1]

See Reasons for Non-compliance with the Principles of the Corporate Governance Code above.

[Supplementary Principle 4.11.2]

Information about Directors and Audit & Supervisory Board Members who serve concurrently as officers at other listed companies is provided in the “Status of Members of the Board of Directors” in the Notice of Convocation of the 52nd Ordinary General Meeting of Shareholders, which can be downloaded from our website.

<https://www.kwe.com/jp/ir/general-meeting-info/general-meeting/index.html>

[Supplementary Principle 4.11.3]

KWE receives feedback and advice from Outside Directors on the analysis and evaluation of how effectively the Board of Directors is performing. We started evaluating the effectiveness of the overall Board of Directors with reference to the individual evaluations of each director in 2016.

<https://www.kwe.com/about/sustainability/governance/index.html>

[Supplementary Principle 4.14.2]

In addition to conducting seminars for officers on the Companies Act and laws and regulations relating to the business activities of KWE, standing Directors and Audit & Supervisory Board Members are undergoing continuous governance training to ensure that they are able to effectively perform their roles and fulfill the responsibilities expected of them as persons involved in important

governance bodies.

For newly appointed Directors and Audit & Supervisory Board Members, training will be given so they can acquire the necessary knowledge and are equipped to handle the responsibilities they have as Directors and Audit & Supervisory Board Members, including those related to KWE's business, financial affairs and organization.

Upon invitation from KWE, Outside Directors and Audit & Supervisory Board Members will have training to attain the necessary information on the industry in which KWE is involved, KWE's history, business profile, financial affairs, strategies, organization, etc.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

KWE has established an IR Group within the Corporate Planning & Administration Department, and the director presiding over Corporate Planning, General Affairs is also the director responsible for Investor Relations.

To a reasonable extent, KWE places importance on responding proactively to the dialogue had with shareholders, investors and analysts. In addition to individual meetings, KWE regularly holds results briefings four times a year, in person or by telephone, and participates in small meetings, IR conferences and telephone conferences at the request of securities companies, and the like.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name / Company Name	Number of Shares	Percentage (%)
Kintetsu Group Holdings Co.,Ltd.	31,755,800	44.11
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,054,200	7.02
Mitsui O.S.K. Lines, Ltd.	3,599,000	5.00
Custody Bank of Japan, Ltd. (Trust Account)	2,528,100	3.51
Kintetsu Taxi Holdings Co., Ltd.	1,875,000	2.60
Custody Bank of Japan, Ltd. (Trust Account 9)	1,207,700	1.68
National Mutual Insurance Federation of Agricultural Cooperatives	1,186,400	1.65
State Street Bank and Trust Company 505001	1,098,708	1.53
Northern Trust Co. (AVFC) RE HCR00	984,100	1.37
State Street London Care of State Street Bank and Trust, Boston SSBTC A/C UK London Branch Clients - United Kingdom	966,400	1.34

Controlling Shareholder (except for Parent Company)	---
Parent Company	None

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	March
Type of Business	International Freight Forwarding and Logistics
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	Maximum number not stipulated
Term of Office Stipulated in Articles of Incorporation	1 Year
Chairperson of the Board	Company Chairperson
Number of Directors	8
Appointment of Outside Director	Appointed
Number of Outside Directors	3
Number of Independent Directors	2

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Tetsuya Kobayashi	From another company							○				
Sanae Tanaka	Lawyer											
Jun Yanai	From another company								△			

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

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

a. Executive of the Company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the Company

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

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/ Audit & Supervisory Board Member

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

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

i. Executive of a company, between which and the Company Outside Directors/ Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

- j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Tetsuya Kobayashi		Currently serves as Chairman of the Board at Kintetsu Group Holdings Co., Ltd.	As a manager of Kintetsu Group Holdings, a major shareholder of the Company, Mr. Tetsuya Kobayashi has a wealth of experience and broad insights and has served to strengthen the management supervisory functions of the Company, as well as given advice on management decision-making from a wide range of perspectives. Therefore, we believe that he is well suited to serve as an Outside Director, regardless of the status of independence.
Sanae Tanaka	○	Currently serves as Representative at Sanae Tanaka Law Office.	Although Ms. Sanae Tanaka has not been directly involved in corporate management, she possesses specialized insights and a wealth of experience as an attorney-at-law, and she has been strengthening the management supervisory functions of the Company from an independent standpoint and providing opinions on management decisions from diversified viewpoints. In addition, as a highly independent Outside Director who does not come from an affiliated company, major shareholder or major business partner of KWE, thus avoiding the risk of having conflicting interests with general shareholders, we designate her as an independent officer based on provisions of the Tokyo Stock Exchange and notify the exchange of this designation.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Jun Yanai	○	Currently serves as a Corporate Advisor at Mitsubishi Corporation. Mitsubishi Corporation and KWE have business relations that include freight forwarding, but the amounts resulting from these transactions are minor (less than 1%)	As a manager of Mitsubishi Corporation, Mr. Jun Yanai has a wealth of experience and broad insights, and has knowledge on global business management. He also has been strengthening the management supervisory functions of the Company from an independent standpoint and providing opinions on management decisions from diversified viewpoints. In addition, as a highly independent Outside Director who does not come from an affiliated company, major shareholder or major business partner of KWE, thus avoiding the risk of having conflicting interests with general shareholders, we designate him as an independent officer based on provisions of the Tokyo Stock Exchange and notify the exchange of this designation.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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The Establishment Status, the Composition of and the Attributes of the Chairman of Voluntary Committees

	Name of committee	Number of members	Number of full-time members	Number of internal Directors	Number of outside Directors	Number of outside experts	Number of other members	Chairman
Voluntary committee equivalent to a Nomination Committee	The Nomination and Compensation Committee	5	0	2	2	0	1	Internal Director
Voluntary committee equivalent to a Compensation Committee	The Nomination and Compensation Committee	5	0	2	2	0	1	Internal Director

Supplementary Explanation:

The committee comprises three or more members, the majority of whom are independent officers (Independent

Outside Director or Independent Outside Audit and Supervisory Board Member).

[Audit & Supervisory Board Members / Audit & Supervisory Board]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	Maximum number not stipulated
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

<p>(1) Regular meetings are held among Audit & Supervisory Board Members, independent accounting auditors and Audit Department. They confirm the schedule of auditing and opinions are exchanged on matters relating to the auditing plan.</p> <p>(2) Audit & Supervisory Board Members and Audit Department exchange the opinions with independent accounting auditors about the auditing report of the end and the half-year settlement of the accounts.</p>

Note: The independent accounting auditors of KWE belong to KPMG AZUSA LLC.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yusuke Kawasaki	Certified public accountant													
Masayuki Kobayashi	From another company													

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the

category; "△" when the Director fell under the category in the past

* "●" when a close relative of the Director presently falls or has recently fallen under the category;

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

a. Executive of the Company or its subsidiary

b. Non-executive Director or accounting advisor of the Company or its subsidiaries

c. Non-executive Director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

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

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company Outside Directors/ Audit & Supervisory Board Members are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Yusuke Kawasaki	○	Currently serves as a head, Yusuke Kawasaki C.P.A. office.	Mr. Yusuke Kawasaki possesses a wealth of experience, achievements, and insights as a certified public accountant. The Company believes that he is qualified as Outside Audit & Supervisory Board Member of KWE, as he provides appropriate advice and proposals from his professional viewpoints, and has been strengthening the audit functions of the Company from an independent standpoint. In addition, as a highly independent Outside Audit & Supervisory Board Member who does not come from an affiliated company, major shareholder or major business partner of KWE, thus avoiding the risk of having conflicting interests with general shareholders, we designate him as an independent officer based on provisions of the Tokyo Stock Exchange and notify the exchange of this designation.
Masayuki Kobayashi	○	Currently serves as Audit and Supervisory Board Member, Kenedix, Inc.	Mr. Masayuki Kobayashi possesses a wealth of experience as a member of the finance division of Pacific Management Corporation, and broad insights as head of compliance and an audit board member of Kenedix, Inc., and is expected to monitor management overall. The Company believes that he is qualified as Outside Audit & Supervisory Board Member of KWE. In addition, as a highly independent Outside Audit & Supervisory Board Member who does not come from an affiliated company, major shareholder or major business partner of KWE, thus avoiding the risk of having conflicting interests with general shareholders, we designate him as an independent officer based on provisions of the Tokyo Stock Exchange and notify the exchange of this designation.

[Independent Directors/ Audit & Supervisory Board Members]

Number of Independent Directors/Auditors	4
Matters relating to Independent Directors/ Audit & Supervisory Board Members	

[Incentives]

Incentive Policies for Directors	None
Supplementary Explanation	

Recipients of Stock Options	---
Supplementary Explanation	

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
Supplementary Explanation	
Individual compensation is not disclosed as no officers received an amount exceeding 100 million yen.	
Policy on Determining Remuneration Amounts and Calculation Methods	Establish

The KWE Group's corporate philosophy is to "Contribute to the development of a global community through logistics services—by creating new values, sustaining the environment and collaborating with our clients, shareholders and employees." The primary management goal of the KWE Group is to improve corporate value while maintaining good relationships with all stakeholders. To achieve this goal, Director compensation is determined and paid on the basic policy stated below. This policy was decided at the Board of Directors meeting held on June 18, 2019, based on the deliberation and report of the Nomination and Compensation Committee.

Director Compensation Policy

1. Basic Policy

- a) Appropriate for the purpose of securing talented management capable of competing with major rival companies globally, in order to achieve the KWE Group corporate philosophy.
- b) Enables increasing corporate value on an ongoing basis and motivates improving performance in the mid to long term.
- c) Enables fostering shared awareness of profits with shareholders.
- d) Clearly linked with company performance, and the decision-making process is highly transparent and objective.

2. Compensation Levels

- a) Compensation levels are designed as appropriate incentives for improving performance, with consideration of the company's business environment and taking into account employee wage levels and compensation levels at other companies.
- b) Specifically, Director compensation is set based on the basic Director compensation policy, after survey, analysis, and relative comparison of compensation level benchmarks of other companies in the same industry or on the same scale of business, using external databases and other resources.

3. Compensation Structure

Compensation of Directors (excluding Outside Directors) consists of basic compensation reflecting the role and responsibility of the Director and performance-linked stock compensation as a mid to long term incentive.

a) Basic compensation

Basic compensation is decided in proportion to the role and responsibility of the Director.

b) Performance-linked stock compensation

Directors receive stock when they retire as Director. In addition to motivating increased mid to long term performance and increased corporate value, this compensation is intended to promote shared awareness of profits with shareholders and motivate increasing stock price. The compensation structure is designed with reference to the "performance shares" performance-linked stock compensation used in Europe and America. The number of shares received by a Director varies between 0 to 200% of the standard stock compensation amount set for each position, in proportion to the level of achievement of mid to long term management plan goals.

4. Audit & Supervisory Board Member and Outside Director Compensation

Audit & Supervisory Board Member and Outside Director compensation consists solely of basic compensation based on the nature of the function performed.

5. Compensation Decision and Review Process

- a) The design of the Director compensation structure and decisions on the amount of compensation for

individual Directors are resolved by the Board of Directors, within the maximum resolved by the General Shareholders' Meeting, based on the deliberation and report of the Nomination and Compensation Committee by a majority of Independent Directors (Independent Outside Directors and Independent Audit & Supervisory Board Members).

b) In addition, the Nomination and Compensation Committee regularly discusses appropriate compensation structure and levels, based on trends in the business environment and corporate governance, and makes revisions as needed.

General Shareholders' Meeting Resolution on Director and Audit & Supervisory Board Member Compensation

The maximum compensation for a Director was resolved by the 37th General Shareholders' Meeting on June 27, 2006 at 420 million yen per year (not including employee salary).

The maximum compensation for an Audit & Supervisory Board Member was resolved by the 37th General Shareholders' Meeting on June 27, 2006 at 72 million yen per year.

The maximum performance-linked stock compensation for a Director (excluding Outside Directors) was resolved by the 50th General Shareholders' Meeting on June 18, 2019 at a total of 250 million yen for three fiscal years, up to 105,000 shares of company stock.

Delegation of Decision on Compensation for Individual Directors

Compensation for individual Directors is decided by President & CEO Nobutoshi Torii, within the maximum resolved by the General Shareholders' Meeting and based on the deliberation and report of the Nomination and Compensation Committee based on the policy for Director compensation, by the authority granted by the Board of Directors on June 16, 2020. As individual Director compensation is decided through these procedures, the Board of Directors considers the decision to accord with policy and to be suitable.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members]

To enable thorough deliberation at the Board of Directors' meetings, the officer in charge of General Affairs and other officers supply and explain materials to Outside Directors and Outside Audit & Supervisory Board Members in advance. Support is provided to Outside Directors by responsible departments according to the materials required, while Outside Audit & Supervisory Board Members are supported on a full-time basis by the Audit & Supervisory Board Members' Office.

[Status of Persons Retired President & Representative Director, etc.]

Names of former Presidents and Representative Directors, etc., currently serving as Corporate Counselors or Advisers.

Name	Position	Business Outline	Working form	Date of Retirement as President, etc.	Term
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Numbers of relevant persons	0
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Others matters

KWE has the system of Corporate Counselor and Adviser. However, those who have retired from the President and Representative Directors, etc, are not currently in the position.

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

1. For the execution of business, in principle, the Board of Directors' meetings are held monthly and the extraordinary Board of Directors' meetings are held as required. Also, the Corporate Management Meeting have been established to ensure decisions made by the Representative Director are reached with adequate care and to provide better forums for resolving general management policies and important issues related to business execution.
2. Regarding audits carried out by Audit & Supervisory Board Members, in principle, the Audit & Supervisory Board is held monthly, and the extraordinary Audit & Supervisory Board is held as required. Audit & Supervisory Board Members attend the Board of Directors' meetings and other important meetings, and regularly receive business execution reports, and conduct audits in accordance with the Audit & Supervisory Board Members' Audit Regulations established by the Audit & Supervisory Board. Audit & Supervisory Board Members also receive reports from the independent accounting auditors and the Audit Department as appropriate, and examine them at the Audit & Supervisory Board.
3. Internal audits are conducted in accordance with the Internal Audit Regulations and the Rules for Conducting Internal Audits by staff belonging to the Audit Department who carry out accounting, labor, customs and tax, and affiliated company audits according to yearly audit plans.
4. Details of certified public accountant audits are as follows:
 - (1) Name of certified public accountant KPMG AZSA LLC
 - (2) Persons conducting audits
Designated employees of the certified public accountant: Katsunori Hanaoka, and Azuma Daika.
(Note) As each of the persons above has been carrying out audits for KWE for less than seven years, the length of time they have been doing so is not disclosed.
Other persons involved in the audits: 9 accountants and 17 other employees

3. Reasons for Adoption of Current Corporate Governance System

KWE's current corporate governance system, which consists of the Board of Directors with 8 Directors, including 3 Outside Directors, and the Audit & Supervisory Board with 4 Audit & Supervisory Board Members, including 2 Outside Audit & Supervisory Board Members, helps to enhance management supervision and oversight functions through the securing of outside officers with abundant experience and broad insight. We believe that this system is effective for ensuring appropriate management decision making and proper business execution.