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Money Forward, Inc.

Yosuke Tsuji, Representative Director, President and CEO

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Securities Code: 3994

The current state of the Company's corporate governance is described below.

### I. Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

#### 1. Basic Policy

The Group endeavors to steadily increase shareholder value on a long-term basis, based on the recognition that it is essential for corporate governance to function effectively in order to pursue sustainable enhancement of corporate value in the IT industry, where the operating environment is subject to constant change.

In addition to respecting all stakeholders and raising corporate soundness and transparency, with an aim to achieve a steady increase in shareholder value on a long-term basis, the Company strives to develop an internal structure which allows for prompt and rational decision-making as well as streamlined business execution, and to thereby solidify its corporate governance.

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

The Company complies with all principles of the Corporate Governance Code.

#### 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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#### [Major Shareholders]

Name or Company Name	Number of Shares Owned	Ratio (%)
Yosuke Tsuji	3,591,770	16.20
Japan Trustee Services Bank, Ltd. (Trust Account)	1,337,500	6.03
Takashi Ichikawa	1,170,430	5.28
BNY GCM CLIENT ACCOUNT	1,134,810	5.11

JPRD AC ISG (FE-AC)		
SSBTC CLIENT OMNIBUS ACCOUNT	1,059,052	4.77
The Master Trust Bank of Japan, Ltd. (Trust Account)	669,500	3.02
JP MORGAN CHASE BANK 385632	616,074	2.77
The Shizuoka Bank, Ltd.	594,120	2.68
Toshio Taki	496,830	2.24
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	456,300	2.05

Controlling Shareholders (Excluding the Parent Company)	-
Parent Company	None

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Mothers
Fiscal Year-End	November
Type of Business	Information and communications industry
Number of Employees (Consolidated) as of Previous Fiscal Year-End	Between 500 and 1,000
Net Sales (Consolidated) of Previous Fiscal Year	Less than ¥10 billion
Number of Consolidated Subsidiaries as of Previous Fiscal Year-End	Less than 10

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

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### 5. Other Extraordinary Circumstances Which May Have a Material Impact on Corporate Governance

None.

## II. Overview of Business Management Organization and Other Corporate Governance Structures Concerning Managerial Decision-Making, Business Execution, and Supervision

### 1. Matters Concerning Organizational Composition and Operations, etc.

Organizational Form

Company with Board of Corporate Auditors

#### [Directors]

Number of Directors Stipulated in the Articles of Incorporation	12
Term of Office for Directors Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Current Number of Directors	12
Appointment of External Directors	Appointed
Number of External Directors	5
Number of External Directors Designated as Independent Officers	5

Relationship with the Company (1)

Name	Affiliation	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Nobuaki Kurumatani	From another company											
Masaaki Tanaka	From another company											
Kurabayashi Akira	From another company											
Etsuko Okajima	From another company											
Ryoko Ueda	From another company											

#### \* Categories for “Relationship with the Company”

\* “○” if the director currently falls or has recently fallen under the category; “△” if the director fell under the category in the past.

\* “●” if a close relative of the director currently falls or has recently fallen under the category; “▲” if a close relative of the director fell under the category in the past.

a. Executive of the listed company or its subsidiary

b. Executive, or non-executive director of the parent company of the listed company

c. Executive of a fellow subsidiary company of the listed company

d. Party whose major client or supplier is the listed company, or an executive thereof

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

f. Consultant, accounting professional or legal professional who receives a large amount of monetary compensation or other property from the listed company, other than compensation as an officer

- g. Major shareholder of the listed company (or an executive of the shareholder if the major shareholder is a legal entity)
- h. Executive of a client or supplier (that does not apply to d, e, or f) of the listed company (the executive himself/herself only)
- i. Executive of a company that has appointed the same external officer as the listed company (the executive himself/herself only)
- j. Executive of a company or organization that receives donations from the listed company (the executive himself/herself only)
- k. Other

Relationship with the Company (2)
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Name	Independent Officer	Supplementary Explanation Regarding the Applicable Category	Reason for Appointment
Nobuaki Kurumatani	○	—	Mr. Nobuaki Kurumatani was engaged in the management of Sumitomo Mitsui Financial Group for many years, and has extensive knowledge of and experience in corporate finance and auditing. The Company therefore continues to appoint him as an external director to receive valuable advice and proposals regarding the Company's management. While the Company receives loans from Sumitomo Mitsui Banking Corporation, Mr. Kurumatani has resigned from his position at the said bank, and the Company judges that his independence is not affected. Thus, there is no special interest between Mr. Kurumatani and the Company, and he meets the criteria for independence prescribed by the Tokyo Stock Exchange, does not pose the risk of conflicts of

			interest with general shareholders, and has accordingly been designated as an independent officer.
Masaaki Tanaka	○	—	Mr. Masaaki Tanaka was engaged in the management of Mitsubishi UFJ Financial Group for many years, and has extensive experience in and wide-ranging insight of the global financial sector. The Company therefore continues to appoint him as an external director to receive valuable advice and proposals regarding the Company's management. While the Company receives loans from MUFG Bank, Ltd., Mr. Tanaka has resigned from his position at the said bank, and the Company judges that his independence is not affected. Thus, there is no special interest between Mr. Tanaka and the Company, and he meets the criteria for independence prescribed by the Tokyo Stock Exchange, does not pose the risk of conflicts of interest with general shareholders, and has accordingly been designated as an independent officer.
Kurabayashi Akira	○	—	Mr. Akira Kurabayashi has extensive experience in investing in new businesses both in Japan and abroad, and has wide-ranging insight of corporate management. The Company therefore continues to appoint him as an external director to receive valuable advice regarding the Company's management. There is no special interest between Mr. Kurabayashi and the Company, and he meets the criteria for independence prescribed by the

			<p>Tokyo Stock Exchange, does not pose the risk of conflicts of interest with general shareholders, and has accordingly been designated as an independent officer.</p>
Etsuko Okajima	○	—	<p>Ms. Etsuko Okajima has extensive experience and knowledge as well as wide-ranging insight as an expert of human resource development and organizational management, among other areas. The Company has therefore appointed her as an external director to receive supervision and advice regarding the Company's management from an independent and objective standpoint. While Ms. Okajima serves as CEO of ProNova Inc., there is no monetary transaction or transfer of rights between the said company and the Company. Thus, there is no special interest between Ms. Okajima and the Company, and she meets the criteria for independence prescribed by the Tokyo Stock Exchange, does not pose the risk of conflicts of interest with general shareholders, and has accordingly been designated as an independent officer.</p>
Ryoko Ueda	○	—	<p>Ms. Ryoko Ueda has extensive experience and knowledge as well as wide-ranging insight as an expert of corporate governance. The Company has newly therefore appointed her as external director in expectation of receiving valuable advice and proposals regarding the Company's management from an independent and objective standpoint. There is no special interest between Ms. Ueda and the Company,</p>

			and she meets the criteria for independence prescribed by the Tokyo Stock Exchange, does not pose the risk of conflicts of interest with general shareholders, and has accordingly been designated as an independent officer.
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Establishment of Voluntary Committee Equivalent to Nomination or Compensation Committees	Established
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Establishment of Voluntary Committee, Composition of Committee and Attributes of Committee Chairperson
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	Committee Name	Number of All Committee Members	Number of Full-Time Members	Number of Internal Directors	Number of External Directors	Number of External Experts	Number of Other	Chairperson
Voluntary Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Internal Directors
Voluntary Committee Equivalent to Compensation Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Internal Directors

Supplementary Explanation
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On June 14, 2019, the Company established the Nomination and Compensation Committee to serve as an advisory panel to the Board of Directors. The Committee's aim is to raise independency, objectivity and accountability of the Board of Directors and thereby reinforce the Group's corporate governance structure through ensuring the transparency and objectivity of evaluations and decision-making processes of directors' nominations and compensation.

The Nomination and Compensation Committee is comprised of two external directors, and the representative director and president, and meetings are presided over by the chairperson who is appointed by resolution of the Committee. The Committee deliberates directors' nomination and compensation among other matters, summarizes the Committee's opinion, and submits a report to the Board of Directors. All Committee members attend every meeting.

**[Corporate Auditors]**

Establishment of Board of Corporate Auditors	Established
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Number of Corporate Auditors Stipulated in the Articles of Incorporation	5
Number of Corporate Auditors	3

#### Cooperation Between Corporate Auditors, Accounting Auditors and Internal Audit Department

The corporate auditors, accounting auditors and the Internal Audit Office exchange opinions on a regular basis, and aim to enhance effectiveness and efficiency of audits through such actions as sharing audit plans, audit results and other matters, and discussing operational improvements.

Appointment of External Corporate Auditors	Appointed
Number of External Corporate Auditors	3
Number of Independent Corporate Auditors Appointed as External Officers	3

#### Relationship with the Company (1)

Name	Affiliation	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Yozo Ueda	From another company												
Katsuyuki Tanaka	Lawyer												
Hidetoshi Uriu	From another company												

#### \* Categories for “Relationship with the Company”

\* “○” if the director currently falls or has recently fallen under the category; “△” if the director fell under the category in the past.

\* “●” if a close relative of the director currently falls or has recently fallen under the category; “▲” if a close relative of the director fell under the category in the past.

a. Executive of the listed company or its subsidiary

b. Non-executive director or accounting advisor of the listed company or its subsidiary

c. Executive, or non-executive director of the parent company of the listed company

d. Corporate auditor of the parent company of the listed company

e. Executive of a fellow subsidiary company of the listed company

f. Party whose major client or supplier is the listed company, or an executive thereof

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

h. Consultant, accounting professional or legal professional who receives a large amount of monetary compensation or other property from the listed company, other than compensation as an officer

- i. Major shareholder of the listed company (or an executive of the major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier (that does not apply to f, g, or h) of the listed company (the executive himself/herself only)
- k. Executive of a company that has appointed the same external officer as the listed company (the executive himself/herself only)
- j. Executive of a company or organization that receives donations from the listed company (the executive himself/herself only)
- m. Other

Name	Independent Officer	Supplementary Explanation Regarding the Applicable Category	Reason for Appointment
Yozo Ueda	○	—	<p>Mr. Yozo Ueda has extensive knowledge, etc. of business management, and maintains an objective and neutral position in terms of management monitoring functions. Based on such knowledge and experience, the Company expects to receive timely advice and recommendations regarding deliberation of agenda items among other matters, and has accordingly appointed him as external corporate auditor.</p> <p>Also, there is no special interest between Mr. Ueda and the Company, and he does not pose any risks of conflict of interest with general shareholders, and accordingly has been designated as an independent officer.</p>
Katsuyuki Tanaka	○	—	<p>Mr. Katsuyuki Tanaka has extensive knowledge and experience based on 20 years of experience in corporate legal affairs as a lawyer. Based on such knowledge and expertise, the Company</p>

			<p>expects to receive his supervision and appropriate auditing of overall management, and has accordingly appointed him as an external corporate auditor. Also, there is no special interest between Mr. Tanaka and the Company, and he does not pose any risks of conflict of interest with general shareholders, and accordingly has been designated as an independent officer.</p>
Hidetoshi Uriu	○	—	<p>Mr. Hidetoshi Uriu was involved in many M&amp;A advisory operations both in Japan and abroad during his time at major U.S. investment bank, Goldman Sachs Japan, Co., Ltd., and has extensive knowledge of finance and accounting of global companies. Based on such knowledge and experience, the Company expects to receive supervision and adequate auditing of overall management, and has accordingly appointed him as external corporate auditor. Also, there is no special interest between Mr. Uriu and the Company, and he does not pose any risks of conflict of interest with general shareholders, and accordingly has been designated as an independent officer.</p>

**[Independent Officers]**

Number of Independent Officers	8
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**Other Matters Concerning Independent Officers**

All external officers who meet the criteria for independent officers are designated as independent officers.

## [Incentives]

Implementation of Measures to Grant Incentives to Directors

Introduction of Stock Option Scheme Among Other Measures

### Supplementary Explanation Regarding Applicable Categories

The Company has introduced a stock option scheme with an aim to raise motivation and morale for enhancing financial performance, and thereby improve equity value in the medium- to long-term. The Company has also introduced a restricted stock compensation scheme targeting directors, with an aim to further share the benefits and risks of stock price movement with shareholders, and thereby boost directors' motivation to contribute to raising stock value and corporate value.

Recipients of Stock Options

Internal directors, external directors, external corporate auditors, employees, directors of subsidiaries, and others

### Supplementary Explanation Regarding Applicable Categories

The Company has introduced this scheme with an aim to raise the above recipients' motivation and morale for enhancing the Company's financial performance.

## [Director Compensation]

Disclosure (of Individual Directors' Compensation)

The Company does not disclose individual directors' compensation

### Supplementary Explanation Regarding Applicable Categories

The Company does not disclose individual directors' compensation since there are no directors who receive a compensation, etc. of ¥100 million or more.

The breakdown of total compensation is disclosed by officer category such as directors and corporate auditors.

Policy on Determining Compensation Amount and Calculation Method

Established

### Disclosure of Policy on Determining Compensation Amount and Calculation Method

The composition and level of directors' compensation is deliberated by the Nomination and Compensation Committee, which serves as an advisory panel to the Board of Directors, within the limit resolved at the General Shareholders' Meeting, and is determined by the Board of Directors based on the Committee's proposal. The composition and level of directors' compensation are set to levels that appropriately compensate for sufficiently executing the Company's managerial decision-

making and supervision functions, taking into account social and market conditions, as well as comparison with other companies.

Individual directors' compensation is determined by the Nomination and Compensation Committee, as delegated by resolution of the Board of Directors, taking into account responsibilities and achievements, etc. expected to be fulfilled by each director, and based on a directors' compensation chart according to title.

#### **[Support System for External Directors (and External Corporate Auditors)]**

The Administration Division serves as a liaison to external directors and external corporate auditors, including providing prior notice on the date and time of and matters to be resolved in Board of Directors Meetings. In addition, an employee (who is also a member of the Internal Audit Office) with adequate knowledge, abilities and experience serves as an assistant to support the execution of duties by corporate auditors.

#### **2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions Among Others (Overview of Current Corporate Governance Structure)**

The Company employs a Board of Directors, a Board of Corporate Auditors and accounting auditors, as well as business management meetings and an executive officer system. Details of each body, etc. are as follows.

##### **a. Board of Directors**

The Company's Board of Directors is comprised of 12 members (including five external directors), and holds regular meetings once every month, as well as extraordinary meetings on an as-needed basis. During Board of Directors' meetings, directors make important managerial decisions and also supervise the execution of duties by each director. The term of office for directors is one year, with an aim to clarify directors' managerial responsibilities and develop a management structure that can respond promptly to changes in the business environment.

##### **b. Board of Corporate Auditors**

The Company's Board of Corporate Auditors is comprised of three members, including one full-time corporate auditor and two part-time corporate auditors. The Board of Corporate Auditors holds regular meetings once every month and extraordinary meetings on an as-needed basis, wherein corporate auditors aim to share information among each other, including planning and progress of audits.

The corporate auditors attend Board of Directors' meetings and other important meetings, and also appropriately monitor management through auditing procedures including browsing important documents and questioning officers and employees. Additionally, the corporate auditors work closely with the Internal Audit Office and accounting auditors, and thereby strive to enhance effectiveness

and efficiency of audits.

#### c. Accounting Auditors

The Company has concluded an auditing agreement with Deloitte Touche Tohmatsu LLC, and audits are performed in a timely and appropriate manner.

#### d. Management Meeting

The management meeting has been established as a body that enables agile decision-making concerning management and business execution. Attendees are full-time directors, executive officers, and other members who the representative director and president deems necessary to attend meetings. Meetings are held more than once every month and contents include deliberating and resolving important matters concerning management. Full-time corporate auditors also attend meetings on an as-needed basis to monitor the proceedings of management meetings.

#### e. Executive Officer System

The Company has adopted an executive officer system from October 2014 with an aim to improve efficiency of management and expedite decision-making processes through separating management functions from supervision and business execution functions. Executive officers are appointed by the Board of Directors, attend management meetings, and conduct decision-making and business execution of their duties as determined by resolution of the Board of Directors.

### **3. Reasons for Adopting Current Corporate Governance Structure**

The Company has adopted a corporate auditor system. As an institution pursuant to the Companies Act, the Company employs general shareholder meetings, Board of Directors, Board of Corporate Auditors, and accounting auditors, and has established a system centered on audits by corporate auditors, whereby corporate auditors supervise execution of duties by the Board of Directors and monitor management. In addition, the Company has appointed five external directors and three external corporate auditors, thereby deploying a system where management is conducted based on views etc. from neutral standpoints.

The Company has adopted this system since it believes that in order to continuously increase corporate value and gain trust and confidence from society, the system should include managerial monitoring functions that ensure objective and neutral, external perspectives based on extensive experience in and knowledge of corporate management.

### III. Implementation of Measures Concerning Shareholders and Other Stakeholders

#### 1. Measures to Vitalize General Shareholders' Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Shareholders' Meetings	The Company endeavors to send early notices of general shareholders' meetings.
Off-peak Scheduling of General Shareholders' Meetings	The Company takes care to avoid holding general shareholders' meetings on peak days in order to allow many shareholders to attend.
Electronic Voting	The Company offers a method for voting via the Internet at general shareholders' meetings, and is developing an environment that enables more accessible exercise of voting rights by shareholders.
Participation in Electronic Voting Platforms and Other Measures to Improve the Environment for Exercising Voting Rights by Institutional Investors	Since the ordinary general shareholders' meetings held in 2019, the Company has been participating in an electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of English Convocation Notice (Summary)	Since the ordinary general shareholders' meetings held in 2019, the Company has been creating convocation notices (abridged notices and reference materials) in English and posting them on the Tokyo Stock Exchange website, the electronic voting platform for institutional investors, and the Company's website.

#### 2. IR Activities

	Supplementary Explanation	Explanation by the Representative
Preparation and Publication of Disclosure Policy	The Company posts its Disclosure Policy on the IR website within the Company's website, and sets forth "Information Disclosure Standards," "Information Disclosure Methods,"	

	<p>“Prevention of Insider Trading,” “Quiet Period” and “Developing an Internal Structure.” For further details, please refer to the Company’s website.</p> <p><a href="https://corp.moneyforward.com/en/aboutus/disclosure/">https://corp.moneyforward.com/en/aboutus/disclosure/</a></p>	
Regular Briefings for Analysts and Institutional Investors	The Company holds briefings for analysts and institutional investors on the same day that quarterly financial results are announced. The representative director and president explains operating results and management policies. The Company also discloses a transcript of the briefing with an aim to impartially disclose information.	Yes
Regular Briefings for foreign Institutional Investors	The Company holds regular briefings for foreign investors several times a year, as well as individual meetings with foreign institutional investors. During the fiscal year ending November 30, 2019, visits were made to the United States, the United Kingdom, Germany, Singapore and Hong Kong.	Yes
Posting of IR Materials on Website	The Company posts such information as financial results information and timely disclosure information on the IR website within the Company’s website.	
Establishment of Department (or Person) in Charge of IR	The Corporate Planning Division is in charge of IR.	

### 3. Measures For Respecting the Position of Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules, etc. for Respecting the Position of Stakeholders	The Company deploys business activities based on the belief that the largest contributing factor to business expansion is earning the trust of various stakeholders including shareholders and customers. The Company responds to changes in the business environment and establishes a management structure that enables prompt decision-making and business execution, while also striving to strengthen its business management structure to ensure managerial efficiency. The Company is committed to thoroughly deploying a compliance structure based on increasingly sound ethical standards, and to advancing its businesses to meet stakeholders’ expectations.

<p>Implementation of Environmental Conservation, CSR and Other Activities</p>	<p>Since the Company’s founding, the Company has embraced its mission “Money Forward. Move your life forward,” and aspired to eliminate money-related issues and concerns from the world we live in. Through its services and businesses, the Company strives to offer a helping hand to all individuals in moving their lives forward, and to drastically enrich everyday life, thus implementing measures toward resolving social issues to create a society that drives challenges.</p> <p>For details on respective initiatives, please refer to the Company’s website (<a href="https://corp.moneyforward.com/en/aboutus/sustainability/">https://corp.moneyforward.com/en/aboutus/sustainability/</a>).</p> <p>For details on ESG initiatives, please refer to the following websites.</p> <p>Environment: <a href="https://corp.moneyforward.com/en/aboutus/sustainability/corp_environment/">https://corp.moneyforward.com/en/aboutus/sustainability/corp_environment/</a></p> <p>Social: <a href="https://corp.moneyforward.com/en/aboutus/sustainability/social/">https://corp.moneyforward.com/en/aboutus/sustainability/social/</a></p> <p>Governance: <a href="https://corp.moneyforward.com/en/aboutus/governance/">https://corp.moneyforward.com/en/aboutus/governance/</a></p>
<p>Development of Policies, etc. Regarding Provision of Information to Stakeholders</p>	<p>The Company is committed to actively disclosing information to stakeholders through the Company’s website and financial results briefings, among other means.</p>

## IV. Matters Concerning Internal Control System

### **1. Basic Policy on Internal Control System and Progress in System Development**

The Company strives to strengthen its corporate governance structure in order to ensure appropriateness, raise transparency, and maintain compliance of its management. In addition, the Board of Directors has established the “Basic Policy on Developing an Internal Control System.”

#### a. System to Ensure that Directors and Employees Execute Their Duties in Compliance with Laws and Regulations and the Articles of Incorporation

The Company has established a Board of Directors which supervises the execution of duties by directors, and a Board of Corporate Auditors which is authorized to conduct auditing, and also appoints external directors and external corporate auditors. By doing so, the Company strictly monitors the execution of duties by directors, and ensures that the execution of duties by directors complies with laws and regulations, articles of incorporation, and internal rules.

#### b. System Concerning Retention and Management of Information on the Execution of Duties by Directors

(a) The Company has established a system for adequately retaining and managing information on the execution of duties by directors, in compliance with internal rules as well as laws and regulations and articles of incorporation.

(b) The information retained and managed shall be accessible at any time upon requests from directors or corporate auditors.

#### c. Rules and Other Systems Concerning Management of Risk of Loss

With regards to systems concerning management of risks of loss, the Board of Directors, to which internal and external information gathers, considers and implements risk identification, evaluation, preventive measures and countermeasures.

Also, representatives of respective divisions attend the Board of Directors’ meetings on an as-needed basis to report on risk identification and evaluation.

#### d. System to Ensure Efficient Execution of Duties by Directors

(a) To ensure that directors execute their duties efficiently, decisions regarding business execution are made through holding regular Board of Directors’ meetings once every month, and extraordinary Board of Directors’ meetings on an as-needed basis.

(b) With regards to business execution, authorities and responsibilities are stipulated in internal rules and revised on an as-needed basis.

#### e. System to Ensure Appropriateness of Operations Within the Corporate Group Comprised by the Company, Parent Company and Subsidiaries

(a) The Group's management structure is established, enhanced and operated with regards to all matters described in "System to Ensure that Directors and Employees Execute Their Duties in Compliance with Laws and Regulations and the Articles of Incorporation," "System Concerning Retention and Management of Information on the Execution of Duties by Directors," "Rules and Other Systems Concerning Management of Risk of Loss," and "System to Ensure Efficient Execution of Duties by Directors."

(b) Each group company cooperates by unit of business division and strives to share information with the Company.

(c) The Company's Internal Audit Office audits each group company.

f. Matters Concerning the Appointment of an Employee/Employees to Assist the Duties of Corporate Auditors

The Company shall appoint necessary personnel to assist the corporate auditors in the case where Board of Corporate Auditors or corporate auditors themselves request the appointment of an employee/employees to assist their duties.

g. Matters Concerning Independence of the Employee/Employees Assisting the Duties of Corporate Auditors from the Board of Directors

To ensure the independence of the employee/employees assisting the corporate auditors, the transfer, evaluation and discipline of such employee/employees shall require the consent of the Board of Corporate Auditors.

h. Matters Concerning Ensuring Effectiveness of Instructions from Corporate Auditors to the Employee/Employees Assisting Corporate Auditors

(a) The authority to command the employee/employees assisting corporate auditors' operations shall be transferred to the corporate auditors during the period of assistance designated by the corporate auditors, and he/she shall not receive command or orders from the representative director, president and CEO.

(b) Contents of the preceding item shall be strictly observed by the Company's officers and employees.

i. System for Directors, Accounting Advisors and Employees to Report to Corporate Auditors, and Other Systems Concerning Reporting to Corporate Auditors

(a) Corporate auditors shall attend Board of Directors' meetings and receive reports on important matters, etc.

(b) Directors and employees shall report immediately to corporate auditors when identifying facts that pose the risk of materially damaging the Company.

j. System to Ensure that Individuals Reporting to Corporate Auditors Are Not Treated Unfavorably on the Grounds of Such Reporting

(a) Internal rules stipulate that officers or employees reporting to corporate auditors shall not be treated unfavorably on the grounds of such reporting.

(b) Contents of the preceding item shall be strictly observed by the Company's officers and employees.

k. Matters Concerning Policies on Procedures for Advanced Payments of Expenses or for Securities Incurred in Association with the Execution of Duties by Corporate Auditors, and on Handling of Other Expenses or Obligations Incurred in Association with Such Execution of Duties

(a) The Board of Corporate Auditors is authorized to utilize lawyers, certified public accountants and other external experts, and to pay expenses on an as-needed basis.

(b) In the case where corporate auditors request the payment of expenses in association with the execution of their duties, the Company shall bear such expenses promptly other than when such expenses are proven to be unnecessary in executing duties.

l. System to Ensure Effective Auditing by Corporate Auditors

(a) The representative director, president and CEO shall hold meetings with the corporate auditors whenever possible, and shall strive to communicate through not only reporting of businesses, but also exchanging opinions about corporate management.

(b) Corporate auditors shall hold regular discussions with accounting auditors and the Internal Audit Office, and exchange information to conduct effective auditing.

m. System to Eliminate Anti-Social Forces

The Company shall not be involved with any anti-social forces or organizations that pose threats to the order and safety of civil society, and shall respond resolutely together with lawyers and the police towards unreasonable demands.

## **2. Basic Policy on Eliminating Anti-Social Forces and Progress of Development in Such Policies**

(1) Basic Policy on Eliminating Anti-Social Forces

The Company rejects relationships with anti-social forces, and there is no evidence that the Company is currently involved with any anti-social forces. The "Rules For Responding to Anti-Social Forces" stipulates the prevention of involvement with anti-social forces and of provision of profits in order to deploy fair and sound management and business activities.

In the case where unreasonable demands are made by anti-social forces, the Company as a whole, led by the representative director, president and CEO, will respond to the situation, and commit to responding resolutely taking legal countermeasures into consideration, while cooperating with external professional parties including lawyers, the relevant police station, the Special Violence

Prevention Countermeasure Federation (*Tokubouren*) and the Tokyo Center for Removal of Criminal Organizations.

## (2) Progress of Development in Eliminating Anti-Social Forces

The Administration Division which is the division responsible for this area, strives to constantly check the latest information on laws and ordinances for eliminating anti-social forces enacted and promulgated by national or local governments, as well as on policies, guidelines and other rules regarding eliminating anti-social forces. The Administration Division also strives to establish a structure for eliminating anti-social forces and make such contents known by officers and employees through attending seminars held by professional parties aiming to eliminate anti-social forces, including the police, the Special Violence Prevention Countermeasure Federation (*Tokubouren*), and the Tokyo Center for Removal of Criminal Organizations, and through collecting information. Also, the Company appoints a person in charge of preventing unreasonable demands and reports to the relevant police station in order to prevent damages from unreasonable demands, etc. from anti-social forces, learn countermeasures, and collect information, among other purposes.

When commencing transactions with new clients or suppliers, the Company collects information through research using keyword searches on the Internet and newspaper article searches. Also, with regards to existing clients and suppliers, the Company conducts research on those with continuing transactions for whom the Company has not conducted research for over a year, and also conducts research in the case where changes in managers or investors become apparent. In addition, with regards to research on anti-social forces concerning shareholders, officers, etc. and employees, the extent of research is determined individually, and research is conducted regularly using the same method. Furthermore, when entering into an agreement with a client or supplier, agreements include an elimination clause stipulating that transactions and other actions shall be resolved immediately in the case where it is discovered that the counterparty is an anti-social force.

**V. Other**

**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation Regarding Applicable Categories

Not applicable

**2. Other Matters Concerning Corporate Governance Structure etc.**

A diagram describing the Company's corporate governance structure and the flow of procedures for timely disclosure is attached for reference.



