

CORPORATE GOVERNANCE REPORT

Last updated : July 3, 2017

Nobuyoshi Fujisawa, President & CEO, J Trust Co., Ltd.

Telephone: +81-3-4330-9100

Code: 8508

<http://www.jt-corp.co.jp/en>

The status regarding the Company's corporate governance is described below.

I. Basic Policy on Corporate Governance, Capital Composition, Corporate Overview and Other Basic Information

1. Basic Policy **UPDATED**

The Company adheres to a code of ethics, set forth by the following five principles:

- (i) The Company shall acknowledge its social responsibility and public mission, conduct sound business operations as a listed company, ensure transparency in its business activities, and aim to grow into a trusted company.
- (ii) Not only shall the Company comply with the letter of the law, it shall embrace the spirit in which it was written in its efforts to achieve a fair and more affluent society for future generations.
- (iii) The Company shall respect the rights of all stakeholders, contribute to the growth and development of society and economy, and honor and respect the differences in cultures and customs.
- (iv) When faced with a conflict of interest, the Company shall choose an ethical solution without fail and stand resolutely against any and all criminal elements.
- (v) When faced with a difficult ethical decision, the Company shall resolve to ensure a satisfactory outcome for all parties involved in the matter.

Under its corporate philosophy, "For our customers, shareholders and ourselves, we make continuous effort to respond quickly to changing environment and challenge ourselves diligently to create better future for the world," the Company promotes to:

- (i) Treat all stakeholders, including customers, shareholders and business partners as our customers and take customer oriented approach to meet their expectations;
- (ii) Tackle various issues swiftly while pursuing ingenuity and improvements without being satisfied with the status quo;
- (iii) Ensure accurate and timely information disclosure as well as upholding high ethical standards for business execution; and
- (iv) Create new services and value to contribute to the economic expansion.

Furthermore, based on a code of ethics, the Company has established its Behavioral Principles, "J / T / R / U / S / T" to practice Corporate Philosophy.

“J”	=	“Justice”	Conduct business with integrity
“T”	=	“Teamwork”	Respect individuals to form an organization
“R”	=	“Revolution”	Stimulate a spirit of innovation for new value
“U”	=	“Uniqueness”	Embrace ingenuity
“S”	=	“Safety”	Deliver services with sincerity
“T”	=	“Thankfulness”	Express our appreciation

The Company has the Audit & Supervisory Board. It is composed of four members and two of them are Outside Audit & Supervisory Board Members. Outside members, who all previously worked for either the Ministry of Foreign Affairs or financial institutions, are expected to deliver superior performance in supervising the management. The Company also appointed three Outside Directors and reinforced the monitoring function of the Board of Directors' meeting.

[Reasons Why We Have Not Adopted the General Principles of the Corporate Governance Code] UPDATED

The Company continues to enhance and reinforce corporate governance based on the above “Basic Policy.” Accordingly, we consider that we have observed general principles of the Corporate Governance Code in every aspect.

[Disclosure in Line with the General Principles of the Corporate Governance Code] UPDATED

[Principle 1.4 Cross-Shareholdings]

The Company does not own shares of other listed companies as cross-shareholdings. As a holding company engaged in investment, the Company intends to own shares for investment purposes, but not for the purpose of cross-shareholdings. Consequently, the Company has neither a policy nor standards with respect to the exercise of voting rights associated with cross-shareholdings. If the Company decides to own shares for the purpose of cross-shareholdings in the future, the Company will establish a policy and standards promptly.

[Principle 1.7 Related Party Transactions]

In case of competing transactions and conflict-of-interest transactions by directors, each case needs to be discussed and resolved at the Board of Directors' meetings. In addition, it is stipulated that if a director is a party to a conflict-of-interest transaction, the concerned director cannot participate in the resolution. The Company's policy and others regarding terms & conditions of related party transactions is disclosed in the securities reports.

(Securities Reports: http://www.jt-corp.co.jp/en/ir/ir_data_01.php)

[Principle 3.1 Full Disclosure]

- (1) The Company drew up a Medium-Term Business Plan, a three-year plan from FY2016 till FY2018, and management strategies. They were disclosed on May 25, 2015.
- (2) Please refer to “I-1. Basic Policy” above for the Company's basic policy regarding corporate governance.
- (3) The Company does not have any specific policies or procedures in determining the remuneration of the senior management and directors. Within the total amount of remuneration approved at the shareholders' meeting, the amount of remuneration is determined based on the business performance. In addition, the Company also grants stock options so that the amount of cash remuneration and stock option remuneration is well balanced.

- (4) The Company does not have any specific policies regarding the appointment of the senior management and the nomination of candidates for directors and Audit & Supervisory Board Members, as the Company's required personnel is diversified in order to promote flexible and speedy business development. The Company appoints candidates by taking their career, experience, etc. into consideration so that the Company will be able to achieve the targets set in the business plan. The Company will review this matter as needed, if the Company judges that certain standards are necessary in the course of business development in the future.
- (5) Explanation with respect to the nomination of candidates for directors and Audit & Supervisory Board Members, the appointment of the senior management, Outside Directors and new Audit & Supervisory Board Members is provided in the notice of ordinary general meeting of shareholders. As for other reappointed directors & newly appointed directors and the senior management, the Company appoints persons that have enough experience and knowledge to achieve the target set in its Medium-Term Business Plan.

[Supplementary Principles 4.1 (i)]

According to the Company's regulations of the Board of Directors' meeting, the board of directors sets specific criteria for resolution, and adopts resolution on important management issues and individual projects. The Company's board of directors appoints executive officers. Thus, function of decision making and supervision and business execution are separated from each other. The Company holds Management Meetings in each segment attended by representative directors, directors concurrently serving as executive officers, executive officers, executives of subsidiaries and affiliated companies every month so that the members are able to review the Company's performance, progress in business operation and the status of the execution of duties. In addition, the Company has specific criteria for items needed to be reported to the Board of Directors based on the regulations of the Board of Directors' meeting, and executive officers report the status of the execution of operations.

[Principle 4.8 Effective Use of Independent Directors]

The Company appoints the following three people as independent directors: an attorney specialized in corporate legal affairs; a former member of the National Police Agency with a broad knowledge about crisis management including the elimination of the anti-social forces; and a former executive engaged in internal control measures at a bank. Please refer to "II-1. Matters Pertaining to Organization Structure and Organization Management" for the reasons of the appointment.

[Principle 4.9 Standards and Qualities for Determining Director Independence]

The Company selects those who do not have any possible conflict of interest with the Company as outside independent director, subject to the qualification for outside director under the Companies Act and the independent standards set by relevant financial instruments exchanges. In addition, the Company selects candidates by taking their career and relationship with the Company into consideration so that independent directors will have sufficient independence from the Company's management in order to perform their task as outside executives.

[Supplementary Principles 4.11 (i)]

The Company's Articles of Incorporation stipulates that the number of directors including outside directors is fifteen or less, and that of Audit & Supervisory Board Members including outside members is six or less. The appointment of directors concurrently serving as executive officers is decided at the board meeting by taking the expertise in the responsible area, as well

as the knowledge, experience, and skills of the person into consideration. As for outside directors, who are not directly involved in execution of duties, the Company appoints professional, such as attorneys, officials of National Police Agency, persons with experience in the financial industry and others so that the board is well balanced in knowledge, experience, and skills in order to provide appropriate opinions and make proper judgement on the group's business, compliance, risk management, etc.

[Supplementary Principles 4.11 (ii)]

The list of the executives concurrently serving other positions is available in the section "Member of Executives" in the securities report. Their career profile is also provided together with the list. 2 directors concurrently serve as director at 2 other listed companies. However, the Company believes that they are capable of spending sufficient time and efforts to fulfill the role and responsibility as director. Please be informed that both directors have gained approval for their concurrent positions at the Company's Board of Directors' meeting as stipulated in the Company's regulations of the Board of Directors' meeting.

[Supplementary Principles 4.11 (iii)]

The Company conducts an anonymous survey targeting all directors including outside directors to assess the effectiveness of the Board of Directors meeting based on the self-evaluation of directors. The results show that the Board of Directors meeting fulfils proper and effective functions. Meanwhile, since we operate various businesses within the Group, we will make efforts to gain understanding of outside directors. In addition, at the end of every fiscal year, the President & CEO receives evaluation sheets of each director graded by employees, which provides a good opportunity to gather employees' opinions broadly, and to evaluate the board's effectiveness as a whole.

[Supplementary Principles 4.14 (ii)]

The Company provides support to directors and Audit & Supervisory Board Members proactively by covering the expenses when directors and Audit & Supervisory Board Members participate in education programs including workshops organized by external bodies, or join an external organization.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

To engage in dialogue with shareholders, the Company established PR & IR Division in Corporate Planning Department. Hence, the systems to respond sufficiently to shareholders' inquiries are in place. In addition, in order to facilitate dialogue with shareholders, the Company holds quarterly earnings presentation four times a year, and also arranges one-on-one meetings with institutional investors and analysts.

2. Capital Composition

Shareholding ratio of foreign entities	30% and more
--	--------------

[Principal shareholders] **UPDATED**

Name of shareholder	Number of shares owned	Shareholding ratio (%)
Nobuyoshi Fujisawa	23,009,372	20.45
FUJISAWA PTE. LTD.	15,697,872	13.95
TAIYO HANEI FUND, L.P.	4,517,900	4.01
STATE STREET BANK AND TRUST COMPANY 505019	4,352,100	3.87
Japan Trustee Services Bank, Ltd. (trust account)	2,901,200	2.58
SAIKYO LEASING CORPORATION	2,890,000	2.57
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	2,410,790	2.14
TAIYO FUND, L.P.	1,917,700	1.70
Japan Trustee Services Bank, Ltd. (trust account 9)	1,804,200	1.60
CBNY-ORBIS SICAV	1,539,915	1.37

Is there a controlling shareholder (excluding parent company)?	-
Is there a parent company?	No

[Supplementary Explanation] **UPDATED**

Taiyo Fund Management Company LLC and its joint owners submitted the Report of Possession of Large Volume (Change Report) on December 21, 2016. Although their shareholdings as of December 14, 2016 as itemized below became public, the Company has no means to confirm the actual number of shares held at the end of the said fiscal year. For this reason, they are not included in above list of principal shareholders.

Name or appellation	Number of shares held	Shareholding ratio (%)
Taiyo Fund Management Company LLC	2,285,400	2.03
Taiyo Hanei GP, LTD	4,496,600	4.00
Taiyo Pacific CG LLC	5,639,600	5.01
Taiyo Maki GP, LTD	447,500	0.40
Taiyo Hinata GP LLC	457,100	0.41

3. Corporate Overview

Stock Exchange and Market Segment	Tokyo Stock Exchange, 2nd Section
Fiscal Year End	March
Industry	Other Financial Business
Number of Employees as of Preceding Fiscal Year End (consolidated)	1,000 and more
Sales as of Preceding Fiscal Year (consolidated)	10 billion yen or more and under 100 billion yen
Number of Consolidated Subsidiaries as of Preceding Fiscal Year End	10 or more and under 50

4. Policy on Protection of Minority Shareholders in Performing Transactions with Controlling Shareholder

-

5. Other Exceptional Circumstances That Might Have Material Impact on Corporate Governance **UPDATED**

ADORES, Inc., the Company's consolidated subsidiary (whose corporate name is to be changed to "KeyHolder, Inc." on October 1, 2017), is listed on the Tokyo Stock Exchange JASDAQ (Standard). We have a cooperative relationship based on mutual respect for each other on the know-how and position in the industry. We operate business in different industries. Therefore, the Company considers it does not adversely affect subsidiary's management decisions or business activities and certain degree of independence is maintained.

II. Status of Corporate Governance Structure including Management Organization Pertaining to Decision Making, Execution and Supervision by Management

1. Matters Pertaining to Organization Structure and Organization Management

Form of Organization	Company with Audit and Supervisory Board
----------------------	--

[Director]

Number of Directors Pursuant to Articles of Incorporation	15
Term of Office Pursuant to Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors UPDATED	13
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Officers among Outside Directors	3

[Relationship with the Company (1)]

Name	Type	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Norio Igarashi	Attorney											
Ryuji Mizuta	Other											
Masanori Kaneko	Formerly employed by "other company"											○

* Matters concerning relationship with the Company

* If the person in question has or has had any relationship "currently or recently," mark "○" in the corresponding box. If there was any relationship "in the past," mark "△."

* If his/her close relatives have or have had any relationship "currently or recently," mark "●" in the corresponding box. If there was any relationship "in the past," mark "▲."

- Employed by a listed company or its subsidiaries
- Employed by a parent company of a listed company or appointed as a non-executive director at a parent company of a listed company
- Employed by fellow subsidiaries
- Person whose main trading counterparty is a listed company or a person employed by a company whose main trading counterparty is a listed company
- A main trading counterparty of a listed company or a person employed by a main trading counterparty of a listed company
- Consultant, accounting specialist or legal specialist who receives large amount of money and other assets from a listed company other than remuneration as an officer
- Principal shareholder of a listed company (if such principal shareholder is a corporation, person employed by a corporation, a principal shareholder)

- h. Employed by a trading counterparty of a listed company (does not fall under d, e or f) (only the person himself or herself)
- i. Person employed by a company which sends outside director(s) to a listed company and to which a listed company sends outside director(s) (only the person himself or herself)
- j. Employed by a company to which a listed company makes contribution (only the person himself or herself)
- k. Others

[Relationship with the Company (2)] **UPDATED**

Name	Independent Officer	Supplementary Explanation	Reason for Appointment
Norio Igarashi	X	-	Mr. Norio Igarashi has been involved in corporate legal affairs as an attorney at law after he held prominent positions at Public Prosecutors Office. The Company judged that he will be able to provide valuable guidance and instruction to the management of the Company, leveraging his abundant experiences, expertise and sufficient function as an independent officer who has no conflict of interest with general shareholders.
Ryuji Mizuta	X	-	Mr. Ryuji Mizuta has a wide range of insight and knowledge in crisis management, etc., including elimination of anti-social forces as well as wealth of experiences in important positions at the National Police Agency. The Company judged that he will be able to provide valuable guidance and instruction in these respects to the management of the Company and sufficient function as an independent officer who has no conflict of interest with general shareholders.
Masanori Kaneko	X	Mr. Masanori Kaneko is an advisor of THE SAIKYO BANK LTD. The Group has a business relationship with the bank including loans payable and credit guarantee service. Mr. Kaneko also serves as an Audit & Supervisory Board Member of SAIKYO LEASING	Mr. Masanori Kaneko has held prominent positions at financial institutions. The Company judged that he will be able to provide valuable guidance and instruction to the management of the Company, leveraging his abundant experiences, expertise and sufficient function as an independent officer who

		CORPORATION, with which the Company has a capital relationship. SAIKYO LEASING CORPORATION owns 2,890,000 shares of the Company's common shares.	has no conflict of interest with general shareholders.
--	--	--	--

Do you have committees such as a nomination committee or remuneration committee?	No
--	----

[Audit & Supervisory Board]

Has the Company installed Audit & Supervisory Board?	Yes
Number of Audit & Supervisory Board Members Pursuant to Articles of Incorporation	6
Number of Audit & Supervisory Board Members	4

[Collaboration between Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Team]

Audit & Supervisory Board Members and accounting auditors discuss and exchange views whenever necessary to gather information and to further develop an enhanced auditing system. Also, in close cooperation with the Internal Audit Team, the Audit & Supervisory Board ascertains whether employees' execution of duties is based on laws and regulations.

We have "Compliance Report & Consultation Desk" inside the Internal Audit Team to receive consultation and notices on corporate ethics from executives and employees. Through the close cooperation between the Internal Audit Team and Audit & Supervisory Board, the Company endeavors to prevent any acts that the Company finds disadvantageous.

Do you appoint Outside Audit & Supervisory Board Members?	Yes
Number of Outside Audit & Supervisory Board Members	2
Independent Officers among Outside Audit & Supervisory Board Members	0

[Relationship with the Company (1)]

Name	Type	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hideki Yamane	Formerly employed by "other company"													○
Takaaki Kojima	Other													

* Matters concerning relationship with the Company

* If the person in question has or has had any relationship "currently or recently," mark "○" in the corresponding box. If there was any relationship "in the past," mark "△."

* If his/her close relatives have or have had any relationship "currently or recently," mark "●" in the corresponding box. If there was any relationship "in the past," mark "▲."

a. Employed by a listed company or its subsidiaries

b. Non-executive director or accounting advisor of a listed company or its subsidiaries

- c. Employed by a parent company of a listed company or non-executive director of a parent company of a listed company
- d. Audit & Supervisory Board Member of a parent company of a listed company
- e. Employed by a fellow company of a listed company
- f. Person whose main trading counterparty is a listed company or a person employed by a company whose main trading counterparty is a listed company
- g. A main trading counterparty of a listed company or a person employed by a main trading counterparty of a listed company
- h. Consultant, accounting specialist or legal specialist who receives large amount of money and other assets from a listed company in addition to remuneration as an officer
- i. Principal shareholder of a listed company (if such principal shareholder is a corporation, person employed by a corporation, a principal shareholder)
- j. Employed by a counterparty of a listed company (does not fall under f, g or h) (only the person himself or herself)
- k. Employed by a company which sends outside director(s) to a listed company and to which a listed company sends outside director(s) (only the person himself or herself)
- l. Employed by a company to which a listed company makes a donation (only the person himself or herself)
- m. Others

[Relationship with the Company (2)] **UPDATED**

Name	Independent Officer	Supplementary Explanation	Reason for Appointment
Hideki Yamane		Mr. Hideki Yamane was formerly employed by THE SAIKYO BANK LTD. (as an auditor). The Group has a business relationship with the bank including loans payable and credit guarantee service.	Mr. Hideki Yamane held prominent positions at financial institutions and possesses abundant experience and knowledge. Therefore, the Company judged that appointment of Mr. Yamane will reinforce the Company's audit function.
Takaaki Kojima		-	Mr. Takaaki Kojima held prominent positions at the Ministry of Foreign Affairs, including Ambassador Extraordinary and Plenipotentiary and has high level insights on international affairs, economy, culture, etc. The Company judged that he will be able to provide recommendations, views and advice from the objective perspective and carry out appropriate supervision of the management of the Group as a whole.

[Independent Officers]

Number of Independent Officers	3
--------------------------------	---

[Other Matters pertaining to Independent Officers]

-

[Incentives]

Status Pertaining to Implementation of Measures Regarding Granting of Incentives to Directors	Introduction of Stock Option
---	------------------------------

[Supplementary Explanation]

Stock option is granted based on job titles.

Person Eligible for Stock Option UPDATED	Directors, Outside Directors, Audit & Supervisory Board Members, Outside Audit & Supervisory Board Members, employees, Directors and employees of subsidiaries
---	--

[Supplementary Explanation]

To further improve employees' willingness to contribute to improvements in corporate value and motivation for long-term.

[Directors' Remuneration]

Situation Pertaining to Disclosure of Remuneration of Individual Director	Not disclosed
---	---------------

[Supplementary Explanation] **UPDATED**

During the 41st business year (from April 1, 2016 till March 31, 2017), following remuneration for executives was paid:

Remuneration for Directors: 216 million yen

Remuneration for Audit & Supervisory Board Members: 32 million yen

249 million yen in total

[Note] Amount of remuneration for directors does not include the remuneration as employees (with regard to directors who concurrently serve as employees).

Presence of Policy to Determine Amount of Remuneration and Calculation Method	None
---	------

[Disclosure regarding the policy to determine amount of remuneration and calculation method]

-

[Structure to Support Outside Directors (Outside Audit & Supervisory Board Members)]

Although the Company has no dedicated staff to assist the outside executives, the Corporate Management Department is in charge of the scheduling and notification of the Board of Directors' meeting. The Department also provides advance explanation of the meeting as needed so that all concerned parties understand its purpose.

Directors and employees report operational execution at the request from Audit & Supervisory Board Members and the structure comprised mainly of Internal Audit Team is established to support Audit & Supervisory Board Members' execution of duties as needed.

2. Matters Pertaining to Functions including Execution of Duties, Audit, Supervision, Nomination and Decision on Remuneration (Overview of Current Corporate Governance Structure) **UPDATED**

Resolutions on important management issues and individual projects are adopted at a monthly Board of Directors' meeting as well as ad-hoc meetings, as needed. Board of Directors also oversees business performance and monitors the status of operational execution.

Management Meeting is held monthly, attended by executives of the Company and subsidiaries, to track the performance and progress of each department, to examine the execution of duties, and to take appropriate measures.

With regard to the execution of duties based on decision, director in charge shall give instructions to each person in charge for execution, according to Organization Rules, Policies of Division of Duties and Policies of Administrative Authority, etc. If the issue concerns multiple departments, necessary coordination is made between directors in charge of the departments, to ensure efficient implementation system.

Accounting audit is conducted by YUSEI Audit & Co., based on regulations under the Companies Act and Financial Instruments and Exchange Act. There is no conflict of interest requiring mention as per the Certified Public Accountant Act between the Company, YUSEI Audit & Co. and its managing members.

The names of audit corporation which conducted the Company's accounting audit for the 41st business year (from April 1, 2016 till March 31, 2017) are as follows.

Name of certified public accountant who conducted the Company's accounting audit	Audit corporation to which the accountant belongs	Years of continuous audit
Yoshitaka Kato, Representative Partner, Managing Member	YUSEI Audit & Co.	One year
Ryouichi Komatsu, Representative Partner, Managing Member	YUSEI Audit & Co.	One year
Takuya Ishigami, Representative Partner, Managing Member	YUSEI Audit & Co.	One year
Satoru Oyoshi Representative Partner, Managing Member	YUSEI Audit & Co.	One year

21 certified public accountants, 6 CPA exam passers and 11 others assist the accounting audit.

Fee paid by the Company to YUSEI Audit & Co. during the said fiscal year for the business specified by Article 2, Paragraph 1 of the Certified Public Accountant Act (Number 103 of 1948) was 260 million yen.

3. Reason for Adoption of Current Corporate Governance Structure **UPDATED**

The Company adopts the following structure to maintain flexible corporate governance based on the basic policy on corporate governance.

- (i) The Company adopts Audit & Supervisory Board.
- (ii) Board of Directors, Audit & Supervisory Board Members, Audit & Supervisory Board and Accounting Auditors are installed as the structure for the overall organization.
- (iii) Currently, the number of Directors is 13 and number of Audit & Supervisory Board Members is 4. Out of 13 male directors, 3 are outside directors. Out of 4 male Audit & Supervisory Board Members, 2 are outside Audit & Supervisory Board Members. The Company has Audit & Supervisory Board.

- (iv) We have set up the Compliance & Risk Management Committee to reinforce internal compliance structure and established a system in which each and every employee shall always faithfully observe laws and regulations. The Committee also carries out enlightenment activities.
- (v) Although the Company has no dedicated staff to assist the outside executives, the Corporate Management Department is in charge of the scheduling and notification of the Board of Directors' meeting. The department also provides advance explanation of the meeting as needed so that all concerned parties understand its purpose.

III. Status Pertaining to Implementation of Measures regarding Stakeholders including Shareholders

1. Status Pertaining to Initiatives to Energize Shareholders' Meeting and Facilitate Voting by Shareholders

	Supplementary Explanation
Exercise of voting rights via electronic method	We have adopted electronic voting via the Internet, etc. by using a PC, smartphone, or mobile phone.
Initiatives to encourage institutional investors to exercise their voting rights including participation in electronic voting rights platform.	We have adopted the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.
Provision of Summarized Notice of Shareholders' Meeting in English	The Company posts an English version of notice of shareholders' meeting and notice of resolutions adopted at shareholders' meeting on its website.
Others	The Company posts notice of shareholders' meeting and notice of resolutions adopted at shareholders' meeting on its website.

2. IR Activities **UPDATED**

	Supplementary Explanation	Presentation by Representative
Is company session for individual investors held regularly?	The Company covers company overview, details of business, management strategy, business result, performance forecast and change in share price at company sessions for individual investors. During the fiscal year ended March 2017, the Company held the sessions five times for a total of approximately 880 attendees.	Yes
Is earnings presentation for analysts and institutional investors held regularly?	The Company covers management strategy, business result and performance forecast at earnings presentations for analysts and institutional investors. During the fiscal year ended March 2017, earnings presentation was held four times and the cumulative number of attendees was approximately 340.	Yes
Are IR materials posted on the Company's website?	Financial information, other timely disclosure materials, securities report/quarterly report, annual shareholder newsletter/interim report, notice of shareholders' meeting, supplementary materials, Medium-Term Business Plan materials, annual reports, monthly financial data, etc. are posted on the Company's website. URL https://www.jt-corp.co.jp/en/ir/	

Which department (personnel) is in charge of IR?	Corporate Planning Department	
--	-------------------------------	--

3. Status Pertaining to Initiatives to Respect Stakeholders' Standpoint

	Supplementary Explanation
Do internal rules and others specify matters to respect stakeholders' standpoint?	The Company cultivates a spirit of mutual development through activities to disseminate a code of ethics, corporate philosophy and behavioral principles.
Are activities to preserve environment and CSR activities carried out?	<p><Social Welfare Activities> The Group participates in activities including:</p> <ul style="list-style-type: none"> (i) "Eco-cap Campaign," which promotes donations of profits from the sale of bottle caps to purchase vaccines for children in developing countries; (ii) Donations to children's orphanages; (iii) Extension of support and donations to women who have difficulty taking a balance between work and housework; (iv) Blood donations; and (v) Activities to help achieve normalization. <p><Community Engagement Activities> The Group is involved in activities to support and return profits to local communities. As a part of this initiative, the Group supports sports activities in local communities.</p> <p><Environmental Activities> The Group promotes "Cool Biz" and "Warm Biz" to reduce greenhouse gas emissions and tackle global warming.</p>
Others	<p><Policy and Initiatives for Women to Take Active Roles> The Group has reinforced various rules regarding birth, child-rearing and nursing and promotes operation of each system in line with the said rules. Specifically, the Group offers employees' maternity leave, shortened working hours while raising a young family or looking after relatives, leave to look after relatives, training when employees come back from leave. Moreover, the Group has established the compliance manual and guideline to prevent sexual harassment, conducts training regularly and endeavors to improve work environments.</p>

IV. Matters Regarding Internal Control System and Others

1. Basic policy on Internal Control System and its Status

At the Board of Directors' meeting, the Company shall deliberate over the necessity and effectiveness of bills planned at the Management Meetings and various committees from the perspective of compliance and independence as a listed company and makes a decision. In addition, to achieve another objective of ensuring management transparency, the Company shall hold discussion based on the fundamental principle of cross monitoring.

- (i) System to ensure that execution of duties by directors and employees of the Company and its subsidiaries conforms to laws, regulations and the Articles of Incorporation
 - (1) The Company shall stipulate “Code of Ethics,” “Corporate Philosophy” and “Behavioral Principles” as the basis of management. The Company and its subsidiaries, in accordance with its size and business characteristics, shall reinforce efficiency in business operation, accuracy of information, and compliance system in pursuit of sound corporate assets. To put these policies into practice, the Company shall strictly adhere to a code of conduct and ethics based on separately prescribed “Compliance Rules,” and others as well as complying with laws, regulations and the Articles of Incorporation. Moreover, directors and employees of the Company and its subsidiaries shall take the initiative in compliance with and spread these social norms, ethics, laws and regulations, etc. in order to carry out fair and appropriate corporate activities and attain harmony with society.
 - (2) The Company shall further reinforce the compliance system through “Compliance and Risk Management Committee” established to oversee, review, and improve the internal compliance system stated above.
 - (3) The Company shall establish an internal control system regarding financial reporting to ensure reliability of financial reporting. The Company shall maintain and improve said system through regular assessment of the development and implementation status.
- (ii) System concerning storage and management of information pertaining to execution of duties by directors of the Company and system concerning reporting to the Company pertaining to execution of duties by directors and other relevant personnel of its subsidiaries
 - (1) Based on “Document Management Rules,” the relevant department of the Company properly stores and manages legal minutes, minutes of the Management Meetings and other documents pertaining to execution of important duties, together with their appendices as prescribed by internal rules. Directors and Audit & Supervisory Board members of the Company can access these documents at any time.
 - (2) Based on “Document Management Rules for Affiliates,” directors and other relevant personnel of the Company’s subsidiaries shall report matters concerning the execution of duties by directors and other relevant personnel of subsidiaries by submitting copies of legal minutes and other documents to the Company. Directors and Audit & Supervisory Board members can access these documents at any time.

- (iii) Rules and system pertaining to management of potential loss at the Company and its subsidiaries

Risk management shall be addressed as below.

- (1) Based on “Risk Management Rules,” the Company shall prescribe the basic policy and structure concerning operational risk management to raise employee awareness toward risks at all times.
 - (2) Based on the rules stated above, the Company shall establish “Risk Management Manual” which covers detailed procedures and extract and assess information pertaining to potential risks, so that it can address such risks promptly and practically.
 - (3) The main tasks of Risk Management Team are to accurately forecast and organize, and to take measures in advance against expected future risks inside and outside of the Company. Risk Management Team leads in further strengthening risk management structure at each department of the Company and its subsidiaries.
 - (4) Should any contingencies arise despite the above initiatives, the Company shall establish a task force with Chief Risk Supervisor as general manager for prompt investigations and countermeasures.
- (iv) System to ensure effective execution of duties by directors of the Company and its subsidiaries
 - (1) The Board of Directors of the Company passes resolutions on important management issues and individual projects at regular monthly meetings of the Board of Directors and extraordinary meetings of the Board of Directors that are held as needed. The Board of Directors of subsidiaries also passes resolutions on important management issues and individual projects at regular meetings of the Board of Directors and extraordinary meetings of the Board of Directors that are held as needed. Moreover, Management Meeting is held, attended by executives of the Company and its subsidiaries, to track the performance and progress of each department, to examine the execution of duties and to implement appropriate measures.
 - (2) The Company uses the electronic approval system, which allows access from outside the Company for browsing and approval purposes, to realize faster decision-making and better operational efficiency.
 - (3) With regard to the execution of duties based on decisions, directors in charge shall give instructions to relevant supervisors according to “Organization Rules,” “Policies of Division of Duties,” “Policies of Administrative Authority,” etc. If such execution of duties involves multiple departments, necessary coordination is made between directors in charge of the departments to ensure efficient implementation system.
- (v) System to ensure proper operation as a corporate group constituted by the Company and its subsidiaries
 - (1) In principle, Directors and employees of the Company may assume the offices of directors or Audit & Supervisory Board members of subsidiaries to oversee if operations at subsidiaries are properly carried out. Also, the Company’s Internal Audit Team, Audit & Supervisory Board members and the Audit & Supervisory Board may conduct a direct audit on subsidiaries and report the results directly to President & CEO of the Company.
 - (2) Finance Department and General Accounting Department are in charge of management of accounting figures of subsidiaries and supervise the preparation of the

consolidated financial statements of the Company.

- (3) At the Management Meeting attended by executives of the Company and its subsidiaries, we discuss the operation and performance of the subsidiaries, and then take appropriate actions.
 - (4) In principle, "The Company with Board of Directors" shall be established at each corporation within the Group.
- (vi) System to ensure the employees' independence from directors and effectiveness of instruction to such employees in case Audit & Supervisory Board members request the assignment of employees who assist Audit & Supervisory Board members' duties
- (1) If Audit & Supervisory Board members find it necessary, employees shall be appointed as their assistants. In such case, personnel matters such as appointment, transfer and evaluation of the assistants shall be decided in consideration of opinions by the Audit & Supervisory Board to ensure the independence and effectiveness of instruction by Audit & Supervisory Board members.
 - (2) Employees who assist Audit & Supervisory Board members' duties follow none but their instructions.
- (vii) System to report to Audit & Supervisory Board members and system to ensure that employees shall not receive any disadvantageous treatment due to their submission of reports
- (1) Directors and employees of the Company and its subsidiaries (including people who received reports from those: hereinafter collectively referred to as "Directors and Employees of the Company and Subsidiaries") report the status regarding the execution of duties upon request by Audit & Supervisory Board members of the Company.
 - (2) Directors and Employees of the Company and Subsidiaries shall immediately report to Audit & Supervisory Board members of the Company any matters that may cause material harm to the Company and its subsidiaries and when they find serious violations by Directors and Employees of the Company and Subsidiaries.
 - (3) Audit & Supervisory Board members of the Company may request clarification directly from Directors and Employees of the Company and Subsidiaries at any time as needed.
 - (4) Audit & Supervisory Board members of the Company may attend Committee Meetings, etc. at any time for their understanding of the decision-making process and status of execution, in addition to the Board of Directors' meeting and Management Meeting of the Company and its subsidiaries. Audit & Supervisory Board members of the Company shall endeavor to facilitate mutual understanding on matters such as confirmation of management policy through regular exchange of views with the President & CEO.
 - (5) The Company shall ensure prompt reporting to Audit & Supervisory Board members of the Company with regard to violations of the laws and regulations and other compliance issues through the proper management of the Group's internal reporting system or external consultation contact.
 - (6) A person who submits reports applicable to (1) and (2) above shall not receive any disadvantageous treatment for filing such reports. The Group's internal reporting system shall stipulate prohibiting any disadvantageous treatment for filing internal report and ensure the proper operation thereof.

- (viii) System concerning settlement of expenses, etc. pertaining to execution of duties by Audit & Supervisory Board Members

The Company shall set procedures for the settlement of expenses pertaining to execution of duties by Audit & Supervisory Board members. If Audit & Supervisory Board Members request for prepayment or repayment, except when deemed unnecessary for execution of their duties, the Company shall accept such requests in accordance with the prescribed procedures.

2. Basic policy on exclusion of anti-social forces and its development status **UPDATED**

<Basic policy on exclusion of anti-social forces>

The Company and its subsidiaries adopt the following basic policy to prevent damage inflicted by group or individuals who pursue economic profits through the use of violence, threat and fraud (so called anti-social forces).

- (i) The Company and its subsidiaries shall not have any relationships with anti-social forces.
- (ii) The Company and its subsidiaries shall closely work with external specialist organizations such as the police, Center for Elimination of Organized Crime Groups and outside counsels to prevent the damage inflicted by anti-social forces and deal with anti-social forces systematically and appropriately.
- (iii) The Company and its subsidiaries shall not yield to unreasonable demands by anti-social forces and take legal actions resolutely.
- (iv) The Company and its subsidiaries shall not provide fund to or engage in secret transactions with anti-social forces.
- (v) The Company and its subsidiaries shall ensure the safety of individuals encountering anti-social forces in person.

<Development status regarding exclusion of anti-social forces>

With Code of Ethics, Corporate Philosophy and Behavioral Principles as the basis of management, the Company shall aim to become one of the most trusted companies in Japan. In addition, the Company shall take a resolute stance against and stay away from anti-social forces to prevent any damage from them and ensure sound execution of duties. To this end, we have set rules for eliminating anti-social forces and developed the following structure for control purposes:

- (i) Corporate Management Department is responsible for handling anti-social forces-related issues. To prevent any damage from anti-social forces, the Company has developed the control structure as shown below.
 - (1) In response to unreasonable demands by anti-social forces, the relevant departments shall promptly report to and consult with Corporate Management Department. The Company shall contact the police immediately when it faces an imminent prospect of being threatened or becoming the target of an act of violence.
 - (2) Based on the report/consultation in the above (1), the Company shall ensure the safety of individuals encountering anti-social forces in person as the first priority and instruct relevant divisions to respond appropriately.
 - (3) The Company shall develop a database of available information on anti-social forces and use it to evaluate the attributes of customers and shareholders.
 - (4) The Company shall cooperate closely with the prefectural police within the jurisdiction,

Center for Elimination of Organized Crime Groups, and legal counsels.

- (5) To operate the above structure properly, the Company shall establish a manual for dealing with unreasonable demands and acts of violence and provide relevant training for officers/employees to raise their awareness.
- (ii) If the Company enters into an agreement with a third party for the first time (irrespective of name, format, etc.), the head of the division in charge of signing the agreement shall check in advance if the counterparty falls into anti-social forces or not. In addition, the agreement stipulates that: (a) the counterparty is not anti-social forces; and (b) this contract shall be cancelled when the counterparty is found to fall into anti-social forces. Furthermore, we check annually, in principle, to see if our existing customers, etc. do not fall into anti-social forces.
- (iii) If the check stated in the above (ii) proves that the counterparty falls into anti-social forces, the Company shall not conduct a transaction. Likewise, if the annual review shows that an existing customer falls into anti-social forces, the Company shall take an immediate step to dissolve the relationship.
- (iv) When appointing or recruiting an officer/employee, the Company shall conduct background checks to confirm that the person has no relationship with anti-social forces, and then ask the person to submit a written pledge stating that he/she has nothing to do with anti-social forces. In addition, as a rule, if an officer/employee promotes to a position with important roles and responsibilities in the corporate governance structure, the Company shall perform background checks to confirm that he/she has no ties with anti-social forces. These checks are required when an entity joins the Group.
- (v) If receiving any unreasonable demands from anti-social forces, the Company shall report to and consult with relevant parties as specified below, depending on individual cases, and takes necessary actions.
 - (1) The Company shall report to the management through Corporate Management Department, which is responsible for handling anti-social forces-related issues, and receive instruction as appropriate.
 - (2) The Company shall consult with the prefectural police within the jurisdiction, Center for Elimination of Organized Crime Groups, legal counsels, etc. depending on the situation and needs.
 - (3) In the case of the above report/consultation, the Company shall consider taking any civil action. Above all, when facing an imminent prospect of being threatened or becoming the target of an act of violence, the Company shall prepare for a criminal case determinedly such as prompt filing of a damage report.
- (vi) To avert any damage from anti-social forces appropriately, the division in charge of education at each company shall make relevant officers/employees fully understand the structure of reporting on and responding to unreasonable demands from anti-social forces as well as the steps required for preventing damage from anti-social forces.

V. Others

1. Implementation of anti-takeover measures

Implementation of anti-takeover measures	No
--	----

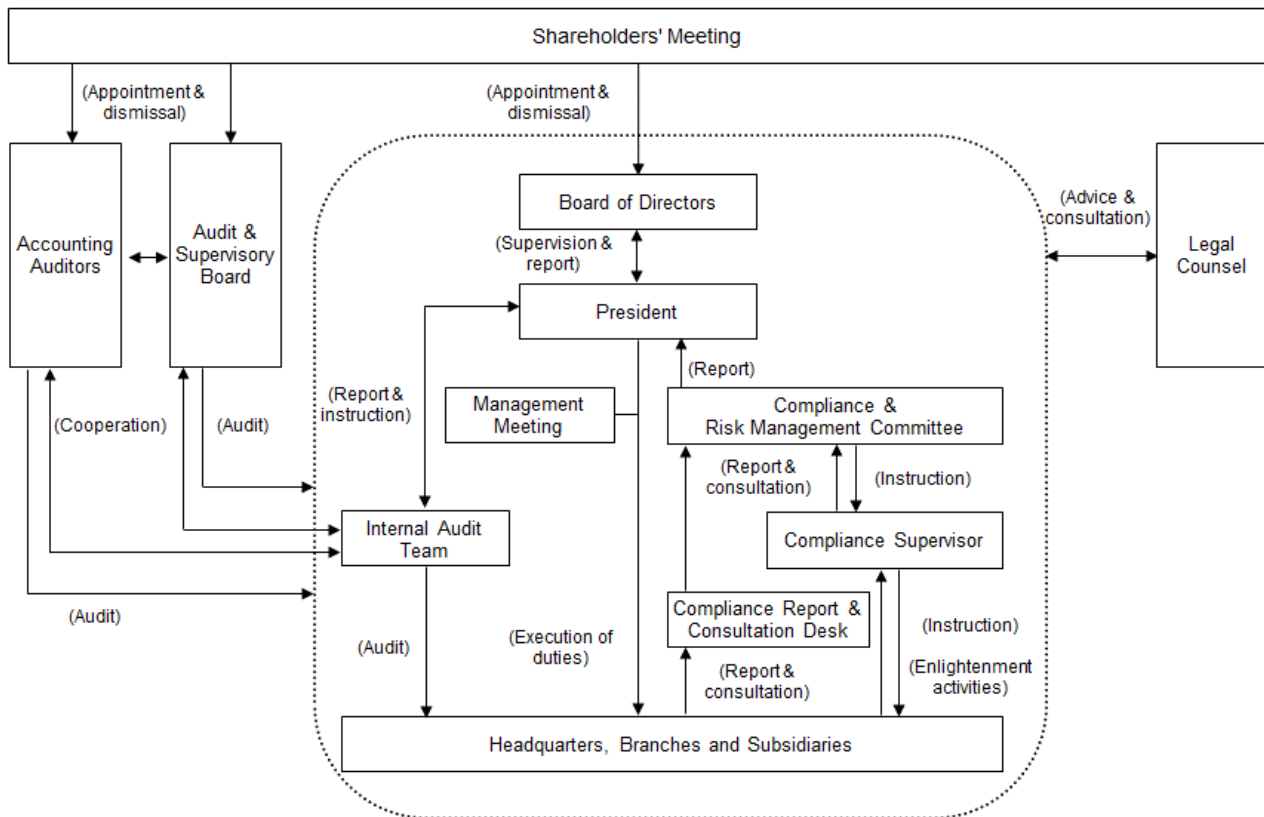
[Supplementary Explanation]

-

2. Other Matters Pertaining to Corporate Governance Structure and Others

-

<Corporate Governance Structure>



<Structure for Timely Disclosure>

