May 24, 2019

To whom it may concern,

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Notice of Partial Revision of Basic Policy for Establishment of Internal Control System

Japan Lifeline Co., Ltd. ("JLL") announced today that at the meeting of the Board of Directors held on May 24, 2019, the company has decided to partially revise the basic policy for the establishment of the internal control system as follows. (Changes are underlined.)

1. Structure to ensure that the executive duties of directors and employees comply with legal requirements and the company's articles of incorporation
   (1) Directors and employees shall act in compliance with laws and regulations, social ethics, articles of incorporation, and other internal regulations in accordance with the Code of Ethics, Action Policy, and Compliance Guidelines.
   (2) The Chief Compliance Officer and the Compliance Committee will play a central role in establishing the internal compliance system in accordance with the Regulations of Compliance Promotion.
   (3) Distribute a compliance handbook to all directors and employees, conduct training, and ensure thorough awareness of compliance.
   (4) Establish a helpline at an external organization as a point of contact for reporting, notifying, and consulting on compliance issues.
   (5) With respect to anti-social forces, all relationships shall be cut off pursuant to the Regulations of the Elimination of Anti-Social Forces and Compliance Guidelines, and in the unlikely event that a relationship with an anti-social force is suspected, such anti-social force shall be promptly reported to the department in charge and resolutely responded to by cooperating with the police and other external organizations.
   (6) The Internal Audit Division shall audit the status of compliance with laws and regulations, the articles of incorporation, and the internal regulations in accordance with the Regulations for Internal Audits.
   (7) <u>As an advisory body to the Board of Directors, a discretionary Nomination and Remuneration Advisory Committee, composed of independent outside directors and chaired by independent outside directors, will be established to ensure objectivity and transparency in the process of study and determining directors and auditors' nominations and remunerations.</u>

2. Structure and system to maintain and manage information relating to directors in the execution of their duties
   (1) Minutes of important meetings of the general meeting of shareholders and the board of directors, the form of request for managerial approvals and applications for which the directors are authorized, and other important documents (including electromagnetic records) pertaining to the execution of duties by the directors shall be stored and managed in accordance with the Regulations of Document Control.
   (2) Directors and corporate auditors may access the above documents at all times.

3. Systems for managing risks of loss including the relevant internal regulations
   (1) Based on the Regulations of Risk Management, a company-wide risk management system shall be

established centered on the Chief Risk Management Officer and the Risk Management Committee.

(2) In the event that a serious risk arises and a company-wide response is required, a countermeasures office headed by the president shall be established, and a prompt response shall be implemented to minimize the loss.

4. System for ensuring efficient execution of Directors' duties

(1) The Board of Directors shall establish the Rules for Division of Duties and the Rules for Administrative Authority so that the execution of duties by directors can be carried out appropriately and efficiently.

(2) The Board of Directors shall formulate an annual budget, and each Director in charge shall report on the progress of the budget at the Board of Directors meeting to investigate issues and take necessary measures.

5. System to ensure the appropriateness of business operations within the corporate group consisting of the company and its subsidiaries

(1) System for reporting matters related to the execution of duties by directors and others of subsidiaries to the company.

I. Based on the Regulations of the Management of Affiliated Companies, JLL receives reports on matters pertaining to the execution of duties by directors, etc., as well as documents such as financial statements and minutes.

II. JLL has its directors or employees concurrently serve as directors or auditors of subsidiaries and receive reports from such directors or employees on the status of the execution of their duties from time to time.

(2) Regulations and other systems relating to the management of the risk of loss of subsidiaries

I. Based on the Regulations of Risk Management, JLL will build a risk management system for its subsidiaries centered on the Chief Risk Management Officer and the Risk Management Committee.

II. In the event of a serious risk occurring at a subsidiary, the president of the subsidiary shall take the necessary action promptly, and JLL will also provide support as necessary to minimize the loss.

(3) System to ensure the efficient execution of duties by directors, etc. of subsidiaries

I. JLL will support the development of systems to ensure that operations are performed appropriately, such as the establishment of rules for division of duties and the rules for administrative authority for subsidiaries, as well as the implementation of management control by a supervising division in accordance with the Regulations of the Management of Affiliated Companies.

(4) System to ensure that the execution of duties by directors, etc. and employees of subsidiaries complies with laws and regulations and the articles of incorporation

I. JLL provides necessary advice, guidance and assistance to ensure that the compliance system at subsidiaries is established in accordance with the Regulations of the Management of Affiliated Companies.

II. Based on the Regulations for Internal Audits, the Internal Audit Division shall audit the status of compliance with laws and regulations, articles of incorporation, and internal rules of each subsidiary.

6. Matters concerning requests by corporate auditors to appoint support staff

Where an auditor requests an employee to assist in the performance of his or her duties, the auditor shall assign such employee as deemed appropriate after due consultation with the auditor.

7. Independence from the directors of the staff described in the above item

(1) An employee who is ordered by a corporate auditor to assist in auditing operations shall not be instructed or ordered by a director in connection with said operations.

(2) Matters pertaining to personnel matters pertaining to employees who are ordered by the auditors to assist

in audit operations shall be consulted with the auditors in advance.

8. Matters concerning the assurance of effectiveness of instructions to employees who shall assist the auditors in their duties
   (1) The employees who are ordered by the auditors to assist in the audit operations shall execute the operations in accordance with the instructions and orders of the auditors.
   (2) The directors shall endeavor to improve the audit environment so that the operations of the employees who are ordered by the auditors to assist in the audit operations can be carried out smoothly.

9. System for directors and employees of JLL and its subsidiaries to report to corporate auditors and other system for reporting to corporate auditors
   (1) Directors and employees of JLL and its subsidiaries shall accurately and promptly report to auditors the following matters:
      - Fact which may cause significant damage to the company
      - Conduct that violates laws and regulations or the articles of incorporation and conduct that may violate such laws and regulations
      - Design and operation of internal controls in accordance with the Corporate Law and the Financial Instruments and Exchange Law
      - Results of internal audits conducted by the Internal Audit Division
      - Other matters for which a report is requested by the auditors
   (2) Directors and employees of JLL and its subsidiaries shall promptly report any requests made by auditors to the company.

10. System to ensure that persons who have made reports to company auditors shall not be subjected to unfavorable treatment on the grounds that such persons have made such reports

    Directors, auditors, and employees of JLL and its subsidiaries who have made reports to corporate auditors shall not be treated unfavorably on the grounds that said reports were made.

11. Matters concerning the procedures for advance payment or reimbursement of expenses arising in connection with the execution of duties by the auditors and other policies for the disposal of expenses or liabilities arising in connection with the execution of such duties

    In the event a corporate auditor requests advance payment of expenses incurred or reimbursement of expenses paid in connection with the execution of his/her duties, such expense shall be promptly reimbursed unless it is recognized that such expense is not necessary for the execution of duties by the corporate auditor.

12. Other systems to ensure effective audits by corporate auditors
   (1) The auditors may participate in internal meetings as necessary.
   (2) The Board of Corporate Auditors shall hold regular meetings to exchange opinions with the president.
   (3) The Internal Audit Division shall consult with the Board of Corporate Auditors in advance in formulating the Audit Plan.

13. System to ensure the reliability of financial reporting
   (1) The design of the internal control system to ensure the reliability of financial reports and the evaluation of the status of operations shall be carried out in accordance with the Basic Policy on Internal Control over Financial Reporting, and a supervising division shall be designated and such supervising division shall take the initiative.

(2) In the event that any deficiency is discovered in the internal control system or operations, a report shall be submitted to the management and the Board of Directors and the deficiency shall be promptly corrected.

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