



# Corporate Governance Effort

We strive for improvement of our corporate governance systems by ensuring managerial transparency and efficiency and promoting the strengthening of compliance and risk management.

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## ● Basic Policy and Management Structure

We believe that fulfilling our responsibilities not only to our shareholders and customers but also to stakeholders including business partners, local communities and employees will lead to the enhancement of our long-term corporate value. To realize this objective, we are working on strengthening the corporate governance function and increasing our competitiveness through prompt decision-making. A board meeting chaired by the President is held at least once a month to deliberate important matters regarding the management and important matters regarding the policy and the business execution, and to strengthen the management oversight function. The board meeting is held from time to time as may be required. Regarding decision-making matters that may cause a serious risk to our group, the President gives approval or a resolution of the Board of Directors is made upon deliberation at the management meeting.

## ● Risk management

A risk management committee is established as a company-wide risk management body, placed as a sub-organization of the management conference, to control business risks related to disaster, environment and compliance. The committee identifies all possible company-wide risks, monitors risk management operation, exchanges information, constantly reviews risk management systems, and at the same time formulates risk management policies. The policies are then used to produce specific rules and guidelines at each risk management supervising division and conduct periodic reviews. All these details are then related to all employees through education and training programs as well as an electronic bulletin board system. Upon the occurrence of any danger of imminent and serious loss, appropriate information distribution and decision making are performed based on the “Rules for Control of Management Danger”, followed by measures to control or minimize the damage.

## ● Auditing and monitoring system

We have installed a management auditing department directly under the president as the internal auditing function. The department conducts audits on all individual divisions in the company to ensure the solid functioning of the internal control system while playing a key role in verifying the validity of the system. Individual audit results are reported to the president, which are then periodically reported at the management conference and to the auditors. Directors are obliged to report any matters that may affect the company's business and records as well as any facts related to law violation or compliance issues, which may lead to significant damage to the company, to the board of auditors as soon as such facts are identified. Our four auditors include two independent board members free of possible conflicts of interest with general shareholders, and requests for reporting the execution status of business operations by auditors to directors are prioritized over other matters and handled quickly and sincerely.

## ● Effort to eliminate anti-social forces

From the perspectives of thorough compliance management and protection of the company, we believe that it is one of our corporate social responsibilities not to become involved with any anti-social forces, and to maintain a firm approach against any unjust demands by such forces, ensuring that we maintain no relationships with them. Such anti-social demands, if they are made, are dealt as an organization instead of as an individual, following legal procedures based on civil and criminal laws through close collaboration with external specialists and investigation agencies. We also are a member of “Foundation for Citizen's Council on Banning Criminal Syndicates in Chiba Prefecture” and constantly promote collaboration with the police and crime prevention associations, strive to collect information on anti-social forces, and enhance the awareness of employees.