

English Translation

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Corporate Governance Report

Sansan, Inc.

Latest Revision:	September 2, 2020
Company:	Sansan, Inc.
Representative:	Chikahiro Terada Representative Director & CEO
TSE Code:	4443
Contact:	Muneyuki Hashimoto Director, CFO +81-3-6419-3131
URL	https://corp-sansan.com/

The corporate governance of Sansan, Inc. (the “Company”) is described below.

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

1. Basic Approach

The Company’s mission is “turning encounters into innovation.” Centered on business cards, which are proof of an encounter, the Company rediscovers the possibility of encounters and provides an innovative service to the very nature of business and encounters. Through this service, the Company will maximize sustainable corporate value and contribute to society while recognizing the importance of gaining the continued trust of all stakeholders.

Based on this recognition, the Company will secure the transparency of management decision-making and the supervision of business execution by having an Audit & Supervisory Committee. At the same time, the Company will establish an internal control system based on the Basic Policy on Internal Control Systems determined by the Board of Directors and ensure its thorough operation while striving to maintain and strengthen corporate governance.

[Reasons for not Implementing Principles of the Corporate Governance Code]

The Company implements all principles of the Corporate Governance Code.

2. Capital Structure

Foreign Shareholding Ratio

From 10% to less than 20%

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[Status of Major Shareholders]

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
Chikahiro Terada	10,870,000	34.91
DCM Ventures China Fund (DCM VII), L.P.	1,355,000	4.35
A-Fund, L.P.	1,280,000	4.11
Japan Trustee Services Bank, Ltd. (Trust account)	1,187,000	3.81
The Master Trust Bank of Japan, Ltd. (Trust account)	1,131,100	3.63
Kei Tomioka	1,040,000	3.34
Trustee of specified trust of money other than money trust: SMBC Trust Bank Ltd.	1,010,000	3.24
JP MORGAN CHASE BANK 385632	906,347	2.91
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	790,189	2.54
Kenji Shiomi	580,000	1.86

Controlling shareholders (excluding parent company)	-
Existence of parent company	None

■Supplementary information

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3. Corporate Attributes

Stock Exchange Listings and Market Classification	Tokyo Stock Exchange, Mothers
Fiscal Year-End	May
Category of Business	Information, Telecommunications
Number of Employees (consolidated) as of the end of the previous fiscal year	From 500 to less than 1,000
Sales (consolidated) as of the end of the previous fiscal year	From ¥10 billion to less than ¥100 billion
Number of consolidated subsidiaries as of the end of the previous fiscal year	Less than 10 companies

4. Guidelines for measures to protect minority shareholders when conducting transactions with controlling shareholders

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5. Other special circumstances that may have a material impact on corporate governance

Not applicable

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II Management Framework regarding Management-Related Decision-Making, Execution and Supervision, and Other Corporate Governance Matters

1. Matters regarding organizational structure and operations, etc.

Organization Form	Company with Audit & Supervisory Committee
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[Directors]

Number of Directors Stipulated in the Articles of Incorporation	13
Term of Office of Directors Stipulated in the Articles of Incorporation	Directors (excluding Audit & Supervisory Committee Members): 1 year Audit & Supervisory Committee Members: 2 years
Chairman of the Board of Directors	Chief Executive Officer (CEO)
Number of Directors	10
Election of External Directors	Elected
Number of External Directors	4
Number of External Directors Designated as Independent Officers	2

■ External Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Yasuko Yokosawa	Attorney													
Toru Akaura	From another company													
Osuke Honda	From another company							○						
Yoshiki Ishikawa	Academic													

* Selection criteria regarding relationship with the Company

○: shows the item is/was applicable to the external director either currently or until recently

△: shows the item was applicable to the external director in the past

●: shows the item is/was applicable to a close relative of the external director either currently or until recently

▲: shows the item was applicable to a close relative of the external director 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

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compensation as a director/Audit & Supervisory Committee 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 Audit & Supervisory Committee Member himself/herself only)

i. Executive of a company, between which and the Company external directors/Audit & Supervisory Committee member 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

Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Information on Applicable Items	Reasons for Appointment
Yasuko Yokosawa	<input type="radio"/>	<input type="radio"/>	TMI Associates Counsel	Ms. Yokosawa possesses specialist knowledge as an attorney with regard to areas such as corporate legal affairs and compliance. The Company has appointed her as an External Director in the anticipation that she will present opinions from a legal perspective. In addition, there is no special relationship between Ms. Yokosawa and the Company and she is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has nominated her as an Independent Director.
Toru Akaura	<input type="radio"/>		Incubate Fund General Partner	As a general partner at Incubate Fund, Mr. Akaura possesses many years of professional experience in the venture capital business together with a wealth of experience as a director of other companies and has cultivated broad insights through these experiences. He is appointed as an External Director in the anticipation that he will offer advice and suggestions with regard to all areas of management.

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Osuke Honda	○		DCM Ventures General Partner	As a general partner of DCM Ventures, Mr. Honda possesses diverse professional experience in the venture capital business together with a wealth of experience as a director of other companies and has cultivated broad insights through these experiences. He is appointed as an External Director in the anticipation that he will offer advice and suggestions with regard to all areas of management.
Yoshiki Ishikawa	○	○	—	Mr. Ishikawa possesses a wealth of specialist knowledge as a Doctor of Medicine and a data scientist in the data analysis and utilization domain. He is appointed as an External Director in the anticipation that he will offer advice and suggestions from his perspective as a business person, cultivated through his professional experience in founding his own company and in being involved in company management. In addition, there is no special relationship between Mr. Ishikawa and the Company and he is unlikely to have conflicts of interest with general shareholders. Therefore, the Company has nominated him as an Independent Director.

[Audit & Supervisory Committee]

■The Committee's Composition and Attributes of Its Chairperson

	All Committee Members	Full-time Members	Inside Directors	External Directors	Chairperson
Audit & Supervisory Committee	4	0	0	4	External Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee

Appointed

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■Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

If an employee is assigned to assist the duties of the Audit & Supervisory Committee, that employee shall be able to assist the duties of the Audit & Supervisory Committee independently, without being subject to the chain of command of a director who is not an Audit & Supervisory Committee member. The evaluation and assignment of the employee shall be determined after discussion with the Audit & Supervisory Committee.

■Cooperation among the Audit & Supervisory Committee, Accounting Auditors and Internal Auditing Department

Furthermore, Audit & Supervisory Committee members and the Internal Auditing Department promote the sharing of information through their attendance at audit reviews that are held regularly by the Accounting Auditor. At the same time, by continually exchanging opinions on the presence of audit-related problems and issues going forward, the Company promotes the establishment of internal controls essential for its sound management and continued development, as well as the evaluation and verification of the operation status and effectiveness thereof.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	None
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[Independent Directors]

Number of Independent Directors	2
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■Matters Related to Independent Directors

Based on the independence standards for independent officers stipulated by the Tokyo Stock Exchange, the Company has designated Ms. Yokosawa and Mr. Ishikawa as Independent Directors because they have no business relations at all with the Company and they are unlikely to have conflicts of interest with general shareholders.

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of a stock-option system
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■Supplementary Explanation

In addition to a stock-option system, which was introduced with the aim of further enhancing director motivation and enthusiasm toward improving the Company's business performance, the Company has introduced the Stock Acquisition Rights Trust and the Performance Target-linked Stock Acquisition Rights, which aims to provide an incentive to current and future Group directors to improve corporate value over the medium to long term.

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Recipients of Stock Options

Directors, External Directors, Employees, Directors of the Parent Company, Subsidiaries' Directors, Subsidiaries Employees, Others

■Supplementary Explanation

The Group has adopted the stock-option system with the aim of linking medium- to long-term growth and the improvement of corporate value with benefits received by the recipients of stock options, and increasing the motivation of the recipients to contribute to the Company. The number of stocks distributed to each recipient is decided based on position, expected role (mission grade), etc.

[Director Remuneration]

Disclosure of Individual Director's Remuneration

No Individual Disclosure

■Supplementary Explanation

Since no director is paid in excess of a total of ¥100 million in remuneration etc., individual remuneration amounts are not shown. Furthermore, the total amount of directors' remuneration is disclosed separately in the Annual Securities Report.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

■Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Concerning the remuneration for Directors, excluding members of the Audit & Supervisory Committee, the total annual amount of remuneration paid to Directors shall not exceed ¥300 million, as resolved at the General Meeting of Shareholders. The amounts paid to each director shall be determined by a Representative Director who has received authorization from the Board of Directors, after comprehensively taking into account business performance and other factors in each director's business division. In addition, remuneration for Directors who are members of the Audit & Supervisory Committee shall not exceed the total annual remuneration amount of ¥50 million, with each such director's remuneration being decided following discussions by the Audit & Supervisory Committee.

[Support System for External Directors and/or Corporate Auditors]

For external directors, the General Affairs and Legal Department will distribute materials in advance and explain the agenda when the board of directors meets.

In addition, the Audit & Supervisory Committee Support Team has been established to assist the Audit & Supervisory Committee members, and employees will carry out duties related to those of the Audit & Supervisory Committee members.

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

An overview of the Company's corporate governance structure is described below.

Board of Directors

The Board of Directors consists of 10 directors, including 4 directors who are members of the Audit & Supervisory Committee. All directors who are members of the Audit & Supervisory Committee are External Directors. The Company has invited as External Directors persons such as those with experience as a director at other companies and legal experts with a detailed knowledge of corporate legal affairs and compliance in order to promote the establishment of a system that enables the Company to conduct management decision-making from a broader perspective and to supervise management from outside the Company, while utilizing their insights on corporate management based on their wealth of business experience. In order to conduct effective and prompt decision-making, the Board of Directors holds a regular Board of Directors meeting once a month in principle, as well as holding extraordinary meetings as needed.

The Board of Directors functions both as a body for supervising the operations of directors and a body for making decisions on important management matters, in compliance with the Articles of Incorporation and laws and regulations.

Audit & Supervisory Committee

The Company's Audit & Supervisory Committee comprises 4 directors who are members of the Audit & Supervisory Committee. All Committee members are External Directors. Directors who are members of the Audit & Supervisory Committee include attorneys or persons who possess an independent perspective on corporate management. Thus the Company has established a structure in which management supervision is conducted from the standpoint of each Committee member's professional ethics.

Directors who are members of the Audit & Supervisory Committee express opinions on directors' execution of business at meetings of the Board of Directors and other meetings.

The Audit & Supervisory Committee monitors the vision of governance and its operational status. In order to audit and supervise the everyday activities of the directors, including the directors' performance of duties, the Audit & Supervisory Committee implements audits based on the audit plan and holds meetings of the Audit & Supervisory Committee once a month while convening meetings with the Internal Auditing Department and Accounting Auditors, and sharing information necessary for auditing.

Status of Internal Audits, Audit & Supervisory Committee Members' Audits, and Financial Audits

Internal Audits.

1 person belonging to the Internal Auditing Department and 2 internal auditors appointed by the head of the Internal Auditing Department are in charge of the Company's internal auditing. The objective of internal auditing is to examine and evaluate the effectiveness of internal controls established and operated at the Company, and to point out matters that require improvement and offer advice toward making improvement in order to contribute to achievement of the Company's management targets and stable business operations. The Internal Auditing Department makes an internal audit plan each fiscal year, implements internal auditing after receiving the approval of the CEO, and reports results of auditing to Representative Directors and the division that was subject to auditing while pointing out matters to the said department in order to realize improvements, and checking the status of

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improvements. Internal auditing is carried out by 1 member of the Internal Auditing Department and other persons nominated by the Internal Auditing Department. The Internal Auditing Department cooperates with the Audit & Supervisory Committee and shares information necessary for auditing.

Audit & Supervisory Committee Members' Audits

The Company's Audit & Supervisory Committee consists of 4 members, all of whom are external directors.

Based on the Audit & Supervisory Committee's guidelines, the Audit & Supervisory Committee carries out audit operations in line with auditing standards, auditing policies, the Audit Plan, auditing methods, etc. decided by the Audit & Supervisory Committee.

The Audit & Supervisory Committee checks whether the Company's internal control systems are being established and operated appropriately, receives regular reports on the comprehensive implementation status of audits from the Internal Auditing Department, and shares information at the meeting of the Audit & Supervisory Committee. Furthermore, in order to foster sufficient communication and deepen mutual awareness between Audit & Supervisory Committee members and the Representative Director, they exchange opinions under the theme of significant auditing issues, etc. By attending meetings of the Board of Directors, etc., each Audit & Supervisory Committee member receives information regarding the status of business execution, and by giving their opinions regarding this, audits and monitors the legality and suitability, and ensures appropriate business execution.

In addition, the Audit & Supervisory Committee monitors and verifies whether the Accounting Auditors maintain their independence and implement appropriate audits, and receives reports from the Accounting Auditors regarding the performance of their duties and requests explanations when necessary. Moreover, the Audit & Supervisory Committee receives notification from the Accounting Auditors regarding steps to improve the "systems for ensuring that the performance of the duties is being carried out properly" (as enumerated in each item of Article 131 of the Regulation on Corporate Accounting) in compliance with the "Quality Control Standard for Audit" (adopted by the Business Accounting Council on October 28, 2005), etc., and requests explanations when necessary.

Furthermore, Ms. Yasuko Yokosawa, an External Director who is a member of the Audit & Supervisory Committee, is a qualified attorney and she offers recommendations and advice on the Company's legal affairs from her standpoint as an expert.

Financial Audits

The Company has concluded an auditing contract with KPMG AZSA LLC. There is no relationship of special interest between the Company and this auditor or its employees who conduct audits. The names of the certified public accountants who executed the audit and the composition of the assistants involved in the audit work are stated below.

1. Names of the certified public accountants who execute the audit:
Atsuki Kanazuka, Designated limited liability partner and executive partner
Genta Tsuru, Designated limited liability partner and executive partner
2. Composition of assistants involved in the audit work:
4 certified public accountants
7 other individuals

3. Reasons for adopting the current corporate governance structure

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From the perspective of further strengthening the auditing and oversight functions of the Board of Directors through the further enhancement of corporate governance, the Company transitioned from being a company with a Board of Auditors to a company with Audit & Supervisory Committee on August 18, 2015. The Company made this transition in order to leverage the functions of External Directors, who do not personally execute business operations. Members of the Audit & Supervisory Committee, who possess auditing authority and voting rights at meetings of the Board of Directors appropriately oversee the Directors' execution of business in terms of both legality and validity. With this transition to a company with Audit & Supervisory Committee, the Company believes it will enhance the fairness, transparency, and effectiveness of management.

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III Implementation of Measures for Shareholders and Other Stakeholders

1. Efforts to ensure that the General Shareholder Meeting is active and well-facilitated and that voting rights are exercised smoothly

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company endeavored to promptly send the Convocation Notice at least three weeks prior to the date of the 13th Annual General Meeting of Shareholders.
Scheduling General Shareholder Meeting to Avoid Peak Days	The Company has scheduled its General Shareholder Meeting for August, when the general shareholder meetings of other companies are not expected to be intensively held. The Company will avoid scheduling its General Shareholder Meeting on peak days so that as many shareholders as possible can attend.
Allowing Electronic Exercise of Voting Rights	The Company has made it possible to exercise voting rights via the Internet beginning with the 13th Annual General Meeting of Shareholders in order for every shareholder to actively exercise voting rights.
Participating in the Electronic Voting Platform and Other Efforts to Encourage Institutional Investors to Exercise their Voting Rights	The Company has commenced the utilization of the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc. beginning with the 13th Annual General Meeting of Shareholders.
Providing Convocation Notice in English	The Company posts the Japanese and English versions of the Convocation Notice on the Company's website on the same day.
Other	In order to ensure sufficient time for shareholders to consider the agenda, stimulate activity at the general meeting of shareholders and facilitate the exercise of voting rights, the Company began posting the Convocation Notice on its website prior to sending the Convocation Notice from the 13th Annual General Meeting of Shareholders.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	We strive to provide shareholders and investors with information in a transparent, fair and continuous manner. Our basic policy on IR activities and information disclosure methods are posted on our website: https://ir.corp-sansan.com/en/ir/policy.html	
Regular Investor Briefings for Individual Investors	We believe this is a matter that should be considered going forward.	No

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Regular Investor Briefings for Analysts and Institutional Investors	The Representative Director & CEO and Executive Officers hold financial results briefings for analysts and institutional investors four times a year (once every quarter), and provide explanations on business results, management policy, and other matters. Furthermore, the video and script of these briefings are posted on the IR section of the Company's website.	Yes
Regular Investor Briefings for Overseas Investors	The video of investor briefings translated to English and presentation materials on financial results with attached English script are posted on the IR section of the Company's website. Furthermore, the Company provides information to overseas institutional investors in Europe, the Americas, Asia, etc. through telephone conferences, conferences, etc., and in November 2019, the Representative Director & CEO and Directors visited institutional investors in North America.	Yes
Posting of IR Materials on the Website	The Company plans to post various IR materials on its website, such as financial briefings, timely disclosure materials, securities reports, quarterly financial briefing, notice of the annual general meeting of shareholders, presentation materials for the general meeting of shareholders, presentation material on financial results, supplementary presentation material on financial results, and frequently asked questions. Main IR materials are disclosed in Japanese and English at the same time. IR site: https://ir.corp-sansan.com/en/ir.html	
Establishment of Department in Charge of IR	IR Lead: Muneyuki Hashimoto, Director, CFO IR Department: IR Group	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules for Respecting the Position of Stakeholders	The Company's mission is "turning encounters into innovation." Centered on business cards, which are proof of an encounter, the Company rediscovers the possibility of encounters and provides an innovative service to the very nature of business and encounters. Through this service, the Company will maximize sustainable corporate value and contribute to society while recognizing the importance of gaining the continued trust of all stakeholders.

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<p>Implementation of Environmental Conservation Activities, CSR Activities, etc.</p>	<p>Based on the concept of starting now, rather than in the future once the company has grown, our CSR team is called the 'NOW Team', and is currently managing two endeavours:</p> <p><u>Scan for Trees</u></p> <p>This is an effort to support environmental issues and regional reconstruction by planting trees, the raw material of business cards. We plant trees in regions in need according to the number of business cards scanned into Sansan. So far we have planted 7,224 trees (as of August 1st, 2020).</p> <p><u>Sansan for NPO</u></p> <p>This is our project to support NPOs working on solving social issues. We provide full Sansan services to these NPOs at significantly reduced prices, since it is ordinarily difficult for them to budget for IT solutions.</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>We will proactively disclose information to our stakeholders through our website and financial results briefing.</p>
<p>Others</p>	<p><u>Systems and an Environment that Support Women's Activities</u></p> <p>In order to realize the Group's stated mission and accelerate business growth, the Company is working on initiatives aimed at developing the environment for improving the productivity of employees, believing that maximizing the growth of each and every employee and continuous sustainable growth is important.</p> <p>Regarding the point of supporting women in playing an active role, the Company is aiming for an environment in which it is easy to work regardless of gender. To support the early return to work of women who took maternity leave and childcare leave, the Company has set up a support system for entering nursery school and commuting to nursery school by having an allowance to pay the full costs for nursery school and assistance for taxi fares, and a support system for babysitter fees with the aim of balancing women's work and parenting.</p>

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IV Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and the Progress of System Development

The Company strives to maintain and enhance corporate governance by the establishment and strict operation of an internal control system based on the Basic Policy on Internal Control System, which was determined by the Board of Directors.

a) System to ensure that the execution of duties by directors and employees complies with laws and regulations as well as the Articles of Incorporation (System for Strict Compliance with Laws and Regulations and the Articles of Incorporation).

1. Directors and employees carry out appropriate corporate activities based on high ethical standards and comply with laws and regulations and internal rules such as the Articles of Incorporation in accordance with the Company's corporate philosophy and code of conduct, "The Katachi of Sansan."

2. Implement internal audits by the Internal Auditing Department, an independent entity under the direct supervision of the CEO, to verify if execution of business operations is being conducted based on laws and regulations, the Articles of Incorporation, and internal and other rules while at all times strive to make improvements when issues are discovered.

b) System for storage and management of information related to execution of duties by directors (Information Storage and Management System)

1. Store and manage documents, business forms, and records made in an electronic format based on the Rules on Document Management, after classifying according to level of confidentiality.

2. Directors may access these documents and records at any time.

c) Rules and other systems for managing risk of loss (Risk Management System)

1. Appropriately manage a host of potential risks in the Company's business activities through the establishment of internal rules and a response system.

2. Give utmost priority to the appropriate handling of personal information, appoint a person in charge of personal information protection, and make efforts to minimize the risks associated with the management of personal information by establishing internal rules centered on a set of basic regulations for the protection of personal information.

3. Reduce information security risks by appointing a Chief Information Officer with responsibility and authority for information security risks and risk management and establishing rules on management of information systems.

4. Directors immediately report to the Audit & Supervisory Committee in the event of any kind of risk arising that may cause a major loss to the Company.

d) System to ensure that the duties of the directors are being carried out efficiently (System for Securing Efficiency)

1. Hold regular meetings comprising directors once a month and convene extraordinary meetings as needed in accordance with laws and regulations, the Articles of Incorporation, and the rules of the Board of Directors in order to audit the status of business execution by discussing and making decisions on important matters, and receiving reports from Executive Directors

2. Establish a suitable and efficient decision-making system through developing internal rules such as the Board of Directors' Rules, and clarifying areas of responsibility and authority.

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e) System to ensure the properness of business operations of the corporate group composed of the Company and its subsidiaries
(Internal Control of Corporate Group)

1. Share the Company's corporate philosophy and code of conduct, The Katachi of Sansan, with subsidiaries and make it the guiding principle for Group-wide ethics in business operations and business.
2. The Internal Auditing Department implements regular audits in order to verify if the business operations of the Company and its subsidiaries are in compliance with laws and regulations, the Articles of Incorporation, internal rules, and other regulations.

f) Internal control system for financial reporting (System to ensure properness of financial reporting)

1. In order to secure the properness of financial reporting of the Company and its subsidiaries, the Company develops and appropriately operates internal rules, including the Basic Policy on Internal Controls Related to Financial Reporting, based on the Financial Instruments and Exchange Law and other laws and regulations in Japan and overseas that apply to the Company and its subsidiaries.
2. Develop and operate a monitoring system for financial reporting and establish a system for timely and appropriate reporting when internal control system problems or defects are identified through the monitoring system.
3. In terms of information infrastructure, make effective and efficient use of the internal control system for financial reporting and respond appropriately with respect to General Control and Application Control.

g) Matters related to the Office that assists the duties of the Audit & Supervisory Committee.

Matters related to the independence of members of that Office and matters on ensuring the practicability of instructions to those members (Establishing an Office and Office member for the Audit & Supervisory Committee), (Independence of the Office for the Audit & Supervisory Committee), (Ensuring practicability of instructions to the Office of the Audit & Supervisory Committee).

1. Establish an Office under the direct control of the Audit & Supervisory Committee and designate an Office member to assist the duties of the Committee's members on a full-time basis.
2. The supervisory authority over that Office member is to belong exclusively to the Audit & Supervisory Committee and the appointment, transfer, performance evaluation, disciplinary action, and other matters regarding the member require the approval of, and prior notification to, the Audit & Supervisory Committee.

h) System for submitting reports to the Audit & Supervisory Committee, which includes the system for directors and employees to report to the Audit & Supervisory Committee

1. Directors and employees shall promptly inform the Audit & Supervisory Committee of any matter that may have a significant impact on the Company and the implementation status of internal audits as well as legal matters, and provide necessary reports and information in response to requests from the Audit & Supervisory Committee.
2. Formulate rules for a Whistle-Blower System and ensure the operation of an appropriate reporting system based on the stipulations of the Whistle-Blower System. The Company shall not treat any director or employee unfavorably on the basis of said director or employee using the System to give a report to the Audit & Supervisory Committee.

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i) Other: Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee (Systems for ensuring the effectiveness of audits by the Audit & Supervisory Committee)

1. The CEO shall meet regularly with the Audit & Supervisory Committee and Accounting Auditor to exchange of opinions and communicate effectively.
2. The Audit & Supervisory Committee shall meet regularly with the Accounting Auditor, cooperate with the Internal Auditing Department, and exchange information at all times.
3. Payments of costs incurred in the process of executing the duties of the Audit & Supervisory Committee member shall be addressed upon a request for payment.

2. Basic Views on Eliminating Anti-Social Forces

a. Basic Views on Eliminating Anti-Social Forces

The Company shall conduct fair and responsible corporate activities by the formulation of its Basic Policy on Eliminating Anti-Social Forces and its dissemination inside and outside the Company as well as the securing and maintaining of a compliance system through the development and operation of all internal rules.

b. Status of the Company's preparedness for the elimination of antisocial forces

(a) Status of the preparedness of internal rules

All executives and employees of the Company shall comply with the Basic Policy on Eliminating Anti-Social Forces and other internal rules and establish a system to promote the elimination of such forces.

Additionally, by establishing Detailed Rules on Investigations into Anti-social Forces for Sales Management and Detailed Rules on External Procurement Transactions as operational rules, the Company has built a system for preventing transactions with anti-social forces.

(b) Special department with responsibility for countermeasures in relation to anti-social forces and person responsible for the prevention unreasonable demands

The Company has established the following system for responding to antisocial forces.

1. Person with overall responsibility: Executive in charge of General Affairs & Legal
2. Division with overall responsibility: Legal Team
3. Responding division: The department dealing with that business partner

(c) Method for addressing the elimination of anti-social forces

i . New business partners, shareholders, and executives

As a general principle, the Company uses a private sector tool to ascertain whether or not new business partners, shareholders, and executives have relationships with anti-social forces.

At the commencement of business, the Company inserts a wording in all contracts in which the partner guarantees that they have no relationship with anti-social forces, and a contract cancellation clause to be invoked in the event that the partner does have such relationship.

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ii . Existing business partners

Using a price sector investigative tool, the Company carries out checks on all existing business partners to ascertain whether or not they have relationships with anti-social forces. In addition to taking the usual precautions, the Company also implements investigations and checks to a certain extent.

iii . The Company has a system for dissolving relationships with existing business partners if it comes to light that they are anti-social forces or are suspected of being such forces.

(d) Status of cooperation with external specialist organizations

The Company continuously studies the importance of eliminating anti-social forces through external lectures and seminars. Additionally, the Company has established cooperative ties with the police, the Center for Removal of Criminal Organizations, and legal counsel.

(e) Status of efforts to gather and manage information related to anti-social forces

The Company consolidates information on anti-social forces with the responsible division, thereby centralizing the gathering and management of information.

(f) Implementation status of training activities

On joining the Company, new employees submit a written pledge confirming that they have no relationships with anti-social forces and the Company explains the importance of eliminating anti-social forces.

English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

Other Matters

1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures

No

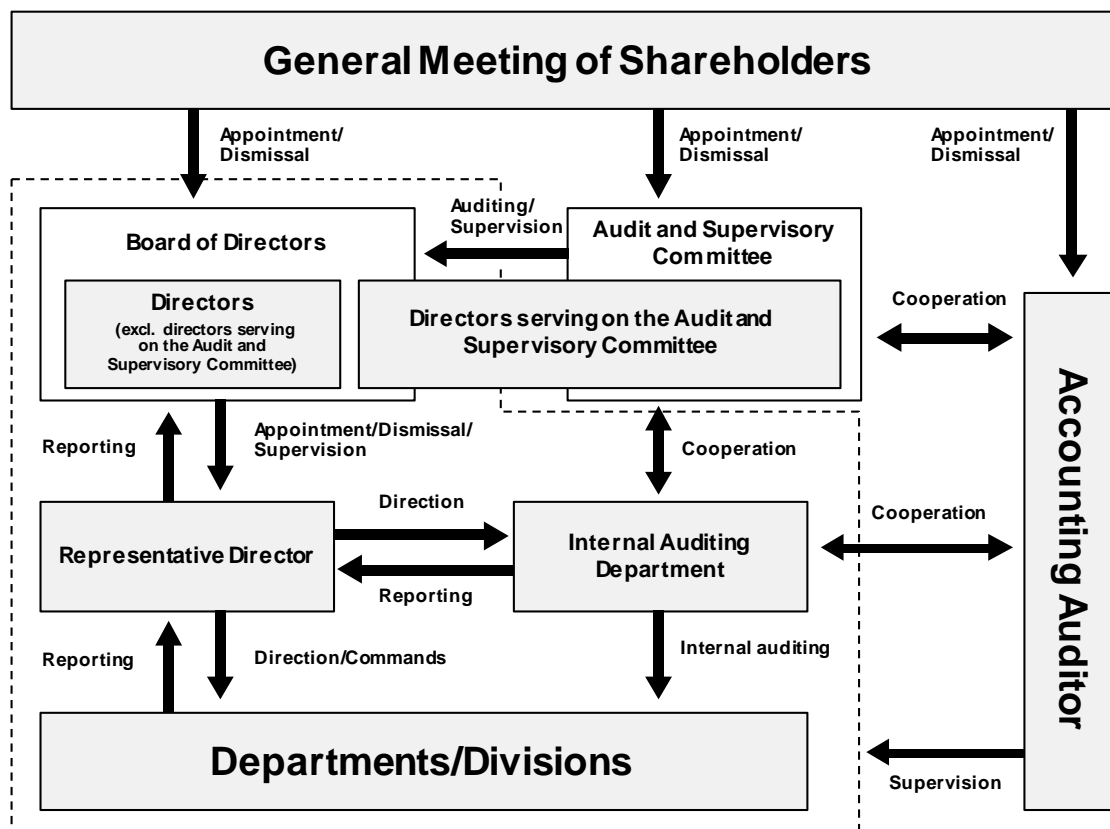
■Supplementary Explanation

2. Other matters concerning corporate governance system, etc.

A flow chart describing the Company's corporate governance and timely disclosure systems is attached for reference.

[Chart 1]

Corporate Governance System



English Translation

This is a translation of the original release in Japanese. In the event of any discrepancy, the original release in Japanese shall prevail.

[Chart 2]

Timely Disclosure System

