

**Our current corporate governance is as follows:**

## **I. Our Basic View on Corporate Governance and Other Basic Information, Including Capital Structure and Corporate Attributes**

### **1. Basic view**

We are committed to responding to the trust placed in the Company by stakeholders, including shareholders, customers, and employees, and to working to maximize enterprise value by conducting a healthy and a highly transparent business. In the context of this management approach, we are strengthening our supervisory function with the appointment of independent outside directors and coordination with the Board of Corporate Auditors. As such, by instituting a system of internal control, we are establishing a corporate governance structure.

### **【Reasons for non-compliance with principles of the Corporate Governance Code】**

The Company has established definitions for words, as shown below, in devising the Corporate Governance Code.

- Officers refer to directors and corporate auditors.
- Management refers to directors, corporate officers and presidents of subsidiaries, excluding outside directors.
- Senior management refers to Representative director & CEO as well as the Chief Financial Officer.
- Chief executive refers to the Representative director & CEO.
- Nomination/Compensation Committee is an advisory organ of the Board of Directors that provides advice/proposals on officer candidates as well as specific compensation plans, with independent outside members making up the majority of the committee and chaired by an independent outside director.

The Company has yet to implement/is considering three of all its principles and is working on them as shown below.

**Updated**

#### **[Supplementary principle 4-1-3]**

The Company currently does not have a structure that oversees a plan regarding successors, but plans for the Nomination/Compensation Committee to consider policies on the selection, appointment and other matters regarding successors of the Chief Executive Officer and others as well as the compensation structure, and the results are to be reported to the Board of Directors.

#### **[Supplementary principle 4-2]**

Compensation for management (excluding corporate officers and presidents of subsidiaries) currently consists of cash only, but the Company is planning to consider whether it should adopt an incentive-based compensation system on the recognition that improving corporate value over the medium to long term is important by steadily implementing measures, including golf course acquisitions and the asset-light strategy going forward

### **【Disclosure pursuant to each principle of the Corporate Governance Code】**

#### **[Principle 1-4. The so-called cross-shareholdings]**

##### **(Purpose of disclosure)**

The Company currently does not have any so-called cross-shareholdings, but the Company will disclose its stake (units) in Accordia Golf Trust (a mainboard listing on the Singapore Exchange; hereinafter referred to as “AGT”) as the holdings are extremely important for the Company.

##### **(Policy on holding AGT units)**

- The Company holds shares of other company if they are to lead holding shares (including units) is important in the context of executing the Company's operations in a smooth manner and it leads to improving corporate value in addition to shareholder value.

- Based on the policy above, the Company believes that it is critical to acquire and hold a stake (units) in AGT in order to improve its corporate value, given that two-thirds of golf courses the Company is responsible for managing or operating has been outsourced by Accordia Golf Asset Godo Kaisha (a company in which AGT has a 100% stake in the form of *Tokumei Kumiai* (silent partnership) contribution interests) and also because transactions with Accordia Golf Asset Godo Kaisha are essential in operating a circulating business (asset transfers and incorporating stock units, maintaining outsourced management/operations, etc.), which is the Company's management policy. In addition, regarding the dismissal of the Trustee-Manager, which is an important item for AGT, holdings equal to over one-quarter of total units will continue because at least three-quarters of the votes is needed to approve the motion.

(Exercising voting rights that are associated with AGT unit holdings)

- Regarding exercising voting rights attached to units held, the rights will be exercised by considering the impact it would have on the Accordia Golf Asset Godo Kaisha's business and ultimately from the standpoint of whether the move would improve the Company's corporate value through continuing a steady relationship with Accordia Golf Asset Godo Kaisha in outsourced operations, given that a great portion of the Company's profits come from operations that have been outsourced by Accordia Golf Asset Godo Kaisha.

Please refer to *Strategic partner with the function of holding assets* on the Company's official website regarding the Company's relationship with AGT.

([http://www.accordiagolf.co.jp/english/company\\_info/partner.php](http://www.accordiagolf.co.jp/english/company_info/partner.php))

[Principle 1-7. Transactions between related parties]

(Regarding related-party transactions with officers)

- In the event a transaction takes place with an officer or a company that the officer effectively controls, an approval shall be obtained from the Board of Directors by adhering to internal regulations (regulations on managing orders), in addition to holding sufficient deliberations regarding the purpose, terms, expenses, the period and other important items regarding the transaction.

- Depending on the value of the transaction and its importance, an objective opinion shall be obtained by providing information to the Special Compliance Committee, an advisory board to the Board of Directors and a standing committee with the main purpose of conducting compliance surveys of directors, corporate auditors and corporate officers, prior to deliberations by the Board of Directors.

- The Special Compliance Committee shall regularly check to see whether the transaction is being conducted based on the aforementioned deliberations and decisions made.

(Regarding related-party transactions with major shareholders)

- In the event a transaction takes place with a major shareholder, the decision shall be made after sufficient deliberates at Board of Directors' meetings regarding the purpose, terms, expenses, the period and other important items regarding the transaction, based on information provided by officers.

- The Board of Corporate Auditors shall regularly check to see whether the transaction is being conducted based on the aforementioned deliberations and decisions made.

[Basic principle 3-1. Enhanced information disclosure]

(The Company's objectives, such as management philosophy, management strategy and plan)

The Accordia Golf Group offers a new type of lifestyle for golfing based on its basic philosophy of "always pursuing services to satisfy all players from a customer perspective."

- It offers a safe and comfortable environment for playing rounds of golf to customers, and works on improving the quality of golf life through communities found at golf courses.

- Regarding employees, the Company aims to strike an equilibrium in both the happiness of the individual as well as its growth by offering an environment that provides a sense of satisfaction from work and a balanced work life.

- Regarding its business partners, the Company will naturally adhere to laws and regulations and also build business relationships that would add to growth and development of both the Company and business partners.

- Regarding regional communities, the Company shall make an effort to contribute to the advancement of regional communities based on the recognition that golf courses are also members of regional communities.

Please refer to *IR Presentation* on the Company's official website regarding the medium-term management plan, etc.

([http://www.accordiagolf.co.jp/english/info/ir\\_library/ir\\_presentation.php](http://www.accordiagolf.co.jp/english/info/ir_library/ir_presentation.php))

(Basic views and policies on corporate governance)

The basic view of the Company's corporate governance is to establish and operate a structure aimed at realizing management that is highly efficient and transparent as a way to improve corporate value, along with disclosing important matters in a timely manner to fulfill its obligation of accountability. This is aimed at realizing the aforementioned philosophy and responding to the trust placed in it by stakeholders, including shareholders, customers and employees,

- The Company has adopted the items below as policies as a way to implement the aforementioned view on corporate governance.

(Secure rights/ equality of shareholders)

- In order to effectively secure shareholders' rights, The Company shall offer information and other items in a swift manner and establish an environment at the General Meeting of Shareholders that would enable the exercising of rights following sufficient deliberations. In addition, the Company shall pay due consideration to secure fairness for the rights of minority shareholders.

(Appropriate cooperation with stakeholders)

- The Company, in aiming to improve corporate value, shall make an effort to cooperate appropriately with stakeholders by consistently searching and implementing its role and contributions to customers, employees, business partners and regional communities. With regard to implementation, officers and employees shall adhere to the Compliance Policy that has been established as a standard of action.

(Securing appropriate information disclosure and transparency)

- The Company shall appropriately disclose financial information and business strategy, as well as information that is critical for stakeholders' interest in an accurate and easy-to-understand manner.

(Roles/responsibilities and the structure of the Board of Directors)

- The Company appoints multiple independent outside officers for directors and corporate auditors and establishes an environment that would facilitate free and open-minded deliberations at Board of Directors' meetings in order to enable fair and objective decision-making. Regarding the appointment of officers, experts will be selected from each business/division/area and advice/proposals presented to the Board of Directors based on careful assessment by the Nomination/Compensation Committee and appointment standards, such as requirements for candidates, as well as by considering the balance of knowledge, experience and capability of the candidates.

(Dialogue with shareholders)

- In the event a shareholder submits a request for dialogue, the Company shall respond appropriately and as needed within a reasonable extent. In addition, the Company shall receive views from shareholders in an earnest manner and establish an environment in which constructive dialogue can be held with shareholders at the General Meeting of Shareholders, briefings on earnings as well as other venues.

(Policy and procedures for decisions on compensation for senior management/directors by the Board of Directors)

- The Company shall consider individual work-related duties, performance, company earnings, pay history and other factors in a comprehensive manner when deciding on compensation for directors. Compensation is currently a fixed amount, but the Company plans to consider whether it should adopt an incentive-based compensation system on the recognition that improving corporate value over the medium to long term is important by steadily implementing measures, including golf course acquisitions and the asset-light strategy going forward.

- In order to secure transparency/objectivity, items for consideration, policies, monetary value levels and other factors regarding decisions on directors' compensation shall be tabled at Nomination/Compensation Committee meetings first and then, based on reports, the Board of Directors shall pass a resolution to entrust the decision on specific amounts to the Representative director & CEO. In addition, compensation for directors shall be distributed within the scope of total compensation for directors as approved by the Board of Directors.

(Policy and procedures for the Board of Directors to appoint senior management and nominate Director/Corporate Auditor candidates)

- The Company selects and nominates those who have a wealth of experience, Keen insight and an advanced level of expertise that is appropriate for any given job responsibility with regard to the appointment/nomination of senior management and Director/Corporate Auditor candidates. As such, the Nomination/Compensation

Committee recommends officer candidates based on the following standards, and with regard to outside officer candidates, conducts a review based on the Company's standards used to gauge the independence of outside officers.

1. Talent that can contribute as a member of management from the position of executing, supervising and auditing in a swift manner in response to changes in the market, including customer needs, amid the popularization of ICT and the globalization of the economy.
2. Talent with a strong desire to promote the golf business and one who can contribute from the position of executing, supervising and auditing toward improving the Company's corporate value going forward.
3. Talent that can contribute from the position of executing, supervising and auditing and has deep knowledge on improving corporate governance and promoting compliance.
4. Regarding Executive Director candidates, talent that is well versed in the given area and has a sufficient track record in each of the business divisions.
5. Regarding candidates for outside directors, talent that has a specialized background in the areas of management, law, accounting and tax, among others, and expertise in management as well as the ability to conduct constructive discussions from an objective point of view and at a distance from business operations.

• Regarding the nomination of Director/ Corporate Auditor candidates, the Board of Directors shall make the decision following a recommendation by the Nomination/Compensation Committee, and as for Corporate Auditor candidates, The decision shall be made by the Board of Directors after obtaining consent from the Board of Corporate Auditors.

(Explanation on individual appointments/nominations when the Board of Directors is to appoint senior management and nominate Director/ Corporate Auditor candidates based on the above)

• An explanation on individual appointments/nominations is stated in convocation notices.

Please refer to *General Shareholders' Meeting* on the Company's official website.

([http://www.accordiagolf.co.jp/english/info/stock\\_info/ir\\_gsm.php](http://www.accordiagolf.co.jp/english/info/stock_info/ir_gsm.php))

[Supplementary principle 4-1]

a) Swift decision-making is in place so that items for resolution by the Board of Directors other than those established by laws and ordinances are clearly stated in the regulations for the Board of Directors, and for items other than those are enabled by delegating authority to Management so that decisions can be made at Management Meetings. In addition, if necessary, the Company has established a structure that enables the passage of a resolution by special directors regarding items in Article 362, paragraph 4, item 1 and 2 of the Companies Act.

The Board of Directors shall pass a resolution on important matters related to following items.

The establishment/changes, etc. of basic policies and important regulations regarding personnel; acquisition and disposal of businesses or assets; large amounts of debt; reorganization; convening of the General Meeting of Shareholders; procedures for handling stocks; earnings results procedures; and management.

b) Members of the Management in charge report decision-making, the status of execution and results of items that they have been entrusted with to the Board of Directors as needed.

[Basic principle 4-8. Effective use of independent outside directors]

• More than half of all appointed directors are currently outside directors so that the Company can contribute to the benefit of its stakeholders.

• In addition, the Company appoints outside directors from those who have a diverse background, including law, accounting, taxes and management, after considering their work experience.

• The Company receives opinions from outside directors during Board of Directors meetings and other opportunities on management policies, improvements and other areas from the standpoint of whether they would lead to improved corporate value.

[Basic principle 4-9. Standards to determine the independence and quality of an independent outside director]

• As a standard used to select outside director candidates, the Board of Directors has established the standards for the Independence of outside directors, in addition to requirements as established by the Companies Act. The Nomination/Compensation Committee nominates candidates who meet these standards and also standards indicated in Basic Principle 3-1 Policy and procedures for nominating Director candidates, so that the candidates can be expected to provide constructive discussions directly/actively at Board of Directors' meetings. The Board of Directors shall give its utmost respect to these nominations and arrive at a decision, along with that for other officer candidates that are recommended at the General Meeting of Shareholders.

Please refer to *Corporate Governance* on the Company's official website regarding the independence of outside officers.

([http://www.accordiagolf.co.jp/english/company\\_info/governance.php](http://www.accordiagolf.co.jp/english/company_info/governance.php))

[Supplementary principle 4-11-1]

a) The Company selects those who have the following capabilities and can make strategic decisions by examining issues from various perspectives—such as corporate value and the interests of shareholders, customers, and other stakeholders—and nominates them as candidates for Directors:

- The Company appoints Executive Directors from among those who have substantial knowledge, experience, and ability in the Company's lines of business, corporate divisions, and other areas.
- The Company appoints Outside Directors from among those who are well versed in management and have a diverse background, such as that in law, accounting, taxes and management, after taking into account factors such as their work experience.

b) The Company appoints no more than 10 Directors based on the decision that this is an appropriate number for the size of the Company's business to ensure the constructive and efficient deliberations of management issues. Because the majority of all Directors are Outside Directors, the Company has put in place a fair system that ensures due consideration for the benefits of its stakeholders.

c) In regards to the procedures for appointing Directors, the Board of Directors approves the appointment of Directors based on the judgment of the Nomination and Compensation Committee, thereby ensuring independence and objectivity.

[Supplementary principle 4-11-2]

- The status of the concurrent holding of positions is described in the convocation notices for the general meetings of shareholders, annual securities reports, and other documents

Please refer to *Financial Statements* on the Company's official website

([http://www.accordiagolf.co.jp/english/info/ir\\_library/financial\\_statements.php](http://www.accordiagolf.co.jp/english/info/ir_library/financial_statements.php))

- Two of the five Outside Directors of the Company serve as officers of other listed companies. They have sufficiently been fulfilling their duties as officers of the Company.

[Supplementary principle 4-11-3]

The Company has the Nomination/Compensation Committee (consisting of independent outside officers and outside experts other than the President) as an advisory organ of the Board of Directors. The said Committee took the initiative for a self-evaluation questionnaire regarding the effectiveness of the Board of Directors in terms of structure, discussion and decision-making, among other aspects, aimed at all the directors and corporate auditors (including outside officers). Based on the results thereof, the Board of Directors confirmed that the effectiveness of the Board of Directors was secured for the fiscal year ended March 2016.

The Company will take actions to secure the effectiveness of the Board of Directors including evaluation after the fiscal year ending March 2017.

[Supplementary principle 4-14-2]

- Directors participate in seminars for newly appointed Directors, MBA training sessions, and courses on the revisions of laws and regulations and other rules. They acquire certification and undergo evaluations to demonstrate that they have obtained the necessary knowledge.
- In regards to the training policies for officers, the Company recommends participation in external seminars for newly appointed officers, training sessions, and courses on the revisions of laws and regulations and other rules. It also recommends that they acquire certification and undergo evaluations to demonstrate that they have obtained the necessary knowledge. When deemed necessary, the Board of Directors ensures opportunities for acquiring new knowledge or training for the appropriate execution of duties.

[Supplementary principle 5-1: Policies on constructive dialogue with shareholders]

- In regards to a request from a shareholder for dialogue (interview), the Company shall confirm the purpose of this request and respond to it within the scope it considers reasonable for contributing to the Company's sustainable growth and mid to long-term improvement in its corporate value, paying sufficient attention to insider information.

[Supplementary principle 5-1-2]

(General dialogue with shareholders)

- In general, Representative director & CEO is responsible for communication (dialogue) with shareholders, while the IR Department actually conducts communication.

(Measures for organic coordination among the IR, Management Planning, General Affairs, Finance and Accounting, and Legal Affairs departments for assisting dialogue with shareholders)

- The Company has established the IR Meeting as a means for sharing opinions and concerns with shareholders. Representative director & CEO, all the Executive Directors who are in charge of the Company's business operations, the Management Planning Division, the General Affairs and Personnel Division, and the other divisions take part in the meeting.

(Initiatives to enhance measures for dialogue with shareholders (such as briefings for investors and IR activities) other than individual interviews)

- In regards to communication measures, the IR Department manages and coordinates the unified disclosure of IR information based on the target audiences' investment knowledge. This information is mostly disclosed through individual interviews in addition to the financial results briefing sessions held twice a year, video distribution, tours of the Company's driving courses and business offices held from time to time, as well as through measures to enhance the contents of explanations in the supplementary information on the settlement of quarterly accounts and the establishment of an IR site for individual investors on the Company's website.

(Appropriate and effective measures to notify the senior management and Board of Directors of feedback from shareholders expressed in their opinions and concerns during dialogue)

- During the IR meeting at which Representative director & CEO and all the Executive Directors are present, reports are given on the opinions of shareholders expressed in interviews with them and recent trends among investors. The results of shareholder identification surveys that are conducted twice a year are also presented.

In regards to issues recognized as being important during the IR meeting, the Executive Directors review methods for responding and reporting to the Board of Directors as appropriate.

(Measures for managing insider information during dialogue with shareholders)

- In regards to the management of insider information, the Company positions the period between the day of quarterly account settlement and the day on which the results are announced as a silent period and essentially restricts contact with shareholders. This information is posted in *Company & Group Information* on the Company's website. The Company takes reasonable care concerning the delivery of other important information by having the IR Department manage all the contact points for communication.

## 2. Capital structure

Ratio of foreign stockholders	At least 10% but less than 20%
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### [Major Shareholders]

Name or Title	No. of Stockholdings (shares)	Percentage of Total (%)
C&I Holdings Co.,Ltd.	7,525,600	10.7%
Minami-Aoyama Fudosan .,Ltd.	4,530,300	6.4%
Reno Co.,Ltd.	4,000,000	5.7%
Japan Trustee Services Bank, Ltd. (Trust Account)	3,308,500	4.7%
THE BANK OF NEW YORK - JASDECTREATY ACCOUNT	1,407,900	2.0%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,311,400	1.9%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1,142,700	1.6%
THE BANK OF NEW YORK 133522	1,015,598	1.4%
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	826,000	1.2%
Japan Trustee Services Bank, Ltd. (Trust Account1)	764,700	1.1%

Existence of Controlling Shareholder (Except Parent Company)	-----
Existence of Parent Company	None

1. As of March 30, 2016

2.Shareholding ratio cited in the information on major shareholders is calculated after excluding 14,234,433 of the company's treasury stock.

### 3. Corporate attributes

Listed Exchange and market classification	Tokyo Stock Exchange, First Section
Accounting Period	March
Industry Type	Services
Total number of employee (as of the previous consolidated fiscal year)	At least 1000
Total sales (as of the previous consolidated fiscal year)	At least 10 billion yen and below 100 billion yen
Number of subsidiaries (as of the previous consolidated fiscal year)	At least 10 and below 50

### 4. Strategies to protect minority shareholders in doing business, etc. with a controlling shareholder

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### 5. Other special reasons that would have a major effect on corporate governance

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## II. Status of Management Structure and Other Corporate Governance System Related to Management Decision-Making, Operational Execution and Oversight

### 1. Matters related to organizational composition, organization management, etc.

Organizational Format	Company with placement of Corporate auditors
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[Director-related items]

Number of directors as per company statute	10
Term for directors as per company statute	2 years
Chairman of the Board of Directors	President
Number of directors Updated	10
Appointment of outside directors	Outside directors appointed
Number of outside directors Updated	5
Number of independent officers assigned out of outside directors Updated	5

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company (*1,2,3)										
		A	b	c	D	e	f	g	h	i	j	K
Mitsuru Maekawa	From another company											
Nobuko Hirayama	From another company								○			
Kimiaki Yamaguchi	From another company								△			
Mitsuhiro Amitani	Attorney											
Toshiaki Yoshii	Certified Public Accountant											

**\*1 Choices regarding the relationship with the company**

**\*2 If an item "currently/recently" applies to those named above, enter "○," and if an item "previously" applied to those named above, enter "△."**

**\*3 If an item "currently/recently" applies to the relatives of those named above, enter "●," and if an item "previously" applied to the relatives of those named above, enter "▲."**

- Executives of a listed company or its subsidiaries
- Executives or non-executive directors of the parent company of a listed company
- Executives of affiliated companies of a listed company
- Persons/entities whose main customers are listed companies or their executives
- Main customers of a listed company or their executives
- Consultants, attorneys and accountants who receive a large amount of money and other property from a listed company in addition to officer's compensation
- Major shareholders of a listed company (if they are corporations, their executives)
- Executives (individuals only) of customers of a listed company (which do not fall under any of d, e or f above)
- Executives (individuals only) of entities between which outside officers mutually assume the position of officer
- Executives (individuals only) of entities to which a listed company makes a donation
- Other

Relationship with the Company (2)

Name	Independent officer	Supplementary information on applicable items	Reason for appointment as an outside director (if assigned as an independent officer, include reason for being assigned as such)
Mitsuru Maekawa	○	Advisor of the center for supporting the work/employment of persons with disabilities, the specific non-profit organization Advisor at Kitz Corporation	Mr. Maekawa has rich experience in management as a CEO, director etc. of global companies and has provided us with specific advice for the growth of our business. He has been named an outside officer as his independence is ensured, and since we have determined that there is no risk of conflict of interest with general shareholders.
Nobuko Hirayama	○	Director of Public Interest Incorporated Association, Japan Public Golf Society Director of Public Interest Incorporated Foundation, JAPAN GOLF ASSOCIATION	Ms. Nobuko Hirayama has considerable insight and extensive experience in the golf course business and sports promotion through engagement in business operations and management of the golf tournament management company and assumption of the post of officer for the organization relating to the golf business, among other career history. Although Ms. Hirayama worked for the corporate group dealing with the Company group, the transaction amount for the fiscal year ended March 2016 was less than the amount equivalent to 2% of the Company's consolidated operating revenue (equivalent to 1.3% thereof). In addition, with respect to the Japan Golf Association, where Ms. Hirayama serves as director, the Company group pays the annual membership fee in the amount equivalent to less than 2% of the sales of the Japan Golf Association (about 0.2% thereof). Accordingly, the Company's standards for independence are met and her independence is sufficiently ensured, and thus we have determined that there is no risk of conflict of interest with general shareholders. Accordingly, Ms. Hirayama has been named as an independent officer.
Kimiaki Yamaguchi	○	Outside Director of SAINT-CARE HOLDING CORPORATION	Mr. Kimiaki Yamaguchi has advanced knowledge of finance and M&A through service at financial institutions and global companies. Although Mr. Yamaguchi has worked for the financial institutions dealing with the Company, the Company's loans from the said financial institutions are less than 2% of the Company's consolidated net assets (equivalent to 1.0% thereof). Accordingly, the Company's standards for independence are met and his independence is sufficiently ensured, and thus we have determined that there is no risk of conflict of interest with general shareholders. Accordingly, Mr. Yamaguchi has been named as an independent officer.
Mitsuhiro Amitani	○	Partner of SAH & Co. Outside Audit & Supervisory Board Member of Stanley Electric Co., Ltd. Outside Auditor of HUB CO., LTD.	Mr. Mitsuhiro Amitani has experience in practicing law as an attorney, especially in corporate legal affairs, international transactions and M&A. His independence is sufficiently ensured, and thus we have determined that there is no risk of conflict of interest with general

			shareholders. Accordingly, Mr. Amitani has been named as an independent officer.
Toshiaki Yoshii	○	President of Toshiaki Yoshii Certified Accountant and Tax Accountants Office. President of Shu Business Partner Co., Ltd.	Mr. Toshiaki Yoshii has expert knowledge and experience in the areas of accounting, tax, etc. as a certified public accountant and a tax accountant. His independence is sufficiently ensured, and thus we have determined that there is no risk of conflict of interest with general shareholders. Accordingly, Mr. Yoshii has been named as an independent officer.

Committee established at discretion that is equivalent to Nomination Committee or Compensation Committee

Yes

State of committees established at discretion, committee structure, attributes of chairperson

	Name of committee	All committee members	Full-time committee members	Inside directors	Outside directors	Outside experts	Others	Chairperson
Committee established at discretion that is equivalent to the Nomination Committee	Nomination and Compensation Committee	5	0	2	1	1	1	Outside director
Committee established at discretion that is equivalent to the Compensation Committee	-----	--	--	--	--	--	--	N/A

#### Supplementary Information

We have established the Nomination and Compensation Committee, whose chairperson is an outside director, as the advisory organ established at the discretion of the board of directors to enhance the transparency of business management. In addition, the member falling under “Others” is one outside corporate auditor who has been appointed.

## [Corporate Auditor]

Existence of an established Board of Corporate Auditors	Yes
Number of corporate auditors as per the Company statute	5
Number of corporate auditors	4

Status of cooperation among corporate auditors, accounting auditors and Internal Auditing Department

Corporate auditors receive reports from the Internal Auditing Department and accounting auditors on audit planning, implementation and results. They also meet periodically (monthly with the Internal Auditing Department and four times a year with accounting auditors), or as needed to share their views and work together in a bid to improve the effectiveness and efficiency of the Company's auditing.

Status on appointment of outside corporate auditors	Yes
Number of outside a corporate auditors	4
Number of independent officers assigned out of outside corporate auditors	4

Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company (*1,2,3)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tsuneo Taida	Started with another company													
Masaru Kuraguchi	Started with another company										△			
Yoshiki Hirowatari	Started with another company													
Takeshi Noma	Certified Public Accountant													

**\*1 Choices regarding the relationship with the company**

**\*2 If an item "currently/recently" applies to those named above, enter "○," and if an item "previously" applied to those named above, enter "△."**

**\*3 If an item "currently/recently" applies to the relatives of those named above, enter "●," and if an item "previously" applied to the relatives of those named above, enter "▲."**

- Executives of a listed company or its subsidiaries
- Executives or non-executive directors of the parent company of a listed company
- Executives of affiliated companies of a listed company
- Persons/entities whose main customers are listed companies or their executives
- Main customers of a listed company or their executives
- Consultants, attorneys and accountants who receive a large amount of money and other property from a listed company in addition to officer's compensation
- Major shareholders of a listed company (if they are corporations, their executives)
- Executives (individuals only) of customers of a listed company (which do not fall under any of d, e or f above)
- Executives (individuals only) of entities between which outside officers mutually assume the position of officer
- Executives (individuals only) of entities to which a listed company makes a donation
- Executive of a company, between which and the Company outside directors are mutually appointed (individuals only)
- Executive of a company or organization that receives a donation from the Company (individuals only)
- Others

Relationship with the Company (2)

Name	Independent Officer	Supplementary information on applicable items	Reason for appointment as an outside Corporate Auditors (if assigned as an independent officer, include reason for being assigned as such)
Tsuneo Taida	○	-----	Mr. Taida will make use of his rich corporate experience and wide-ranging views in auditing. He will provide advice on prevention strategies, including a radical revamp and strengthening of the Company's governance and compliance systems. He has been named an outside officer as his independence is ensured, and since we have determined that there is no risk of conflict of interest with general shareholders.
Masaru Kuraguchi	○	-----	Mr. Kuraguchi will make use of his rich corporate experience and wide-ranging views in auditing. Transactions between Asahi Breweries, Ltd. -- with which he remains a company friend -- and our Group through agents have gone through our Group's stringent screening process for focused procurement. Since Mr. Kuraguchi is a company friend to Asahi Breweries, Ltd., he will not be influenced by the intentions of the company or agents. Also, he focuses on the Company's audits as an outside audit & supervisory board member who is independent from the Company's management. Thus, we have named him an outside officer as we have determined that there is no risk of conflict of interest with general shareholders
Yoshiki Hirowatari	○	Auditor of International Social Service Japan	Mr. Hirowatari will make use of his wide-ranging knowledge of business companies in auditing. He has been named an outside officer as his independence is ensured, and since we have determined that there is no risk of conflict of interest with general shareholders.
Takeshi Noma	○	President of Takeshi Noma Certified Accountant Office	Mr. Takeshi Noma has expert knowledge and experience in the accounting area as a certified public accountant. His independence is sufficiently ensured, and thus we have determined that there is no risk of conflict of interest with general shareholders. Accordingly, Mr. Noma has been named as an independent officer.

## [Independent Officers]

Number of independent officers	Updated	9
Other items related to independent officers		

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## [Incentives]

Status of measures related to incentives to directors	No measures in place
Supplementary Information	

The Company had adopted a stock options system in 2006 and had one in place until the end of April 2013, but currently does not grant stock options as of the date of submission of this document. It is encouraging directors to purchase Company stock through director share ownership plan. The status of stock options granted in the past is entered in documents, such as financial statements and quarterly reports.

Those eligible for stock options	
Supplementary Information	

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## [Compensation of Directors]

Status of disclosure of compensation of individual directors	Not disclosed
Supplementary Information	

Directors' total remuneration (FY3/2016)  
4 full-time corporate directors: 119,414,000 yen  
6 outside directors: 46,440,000 yen

Existence of Company policy on the amount of compensation and the calculation method	Yes
Details in disclosure of Company policy on the amount of compensation and the calculation method	

For directors' remuneration, the President devises a draft plan based on the Company's business results, directors' role and assessment standards as per the bylaws regarding directors' remuneration. Subsequently, the President determines the remuneration after deliberations are held between the President and the directors that the President has nominated.

For your reference, a resolution on restricting directors' remuneration to an annual 300 million yen was passed at the 25th Annual Shareholders' Meeting held on February 22, 2005.

## [Support System for Outside Directors (outside corporate auditors)]

Each division relays required information to outside directors and corporate auditors, and an explanation on materials is made ahead of important meetings, including the meeting of the Board of Directors and the Management Committee.

### **2. Matters related to functions of management execution, audit/supervision assignments, decision-making on compensation, etc. (overview of the current corporate governance system)**

Our Company has adopted a corporate governance system aimed at strengthening the supervisory function of the management and improving transparency. This system centers on the cooperation of assigned independent outside directors and the Board of Corporate Auditors. It has an established Management Committee and also operates through cooperation -- made possible by corporate auditors -- between the Internal Auditing Department and accounting auditors.

(1) Of the ten members on the Board of Directors, five members or the half of the board consists of outside directors so that their independence is ensured to enable the strengthening of the Company's audit function. The Board also consists of eight men and two woman, ensuring the diversity of directors, including appointments of talented resources who have careers at companies other than the Company as well as an appointment of a female director. The board determines the Company's operational execution as well as supervises directors' execution of their duties.

Also, the Company has adopted a system of special directors consisting of five special directors aimed at swift decision-making on investments. The special directors are able to pass a resolution on acquisition of golf courses and driving ranges within a specified monetary amount pursuant to Article 362, Paragraphs 4-1 and 4-2 of the Companies Act. Corporate Auditors attend the Board of Directors' meeting and share their views as needed.

The Company has also adopted a system of corporate officers, which is aimed at realizing swift decision-making and operational execution through the separation and strengthening of management decision-making/oversight functions and management execution functions. As such, the Company is working on improving its management soundness and efficiency.

The Group has carried out a wide range organizational restructuring, through which the current structure was established: the Company, which manages and operates the Group, and subsidiaries, which own and manage golf courses and driving ranges. In order to reinforce the Group's management supervisory functions, directors of subsidiaries in principle serve concurrently as directors of the Company.

In addition, the Company makes efforts to improve the transparency of management and the supervisory function through the continual recommendation of outside officers with abundant experience in and insight into corporate activities who are independent from senior management for their appointment at the shareholders' meeting. The Company has and observes the standards for the independence of outside directors and outside corporate auditors in accordance with the laws and regulations and the Tokyo Stock Exchange's standards for the independence of outside directors and outside corporate auditors.

(2) Management Committee and Corporate officers Committee

To ensure flexible and transparent management, the Company has established a Management Committee consisting of managing corporate officers. This is an advisory body for preliminary deliberations regarding items for the Board of Directors as well as important items related to the execution of duties at the Company to be approved by the President. It conducts research, devises plans, and assesses the results of implementation of important items. The Corporate officers Committee, which consists of corporate officers who follow the president's operational guideline, discusses and reports on important items related to the execution of duties by management.

The full-time corporate auditor attends the meetings of the Management Committee and the corporate officers Committee and shares his views as needed.

(3) Status of Audits by Corporate Auditors

The number of Corporate Auditors as of the end of the previous fiscal year ended in March 2016 consisted of one full-time outside Corporate Auditor and three part-time Outside corporate Auditors, with all outside corporate Auditors being men, along with one support staff member. The Board of Corporate Auditors determines audit principles, methods and division of duties, as well as creates audit reports based on reports from each corporate auditors on audit status and discussions within the Board of Corporate Auditors. Corporate auditors attend meetings of the Board of Directors, the Management Committee, the Corporate officers Committee and other major meetings, and hold regular (every other month) liaison

meetings with representative directors. Corporate auditors implement audit functions that cover the overall management of the Group, including receiving reports on business operations from directors and conducting on-site audits of golf courses and driving ranges.

(4) Organization, Personnel and Processes for Internal Auditing and Corporate Auditors to ensure independence, the Internal Auditing Department, which is in charge of internal auditing, reports directly to the president and as of the end of the fiscal year ended in March 2016, had its own staff of seven. The department's audits, which are based on an internal audit plan, are conducted on business sites, including subsidiaries and all head office divisions. The department promptly creates an audit report after completing an internal audit and reports to the president and gives advice on remedies of problems identified within audited divisions and subsidiaries.

(5) Status of Accounting Auditors

The Company has a contractual agreement with Deloitte Touche Tohmatsu LLC as its independent accounting auditor. The Company receives briefings from the independent accounting auditor every term on the Company's audit plans and system. And after the completion of quarterly and year-end audits, the Company receives information on important audit-related items and the status of audits. Aside from the regular briefings, the independent accounting auditor meets with the Company on important matters, whenever necessary. Please see below for the name and affiliation of the certified public accountants and the composition of staff involved in audit duties for the fiscal year ended in March 2013.

- Name, affiliation of certified public accountant who engaged in audit

Toshiyuki Ono (Deloitte Touche Tohmatsu LLC), Seiji Oguchi (Deloitte Touche Tohmatsu LLC)

- Composition of staff assisting with audit duties

Seven certified public accountants, two others

### **3. The reasons behind selecting the current corporate governance system**

governance system as a way to respond to the trust placed in the company by its stakeholders as well as to maximize the Company's enterprise value through sound, transparent and efficient management. The reason behind selecting the current corporate governance system is because we believe that the structure functions well, as it matches the Company's business operations. And as has been the case in the past, the system is reinforced by the continuous appointment of outside directors and corporate auditors as well as the independent supervisory function by the Special Compliance Committee and the Compliance Committee.

#### **(1) The Board of Directors**

The Board of Directors, with the president as the chairman, determines the Company's operational execution and supervises the execution of the directors' duties. The Board of Directors consists of ten members as of the appointments made at the annual General Shareholders' Meeting held on June 29, 2016. The Company's Articles of Incorporation state that the number of directors be limited to ten.

#### **(2) Corporate Auditors and the Board of Corporate Auditors**

Our Company has a system of corporate auditors and the Board of Corporate Auditors. There are four corporate auditors as of the appointments made at the annual General Shareholders' Meeting held on June 29, 2016. The Company's Articles of Incorporation states that the number of corporate auditors be limited to five.

#### **(3) Management Committee and the Corporate officers Committee**

To ensure flexible and transparent management, the Company has established a Management Committee consisting of managing corporate officers. This is an advisory body for preliminary deliberations regarding items for the Board of Directors as well as important items related to the execution of duties at the Company to be approved by the President. It conducts research, devises plans, discusses details and assesses the results of implementation of important items. Meanwhile, the Executive Committee, which consists of 11 corporate officers who were appointed on June 29, 2016, follows the president's operational guideline, and discusses and reports on important items related to the execution of duties by management

### III. Status on Initiatives Regarding Stakeholders, Including Shareholders

#### 1. Status of initiatives on reviving the General Meeting of Shareholders and implementing smooth voting

	Supplementary information
Send convocation notice of general shareholders' meeting early	This is mailed out every year around three weeks prior to the General Shareholders' Meeting.
Electronic Voting	We have adopted electronic voting starting from the General Shareholders' Meeting in 2012.
Participation in the electronic voting platform and other initiatives aimed at improving the environment for institutional investors' exercising their voting rights.	Starting from the General Shareholders' Meeting in 2012, we have started using the electronic voting platform operated by Investor Communications Japan, Inc. After conducting a survey to clarify the actual names of shareholders categorized as institutional investors both at home and abroad, we have been sending convocation notices and other materials to appeal to investors to exercise their voting rights.
Provide English-language version (summarized) of the convocation notice	We have uploaded the convocation notice (abridged) on our home page, etc.
Other	From the Annual Shareholders' Meeting held in 2016, the convocation notices have been changed with simple editing and color printing to improve their readability. In addition, business reports are made by using video and any other means to facilitate understanding among the shareholders present at the shareholders' meeting.

#### 2. Status of IR-related activities

	Supplementary information	Existence of explanation directly from representative
Creation and Announcement of Disclosure Policy	Please refer to our Company website for our policy on information disclosure, our disclosure method and items related to our outlook.	
Regular briefings for analysts/institutional investors	Briefings on earnings are conducted every half fiscal-year term. The President and the executive officers in charge report on the earnings (second quarter earnings) and business strategy, etc.	Yes
IR-related materials on the Company website	We provide information for investors on our Company website on a special IR page that provides IR-related materials, including timely disclosure information such as financial summaries, and financial results-related information materials, annual reports (the Japanese version is summarized) and correspondence with shareholders. In principle, most IR-related materials, excluding correspondence with shareholders, are available in English.	

Establishment of an IR-related division (person in charge)	Investor Relations
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### 3. The status of the Company's initiatives on valuing the position of stakeholders

	Supplementary information
Regulations on valuing the stakeholders' position based on internal policies, etc.	The Accordia Golf Compliance Policy (corporate code of conduct) states the importance of sustaining and developing a healthy and excellent relationship with our various stakeholders (customers, shareholders, business partners, members of communities).
Environment preservation and CSR	With the establishment of the CSR Committee, the public relations and CSR department promotes the activities as the secretariat.
Formulate policies, etc. on providing information to stakeholders	With the Investor Relations Department at the helm, the Company has formulated its basic principles on informational disclosure and has established an Information Disclosure Committee consisting of the heads of major departments. The basic principles state the prompt disclosure of information that applies to the Company's timely disclosure policy through abiding by various laws, such as the Companies Act and the Financial Instruments and Exchange Law, as well as regulations enforced by stock exchanges. This is based on the principle of providing timely, accurate and fair disclosure of information to various stakeholders, including shareholders/investors.

## **IV Items Related to the Internal Control System, Etc.**

### **1. Our basic view and status on the internal control system**

#### **1. Status of the internal control and risk management systems**

The Board of Directors has passed a resolution at its meetings, as follows, to establish a system that ensures the directors' execution of duties conform to laws and Articles of Incorporation, and a system that ensures the appropriateness of other business activities.

(Established on May 16, 2006, revised on March 11, 2008, revised on May 9, 2012, revised on September 24, 2012, revised on April 27, 2015)

【The system under which execution of duties by the Directors is ensured to comply with laws and ordinances and the Articles of Incorporation of the Company. Other systems under which the business of the Company and its subsidiaries as a group (hereinafter referred to as “the Group”) are ensured to be duly conducted.】

- (i) The system for ensuring the appropriateness of the business operations of the Group  
The Company's internal rules shall be commonly applied to all companies of the Group, in principle, and the Company shall ensure the appropriateness of the business operations of the subsidiaries based on the Rules on Subsidiary Management.
- (ii) The system concerning reporting to the Company about matters relating to the execution of duties by the Directors, etc., of the subsidiaries
  - (a) Based on the system under which the Board members of the Company (Directors, Corporate Officers, and Corporate Auditors) concurrently serve as officers of the Group, in principle, or under which the Company and the relevant subsidiary enter into a business management agreement, the Board members of the Company shall be required to supervise the business activities of the Group and report to the Company on a regular basis about matters relating to the execution of their duties as officers of the Group and their duties based on the business management agreement.
  - (b) Implementation of business plans and other important matters devised in the Group shall be subject to prior approval of the Board of Directors of the Company.
- (iii) The system under which the execution of duties by the Directors, etc., and employees of the Group is ensured to comply with laws and ordinances and the Articles of Incorporation of the Company  
The Group shall establish the following systems.
  - (a) The Group shall clearly define the philosophy for corporate activities in the Charter of Corporate Behavior specified in the Group's common compliance policy and establish guidelines for the Charter of Corporate Behavior, thereby seeking to enhance awareness of compliance throughout the Group.
  - (b) The Company shall establish a Nomination/Compensation Committee chaired by an Outside Director as a voluntary advisory body for the Board of Directors with the aim of enhancing transparency in management.
  - (c) The Company shall seek to strengthen the function of supervising the execution of duties by the Directors, by continuously appointing Outside Directors.
  - (d) The Company shall ensure implementation of proper audits of business operations with respect to each situation of legal compliance, risk management, internal controls, etc., by Outside Corporate Auditors who are independent from the top management of the Company and have considerable experience and insight about corporate activities.
  - (e) The Company shall establish an Internal Audit Office independent from the divisions and departments to audit and implement internal audits of the Group based on predetermined audit policies and plans.
  - (f) The Company shall establish a Compliance Committee directly under the President for the provision of support and guidance on the implementation of compliance in the Group, as well as a Special Compliance Committee as an advisory body to the Board of Directors for the main purpose of conducting compliance surveys of the Directors and Corporate Officers of the Group. In addition, the Company shall ensure to achieve thorough understanding of compliance among the officers and employees of the Group (all officers and employees, including corporate officers; hereinafter referred to as “the Group's officers and employees”) by such means as distributing the compliance handbook among the Group's officers and employees.
  - (g) The Group shall develop and continue to enhance multiple points of contact for the Group's officers and employees to seek advice or report matters (including compliance hotlines with outside attorneys to receive informants' reports and requests for advice) for the purpose of facilitating discovery of compliance

violations by the Group's officers and employees, improving compliance levels, and realizing a truly open workplace environment.

(h) The Group shall respond rigidly to anti-social forces by formulating relevant manuals based on the President's declaration to exclude any relationship with anti-social forces and collaborating with police departments, etc.

(iv) Rules and other systems concerning risk management of the Group

As an organization for responding to corporate risk of the Group, the Company shall establish a Compliance Committee, Special Compliance Committee, Crisis Management Committee, and Information Security Committee. Each Committee shall develop relevant rules and response manuals for risks and prevent corporate risks. In addition to the foregoing, the Crisis Management Committee shall formulate a contingency plan and various other measures and responses and inform the Group's officers and employees of them. In the event that a material risk occurs, an emergency headquarters shall be established in accordance with the crisis management rules to ensure a system under which a prompt response to a crisis may be made in cooperation with attorneys, accountants, and other external experts.

(v) The system for ensuring that the duties of the Directors of the Group are executed in an efficient manner

(a) The Company shall introduce the corporate officer system for ensuring efficient execution of business based on the decisions of the Board of Directors. Under the corporate officer system, the authority to execute business shall be assigned to the Corporate Officers, thereby appropriately adjusting the aggregate number of Directors and expediting decision-making. The Board of Directors shall meet once a month, in principle. In addition, the Company shall adopt a special director system to facilitate a speedier decision-making process for acquisitions of golf courses, driving ranges, etc., for amounts below certain levels.

(b) In order to maintain the flexibility of management and transparency in the decision-making process, the Company shall establish a Management Meeting, an Investment Committee, and a Budget Committee under the President. The management policy and other important matters of the Group to be submitted to the deliberations of the Board of Directors shall be determined by the Board of Directors after discussions in the Management Meeting, Investment Committee, or Budget Committee. The Company shall establish a medium-term management plan for the Group and compile budgets by division, as well as a comprehensive budget for the Group every business year, by taking into account the medium-term management plan, the status of the annual comprehensive budget, etc. After deliberations in the Budget Committee, they shall be decided on by the President and submitted to the Board of Directors for approval.

(c) The Corporate Officers who have been delegated authority to execute specific business, respectively, heads of divisions, etc., led by the President, shall execute business of the Company in accordance with the prescribed procedures as well as the Organization Rules, Rules on Division of Duties, Rules on Administrative Authorities, and other internal rules. Matters regarding the execution of the business of the Group subject to a final decision by the President shall be determined by the President after consultation with the Management Meeting, in principle.

(vi) The system for retention and management of information about the execution of duties by the Directors of the Company

The Company shall appropriately retain and manage minutes of important meetings other important documents concerning execution of duties by the Directors, etc., in accordance with the laws and ordinances and the Rules on Document Management, as well as other internal rules.

(vii) Matters concerning securing employees who are to assist the Corporate Auditors of the Company with their work, such employees' independence from the Directors of the Company, and the effectiveness of instructions of the Corporate Auditors given to such employees.

(a) The Company shall deploy one or more employees who are to assist the Board of Corporate Auditors in their work. Such employees shall not concurrently work in other departments and shall be placed under the direct control and supervision of the Corporate Auditors.

(b) Transferring and other matters concerning such employees (evaluation, disciplinary action, etc.) shall be implemented after obtaining prior consent of the Full-time Corporate Auditor.

(viii) The system concerning reporting to the Corporate Auditors of the Company

(a) The officers and employees of the Group shall report to the company that is to receive such a report and to the Corporate Auditors of the Company about matters designated by law and matters that are required to be reported on a regular basis in accordance with the internal rules. In addition, the Corporate Officer in charge shall make a report of the following matters without delay:

- Important matters that have a material impact on the company

- Internal audits to be conducted by the Internal Audit Office
- Whether or not there is a report based on the reporting and consultation system for compliance issues, the content of such report, and the status of response to the report
- (b) If such an officer or employee of the Group is requested to report on matters concerning execution of his/her duties by the company to which he/she belongs or the Corporate Auditors of the Company, he/she shall promptly report on such matters.
- (c) Regarding an officer or employee of the Group who has made a report to the Corporate Auditors of the Company in accordance with the provisions of (a) or (b) of Paragraph (viii), the Company shall prohibit said officer or employee from being treated disadvantageously for making said report and shall inform the officers and employees of the Group to that effect.
- (ix) Matters concerning policies on advance payment that arises from the execution of duties by the Corporate Auditors of the Company or procedures for repayment and other treatment of costs or liabilities that arise from such execution of duties
 

Every year, the Company shall establish a certain amount of budget for the payment of costs, etc., that arise from the execution of duties by the Corporate Auditors. In regards to additional audit costs, the Company shall pay such costs upon request from the Corporate Auditors if such costs are considered necessary for execution of their duties, regardless of whether budget allocation has been made.
- (x) Other systems for ensuring that audits by the Corporate Auditors of the Company are executed in an efficient manner
  - (a) The Corporate Auditors may attend important meetings or committees and present their opinions.
  - (b) The Corporate Auditors may inspect the minutes, requests for managerial decisions, etc., at any time.
  - (c) The Representative Directors and Corporate Auditors shall hold liaison conferences on a regular basis.
  - (d) The Company shall develop a system that enables the Corporate Auditors to collaborate with attorneys, accountants and other external experts if they deem it necessary for execution of their duties.

## 2. Status of the risk management system

The following committees have been established in accordance with the resolutions of the Board of Directors, thereby creating a system that appropriately responds to corporate risks.

### (a) Special Compliance Committee

This committee is established in accordance with the resolutions of the Board of Directors and is chaired by an outside director. The Committee is to consist of at least one knowledgeable person (exterior member) from outside the Company and receives advice on investigation methods and results. The committee members only comply with the law, the Company's Articles of Incorporation and company rules, thereby preventing the broadening of standards used for decision-making, and ensuring its independence. For an item that the committee chairman has deemed a violation, the committee has the authority to exercise an emergency ban on the issue. The system aims to implement compliance-related research as an advisory body for the Board of Directors.

### (b) Crisis Management Committee

We have established the Crisis Management Committee, chaired by the President, to respond to management crises, including disasters and accidents. In the event of an unexpected contingency that may have a significant effect on the Group's management, a Crisis Response Headquarters headed by the president is to be established immediately. This system would be able to respond appropriately by gathering information in a timely and appropriate manner.

### (c) Compliance Committee

The company has established the Compliance Committee, with the chairman appointed by the president, to reinforce and thoroughly pursue compliance with laws and ordinances. We are working on reinforcing a structure that can quickly respond to a compliance-related problem, if it arises, and are also devising a strategy to prevent a recurrence of such problems. As a part of our overall initiative in this area, we have instituted an internal compliance reporting (whistleblower) system that can be used by our Company executives and employees when they are faced with a compliance-related problem. Through reporting and providing advice, the system aims to understand any potential compliance-related risks within the Company, thereby aiming toward the prevention of compliance-related violations.

### (d) Information Security Committee

This committee protects information security and personal information, that is, it protects and manages the Company's documents and information systems that are deemed as important assets for management. The committee aims to protect personal information by comprehensively managing such information that belongs to the corporate Group, and reinforces compliance with related laws, ordinances and guidelines, etc.

### (e) Investment Committee

This committee, which is chaired by the president, deliberates and considers the Company's major investment projects, including the acquisition of golf courses and driving ranges. The committee discusses issues including the profitability, strategies, the appropriateness of the investment price, competence of the counterparty and investment risks, with regards to the investment projects. It aims to provide appropriate advice and proposals as an advisory body to the Board of Directors.

## **2. Basic stance and status on the preparation for eliminating antisocial forces**

With the General Affairs Department at the helm, as of the end of March 2016, 161 personnel from the headquarters and other business operations had been assigned to be responsible for preventing unjustifiable claims.

When a claim is received, the General Affairs Department centrally compiles the relevant information and shares it with advisory lawyers, as needed, before providing a response.

The Company has also formulated a compliance policy and other manuals, including the Antisocial Force Countermeasures Manual based on the president's declaration of elimination. The Company has also joined violence-prevention associations in various regions including Tokubouren (a special public interest incorporated association set up within the Tokyo Metropolitan Police Department to prevent violence), and uses such opportunities to share information and train personnel.

**V. Other**

**1. Existence of take-over prevention strategies**

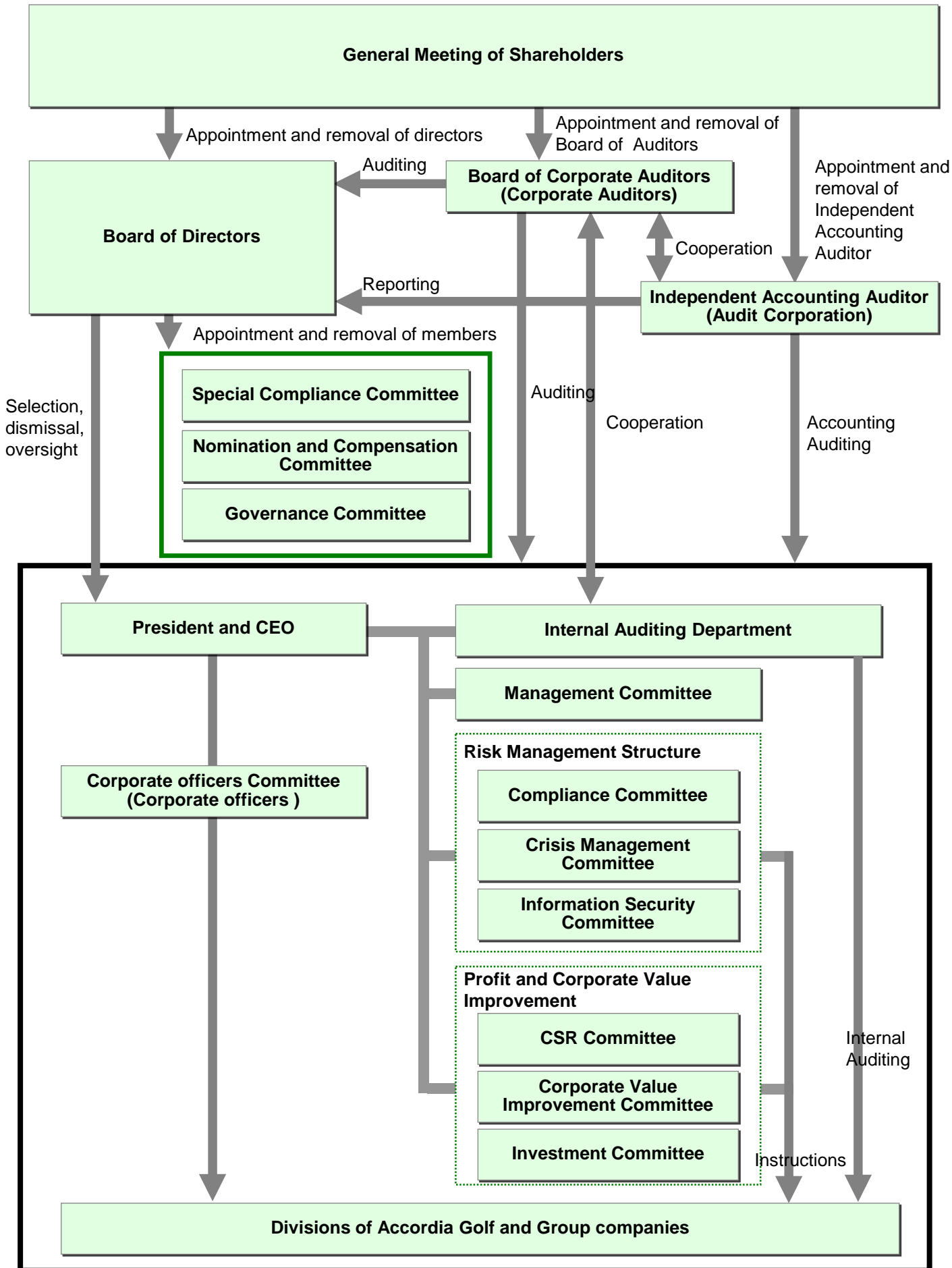
Existence of take-over prevention strategies	None
Supplementary Information	

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**2. Other matters related to the corporate governance system**

The Company’s internal system related to timely disclosure of company information is as follows.  
In order to swiftly gather and understand important occurrences, the Company has established an information disclosure committee that consists of the head of main divisions and is chaired by the member of the Board and managing corporate officer. The relevant administrative office is being executed by the IR Department, which is tasked with timely disclosure. The committee aims to build a system of coordinating all internal departments and divisions related to timely disclosure as well as to ensure that disclosure policies and information disclosure guidelines are widely publicized within the Group. Important decisions will be made at the regular monthly Board of Directors meeting as well as at extraordinary Board of Director meetings. The person responsible for handling the information shall promptly report the matters that have been decided to the IR Department, establishing a system of timely disclosure as necessary.

# Corporate Governance System



# Information Disclosure System

