

### Basic Approach to Corporate Governance

With a particular emphasis on relationships with shareholders, Circle K Sunkus views all people and organizations involved in its operations, including shareholders, franchised stores, customers, local communities, business partners and employees, as key stakeholders. While building strong relationships with every stakeholder by providing proactive disclosure, and ensuring compliance in all activities, Circle K Sunkus will implement measures to further improve corporate governance, such as by putting in place and cementing a highly transparent internal control system that encompasses risk and compliance management systems. These steps will underpin efforts to enhance corporate value.

### Corporate Governance Structure and Initiatives

#### Board of Directors (Meets monthly, in principle)

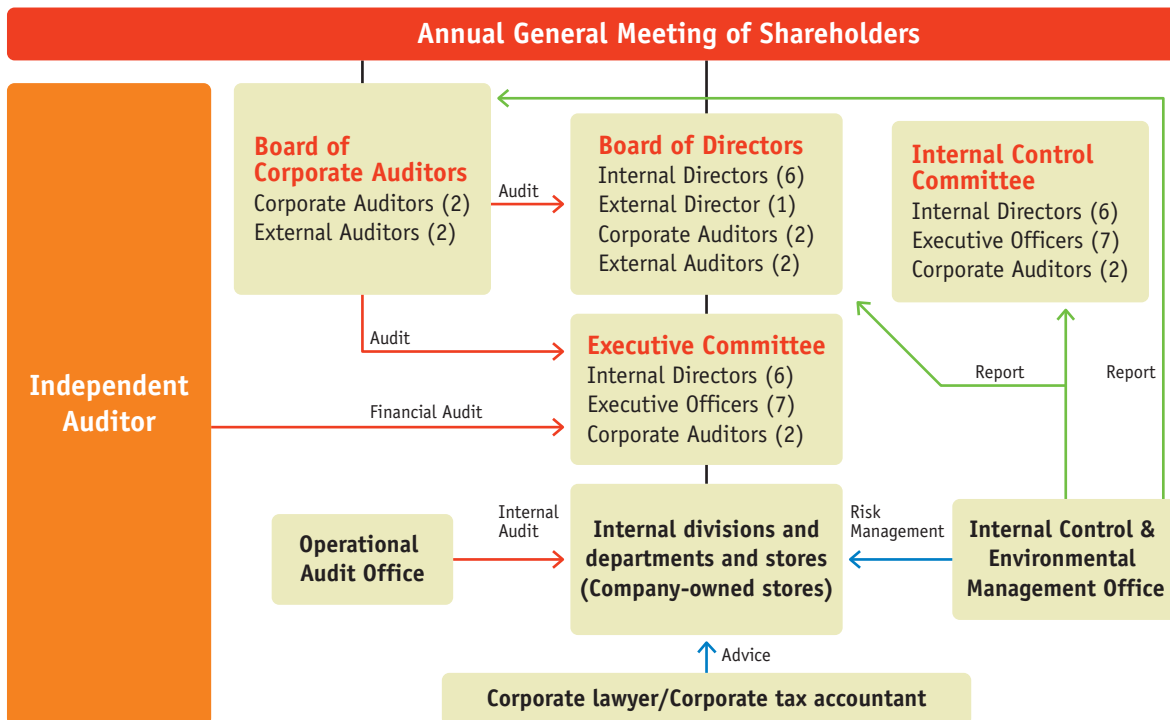
The Board of Directors is chaired by the President and determines important matters concerning management and other issues as required by law, while overseeing the execution of business operations. Internal and external directors and corporate auditors attend meetings. In the fiscal year ended February 28, 2010, the Board of Directors held 16 meetings, including extraordinary meetings. Circle K Sunkus has set the terms of directors at one year to clarify their objectives and responsibilities.

#### Executive Committee

#### (Meets twice a month, in principle)

The Executive Committee is chaired by the President and is made up of directors, corporate auditors and executive officers. It held 24 meetings in the fiscal year ended February 28, 2010. At these meetings, the Executive Committee extensively discusses management issues, supports management decision-making by the Board of Directors and oversees the execution of business operations.

**Corporate Governance Structure**  
(As of May 26, 2010)



### Board of Corporate Auditors (Meets monthly, in principle)

The Board of Corporate Auditors comprises four corporate auditors, including two external auditors. The corporate auditors attend important internal meetings, such as Board of Directors' meetings, to receive reports on the Company's management plans, the status of its overall compliance and risk management systems and other matters. Based on these reports, the corporate auditors offer their opinions from an impartial perspective, and rigorously audit the performance of directors and executive officers. In the fiscal year ended February 28, 2010, the Board of Corporate Auditors held 12 meetings, including extraordinary meetings.

### Internal Control Committee (Meets once every two months, in principle)

The Internal Control Committee is chaired by the President and comprises directors, executive officers and corporate auditors. It held 6 meetings in the fiscal year ended February 28, 2010. The committee regularly receives reports on the establishment and operation of the internal control system from the Internal Control & Environmental Management Office to monitor Companywide progress on putting in place this system and to conduct crisis management.

### Activities of External Directors and External Corporate Auditors

Director Koji Sasaki attended 9 out of 12 regular meetings of the Board of Directors held during the fiscal year ended February 28, 2010, and expressed opinions mainly from a broad perspective as appropriate on matters such as retail industry trends and the Group's current status.

Corporate Auditor Hideshige Haruki attended all 10 regular meetings of the Board of Directors and all 10 meetings of the Board of Corporate Auditors held after his appointment as corporate auditor in May 2009. Mr. Haruki expressed opinions as appropriate mainly based on his specialized expertise as a lawyer. Corporate Auditor Tatsumi Yoshida attended all 10 regular meetings of the Board of Directors and all 10 meetings of the Board of Corporate Auditors held after his appointment as corporate auditor in

May 2009. Mr. Yoshida expressed opinions as appropriate mainly based on his specialized expertise concerning corporate legal affairs and risk management.

### Executive Officer System

Circle K Sunkus has introduced an executive officer system to clarify responsibilities for management and business execution. Under this system, directors are mainly responsible for supervising business execution and deciding on important management issues for the entire Company, such as the formulation of management strategies. Meanwhile, significant authority has been vested in executive officers to expedite business execution.

### Internal Audits

The Company has assigned six individuals to the Operational Audit Office, which reports directly to the President. This office regularly audits the appropriateness, legality and efficacy of the business activities of internal divisions and offices, and Company-owned stores.

### Independent Auditor

The Company has entered into an audit agreement with KPMG AZSA & Co. This independent auditor performs financial audits of the Company while maintaining close cooperation with the corporate auditors and the Operational Audit Office. Furthermore, the corporate auditors confirm audit plans with the independent auditor, receive reports on the findings of financial audits, and exchange views with the independent auditor.

### Remuneration for Directors and Corporate Auditors, and the Independent Auditor

#### *Remuneration for Directors and Corporate Auditors*

Remuneration for directors is reviewed every year in line with each director's accomplishments and contributions to the Company's performance during the fiscal year. Remuneration for directors and corporate auditors in the fiscal year ended February 28, 2010 is outlined in the following table.



(millions of yen)

<b>Remuneration</b>	Directors	155
	Corporate Auditors	38

\*The above remuneration includes bonuses paid to directors and corporate auditors. In addition, remuneration paid to external directors and external corporate auditors of ¥6 million is also included.

### Remuneration Paid to the Independent Auditor

(millions of yen)

<b>Remuneration for services stipulated by Article 2-1 of the Certified Public Accountants Law</b>	78
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## Internal Control System Initiatives

Circle K Sunkus is working to enhance its internal control system for ensuring proper and efficient execution of business operations and the reliability of financial reporting, based on the implementation of its management philosophy and action guidelines.

The Internal Control Committee monitors Company-wide progress on putting in place an internal control system and conducts crisis management. In addition, the Internal Control & Environmental Management Office coordinates internal control and compliance activities across the Company and implements concrete measures to reinforce the management structure.

## Risk Management

The Company is bolstering its risk management system in order to properly respond to all manner of risks associated with its business activities. Through this risk management system, the Company strives to understand risks that may impede efforts to realize its management philosophy or achieve the Group’s objectives, as well as to continuously monitor risk at each relevant department. At the same time, the Company makes every effort to prevent risks from materializing and to minimize any effects and implement remedial measures if they do. The Company has formulated Risk Management Guidelines to guide these activities. Based on these guidelines, the Company continuously reviews measures to raise the efficiency of and optimize management with respect to Group-wide risks and departmental operational risks. At the same time, the Company implements measures to improve business operations in order to achieve its business objectives.

## Compliance

The Company has formulated Compliance Rules and works to improve them in order to earn the trust of stakeholders and enhance corporate value. These rules call for compliance with not only laws and regulations, but also with internal rules, directives from related government agencies, corporate ethics, and social norms. Efforts are also focused on awareness-building measures designed to boost employee awareness and understanding of compliance. For example, the Company holds e-learning-based training courses for all employees.

In addition, the Company has set up and operates an internal reporting hotline called “ES Call” as a system for reporting violations of laws and corporate ethics, or breaches of social norms. In addition, we have established and monitor another reporting hotline called “CS Call” that links the Company with its suppliers’ food preparation centers so that it can obtain information on food safety and reliability.

To prevent relationships with antisocial forces, the Company cooperates closely with police, lawyers and other external parties while seeking to ensure that all directors and employees thoroughly understand the tactics employed by antisocial forces to make illegitimate requests and how to deal with them.

## Internal Controls Over Financial Reporting

Effective from the fiscal year ended February 28, 2010, Circle K Sunkus has established the Committee for Internal Controls Over Financial Reporting, which is supervised by the President, to discuss and determine the evaluation and reporting of internal controls over financial reporting. The committee, chaired by the director in charge of the Finance & Accounting Division, will promptly address matters related to internal controls over financial reporting, to ensure the reliability of financial reporting as required by the Financial Instruments and Exchange Law of Japan.