

The Company's fundamental views on its internal control system

“In order to ensure good faith management with a high degree of transparency such that the trust of stakeholders is maintained, the Company works to strengthen corporate governance and enhance internal controls aimed at further increasing the effectiveness of governance. The Company constantly evaluates the internal control system built based on this basic policy and makes necessary improvements to it; this basic policy is also constantly reviewed in response to changing conditions to ensure the appropriateness of business operations. ”

1. Frameworks for Ensuring the Execution of Duties by the Company's Directors and Employees Conforms with the Law, Regulations and Articles of Incorporation

(1) To ensure that officers and employees of the Company and the Company's subsidiaries comply with laws, regulations, internal rules, and corporate ethics (hereinafter, “Compliance”), the Company has established the Relia Group Compliance Standard and works to raise awareness of it.

(2) The Company convenes the Compliance Committee chaired by the Chief Compliance Officers (hereinafter, “COO”), who is appointed by the Board of Directors, and the committee conducts planning, develops and implements measures, and performs oversight related to Compliance at the Company and the Company's subsidiaries.

(3) In order to raise and enhance awareness of Compliance and internal controls, regular training is conducted by the Legal Division and Risk Management Division. In addition, at various types of internal training, efforts are made not only to provide business knowledge but also to further raise awareness of Compliance.

(4) The Company has established an internal reporting contact point for all Group companies (hereinafter, “Internal Reporting Desk”) based on Internal Reporting Rules to serve as a reporting and consulting route for Compliance violations in order to quickly ascertain information and respond appropriately.

(5) The Company annually includes the maintenance and enhancement of societal trust in the “Basic policy on internal controls for financial reporting,” which is subject to resolution by the Board of Directors, in order to ensure the reliability of financial reporting.

(6) The Company has established the Audit & Supervisory Board, which is comprised of Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, to conduct monitoring and oversight of business execution by Directors.

(7) Regarding the Company's compliance with laws, regulations and its Articles of Incorporation, the Board of Directors, Audit & Supervisory Board Members and Audit & Supervisory Board monitor the execution of duties by Directors based on the Rules for the Board of Directors, Rules for the Audit & Supervisory Board, and auditing standards for Audit & Supervisory Board Members in accordance with laws, regulations and the Articles of Incorporation. The Company's Auditing Division audits the execution of duties by employees, etc. based on laws, regulations and internal rules, and reports the findings to the Company's President & CEO. When audits find that further improvements are necessary, measures are promptly taken.

(8) The Company works to ensure the appropriateness and adequacy and decisions made by the Board of Directors through its Outside Directors, in principle.

2. Framework for Information Storage and Management related to Execution of Duties by the Company's Directors

(1) Important information related to execution of duties by Directors, including minutes from General Meetings of Shareholders, minutes from Board of Directors meetings, and approval forms, are stored and managed, along with related documents, as paper or digital records in accordance with Document Management Rules.

(2) This information is maintained so that it can be viewed as appropriate when there is a request to do so from a Director or Audit & Supervisory Board Member.

3. Rules and Other Frameworks regarding the Company's Loss Risk Management

Management and managers identify and evaluate risks at all levels of the organization. These risks are regularly evaluated based on new risks emerging or changes in existing risks in connection with changes in the internal or external environment.

(1) The Risk Management Rules is established to design and develop company-wide risk management frameworks and precisely address material risks, and committees related to management risk is established on this basis. The committees identify and recognize management risks to the extent possible in the following areas that have risk potential and take measures to mitigate those risks.

- (i) Risks related to the conclusion and cancellation of contracts of high value or business importance
- (ii) Risks related to important labor management or labor disputes
- (iii) Risks related to damage from disasters, accidents, etc.
- (iv) Risks related to IT security and management of confidential information, which includes protection of personal information and management of trade secrets
- (v) Risks related to Compliance violations
- (vi) Management risks other than the above

(2) The Company has established the Rules for Division of Duties and Job Authority to clarify the authority and responsibility of each officer and employee with respect to risk response. Also, risk management is rigorously enforced based on the Approval Rules.

(3) The Company has established the Risk Management Division to comprehensively manage risk identification and evaluation by the committee and information on risks identified by company-wide operating divisions. The Risk Management Division works to communicate risks to management and all employees and further raise their risk awareness in order to enhance the Company's overall ability to address risk.

4. Frameworks to Ensure Efficient Execution of Duties by the Company's Directors

(1) The following committees meet regularly to help expedite decision-making by Directors on important matters and assist them in making careful decisions.

- (i) Management Meeting
- (ii) General Managers Meeting

(2) In order to ensure efficient execution of duties, authority is conferred to departmental general managers within the scope established in the Rules for Division of Duties and Job Authority. In addition, the Company has adopted an executive officer system to facilitate the more efficient execution of duties by Directors as members of management.

5. Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company and its Subsidiaries

a. Framework for reporting to the Company on the execution of duties of subsidiary directors, etc.

Regarding important matters at the Company's subsidiaries, the necessary frameworks are in place to ensure timely and appropriate reporting to the Company.

b. Rules and other frameworks regarding loss risk management by the Company's subsidiaries

The Company requests that management members of the Company's subsidiaries fulfill their duty to design and operate internal controls at appropriate levels, identifies and measures significant risks at affiliates and organizationally implements ongoing controls to address them.

c. Framework for ensuring efficient execution of duties by directors, etc. at the Company's subsidiaries

A lead manager is appointed for each subsidiary to monitor the status of management at the Company's subsidiaries and construct and maintain an appropriate structure of consolidated management. In addition, officers are replaced depending on the subsidiary's management status.

d. Framework for ensuring the execution of duties by directors, etc. and employees of the Company's affiliates is in compliance with laws, regulations, and the Articles of Incorporation

The affiliates' Audit & Supervisory Board members and the Company's Auditing Division conduct audits of compliance with laws, regulations and the Articles of Incorporation by subsidiaries of the Company. Audit findings are reported to the Company's President & CEO. If necessary, the Company appropriately provides improvement proposals and instructions.

6. Matters regarding Employees Requested to Assist in the Duties of Audit & Supervisory Board Members

(1) Employees are assigned to assist in the duties of Audit & Supervisory Board Members in order to raise the effectiveness of audits and ensure audit duties are executed smoothly.

(2) Employees are assigned who have the knowledge and skills necessary for assisting in the overall work of Audit & Supervisory Board Members.

7. Matters regarding the independence of the employees referenced in the preceding related to ensuring the effectiveness of instructions given to these employees

(1) Instructions to employees referenced in the preceding item are given by Audit & Supervisory Board Members, and evaluations and transfers of said employees are done so only when there is agreement from the Audit & Supervisory Board.

(2) Matters related to ensuring the effectiveness of instructions from Audit & Supervisory Board Members with respect to said employees are stipulated based on the Rules for Ensuring the Effectiveness of Audits by Audit & Supervisory

Board Members.

8. Frameworks for reporting by the Company to Audit & Supervisory Board Members

(1) The following have been established as the frameworks for reporting by the Company to Audit & Supervisory Board Members.

a. Framework for reporting by the Company's Directors and employees to Audit & Supervisory Board Members

The Rules for Ensuring the Effectiveness of Audits by Audit & Supervisory Board Members includes provisions on reporting to full-time Audit & Supervisory Board Members each time important matters related to the Company or the Company's subsidiaries come to the attention of the Company's officers or employees, and on reporting the facts when reporting on business execution is requested by Audit & Supervisory Board Members, and the Company works to ensure full awareness of these rules internally.

b. Framework for reporting to the Company's Audit & Supervisory Board Members by subsidiary's directors, Audit & Supervisory Board members, and company members/employees engaged in executing business, or persons who receive reports from them

The Company has established multiple internal reporting desks, and they include contact points for officers and employees of the Company's subsidiaries to directly report to and consult with the Company's full-time Audit & Supervisory Board Members. Regarding the route for reporting to, and consulting with, the CCO and General Manager of the Legal Division, the Internal Reporting Rules includes a provision on promptly reporting to the Company's full-time Audit & Supervisory Board Members when information received corresponds to an improper act or legal violation by the Company or a subsidiary of the Company, and the Company works to ensure full awareness of these rules internally.

9. Framework for ensuring persons making reports as stated in the preceding item are not subject to unfair treatment for this reason

(1) The Internal Reporting Rules stipulates that persons making the aforementioned reports shall not be subject to unfair treatment due to having made the report. Subsidiaries have also been appropriately instructed to handle the situation in the same manner.

10. Matters related to policy on accounting for expenses or debt occurring in connection with execution of duties by

the Company's Audit & Supervisory Board Members

(1) Regarding the policy on accounting for advance expenses or debt occurring in connection with execution of duties by Audit & Supervisory Board Members, the Company handles this appropriately based on the Rules for Ensuring the Effectiveness of Audits by Audit & Supervisory Board Members, which was established in accordance with the provisions of the Companies Act.

11. Other frameworks for ensuring that audits by the Company's Audit & Supervisory Board Members are conducted effectively

(1) Audit & Supervisory Board Members can request at any time that officers and employees report on business execution as necessary.

(2) Audit & Supervisory Board Members can attend the Management Meeting, General Managers Meeting and other important meetings at any time as necessary.

(3) The Audit & Supervisory Board can employ attorneys at law, certified public accountants and other specialists, as necessary, and receive their advices on auditing operations.

(4) Audit & Supervisory Board Members closely coordinate with the accounting auditor, including exchanging information and opinions, in order to raise the quality and efficiency of auditing operations by both parties.

12. Framework for eliminating anti-social forces

Based on the Relia Group Companies Standard, the Company raises the awareness of officers and employees and ensures enforcement in order to eliminate anti-social forces.

(1) The Company takes a resolute stance against anti-social forces such as corporate extortionists and criminal syndicates and does not engage in payoffs when improper requests are made from such groups.

(2) The Company does not conduct any transactions with anti-social forces or clients or suppliers with any relationship to anti-social forces.