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UNITED, Inc.

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<https://united.jp/>

The corporate governance status of UNITED, Inc. (“UNITED” or the “Company”) is as follows.

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

1. Basic views

To adapt to rapid changes in the business environment and achieve continuous growth, the UNITED Group considers strengthening its internal systems, including thorough corporate governance, as one of its most important management issues.

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

The Company is fully compliant with all basic principles of the Corporate Governance Code.

2. Capital structure

Foreign shareholding ratio	Updated	10% or higher, but less than 20%
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[Major shareholders] Updated

Name	Number of shares owned (shares)	Percentage (%)
D.A.Consortium Inc.	10,217,775	46.76
Tomonori Hayakawa	975,254	4.46
Takeuchi	400,000	1.83
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	277,124	1.26
MSIP CLIENT SECURITIES	259,576	1.18
Ryuhei Tanaka	185,000	0.84
THE BANK OF NEW YORK 134497	136,400	0.62
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	132,792	0.60
Michiko Ito	118,000	0.54
Ueda Yagi Tanshi Co., Ltd.	92,100	0.42

Controlling shareholder (excluding parent company)	-----
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Parent company	D.A.Consortium Inc. (unlisted)
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Supplementary explanation

3. Company attributes

Exchange listing and market classification	Tokyo Stock Exchange Mothers
Fiscal year end	March
Type of business	Service
Number of employees (consolidated) as of the end of the previous fiscal year	More than 100 and less than 500
Net sales (consolidated) in the previous fiscal year	More than ¥10 billion and less than ¥100 billion
Number of consolidated subsidiaries as of the end of the previous fiscal year	More than 10 and less than 50

4. Guidelines on measures to protect minority shareholders when conducting transactions with a controlling shareholder Updated

D.A.Consortium Inc., a major shareholder of the Company, holds 46.76% of the voting rights of the Company. D.A.Consortium Inc. and its parent company, D.A.Consortium Holdings, Inc. (“DACHD”), and its parent company, Hakuodo DY Holdings Inc., are the controlling shareholders of the Company.

The Company purchases advertising space from D.A.Consortium, Inc. and determines the appropriateness of the terms and conditions of transactions with D.A.Consortium, Inc. through careful consideration of comparisons with the terms and conditions of transactions with other companies. In addition, the Company reports the status of transactions with D.A.Consortium, Inc. to the Board of Directors and regularly monitors the appropriateness of such transactions.

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

The Company has entered into a capital and business alliance agreement with D.A.Consortium Inc. to realize synergies in the businesses of both companies and increase the corporate value of both companies.

(1) Business alliance

The two parties will form a business alliance in mobile advertising, especially in smartphone advertising. The Company's independence shall be respected in the implementation of this alliance.

(2) Personnel-related ties

D.A.Consortium Inc. may nominate a certain number of candidates for the Company's directors.

(3) Prior consent

The Company shall obtain prior approval from D.A.Consortium Inc. for some important decision-making matters.

The Company establishes a system to make independent management decisions and conduct business activities while maintaining a cooperative relationship with D.A.Consortium Inc. by appointing one independent outside director. As of the date of submission of this report, two non-executive directors out of the Company's five directors were appointed from D.A.Consortium Inc.

II. Business Management Organization and Other Corporate Governance Systems Related to Management Decision-Making, Execution of Business, and Oversight

1. Institutional structure and operation, etc.

Organizational framework	Company with statutory auditors
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[Directors]

Maximum number of directors under the Articles of Incorporation	15
Term of office of directors under the Articles of Incorporation	2 years
Chairman of the Board of Directors	President
Number of directors	5
Appointment of outside directors	Yes
Number of outside directors	1
Number of outside directors designated as independent directors	1

Outside director's relationship with the company (1)

Name	Affiliation	Relationship with the company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Tadatsugu Ishimoto	Tax accountant													

*Denotations under "Relationship with the Company"

*Persons applicable to each item "at present or recently" are marked with "○" while those applicable to each item "in the past" are marked with "△."

*Persons with a close relative applicable to each item "at present or recently" are marked with "●" while those with a close relative applicable to each item "in the past" are marked with "▲."

- Executive of the Company or its subsidiaries
- Non-executive director or executive of the Company's parent company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/statutory auditor
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (this item applies only to the person him/herself)
- Executive of an entity with which the Company mutually appoints an outside director/statutory auditor (this item applies only to the person him/herself)
- Executive of an entity to which the Company makes donations (this item applies only to the person him/herself)
- Others

Outside director's relationship with the Company (2)

Name	Independent officer	Supplementary explanation related to applicable items	Reasons for appointment
Tadatsugu Ishimoto	○	—	The Company appointed Mr. Tadatsugu Ishimoto, expecting him to contribute to ensuring sound management and establishing a highly transparent and fair management system by leveraging his expert insight on finance as a tax accountant and his broad experience in corporate management. Since he is not a director of the parent company or a fellow subsidiary, does not come from a major customer or supplier, nor is a major shareholder, he has been designated as an independent director by resolution of the Board of Directors based on the judgment that he can perform his duties from a neutral standpoint.

Voluntary establishment of committee(s) corresponding to Nominating Committee or Remuneration Committee

No

[Statutory auditors]

Establishment of an Audit and Supervisory Board

Yes

Maximum number of statutory auditors under the Articles of Incorporation

4

Number of statutory auditors

3

Collaboration among statutory auditors, accounting auditors, and Internal Audit Division

In accordance with the Company's "Audit Plan for Statutory Auditors," the statutory auditors attend meetings of the Board of Directors and the Audit and Supervisory Board, which are held once a month in principle and on an ad hoc basis as necessary. In addition, they attend meetings with an audit corporation, which are held once a quarter in principle and on an ad hoc basis as necessary, and meetings for exchanging opinions with the outside director, which are held twice a year. In addition, the statutory auditors receive internal audit reports from the Internal Audit Office to strengthen information gathering capabilities as well as to monitor and verify the status of the internal control system.

The Internal Audit Office inspects, evaluates, and provides advice as to whether the corporate organization, systems, and operations of the Company and its affiliates comply with management policies and regulations and are managed efficiently. The Internal Audit Office exchanges information with the full-time statutory auditor at regular monthly meetings to improve the effectiveness and efficiency of audits. In addition, it reports the results of the annual internal audit to the Audit and Supervisory Board. Furthermore, the Internal Audit Office exchanges information with accounting auditors as needed and works together with accounting auditors to improve the efficiency and quality of accounting activities.

Appointment of outside statutory auditors

Yes

Number of outside statutory auditors

2

Number of outside statutory auditors designated as independent officers

2

Outside statutory auditors' relationship with the Company (1)

Name	Affiliation	Relationship with the company (*)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takeshi Omura	Attorney													
Nozomi Kogoma (family register name: Nozomi Imaoka)	Certified public accountant													

*Denotations under "Relationship with the Company"

*Persons applicable to each item "at present or recently" are marked with "○" while those applicable to each item "in the past" are marked with "△."

*Persons with a close relative applicable to each item "at present or recently" are marked with "●" while those with a close relative applicable to each item "in the past" are marked with "▲."

- Executive of the Company or its subsidiaries
- Non-executive director or accounting advisor of the Company or its subsidiaries
- Non-executive director or executive of the Company's parent company
- Statutory auditor of the Company's parent company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/statutory auditor
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (this item applies only to the person him/herself)
- Executive of an entity with which the Company mutually appoints an outside director/statutory auditor (this item applies only to the person him/herself)
- Executive of an entity to which the Company makes donations (this item applies only to the person him/herself)
- Others

Outside statutory auditors' relationship with the Company (2)

Name	Independent officer	Supplementary explanation related to applicable items	Reasons for appointment
Takeshi Omura	○	—	The Company appointed Mr. Takeshi Omura, expecting him to contribute to ensuring the soundness of management and establishing a highly transparent and fair management system through his expert knowledge of corporate legal affairs as an attorney and broad experience in corporate management. Since he does not come from the parent company, fellow subsidiary, or a major client or supplier, nor is a major shareholder, he has been designated as an independent statutory auditor by resolution of the Board of Directors based on the judgment that he can perform his duties from a neutral standpoint.
Nozomi Kogoma (Family register name: Nozomi Imaoka)	○	—	The Company determined that Ms. Nozomi Kogoma would be able to appropriately perform her duties as an outside statutory auditor, as she is a certified public accountant with expertise in financial matters. She has been designated as an independent statutory auditor by resolution of the Board of Directors, based on the judgment that she can perform her duties from a neutral standpoint, given that she does not come from the parent company, fellow subsidiary, or a major client or supplier, nor is a major shareholder.

[Independent directors/statutory auditors (“independent officers”)]

Number of independent officers	3
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Other matters related to independent officers

All outside directors/statutory auditors who fulfill the qualifications for independent officers have been designated as independent officers.

[Incentives]

Implementation of measures to provide incentives to directors	Introduction of performance-linked compensation system and stock option system
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Supplementary explanation

Please refer to “Disclosure of Policy for Determining Amount and Calculation Method of Compensation.”

Eligibility of stock options	Internal directors, employees, directors of subsidiaries, employees of subsidiaries
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Supplementary explanation

The Company grants stock options to its directors and employees as well as directors and employees of subsidiaries as an incentive to increase the Group’s corporate value.

[Directors’ compensation]

Disclosure (of individual director compensation)	No individual disclosure
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Supplementary explanation of applicable items

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Policy on determining the compensation amount and its calculation method	Established
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Updated

Disclosure of policy on determining the compensation amount and its calculation method
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(1) Matters concerning the resolution of the General Meeting of Shareholders regarding director compensation

The amount of monetary compensation (basic compensation and bonuses) for the Company’s directors was resolved at the Extraordinary General Meeting of Shareholders held on December 6, 2012, to be no more than 500 million yen per year (including no more than 50 million yen per year for outside directors). As of the close of the said Extraordinary General Meeting of Shareholders, the number of directors was seven (including five outside directors). In addition, at the 20th Ordinary General Meeting of Shareholders held on June 23, 2017, it was resolved that the annual amount of stock options shall be no more than 200 million yen (excluding non-executive directors). The number of directors (excluding non-executive directors) as of the close of the said Ordinary General Meeting of Shareholders was five. Further, within the framework of the monetary compensation, a resolution was passed at the 22nd Ordinary General Meeting of Shareholders held on June 21, 2019 that the annual amount allotted for restricted stock linked to business performance shall be no more than 150 million yen, and the annual amount allotted for restricted stock linked to service shall be no more than 50 million yen (in both cases, excluding outside directors). The number of directors (excluding outside directors) as of the close of the said Ordinary General Meeting of Shareholders was seven.

(2) Policy for determining the compensation, etc. of individual directors

(i) Method of deciding on the policy for determining the compensation, etc. of individual directors

The policy was resolved at the Board of Directors' meeting held on February 25, 2021.

(ii) Overview of the policy for determining the compensation, etc. of individual directors

a. Basic policy

The Company's basic policy is to link the compensation of directors to shareholder profits so that it will fully function as an incentive to sustainably enhance corporate value, and to determine the compensation of individual directors at an appropriate level based on their respective responsibilities.

Specifically, compensation for executive directors consist of basic compensation (monetary compensation), performance-linked compensation, etc. (bonuses), and non-monetary compensation (stock-based compensation), while non-executive directors and outside directors, who are responsible for supervisory functions, shall be paid only basic compensation in consideration of their duties.

b. Policy for determining the individual amount of compensation as basic compensation (monetary remuneration) (including the policy for determining the timing or conditions for granting compensation)

The basic compensation for the Company's directors shall be a fixed monthly compensation in cash, the amount of which shall be determined by comprehensively taking into consideration the role and contribution of each director as well as the Company's business performance and other factors.

c. Policy for determining the method for calculating the content, amount, or number of performance-linked compensation, non-monetary compensation, etc. (including the policy for determining the timing or conditions for granting compensation)

Performance-linked compensation shall be monetary compensation based on the operating income for each fiscal year to motivate the directors to improve the business performance and stock price of the Company. Furthermore, an amount proportionate to the degree of contribution shall be paid as a bonus only when the operating income of the division corresponding to the role of the executive director exceeds the target, and a special contribution that has a significant positive impact on the Company's business performance is recognized. Bonuses shall be paid at a specified time each year. The reason for selecting operating income as the performance indicator is that operating income is a generally accepted measure of performance and profitability.

Non-monetary compensation shall be stock-based compensation in the form of a combination of "restricted stock linked to business performance" and "restricted stock linked to service," and is intended to motivate the directors to improve the business performance and stock price of the Company. The number of shares shall be determined within the upper limit determined at the General Meeting of Shareholders based on the role and contribution of each director, the Company's business performance, and the share price trend, and shall be granted as appropriate in light of those factors.

d. Policy for determining the ratio of the amounts of monetary compensation, performance-linked compensation, or non-monetary compensation within the amount of individual compensation of directors

The Company does not stipulate in advance the ratio of basic compensation, performance-linked compensation, and stock-based compensation to be paid to individual directors. The Company's policy is to achieve the most appropriate ratio of payment that would encourage the directors to share the interests of the management and shareholders and contribute to the sustainable enhancement of corporate value. To this end, while the Company's principal form of compensation is basic compensation, the amount of performance-linked compensation and non-monetary compensation is determined in accordance with the method set forth in "c." described above.

[Support system for outside director (outside statutory auditor)]

As a member of the Board of Directors, an outside director supervises the execution of duties by the executive directors. In addition to attending meetings of the Board of Directors held once a month in principle and other extraordinary meetings as necessary, an outside director attends meetings held twice a year to exchange opinions with the Audit and Supervisory Board.

An outside statutory auditor attends meetings of the Board of Directors and the Audit and Supervisory Board, which are held once a month in principle and on an ad-hoc basis as necessary, as well as meetings with the audit corporation, which are held once a quarter in principle and as necessary, and meetings for exchanging opinions with the Representative Director and the outside director, which are held twice a year. In addition, as a member of the Audit and Supervisory Board, an outside statutory auditor receives internal audit reports from the Internal Audit Office.

To contribute to fruitful discussions at meetings of the Board of Directors, reference documents for agenda items are distributed to outside directors and outside statutory auditors prior to meetings, and the secretariat provides explanations on their content as necessary.

2. Matters related to functions such as business execution, audit and oversight, nomination, and compensation decisions (overview of the current corporate governance system) Updated

(1) Current governance structure

(i) Board of Directors

As of the date this report was submitted, the Board of Directors consisted of five directors (including one outside director). With the attendance of statutory auditors, the Board of Directors decides important management matters such as management policies, as well as matters stipulated by laws and regulations or the Articles of Incorporation, and supervises the execution of businesses. In addition, the Board of Directors holds regular meetings once a month, at which the director in charge reports on the status of business execution, and extraordinary meetings are held as necessary. The Representative Director is the Chairman of the Board of Directors and oversees the Board of Directors. In addition, he executes the Board of Directors' resolutions and supervises the Company's overall operations.

(ii) Audit and Supervisory Board

As of the date this report was submitted, the Audit and Supervisory Board consisted of three statutory auditors (including two outside statutory auditors) and is chaired by a full-time statutory auditor. In addition to the regular monthly meetings of the Audit and Supervisory Board, extraordinary meetings of the Audit and Supervisory Board are held as necessary. At the meetings of the Audit and Supervisory Board, the statutory auditors deliberate on the appropriateness, efficiency, and fairness of management, and exchange opinions on audit results. The statutory auditors attend meetings of the Board of Directors and other important meetings to audit the execution of duties by the directors. They also cooperate with the Internal Audit Office to audit the execution of duties as appropriate.

(iii) Executive officers

The Company adopts an executive officer system. As of the date this report was submitted, the Company had four executive officers. Each executive officer is delegated the authority to execute businesses based on the policies established by the Board of Directors and under the supervision of the Board of Directors, and is tasked to improve management efficiency.

(iv) Accounting auditors

The Company has entered into an audit contract with Avantia GP, an auditing firm, and receives audits under the Financial Instruments and Exchange Act and the Companies Act. In addition, it discusses and deliberates on important accounting issues with the auditing firm as needed.

(2) Details of the liability limitation agreement

Pursuant to the provisions of the Articles of Incorporation, the Company has entered into a liability limitation agreement, as provided for in Article 427, Paragraph 1 of the Companies Act, with directors who are not executive directors, etc., statutory auditors, and accounting auditors.

Under the agreement with directors who are not executive directors, etc., the liability for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the higher of 3 million yen or the sum of Article 425, Paragraph 1, Item 1 (c) and Item 2 of the Companies Act, provided that the liability is incurred in good faith and without gross negligence.

Under the agreement with statutory auditors, the liability for damages under Article 423, Paragraph 1 of the Companies Act shall be limited to the higher of 3 million yen or the sum of Article 425, Paragraph 1, Item 1 (c) and Item 2 of the Companies Act, provided that the liability is incurred in good faith and without gross negligence. Also, under the agreement with Avantia GP, the accounting auditor's liability for damages shall be limited to the higher of 5 million yen or the minimum amount stipulated in Article 425, Paragraph 1 of the Companies Act, provided that the liability was incurred in good faith and without gross negligence.

3. Reasons for choosing the current corporate governance system

The Company has chosen the corporate governance framework of a Company with Statutory Auditors, determining that the auditing system by statutory auditors, including outside statutory auditors, is effective in auditing the status of business execution. In addition, the Company has appointed one outside director and two outside statutory auditors to ensure sound management and establish a highly transparent and fair management system. The outside director and outside statutory auditors appointed by the Company have expert knowledge and broad experience in management. The Company expects the outside director to advise and supervise the management of the Company, and the outside statutory auditors to audit the decision-making and business execution of directors, from an independent standpoint.

III. Implementation of Measures concerning Shareholders and Other Stakeholders

1. Initiatives to vitalize general meetings of shareholders and facilitate the exercise of voting rights

Updated

	Supplementary explanation
Avoidance of peak days when scheduling the general meeting of shareholders	The 24th Ordinary General Meeting of Shareholders was held at 10:00 a.m. on June 18, 2021.
Exercise of voting rights by electromagnetic method	Voting rights can be exercised via the Internet.
Other	The notice of convocation (including the business report) was posted on the Company's website on May 27, 2021. It was also posted on each listed stock exchange through disclosure on TDNet.

2. IR activities

	Supplementary explanation	Presentation by the representative director
Preparation and publication of disclosure policies	The Basic Disclosure Policy was established on May 1, 2006 (revised on December 30, 2012) and is posted on the Company's website (https://united.jp/ir/policy/).	
Regular briefings for analysts and institutional investors	Financial results briefings are held four times a year after the announcement of quarterly financial results.	Yes
Posting of IR materials on the Company's website	IR materials, such as press releases, financial statements, financial results briefing materials, and annual securities reports, are posted on the Company's website (https://united.jp/ir/).	
Establishment of a department and/or manager in charge of IR	The Company has established the Corporate Planning Group within the Corporate Administration Division (Corporate BU) to carry out IR-related operations.	

3. Efforts to respect the position of stakeholders

	Supplementary explanation
Provisions for respecting the position of stakeholders under internal rules, etc.	<p>The Basic Disclosure Policy, revised on December 30, 2012, stipulates that “in order to gain a just evaluation and obtain the trust of all stakeholders and to ensure the transparency of corporate management, we will actively disclose the Group’s corporate information and conduct investor relations (IR) and shareholder relations (SR) activities with a basic stance of “speed,” “accuracy,” and “fairness,”” to respect the position of stakeholders.</p>
Implementation of environmental conservation activities, CSR activities, etc.	<p>The Compliance Charter, revised on September 24, 2015, stipulates that “we will strive to reduce the environmental impact of our business activities, contribute to the conservation of the natural environment, and help build a prosperous society.” This is established as a universal Code of Conduct of all officers and employees of the Group.</p> <p>In addition, the Company cooperates with green bird activities in the Harajuku/Omotosando area and participates in a project to think about the local environment.</p>
Formulation of policies related to providing information to stakeholders	<p>The Basic Disclosure Policy, revised on December 30, 2012, stipulates the standards and methods of information disclosure, and specifies the following as methods of responding to inquiries: make timely disclosures following the system for disclosure of corporate information under the Financial Instruments and Exchange Act and the timely disclosure rules established by the stock exchange; and, when deemed necessary, voluntarily disclose information even if it does not fall under the scope of the timely disclosure rules.</p>

IV. Matters Concerning the Internal Control System, etc.

1. Basic views on internal control system and status of its development

The following is a summary of the basic policy for developing the Company's internal control system and the status of its development.

Basic policy for developing the Group's internal control system

- (1) Establish a system to improve the efficiency, effectiveness, and profitability of business activities.
- (2) Establish a system to ensure appropriateness and accuracy in the preparation of financial statements.
- (3) Establish a system for proper corporate governance by complying with various related laws and regulations and social norms related to business activities.
- (4) Establish a system by which the acquisition, use, and disposal of company assets are carried out following legitimate procedures, and company assets are well preserved.
- (5) Fulfill corporate social responsibility and enhance the Company's corporate value by developing and operating an effective internal control system for all subsidiaries and for other important companies in the Group.

Status of the Group's internal control system

- (1) System to ensure the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

The Company has established the Compliance Charter as a universal code of conduct that all officers and employees of the Group should observe and practice in their corporate activities.

In addition, the Company has established an Internal Audit Office—which regularly monitors internal operations and investigates compliance with laws, regulations, the Articles of Incorporation, and internal regulations in the execution of business—in order to establish, develop, and maintain a compliance system. The Internal Audit Office notifies the respective departments of the investigation results, requests improvements, and reports to the representative director/president and the Audit and Supervisory Board as appropriate.

- (2) System for the storage and management of information related to the execution of duties by directors

The Company appropriately stores and manages the minutes of the General Meeting of Shareholders, as well as information related to the execution of duties by directors including the minutes of the Board of Directors meetings, based on laws and regulations and internal rules, and maintains a management system to promptly respond to requests for inspection by directors and statutory auditors.

In addition, the Company stores and manages forms, documents, and data related to personal information, such as member registration information acquired through its businesses, in accordance with the Personal Information Protection Management System established by the Company.

- (3) Rules and other systems for managing the risk of loss

- (i) In executing operations, the Company strives to reduce risks by clearly defining procedures for business execution in various internal regulations.
- (ii) The division responsible for overseeing the Group's risk is the Corporate Administration Division.
- (iii) Each company in the Group constantly identifies the risks associated with the business it is engaged in, examines whether or not risk countermeasures are necessary, implements countermeasures to reduce risks, and reports the status of evaluation, verification, and improvement of the implemented risk countermeasures to the Corporate Administration Division.

- (4) System for ensuring that the execution of duties by directors is carried out efficiently

As a basis for the efficient execution of duties by directors, the Company holds regular meetings of the Board of Directors once a month and extraordinary meetings of the Board of Directors as necessary to ensure a system for prompt management decision-making. Also, to improve management efficiency, the Company has introduced an executive officer system, in which each executive officer executes business operations based on the authority delegated to them under the policies determined by resolution of the Board of Directors and under the supervision of the Board of Directors. Furthermore, based on the management policy of the Board of Directors, the Company has established a Board of Full-time Directors, which is a meeting body for considering and discussing important management matters, as well as for making decisions regarding important operations; and meetings are held in a timely manner.

- (5) System for ensuring the appropriateness of operations of the corporate group consisting of the Company, its parent company, and its subsidiaries

The Company has established a compliance system, risk management system, and internal control system for the Group as a whole to ensure sound corporate governance of the entire Group, including subsidiaries.

In addition, directors of subsidiaries are dispatched from the Company and reports on the subsidiaries' operations and the execution of duties by subsidiary directors are shared at the Company's Board of Directors meetings and other important meetings.

(6) System related to employees in the case they are requested by the statutory auditors to assist them in their duties; system related to the independence of such employees from directors; and matters related to ensuring the effectiveness of statutory auditors' instructions to such employees

If statutory auditors request the assignment of employees to assist them in their duties, the Company shall assign staff as necessary after consultation with the statutory auditors. Transfers and evaluations of such staff are determined with the prior consent of the full-time statutory auditor in order to ensure their independence from directors.

In principle, such staff members are assigned full-time and do not receive instructions or orders from directors or other employees.

(7) System for directors and employees to report to statutory auditors; system for persons who receive reports from directors or employees of the Company's subsidiaries to report to statutory auditors; system for ensuring that persons who make such reports are not treated unfairly by reason of such reports; and other systems for ensuring that audits by statutory auditors are conducted effectively

Directors regularly report on the status of execution of their duties and other matters at meetings of the Board of Directors and other important meetings attended by statutory auditors. Directors and employees of the Company and subsidiaries promptly report to the statutory auditors when they become aware of the occurrence or potential occurrence of important matters that may affect the Company's operations or business performance. In addition, statutory auditors may request the directors or employees of the Company and subsidiaries to report on the aforementioned matters and other matters concerning the status of business execution. The Company prohibits any person who makes such a report from receiving disadvantageous treatment based on such report. Also, the statutory auditors cooperate with the accounting auditor or the hotline contact person by exchanging necessary information and opinions as appropriate in order to enhance auditing.

(8) Matters related to the policy concerning the procedures for prepayment or reimbursement of expenses incurred in the execution of duties by statutory auditors and other expenses or liabilities

If statutory auditors request payment of expenses incurred in the execution of their duties, the Company promptly pays such expenses, unless it is clearly recognized that such expenses are not necessary for the execution of their duties.

(9) System for ensuring the reliability and appropriateness of financial reporting

The Company has established an internal control system to ensure the reliability of financial reporting and the effective and appropriate submission of internal control reports, as stipulated in the Financial Instruments and Exchange Act. In addition, the Company continuously evaluates that the system functions properly and makes necessary corrections to ensure compliance with the Financial Instruments and Exchange Act and other related laws and regulations.

2. Basic views on eliminating antisocial forces and its status of development

The Company's basic policy is to have no business or other relationships whatsoever with antisocial forces or groups that threaten social order and safety, and to take a resolute stance across the organization in dealing with any unreasonable demands from antisocial forces.

The Company places importance on the fairness and soundness of business activities as one of its management policies, and respects the "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces" (June 19, 2007 Agreement at a Meeting of Cabinet Ministers Responsible for Anti-Crime Measures). In addition, the Company stipulates as follows in the Compliance Charter revised on September 24, 2015: "We will take a resolute stance against antisocial forces, groups, and individuals that interfere with social order and sound corporate business activities, and will not engage in transactions with them, acting as a good corporate citizen with social conscience." The Company will make these guidelines and provisions the universal Code of Conduct for all officers and employees of the Group and will establish and operate a system to eliminate antisocial forces according to the Code of Conduct.

The Corporate Administration Division is in charge of operations related to antisocial forces. The Company has established the Guidelines for Responding to Unreasonable Demands from Antisocial Forces as a practical manual to prepare for unreasonable demands from antisocial forces. In addition, the Company has established the Guidelines for Conducting Credit Checks to Eliminate Antisocial Forces and conducts credit checks of business partners. Furthermore, the Company has established clauses to exclude antisocial forces in contracts with business partners in order to ensure thorough implementation. In the process of investment, the Company screens the management team and existing shareholders of the investee, and if any violation of laws and regulations or presence of antisocial forces are found, the investment will not be made. The Company uses information provided by the administrator of the shareholders' register to determine the attributes of shareholders and check whether they are antisocial forces.

V. Other

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures	Not adopted
Supplementary explanation	

2. Other matters related to corporate governance system

(1) Future issues to be examined

The Company recognizes that one of its most important management tasks is to enhance its corporate governance and internal control systems to contribute to society as a company and to fulfill its accountability to all stakeholders. Under the direction of the representative director, we plan to constantly review the Group's internal management system to further strengthen the management system, enhance compliance awareness, and reinforce the risk management system.

(2) Outline of timely disclosure system

(i) Basic policy

The Company discloses information promptly according to the disclosure system for corporate information under the Financial Instruments and Exchange Act and the timely disclosure rules established by the stock exchanges (the Company's Basic Disclosure Policy).

(ii) System development

The general manager of the Corporate Administration Division is in charge of the timely disclosures. The Accounting Department, led by the information handling manager and the person in charge of disclosure, is responsible for conducting operations in cooperation with the Corporate Planning Group and the Legal Group as appropriate.

In addition to collecting information on the latest trends as a routine, the information handling manager and the person in charge of disclosure work to improve their knowledge and practical skills regarding timely disclosure by actively participating in training sessions.

(iii) Timely disclosure procedures

a. Information collection and analysis of collected information and decisions

The Corporate Administration Division serves as the Company's risk management division, and the information handling manager and the person in charge of disclosure collect information promptly and comprehensively through reports from the Group companies.

As for the timely disclosure of information regarding decisions, the information handling manager and the person in charge of disclosure confirm the necessity of timely disclosure of information related to decisions made by the Board of Directors.

b. Publication

When disclosing information that falls under the timely disclosure rules, the Company explains the content of the information to the stock exchanges in advance and discloses the information on the stock exchanges' TDnet and then discloses the information on its corporate website, as per the said rules.

(iv) Monitoring

In auditing operations related to the timely disclosure system, the Company audits whether the above-mentioned procedures and operations of timely disclosure are properly implemented and operated according to various regulations.

Corporate governance and internal control system

