Nihon Unisys, Ltd.

Corporate Governance Report

Note) This is an English translation of the Corporate Governance Report of Nihon Unisys, Ltd. prepared for reader's convenience. Should there be any inconsistency between the translation and the original Japanese text, the latter shall prevail.

Last Update:	Nov. 30, 2018
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The following is an overview of corporate governance of Nihon Unisys, Ltd. (the "Company").

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

A mechanism of corporate governance which enables management to make prompt and sound management decisions under appropriate and effective supervision is indispensable for enabling the Nihon Unisys Group to continuously grow and increase its mid-and long-term corporate value, and the Company shall create, maintain and ceaselessly improve this mechanism.
Furthermore, the Company believes that a company`s "raison d`etre" lies in its contribution to society. Based on this belief, the Company stipulates as part of its corporate philosophy 'Listen sincerely to our stakeholders to improve our corporate value' in order to create relationships of trust with all stakeholders, and shall proceed with its business activities in accordance with this principle.

[Reasons for Non-compliance with the Principles of the Corporate Governance Code]

The Company complies with every principle of the Corporate Governance Code.

[Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1-4 Cross-Shareholdings]
(1) Policy related to 'Cross-Shareholdings'
The Company may sometimes hold shares of its business partners, if they are found to contribute to the enhancement of the Company's corporate value, such as leading to the expansion of its revenue base through maintaining or strengthening relationships with such business partners.
The Company acquires such shares after adjudicating the appropriateness of acquiring them pursuant to its internal regulations. Upon acquisition of shares, each year the Company's Board of Directors examines the appropriateness of holding such stock and based on that annual examination, the Company proceeds with selling shares of stocks that are judged to have poor economic rationality.

（2） Contents Examined by the Board of Directors

The Company examines the appropriateness of each and every listed stock that it holds at Board of Directors meetings from the perspective of holding purposes, business strategies, related profits on business transactions, etc. for each individual stock.

The examination results of the stocks that the Company held at the end of March 2018 are as follows:

- The Company reviewed whether the holding purposes were not compromised and examined consistency with its business strategies from a mid- to long-term perspective with respect to each stock. It confirmed that some stocks were to be sold due to diminished significance in holding them, and it also confirmed that it was appropriate to continue to hold the other stocks.
- In addition, the Company examined related profits such as dividends and related profits on business transactions. As a result, related profits for the majority of stocks subject to examination was confirmed to be higher than capital costs.

（3） Concepts on Exercising Voting Rights relating to "Cross-Shareholdings"

With respect to the voting rights related to shareholdings, the Company decides to vote for or against an individual proposal based on the content of that proposal and from the viewpoint of shareholder value of portfolio companies and consistency with its business strategy. The Company exercises voting rights for each proposal by itself.

[Principle 1-7 Procedure for Transactions between Related Parties]

1) Transactions involving conflict of interests with directors or corporate officers of the Company are checked by the departments concerned (such as the Legal Department) before being approved by the Board of Directors. The results of these transactions are reported to the Board of Directors.
2) Transactions between the Company and its *shuyokabunushi* (meaning a shareholder that holds voting rights constituting 10% or more of all shareholders' voting rights, pursuant to the definition by the Financial Instruments and Exchange Act; hereafter, the "Major Shareholder") other than the above are reported to or approved by the Board of Directors pursuant to standards put in place in advance.

[Principle 2-6 Function as a Corporate Pension Asset Owner]

- The Company together with its group company UNIADEX, Ltd., has joined the Nihon Unisys Company Pension Fund. The Company has assigned personnel appropriately skilled for operating the pension and managing the Fund to the fund secretariat.
- The Fund has been making efforts to encourage secretariat personnel to acquire expertise and enhance their skills, such as obtaining certifications approved by the Japan Association for Financial Planners.
- The Fund operates in accordance with the "Key Policies for the Management of Pension Assets" established pursuant to the Fund's provisions. The Fund makes it a rule to have registrations/cancellations of investment products examined by the 'Asset Management Committee' before having them submitted to and examined by the council, which is partly comprised of delegates appointed by the Company. Such registrations/cancellations are approved thereafter.

  The 'Asset Management Committee' is operated by the two councilors of the Fund as well as personnel from the Accounting Department/Financial Department due to their expertise in asset management.

  Furthermore, the 'Asset Management Committee' has been using several external pension consulting companies to complement its expertise and reliability.
- The Fund conducts quantitative and qualitative assessments on a quarterly basis, including on its stance on acceptance of Japan's Stewardship Code in order to monitor institutions contracted to undertake asset management.

[Principle 3-1 (i) Management Philosophy, Management Strategies and Management Plan]

■ Corporate Philosophy

The Company sets out below its corporate philosophy, which is the basis for its management and rooted in the social responsibility which the Nihon Unisys Group bears as a whole.

Our Mission

Work with all people to contribute to creating a society that is friendly to people and the environment.

Our Vision

Be a group that strives to be sensitive to the expectations and needs of society and that thinks through how ICT can contribute to meet them.

Our Values

1. Pursuit of High Quality and High Technology
   Always have the latest knowledge that is useful for society while improving our skills.
2. Respect for Individuals and Importance of Teamwork
   Identify each other's good points, encourage each other to improve those good points and harness the strengths of each person.
3. Attractive Company for Society, Customers, Shareholders and Employees
   Listen sincerely to our stakeholders to improve our corporate value.

■ Mid-term Management Plan

The Company has prepared a mid-term management plan for the Nihon Unisys Group (hereafter, the "Group") for the period from fiscal year 2018 to fiscal year 2020, called the "Foresight® in sight 2020". Please find this posted on the website below:

http://www.unisys.co.jp/com/foresight_in_sight_2020.html

The plan is outlined below.

As 'a corporate group which solves social issues through providing value to society together with its customers and business partners', the Company aims to become a core company capable of creating a business ecosystem that connects different companies beyond the boundaries of industries and business categories and to provide a platform for digital transformations.

As our growth strategy in the medium-to-long term plan, we are continuing to direct our management resources to establishing, in the markets where medium- and long-term growth is expected with the hope of solving social issues, focal areas in which our customers and business partners can band together with us in utilizing Group assets. With the aim of further improving the added value of its customers, the Company will strengthen its relationships with them as their strategic business partner and strengthen its ability to provide platforms to support value creation through its business ecosystem. Furthermore, the Company will promote investment strategies as well as corporate culture reform and workforce reform that will support the growth strategies.

[Principle 3-1 (ii) Basic Approach to and Policy for Corporate Governance]

■ Basic Approach of Corporate Governance

The basic approach to corporate governance is as described in '1 Basic Views' of ' I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information' of this report.

■ The basic policy on corporate governance is set out in 'Corporate Governance and Internal Control Principles', which can be found posted on the below website:
http://www.unisys.co.jp/invest-e/com/pdf/internal_control_rules.pdf

[Principle 3-1 (iii) Policy and Procedure for Setting Remuneration for Directors]

Directors are in principle paid according to their professional responsibilities, with a focus on performance-based pay and taking into account market-rate salaries and employees' salary level.

Remuneration for directors consists of a) a fixed monthly salary, b) annual performance-based bonuses using current net profit attributable to shareholders of parent as an indicator, and c) stock options for performance-based compensation system.

Non-executive directors such as outside directors are paid a fixed monthly salary only without achievement-based pay.

The exact amount of remuneration is decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, within the amount as decided by resolution at general shareholder's meeting.

[Principle 3-1(iv) / Supplementary Principle 4-3[3] Policy and Procedure for Appointing/Dismissing Senior Management and Nominating Director/Auditor Candidates]

■Nomination of Director Candidates

For director candidates who are concurrently serving as corporate officers (hereinafter referred to as 'senior management'), the Company will select those who have the appropriate knowledge and experience with high motivation and ethical sense and carry out the Company management accurately and efficiently.

Director candidates from outside the Company are nominated from individuals who have extensive management experience and expertise and who are capable of advising on and overseeing the overall management from an external, objective and professional point of view.
For senior management and director positions, candidates are nominated by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, pursuant to the selection standards and procedures it has established. The Board of Directors then appoints the successful candidates based on those nominations.

■Nomination of Auditor Candidates
For auditor candidates, the Company will select those who have the appropriate knowledge and experience to audit directors' execution of duties from a fair and objective perspective and who also have a high ethical sense. The candidates are nominated by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, pursuant to the selection standards and procedures it has established. Auditor candidates are approved by the Audit & Supervisory Board and then appointed by the Board of Directors. At least one of the auditor candidates shall have the appropriate expertise in finance and accounting.

■Dismissal of Senior Management including CEO
In the event that a member of senior management, including the CEO, violates laws and regulations or the articles of incorporation, commits an act of fraud, act of tort, or breach of trust, or it is judged that they have not sufficiently served their office or fulfilled their function, the Company will remove such member[s] from their senior management position[s] if it determines that the removal is justifiable based on deliberations by the Board of Directors.

[Principle 3-1 (v) Reasons for Appointing and Dismissing Senior Management as well as Nominating Director and Auditor Candidates]
Reasons for appointing and dismissing senior management and nominating director and auditor candidates are described in the reference documents that accompany the notice of the general shareholders' meeting (http://www.unisys.co.jp/invest-e/stock/meeting.html).

[Principle 4-1-1 Scope of Matters Delegated to Management]
The Company`s Board of Directors has the role of supervising management as a whole, including the performance by directors and corporate officers of their professional duties, as well as deliberating on and deciding key management policies and other matters important for management.
To this end the board deliberates on matters as set out in laws and regulations as well as in the Company`s Articles of Incorporation, and even matters that need consideration from various viewpoints including those of outside directors.
The Board of Directors delegates decision-making authority for matters other than those resolved or reported by it, in order to enable prompt and efficient decision-making. This delegation is implemented according to the importance of individual items and pursuant to the Company`s internal rules, such as internal rules for Executive Council.

[Principle 4-1-3 Succession Plan for Chief Executive Officer]
In order to ensure the transparency of the selection process of Chief Executive Officer, the Nomination and Remuneration Committee which includes independent outside director deliberates on a plan regarding a successor to Chief Executive Officer ('Succession Plan') and reports to the Board of Directors.
In the Succession Plan, integrity is an important qualification required of the Chief Executive Officer, and we also list seven other crucial competencies which are: vision and vision-building skills (foresight); acumen/ability to perceive essence (insight); determination; innovation; messaging skills (passion); implementation/accomplishment ability (execution), and receptivity to diversity and adaptability (diversity and inclusion).

[Principle 4-9 Standards for Judging Independence of Outside Directors/Auditors]
The Company`s "Standards on the Independence of Outside Directors/Auditors" are as follows.

■ Standards on the Independence of Outside Directors/Auditors
The Company deems that outside directors and outside auditors as defined by the Companies Act have independence if they satisfy the independence criteria stipulated by the Tokyo Stock Exchange and do not

fall under any one of the categories below

(1) Major shareholders holding voting rights equivalent to 10% or more of the total voting rights of the Company, or in the case of a corporation or organization, an executive of that corporation or organization
(2) A major client of the Company or its subsidiaries (*1), or executive of a corporation or organization that deals with the Company or its subsidiaries as a major business partner (*2)
(3) An executive of a financial institution to which the Company owes significant borrowings (*3)
(4) A person who receives significant amounts of compensation or other economic benefit (*4) (other than their remuneration as a director) as a consultant, accountant, or lawyer for the Company or its subsidiaries, or where a corporation or organization, a person belonging thereto
(5) An executive of a corporation or organization that receive significant donations (*5) from the Company or its subsidiaries
(6) A person who served a corporation or organization falling under any of the categories (1) to (5) above as an executive within the past 3 years
(7) A spouse or relative within two degrees of kinship of a person falling under any of the categories below
    - A person falling under any of the categories (1) to (5) above
    - A person who is a director or executive of a subsidiary of the Company

*1 Classification into the category of 'major client of the Company or its subsidiaries' is judged according to the net sales that the Company or its subsidiaries had with the client in the fiscal year immediately before: whether or not they exceeds 2% of the consolidated net sales of the Company.

*2 Classification into the category of a 'corporation or organization that deals with the Company or its subsidiaries as a major business partner' is judged according to the net sales that the corporation or organization had with the Company or its subsidiaries in the fiscal year immediately before: whether or not they exceeds 2% of the consolidated net sales of the corporation or organization that deals with the Company or its subsidiaries, or ¥10 million, whichever is higher.

*3 Classification into the category of 'significant borrowings' is judged according to the amount of those borrowings: whether or not they exceed 2% of the gross assets of the Company for the fiscal year immediately before.

*4 Classification into the category of 'significant amounts of compensation or other economic benefit' is judged according to the benefit that the person has received from the Company (other than their remuneration as a director) in the fiscal year immediately before: whether or not the person has received remuneration or other economic benefit of ¥10 million or more; or where the person belongs to a corporation or organization, whether or not that corporation or organization has received from the Company or its subsidiaries remuneration or other economic benefit that exceeds 2% of the consolidated net sales of the corporation or organization for the fiscal year immediately before or ¥10 million, whichever is higher.

*5 Classification into the category of 'significant donations' is judged according to the amount of donations that have been received from the Company or its subsidiaries: whether or not they exceed ¥10 million a year or 2% of the annual total costs of the corporation or organization of the fiscal year immediately before, whichever is higher.

[Principle 4-11-1 Balance, Diversity and Extent of Knowledge, Experience and Capabilities of the Board of Directors]

The Board of Directors is consisted of directors who have a diverse and rich experience and deep knowledge, including several outside directors. It maintains the appropriate number of directors to enable the Board to function effectively and efficiently. The term of directorship is set at 1 year in order to secure a flexible management structure capable of responding promptly to changes in business environment, and to clarify the responsibilities of each director.

[Principle 4-11-2 Directors and Auditors Concurrently Holding Positions as Executives of other Companies]

The outside directors and outside auditors who concurrently hold the positions of executives of other listed companies are described in the annual securities report (*yuka shoken hokokusho*)

(http://www.unisys.co.jp/invest-j/ir/sr.html) and the '1. Organizational Composition and Operation [Directors] and [Auditors] Relationship with the Company (2)' in the 'II Business Management Organization and Other Corporate Governance Systems regarding Decision-Making, Execution of Business, and Oversight in Management' of this report. Mr. Toshiki Sugimoto serving as director and Mr. Hirofumi Hashimoto serving as auditor concurrently hold positions of Senior Corporate Officers at Dai Nippon Printing Co., Ltd.

[Principle 4-11-3 Evaluation of Effectiveness of the Board of Directors]

We recognize that for the ongoing improvement of our corporate value, it is important for the Board of Directors to fully exercise its functions and to strengthen its governance by ensuring the appropriateness of operations among other things, and since fiscal year 2015 we have implemented self-evaluations and have been working to improve the effectiveness of the Board of Directors. Furthermore, in light of the Company accelerating the change of business model during the new mid-term management plan starting in fiscal 2018, the Company conducted a self-assessment of its Board of Directors for fiscal year 2017 with the help of an external consultant (see below). This was done from the perspective of seeking a proper corporate governance system suitable for the future of the Company.
(Note) Japan Board Review Co., Ltd. (hereinafter referred to as "BR") was used as the external consultant.

1. Evaluation Method

BR distributed a questionnaire (listed below) to all directors who belong to the Board of Directors as well as all auditors, and analyzed the responses. BR individually interviewed all directors and all auditors based on their answers and compiled the results in a report. Based on said report, the board was able to understand its current status and areas to be improved, and then deliberated and assessed its future direction.

(1) Questionnaire
Subjects: All directors (9 individuals) and all auditors (5 individuals)
Method of response: anonymous replies (to all 65 questions)
Assessment Items:
<1> Role and functions of the Board of Directors
<2> Size and structure of the Board of Directors
<3> Operation of the Board of Directors
<4> Structure and roles of Nomination & Remuneration Committee
<5> Operation of Nomination & Remuneration Committee
<6> Support structure for outside directors
<7> Role and expectations of auditors
<8> Investor and shareholder relations
<9> Effectiveness evaluation of the corporate governance system and the Board of Directors of the Company
<10> Self-assessment
(2) Interviews
Subjects: All directors (9 individuals) and all auditors (5 individuals)
Method of response: Separate interview by BR

2.Assessment Results

As a result of the Board of Directors' deliberations based on the questionnaire and interview results, it was confirmed that: the board was highly evaluated in terms of the Assessment Items especially with respect to the 'Size and structure of the Board of Directors' and 'Operation of the Board of Directors,' it was evaluated that the board members are well balanced in terms of knowledge, experience and expertise; open and lively discussions are always encouraged; and sufficient discussions are made on mid-and long-term management policies and strategies.

Furthermore, with respect to assessments of the Company by investors and analysts, the Board of Directors judged that sufficient information has been provided to the Board of Directors from the business-executing members.

The following points were indicated as items for review and improvement.

(1) As the external environment is drastically changing, we are promoting business model reform and it is therefore necessary to discuss risk and return assessment more than ever before and it is therefore desirable to review an outside directors structure in future.

(2) Succession plans for CEO and other senior management members as well as outside directors need to be further clarified.
(3) There is still room for improvement regarding sharing information in advance and clarifying issues with outside directors in order to have sufficient discussions regarding agendas submitted to the Board of Directors.
(4) Need to consider measures in order to strengthen relationships among outside directors and between outside directors and auditors.

3.Policies for Fiscal 2018

As a result of discussions held by the Board of Directors based on the self-assessment and items pointed out above, we decided to further strengthen our corporate governance through tackling the following.

(1) Re-confirm the future role and functions of the Board of Directors and then clarify the criteria for electing/dismissing internal directors and outside directors.
(2) Make further concrete discussions about succession plans for CEO and other senior management members.
(3) In addition to giving prior explanations on agendas to outside directors, share with outside directors more detailed information regarding discussions held at the Executive Council in order to help the Board of Directors have more sufficient discussions on the submitted agendas.
(4) Further increase opportunities for information exchange in order to strengthen relationships among outside directors and between outside directors and auditors.

[Principle 4-14-2 Policy about Training to Directors and Auditors]

1) The Company strives to help outside directors and outside auditors understand sufficiently the nature of the Group`s business, financial situation and organizational structure as well as management issues through explanations provided to them by management and related departments on the occasion of their assuming the office and thereafter as needed.
2) The Company helps directors and auditors to sufficiently fulfill their roles and duties by providing opportunities for training given by outside expert on industry and technological trends, financial and legal strategies, and so forth.

[Principle 5-1 Policy about Constructive Dialogues with Shareholders]

1.Basic Concepts

The Company's President CEO and CFO take the lead in carrying IR (investor relations) activities, so that timely and appropriate information is delivered to all shareholders and investors.

2.IR Activities

The Company has established a department dedicated to IR, and collaborate with related departments and each Group company to make appropriate disclosure of information.

3.Methods for Dialogue

The Company strives to explain how the company is managed and how its operations work by providing shareholders and investors with opportunities for dialogue, such as briefing sessions about financial results and operations, as well as facility tours.

4.System for Sharing Opinions and Concerns Expressed by Stakeholders

The Company provides appropriate feedback to management executives and the Board of Directors concerning the opinions and concerns expressed by shareholders and investors.

5.Management of Insider Information

The Company sets a certain period of time as a silence period before making an announcement of financial results, in order to prevent any information leaking before the announcement and ensure fairness. During this period, the Company refrains from responding to questions or inquiries about or commenting on financial results. Furthermore, the Company has put in place the 'Insider Trading Management Regulations' and strives to prevent insider information from being leaked.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%

[Status of Top 10 Shareholders] Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Dai Nippon Printing Co., Ltd.	20,727,410	20.65
Japan Trustee Services Bank, Ltd. (Trust account)	9,637,600	9.60
The Master Trust Bank of Japan, Ltd. (Trust account)	6,662,600	6.63
The Norinchukin Bank	4,653,800	4.63
GOVERNMENT OF NORWAY	2,553,500	2.54
Mitsui & Co., Ltd.	2,448,509	2.44
Nihon Unisys Employees' Shareholding Society	1,902,792	1.89
ANA HOLDINGS INC.	1,794,400	1.78
CHASE MANHATTAN BANK GTS CLIENTS ACCOUNT ESCROW	1,587,692	1.58
JAPAN POST INSURANCE Co., Ltd.	1,396,800	1.39

Controlling Shareholder (except for Parent Company)	—
Parent Company	none

Supplementary Explanation Updated

1. The [Top 10 Shareholders] table above describes the situation as of September 30, 2018. Besides the above, the Company holds 9,323,080 shares of treasury stock (8.50% of the total number of issued shares).
2. The ratios are calculated by deducting treasury shares and expressed by rounding down to two decimal places.
3. Amendment Report No.2, made available for public inspection as of August 17, 2018, states that Daiwa SB Investments Ltd. has the following shareholdings in the Company as of August 15, 2018. However, the number of actual shares that they hold as of September 30, 2018 cannot be confirmed. Consequently they are not listed in the [Top 10 Shareholders] table above.
   - Daiwa SB Investments Ltd.
     Number of Shares Held: 6,030,800 shares Shareholding Ratio: 5.49%
   - Total
     Number of Shares Held : 6,030,800 shares Shareholding Ratio : 5.49%

3. Corporate Attributes

Listed Stock Market and Market Section	First Section, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

Updated

Dai Nippon Printing Co., Ltd. holds 20,727,410 shares of the Company's stock (proportion of voting rights: 20.65% as of September 30, 2018). It is a Major Shareholder of the Company. On August 9, 2012 the Company entered into a "Business Alliance Agreement" with Dai Nippon Printing Co., Ltd. which forms business alliances in the areas of cloud and new platform services business, as well as marketing and sales. One of the Company`s nine directors, and one of the Company's five auditors, concurrently serve as Senior Corporate Officers at Dai Nippon Printing Co., Ltd. The Company preserves independence in carrying out its business activities and making management decisions by making its own business judgments in pursuit of an increase in corporate value and profit for the shareholders as a whole.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization Form	Company with *Kansayaku* Board (Audit & Supervisory Board)

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Go Kawada	Tax Accountant											
Ayako Sonoda	From another company											
Chie Sato	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries
b. Non-executive director or executive of a parent company of the Company
c. Executive of a fellow subsidiary company of the Company
d. A party whose major client or supplier is the Company or an executive thereof
e. Major client or supplier of the Company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/*kansayaku*
g. The Major Shareholder of the Company (or an executive of the said Major Shareholder if the shareholder is a legal entity)
h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Go Kawada	○	—	The Company has again appointed Mr. Kawada as outside director. It expects him to give advice to the Company's management based on his abundant experience as an outside director as well as sophisticated professional knowledge and expertise in the taxation and accounting fields, and to supervise the Company's management from an outside objective and neutral perspective. Mr. Kawada is designated as independent director since he represents a superb example of independence as evidenced by the fact that he neither comes into conflict with the "Independence Criteria" stipulated in the TSE(Tokyo Stock Excgange) rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.
Ayako Sonoda		—	The Company has again appointed Ms. Sonoda as outside director. It expects her to utilize her long track record of supporting many companies in the fields of CSR and environmental management as well as her dedication to various activities promoting the employment

	○		and utilization of female workers, to give advice to the Company's management from multiple perspectives. Ms. Sonoda is designated as independent director since she represents a superb example of independence as evidenced by the fact that she neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the"Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.
Chie Sato	○	—	The Company has again appointed Ms. Sato as outside director. Ms. Sato has abundant management experience and expertise as evidenced in her numerous books about business schools in the United States. Furthermore, she plays an active role as management strategy consultant in the Boston Consulting Group. The Company expects her to give effective advice and support the Company to promote business model reforms from an objective and professional perspective. Ms. Sato is designated as independent director since she represents a superb example of independence as evidenced by the fact that she neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination & Remuneration Committee	
All Committee Members	4	
Full-time Members	0	
Inside Directors	3	
Outside Directors	1	
Outside Experts	0	

Other	0
Chairperson	Inside Director

Supplementary Explanation

The Company has established as an advisory committee to the Board of Directors the Nomination and Remuneration Committee that deliberates and report on matters pertaining to the appointment, removal and remuneration of executives.

The committee performs the following duties.

1) The committee considers standards and procedures for selecting and appointing candidates for directors or auditors, or corporate officers of the Company, and deliberates on specific personnel proposals and make proposals to the Board of Directors.
2) The committee reviews and deliberates on the nature of the remuneration system, remuneration standards and relevant decision-making procedures for directors and corporate officers of the Company, and make proposals to the Board of Directors.

[*Kansayaku (Audit & Supervisory Board Member)*]

Establishment of *Kansayaku* Board	Established
Maximum Number of *Kansayaku* Stipulated in Articles of Incorporation	The maximum number is not stipulated.
Number of *Kansayaku*	5

Cooperation among *Kansayaku*, Accounting Auditor and Internal Audit Departments

Internal Audit Department has been established as an independent internal organization under the immediate control of the President. The organization audits the effectiveness and efficiency of internal control for the entire Group.

The state of cooperation among auditors, the Accounting Auditor and Internal Audit Department are described below.

- Meetings of a triple audit liaison committee consisting of Internal Audit Department, the auditors (including outside auditors; the same shall apply hereinafter) and the Accounting Auditor are held in order to exchange their opinions. Opinions are also exchanged from time to time as necessary.
- The auditors exchange opinions with Internal Audit Department on audit plans prepared by the Audit & Supervisory Board.
- The Accounting Auditor holds briefing sessions on audit plans and reporting sessions on audit. It reports to the auditors and Internal Audit Department and holds hearings of opinions from them.
- The Accounting Auditor carries out briefing sessions on site visits to regional headquarters and offices as well as subsidiaries of the Company. The Accounting Auditor reports and listens to auditors at the sessions.
- Internal Audit Department is given advice by the auditors on the preparation of the audit plan.
- Audit plans prepared by Internal Audit Department and the results of audits are reported at meetings of the Board of Directors which outside directors and auditors attend.
- The auditors participate in review meetings held by Internal Audit Department. They receive reports and express their opinions.
- Internal Audit Department confirms and audits the state of activities by the divisions in charge of Internal Control.
- Internal Audit Department submits audit results at the request of the Accounting Auditor.
- The state of operation of internal control systems is reported at meetings of the Board of Directors which outside directors and auditors attend, and improved as necessary.

Appointment of Outside *Kansayaku*	Appointed
Number of Outside *Kansayaku*	3
Number of Independent *Kansayaku*	3

Outside *Kansayaku*'s Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Etsuo Uchiyama	From another company							△						
Harumi Kojo	Lawyer													
Norimitsu Yanai	Certified Public Accountant													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;
"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;
"▲"when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary
b. Non-executive director or accounting advisor of the Company or its subsidiaries
c. Non-executive director or executive of a parent company of the Company
d. *Kansayaku* of a parent company of the Company
e. Executive of a fellow subsidiary company of the Company
f. A party whose major client or supplier is the Company or an executive thereof
g. Major client or supplier of the Company or an executive thereof
h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a *kansayaku*
i. The Major Shareholder of the Company (or an executive of the said Major Shareholder if the shareholder is a legal entity)
j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g or h) (the *kansayaku* himself/herself only)
k. Executive of a company, between which and the Company outside directors/*kansayaku* are mutually appointed (the *kansayaku* himself/herself only)
l. Executive of a company or organization that receives a donation from the Company (the *kansayaku* himself/herself only)
m. Others

Outside *Kansayaku*'s Relationship with the Company (2)

Name	Designation as Independent *Kansayaku*	Supplementary Explanation of the Relationship	Reasons of Appointment
Etsuo Uchiyama	○	Nine years have passed since Mr. Uchiyama left the Norinchukin Bank (a major business partner and a major lender for the Company) in June 2009. In addition, four years have passed since he left	Mr. Uchiyama has long-term business experience in financial institutions, considerable knowledge on finance and accounting, and a wide range of insight as a manager, and since taking office in June 2014, we have been receiving accurate audits regarding our overall management and we have appointed

		a group company of the Norinchukin Bank in June 2014.	him again as an outside corporate auditor in the hope that he will continue to make use of such knowledge. Mr. Uchiyama is designated as independent auditor since he represents a superb example of independence as evidenced by the fact that he neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.
Harumi Kojo	○	—	The Company has appointed Ms. Kojo as outside auditor. Ms. Kojo has abundant knowledge and experience accumulated in her career as a lawyer and judge. The Company expects her to utilize her knowledge and experience in order to audit the execution of duties by directors, from an independent perspective as an outside auditor. Ms. Kojo is designated as independent auditor since she represents a superb example of independence as evidenced by the fact that she neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.
Norimitsu Yanai	○	—	The Company has appointed Mr. Yanai as outside auditor. Mr. Yanai has professional expertise and experience in corporate accounting accumulated as a certified public accountant as well as international expertise and experience. The Company expects him to utilize his expertise and experience in order to audit the execution of duties by directors from an independent perspective as an outside auditor. Mr. Yanai is designated as independent auditor since he represents a superb example of independence as evidenced by the fact that he neither comes into conflict with the "Independence Criteria" stipulated in the TSE rules on the listing of securities, nor the "Standards on the Independence of Outside Directors/Auditors" stipulated by the Company.

[Independent Directors/*Kansayaku*]

Number of Independent Directors/*Kansayaku*	6

Matters relating to Independent Directors/*Kansayaku*

—

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options

Supplementary Explanation

・With respect to bonuses for directors (excludes Non-executive directors), in order to incentivize the directors exercising healthy entrepreneurship and clarify their responsibilities for fiscal year performance, the Company has introduced annual performance-based bonuses using profit attributable to owners of parent as an indicator since the fiscal year ending March 2017, pursuant to the Corporate Governance Code established by the Tokyo Stock Exchange.
・In addition to the above, the Company introduced a 'Performance-based Compensation System' in the fiscal year ending March 31, 2013 in connection with the remuneration of directors and corporate officers (excluding Non-executive directors) of the Company and its major subsidiaries (hereinafter referred to as "Eligible Grantees"). The purpose of this System is to increase their motivation to contribute to the continued improvement of the Company`s financial results and increase in its value by clearly linking their remuneration with its consolidated business performance and causing them to share the benefits and risks of the share price with shareholders. Consequently they have been granted Stock Options as Stock-Based Compensation.
The 'Performance-based Compensation System' for the fiscal year ending March 2019 is outlined below.
(1) Stock Options will be granted to the Eligible Grantees as part of their compensation (which is uniformly 10% regardless of duty position) instead of cash.
(2) If the target profit attributable to owners of parent for the fiscal year ending March 31, 2019 is achieved, as planned at the beginning of the fiscal year, and also any other conditions are satisfied, the Company will grant Stock Options equivalent to 100%. The number of exercisable Stock Options will fluctuate in the range of 0% to 200% in accordance with the actual achievement rate.

Recipients of Stock Options	Inside Directors / Corporate Officers (Shikkoyakuin) / Subsidiaries' Directors / Subsidiaries' Corporate Officers (Shikkoyakuin)

Supplementary Explanation

1 The Company granted Stock Options to directors, corporate officers and employees of the Company and its consolidated subsidiaries for the purpose of further increasing motivation across the Group to contribute to the enhancement of its financial performance, improving morale and enlarging the Company's value from fiscal year 2003 to fiscal year 2009.
2 The Company has granted Stock Options as Stock-Based Compensation in accordance with the approach set out in the 'Performance-based Compensation System' to the Eligible Grantees who assume roles which are key to the Group's performance since fiscal year 2012.
・Directors (excluding Non-executive directors) and corporate officers of the Company
・Directors (excluding Non-executive directors) and corporate officers of UNIADEX, Ltd., a consolidated subsidiary of the Company

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure

Supplementary Explanation

The total amount of remuneration paid to directors during the fiscal year ending March 2018 (from April 1, 2017 to March 31, 2018) is ¥288 million.

Policy on Determining Remuneration Amounts and Calculation Methods	Adopted

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy and procedure for deciding the remuneration for directors and auditors are as follows.

a. Remuneration for Directors

Directors are in principle paid according to their professional responsibilities, with a focus on performance-based pay and taking into account market-rate salaries and employees' salary level.

Remuneration for directors consists of a) a fixed monthly salary, b) annual performance-based bonuses using profit attributable to owners of parent as an indicator, and c) stock options for performance-based compensation system.

Non-executive directors including outside directors are paid a fixed monthly salary only.

The exact amount of remuneration is decided by the Board of Directors after deliberation by the Nomination and Remuneration Committee, which partly consists of one or more independent outside directors, within the amount as decided by resolution at general shareholder's meetings.

- It was resolved at the 49th Ordinary General Meeting of Shareholders held on June 25, 1993 that the monthly remuneration amount is within ¥35 million per month.
- It was resolved at the 72nd Ordinary General Meeting of Shareholders held on June 28, 2016 that the total amount of directors' bonus is limited to ¥100 million per year, with the payment standard set at 0.5% of profit attributable to owners of parent for the time being.

b. Remuneration for Auditors

Auditors are compensated without linking pay to performance in order to ensure the effectiveness of auditing from an independent perspective. Their fixed monthly remuneration is decided as a result of discussions among auditors.

It was resolved at the 62nd Ordinary General Meeting of Shareholders of June 22, 2006 that the monthly remuneration amount for auditors is within ¥8 million per month.

[Supporting System for Outside Directors and/or *Kansayaku*]

Outside directors and outside auditors are provided in advance with materials on key matters to be discussed at meetings of the Board of Directors, and explanations are provided to them as required by the departments concerned with those matters.

[Status of persons retired from Representative director and President, etc.]

Names, etc., of Senior Corporate Adviser ("*Sohdanyaku*") and Corporate Advisers ("*Komon*") who have formerly served as Representative Director and President, etc.

Name	Title/Position	Role/Activity	Working Conditions (Full-time/Part-time, Paid/Unpaid)	Date of Retirement	Term
—	—	—	—	—	—

Total number of Senior Corporate Advisers ("*Sohdanyaku*") and Corporate Advisers ("*Komon*") who have formerly served as Representative Director and President, etc.	0 person

Others

- The Company abolished its *sohdanyaku* system and revised its *komon* system effective from the closing of the Ordinary General Meeting of Shareholders of June 27, 2018. The revised system stipulates that the Company will commission a person retired from Representative Director and President to assume an office of *komon* designed to engage in material external activities for the Company for two (2) years on the proviso that the commission is approved by the Nomination & Remuneration Committee and the Board of Directors.
  A *komon* is not involved in the decision-making process regarding the management of the Company.
- A *komon* is to perform part-time duties. He or she is paid the amount of remuneration as stipulated in the internal regulations of the Nomination & Remuneration Committee.
- No *komon* positions are currently held at the Company.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company has adopted the system of having the Audit & Supervisory Board. It creates and maintains the following system in order to enable effective corporate governance for stakeholders such as shareholders.

a. The Board of Directors
The Board of Directors is comprised of nine directors. They include three independent outside directors, two of which are female. The three independent outside directors occupy one third or more of the number of Board of Directors member seats and have diverse backgrounds such as experience in serving listed companies as outside directors/auditors, accumulating actual performance in supporting the companies in various ways in the areas of SDGs and environmental management and a wealth of experience and expertise in business management both inside and out.
As a general rule, the Board meets every month. It receives reports on and decides on key matters for the Company.
The term of directors is set for one (1) year in order to establish a flexible management system capable of responding to changes in the management environment and to clarify the management responsibilities of directors.
The Nomination and Remuneration Committee has been put in place in order to deliberate on and report on the personnel and remuneration matters of executives in the Company. It is an advisory organization for the Board of Directors, consisting of multiple directors including at least one independent outside director.

b. The Audit & Supervisory Board
There are five Audit and Supervisory Board members. They include three independent outside auditors who hold a majority. Of the three, there is an attorney (a female) and a certified public accountant.
Two of the Audit and Supervisory Board members are full-time auditors.
Auditors attend key meetings (such as those of the Board of Directors), examine the state of the Company`s performance and assets, and audit directors in their performance of their duties. They are

assisted in accomplishing their duties by dedicated personnel assigned to the Auditor's Office (one dedicated member and one concurrently serving member) in order to enhance the effectiveness and smoothness of audit operations by auditors.

c. Accounting Auditor
The Company has appointed Deloitte Touche Tohmatsu LLC as the Accounting Auditor from which it receives an audit of its accounts.

d. System for Business Execution

- Executive Council
The Executive Council consists of representative directors and directors who concurrently serve as corporate officers and senior corporate officers and has been established as a body to make efficient decisions regarding key matters relating to business execution.

- Internal Audit Department
Internal Audit Department has been established as an independent internal body under the direct control of the President to assess the effectiveness and efficiency of internal controls across the Group.

- Various Committees
Various committees have been established in order to deliberate on specific management issues relating to business execution by the directors from practical perspectives. These are the Project Review Committee, the R&D/Investment Committee, the Information Systems Investment Committee, the Compliance Committee, the Risk Management Committee - Business Continuity Project, and the Information Security Committee.

- System of Corporate Officers (for *shikkoyakuin* and *gyomu-shikkoyakuin*)
The Company has adopted a system of corporate officers (for *shikkoyakuin* and *gyomu-shikkoyakuin*), which enables the appropriate delegation of authority in order to separate supervision of management from its execution and to enable prompt business execution.

- Collective Decision-Making (*Ringi*) System
The Company has established and operates a system that enables key management issues to be decided based on consultation among those officers responsible, among those officers responsible and related officers, and among members of decision-making bodies (committees) and/or the Executive Council after having first obtained an expert opinion on the issues from the corporate staff heads of each relevant division.

Pursuant to Article 427(1) of the Companies Act of Japan, the Company has executed an agreement with the directors who are not executive directors as well as all auditors to limit their liability as set out in Article 423 (1) of the Act. The limit of liability is ¥5 million or the amount stipulated by law, whichever is higher. The limitation of liability is only recognized in cases where such directors and auditors performed their duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

The Company has judged that an audit system which includes outside auditors is effective for supervising management, and thus has adopted the system of having a board of auditors.

Given the drastically changing nature of the Company's industry, its Board of Directors consists of five directors (concurrently serving as corporate officers) well-versed in the state of the Company and its industry, and also four external individuals as directors (including three outside directors) who are expected to use their abundant experience of management, give advice on management as a whole from their external, objective and expert perspectives, and operate as an efficient supervisory body to management. We think this makes the Company capable of ever more objective and broad-based decision-making, and ever more effective supervision of its business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company sent the notice of the 74th ordinary general meeting of shareholders of June 27, 2018, 22 days before the date thereof. Furthermore, the Company had announced it on its homepage and the Tokyo Stock Exchange website before it mailed the document.
Scheduling AGMs Avoiding the Peak Day	The Company holds general meetings of shareholders on days other than the day on which the largest number of companies hold their meetings. It held the general meeting of shareholders on June 27, 2018 the previous day to the day on which many other companies held their meetings.
Allowing Electronic Exercise of Voting Rights	The Company has enabled individual shareholders to exercise their voting rights by personal computer or smartphone through a designated website.
Participation in Electronic Voting Platform	The Company has participated in an electronic voting platform operated by ICJ, Inc. whereby institutional investors can exercise their voting rights, since the 63rd Ordinary General Meeting of Shareholders held in June 2007.
Providing Notice in English	The Company provides an English version of the notice for the general meeting of shareholders.
Other	The Company has prepared visual content for general meetings of shareholders, and it sends the notice of general meeting of shareholders via e-mail. The notice for the general meeting of shareholders and notice of resolutions of meetings are disclosed on its website.

2. IR Activities

Updated

	Supplementary Explanations
Preparation and Publication of Disclosure Policy	The Company has published its Disclosure Policy on its external website http://www.unisys.co.jp/invest-j/com/dp.html.
Regular Investor Briefings for Individual Investors	Quarterly performance briefing sessions are held. The briefing sessions below were held for the fiscal year ending March 2018 and 2019. (1) Briefing session for Q3 of the fiscal year ending March 2018 (conference call) Date: February 1, 2018 Number of Participants: 44 Explained by: Representative Director, Executive Corporate Officer (CFO) (2) Briefing session for Q4 of the fiscal year ending March 2018 Date: May 9, 2018 Number of Participants: 42 Explained by: Representative Director, President & CEO (3) Briefing session for Q1 of the fiscal year ending March 2019 (conference call) Date: August 1, 2018 Number of Participants: 52 Explained by: Representative Director, Executive Corporate Officer (CFO) (4) Briefing session for Q2 of the fiscal year ending March 2019 Date: November 6, 2018 Number of Participants: 50 Explained by: Representative Director, President & CEO
Posting of IR Materials on Website	The Company has posted consolidated financial statements, annual securities reports (*yuka shoken hokokusho*), integrated reports, fact books,

	results briefing materials, mid-term management plan presentation materials, notice of general meetings of shareholders, notices of resolutions, and shareholders reports (*kabunushi tsushin*).
Establishment of Department and/or Manager in Charge of IR	Name of the department responsible for investors relations: IR & CSR, Finance

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Nihon Unisys Group has set as part of its corporate philosophy that it will 'Listen sincerely to our stakeholders to improve our corporate value'. It has taken into consideration all stakeholders: shareholders, investors, customers, partners, employees and local communities, and has endeavored to have an open dialogue with them in view of creating relationships of trust.
Implementation of Environmental Activities, CSR Activities etc.	The Company has obtained the international certification ISO14001 for its environmental management system (EMS) for all its business facilities including those of its group companies. Under its slogan for its environmental activities, which is 'what ICT can do for the earth', the Company intends to contribute, as an ICT company, to reducing the load on the environment, effectively using resources, and creating a sustainable society. Through its business activities, the Company has made efforts to reduce power and paper usage, promote the 3Rs (reduce, reuse and recycle), and carry out 'Green Procurement' activities to purchase system components and supplies that may cause the least possible environmental impact. Furthermore, it has endeavored to create business models capable of alleviating environmental burdens and thus contributing to customers by improving business operational efficiency and reducing environmental load. The business models are created through the use of ICT solutions provided by the Group such as those providing outsourcing services via environmentally considerate and energy-saving data centers, and providing charging infrastructure system services. With regards to CSR, our corporate mission is to "Work with all people to contribute to the creation of a society that is friendly to people and the environment" and in realizing this corporate philosophy, we aim to contribute to the sustainable development of society and by realizing a sustainable growth cycle as a company, we aim to become a sustainable company. The Company makes efforts to solve social problems and contribute to society through business and to meet society's expectations and requests referring to the social responsibility guidance standards in ISO26000, the standard guidance for corporate responsibilities. The Company's key CSR issues 'Materiality' have been identified and specific goals have been promoted since fiscal 2017. The Company signed the United Nations Global Compact, and has continued efforts to achieve the 10 basic principles relating to human rights, labor, the environment and corruption prevention. Details of the CSR activities are reported in the company website (http://www.unisys.co.jp/csr/).
Development of Policies on Information Provision to Stakeholders	The Company promotes communication with stakeholders through IR activities pursuant to the Disclosure Policy.

Other	[Status Quo on and Efforts for Promoting Appointment of Women] The Company identifies diversity promotion as one of its key reforms in the Mid-term Management Plan, from the viewpoint that diverse human resources are essential for creating business ecosystems. First of all, in fiscal 2007, the Company worked to create an environment where a range of human resources including women are active in productivity and work-life balance, and the Company put in place and offers to all employees a maternity leave / childcare leave system that exceeds legal requirements, a short-time work system, a nursing care leave system a work-from-home system. Furthermore, the Company has also expanded a variety of finely tuned support systems such as seminars for employees returning to work and individual consultations to support them before and after childcare leave. As a result, almost 100% of female and male workers have returned to work after childcare leave by balancing work and family life (95% or higher has been maintained for more than 10 years at the Company.). Male workers' childcare leave ratio exceeded 17% in fiscal 2017, highlighting that the Company has enabled an environment of a good work-life balance. The Company's efforts relating to workstyle reform that have been made since fiscal 2016 (such as a telecommuting system and use of satellite offices for all employees) has helped the Company to create such an environment. In addition, as a result of promoting female employees, approximately 48% of the Company's newly hired employees for fiscal 2018 are female employees. Furthermore, the Company is working on job level training (candidates for executive positions, mid-level employees, and young employees) with the purpose of career development and promoting appointments to grow its employment of female workers. The Company plans to increase its ratio of female management personnel to 10% by 2020. It is steadily increasing from 4.8% in fiscal 2016 to 6.5% in the fiscal 2017. The Company has two female directors among its nine directors, and one female auditor. The Company saw a career employee (an employee who has been working for the Company since graduating from university) become its first female corporate officer (*gyomu-shikkoyakuin*) in 2018.

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

The Company group has strived to establish, operate and continuously improve its internal control system as follows in order to smoothly and effectively achieve the four aims of internal control. These aims are: "improving the effectiveness and efficiency of business", "ensuring the reliability of financial reports", "compliance with laws and regulations on business activities", and "preservation of company assets". The intention is to improve the efficiency and transparency of management and ensure the Company's compliance with laws and regulations.

a. Improving the Effectiveness and Efficiency of Business

The Group has established a mid-term management plan and specific management targets, and strives to develop systems that will improve operational effectiveness and efficiency.

- The Group has established the business strategies and profit plans in order to achieve its mid-term management plans, and confirms and assesses the extent of progress against them at quarterly management reviews.
- Key matters on business execution are decided by the Executive Council and various committees, and authority is delegated to business divisions as appropriate in order to enable prompt business execution.
- The R&D/Investment Committee deliberates on and assesses the appropriateness of business plans about products/services and business investment such as capital participation in order to ensure the efficiency of investment pertaining thereto. Furthermore, the Project Review Committee deliberates on and assesses the appropriateness of implementation plans for material system service projects in order to ensure the profitability of service businesses.

b. Ensuring the Reliability of Financial Reports

The Company's management and employees have conducted themselves in compliance with the basic policy for appropriate financial reporting established by the Group set forth for ensuring the reliability of financial reporting.

- The Company has established a department that implements the internal control of financial reports under the supervision of the Chief Financial Officer (CFO). It helps relevant departments to put internal control measures in place, and assesses the extent to which they have been implemented and how they are being run. The results of these assessments are reported by the relevant departments to management each time an assessment is conducted, so that management can confirm their efficacy. In an event that inadequacies are found, corrections are made promptly by the relevant department.
- The Group constantly keeps in mind the fact that appropriate financial reporting is a corporate social responsibility. It strives to enhance internal control through measures such as yearly e-learning training sessions ('in order to properly understand internal control') run by the department in charge of internal control.

c. Compliance with Laws and Regulations on Business Activities

In recognition of compliance as one of the most critical issues to execution of business operation, the Group has established the 'Nihon Unisys Group Charter of Corporate Behavior', the 'Group Compliance Basic Regulations', and the 'Nihon Unisys Group Code of Conduct', based on which all of the Group's employees act ethically in compliance with laws and regulations, social norms and in-house regulations.

In order to realize these, the Group has established the 'Compliance Committee' to promote compliance programs under the supervision of the Chief Compliance Officer (CCO). Education and awareness activities are continually carried out in order to ensure that an awareness of compliance takes root and grows in all executives and regular employees of the Group through measures such as holding e-learning and training seminars.

Additionally, a communication route has been set up for reporting on and asking for advice on compliance matters, and the Compliance Committee and auditors have also established their own direct route (hotline) for reporting and consultation. Strict measures have also been put in place to make sure that hotline users are not disadvantaged.

d. Preservation of company Assets (Risk Management)

The Nihon Unisys Group is faced with various kinds of risk in connection with its operating business activities. The Company has developed a common risk classification system for the Group to share and centralize the management of risks throughout the entire Group. Furthermore, it has developed preventive

measures and countermeasures against the occurrence of risk events in order to safeguard its assets.

Accordingly, the Company group has established a 'Risk Management Committee' chaired by the Chief Risk Management Officer (CRMO) to unify, lead and manage risk management across the entire Group.

The Risk Management Committee has established a common risk classification system in order to share and centralize the management of risks throughout the entire Group. The system currently has approx. 130 risk management categories such as information management risks, system development risks, and disasters or accident related risks. Staff departments or committees responsible for controlling such risk items have established management regulations as well as specific preventive measures and countermeasures in an event of a risk arising.

In an event of a material risk arising despite these measures, the department where such risk arises or relevant committee promptly reports to the Risk Management Committee - Business Continuity Project. A 'Risk Countermeasure Meeting' or 'Risk Countermeasures HQ' is then established according to the severity of the risk in order to deal with the situation appropriately.

In the case of business continuity risks caused by factors such as earthquakes or pandemic influenza, a business continuity project team headed by the chairman of the Risk Management Committee forms a business continuity plan (BCP) and continuously reviews and improves its content while taking into account a range of viewpoints such as ensuring safety, recovering the internal business and responding to customers.

In case of emergency, a disaster countermeasures HQ is established promptly by the business continuity project's general manager, and begins activities to support business continuity.

The Company's systems to ensure the appropriateness of subsidiaries' business operations are predicated on the regulations for managing affiliated companies. The regulations that respect the principle of autonomous operation by individual group companies were established in order to improve the management efficiency of the Company and group companies; unify the management philosophies thereof; and achieve growth as the group.
The Company has enabled an appropriate and effective management of group companies through its departments designated for individual group companies pursuant to the regulations. Furthermore, the Company has transferred to the subsidiaries and affiliated companies its directors and auditors who supervise business operations by directors thereof.

The 'System to ensure the properness of operations of a stock company (Internal Control System)' was decided on by resolution of the Board of Directors pursuant to the Companies Act, and is disclosed on the Company`s external website (http://www.unisys.co.jp/invest-j/com/pdf/tousei.pdf)

2. Basic Views on Eliminating Anti-Social Forces

1. Basic Approach

The Company adamantly confronts anti-social forces and groups that threaten the order and safety of civil society.

2. Extent of Current Measures

- The Company has a policy of 'having no relationship with anti-social forces and eliminating any activities to promote them' as part of its aforementioned "System to ensure the properness of operations of a stock company (Internal Control System)" (http://www.unisys.co.jp/invest-j/com/pdf/tousei.pdf)
- The Company has an examination system that involves confirmation by the person in charge of a deal and examination of that deal by a dedicated department, in order to protect itself from having dealings with anti-social forces.
- The Company has included a provision on the elimination of anti-social forces in its standard agreement for the purposes of preventing dealings with anti-social forces and enabling an easy discontinuation of deals in an event where a business partner is found to be part of anti-social forces.
- In an event that a business partner is found to belong to anti-social forces, the Company shall establish a countermeasure headquarters and promptly break off the relevant deal.
- The Company strives to raise awareness on the side of employees through setting out specific examples in its compliance guidebook.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation
The Company has not adopted measures for preventing takeovers.

2. Other Matters Concerning to Corporate Governance System

[Corporate Governance]
The corporate governance system of the Company is as described as in the [Organizational Chart for Corporate Governance and Internal Control]

[Timely Disclosure System]
The internal system for timely disclosure of corporate information is as follows.
1. Basic Policy on Timely Disclosure of Corporate Information

The Nihon Unisys Group shall strive to make timely disclosure of facts or financial information capable of significantly impacting investment decisions by investors (hereinafter referred to as 'material facts') by appointing its Chief Financial Officer (CFO) as the "Person Responsible for Handling Information" pursuant to the regulations on timely disclosure stipulated in the rules on the listing of securities of the Tokyo Stock Exchange (hereinafter referred to as the 'Rules on Timely Disclosure'), and also establishing and operating a system of internal information management that is applicable to subsidiaries also, pursuant to the internal regulations on the management and disclosure of internal information.

Furthermore, the Company discloses willingly and fairly all other the information which it judges to be effective in promoting people`s understanding of it.

2. Information concerning the Company
(1) Information on decisions made
- Key decision matters are decided by the Board of Directors (which holds a monthly meeting in principle) or the Executive Council, which consists of: representative directors; directors who concurrently serve as corporate officer; senior corporate officers.
- With regard to key matters that have been resolved, the Person Responsible for Handling Information and the departments concerned such as Corporate Communications and Legal Department deliberate on the necessity of disclosure pursuant to the Rules on Timely Disclosure, and if it is decided that disclosure is necessary action is promptly taken.

(2) Information concerning the occurrence of certain facts
- Where a fact that is or is presumed to be material as regarding the Company occurs or is expected to occur, the departments concerned with that fact communicate it promptly to Corporate Communications and the Legal Department.
- Where disclosures is required of the material fact which has occurred, a disclosure procedure is promptly followed by Corporate Communications and the Legal Department after first reporting to the Person Responsible For Handling Information (CFO).

(3) Information concerning the accounts
- For information concerning the accounts, the relevant departments such as Corporate Communications and Legal Department promptly follow a disclosure procedure after first reporting to and obtaining approval from the Board of Directors. Where a performance forecast is revised, disclosure is made promptly as soon as the details of the revision become clear.

3. Information concerning subsidiaries

Material information on individual subsidiaries is promptly communicated by the departments responsible for managing them to Corporate Communications and the Legal Department. If it is decided to make disclosure of that information, then Corporate Communications and Legal Department promptly do

so.

* In a case where the materiality of a fact as stipulated in 2 and 3 above is in doubt, the Person Responsible for Handling Information makes a decision on the basis of discussions with the relevant departments.

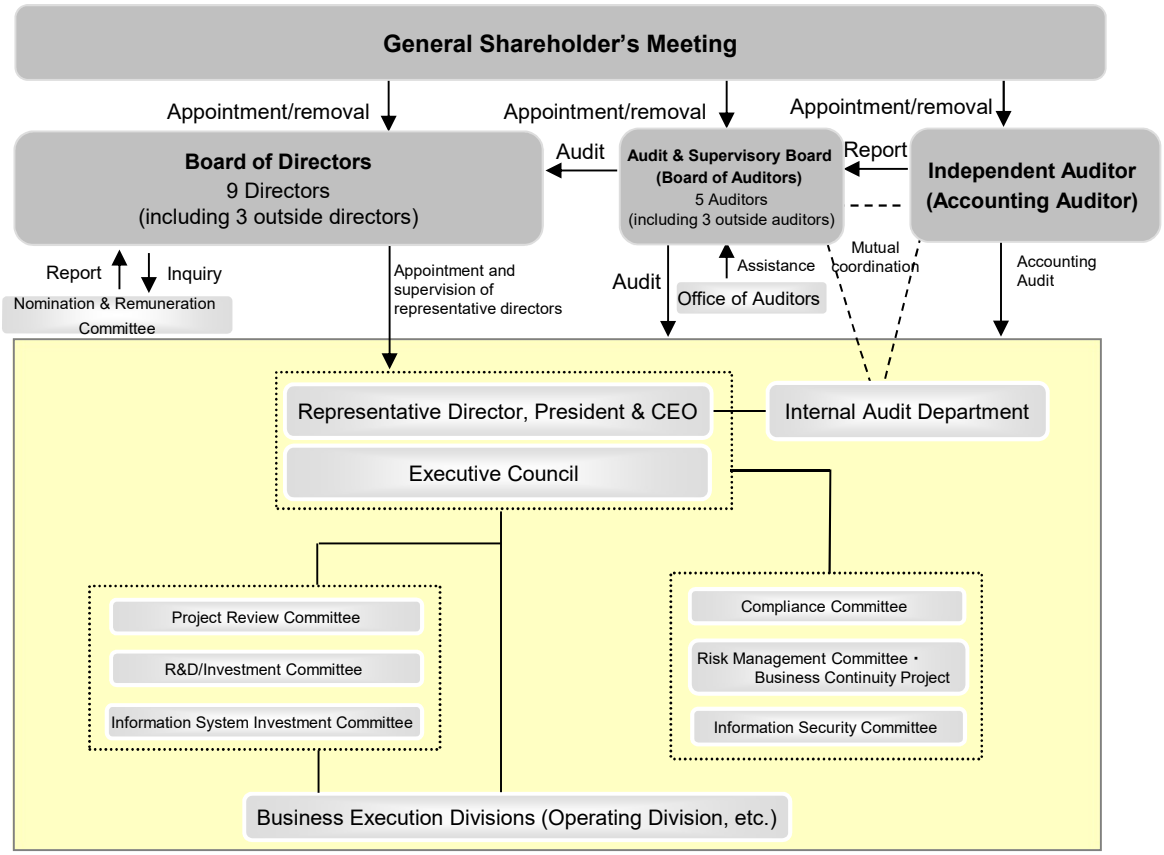
* Disclosure of material matters as stipulated in the Financial Instruments and Exchange Act is made in securities reports *(yuka shoken hokokusho)* and extraordinary reports (*rinji hokokusho*) which are submitted to the Director-General of the Kanto Finance Bureau through an electronic disclosure system (EDINET: Electronic Disclosure for Investors' Network).

4. Procedure for Disclosing Material Facts

The Person Responsible for Handling Information and the relevant departments such as Corporate Communications and Legal Department disclose material facts promptly on the basis of their discussions.

Material facts are disclosed by Corporate Communications through TDnet (Timely Disclosure System), a system of timely disclosing and communicating information operated by the Tokyo Stock Exchange, and by posting materials to and holding press conferences at the Kabuto Club of the Tokyo Stock Exchange. Inquiries from investors and the press about information that has been disclosed are responded to mainly by Corporate Communications.

【 Organizational Chart for Corporate Governance and Internal Control 】



【 Organizational Chart for the Timely Disclosure System 】

