[Translation]

Corporate Governance Report

Last Updated: November 13, 2024

JACCS Co., Ltd.
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https://www.jaccs.co.jp/ (in Japanese only)

The corporate governance of JACCS Co., Ltd. (the "Company") is described below.

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

1. Basic Views

The Company and its subsidiaries (the "JACCS Group") is committed to realizing sustainable growth and improving its medium- to long-term corporate value by fulfilling the trust and expectations of all stakeholders, including shareholders, customers, business partners, employees and officers of the Group, and all other social and environmental stakeholders ("stakeholders"). Furthermore, management of the JACCS Group will focus on sustainability (the realization of a sustainable society). To that end, the JACCS Group will continue prioritizing corporate activities that ensure social justice by enhancing management soundness and transparency while reinforcing its business management structure and auditing functions.

[Reasons for Non-compliance With the Principles of Japan's Corporate Governance Code]

The Company complies with all principles of Japan's Corporate Governance Code.

[Disclosure Based on the Principles of Japan's Corporate Governance Code] **Updated**

[Principle 1.4 Cross-Shareholdings]

In regard to holding shares in a company the Company does business with, we look at whether or not we should hold such shares as well as how many shares we should hold in light of our business operations, such as whether such cross-shareholding helps to maintain and strengthen relationships with that company or facilitate business transactions. If we decide that shares are not suitable for holding, we will reduce the number of such shares. Decisions on whether or not to hold shares as well as the number of shares to be held are reviewed by the Board of Directors annually.

We had cross-holdings in 115 companies as of March 31, 2015 but reduced them to 36 companies as of September 30, 2024.

In addition, when exercising voting rights of shares held, we comprehensively consider whether such proposals will contribute to increasing the corporate value over the medium to long term of that company with which we do business, and whether the proposal would have an effect on the Company.

[Principle 1.7 Related Party Transactions]

When the Company engages in an important or non-routine transaction with a related party such as an officer or major shareholder, we submit the matter to the Board of Directors for approval.

[Supplementary Principle 2.3.1 Sustainability Initiatives]

The Company has established the Basic Policy on Sustainability with the aim of helping to solve issues facing society, achieving sound and sustainable growth, and increasing our corporate value over the medium to long

term. We also believe that it is important to identify material sustainability issues we should address, align them with our management strategies, and actively work to resolve these issues through our operations.

The Company established the Sustainability Committee in September 2024 as a body reporting directly to the Board of Directors. The Committee considers and debates reports received from the Environment Committee, Human Rights Committee, Diversity, Equity and Inclusion (DE&I) Promotion Committee and Health and Productivity Management Promotion Committee, and general matters related to sustainability, and reports its findings to the Board of Directors. In addition, the officer in charge of corporate planning takes on the role of the sustainability promotion leader of the JACCS Group, promoting initiatives related to sustainability while establishing a unified structure for business activities and management strategies.

Information about our initiatives on Sustainability is posted on our website.

https://www.jaccs.co.jp/en/corporate/sustainability/

[Supplementary Principle 2.4.1 Ensuring Diversity in Promotion to Core Human Resources]

Our approach to diversity

The JACCS Group respects diversity and embraces different values as it implements initiatives that enable people from diverse backgrounds to thrive in their workplaces. We continue to promote greater participation of women and foreign nationals in the workforce, midcareer hires on an ongoing basis, and implement other measures.

Targets and status for appointing women, foreign nationals, and midcareer hires to managerial positions

- We had set a target for the percentage of women in section manager positions or higher and those with subordinates whose position is immediately below section manager to be least 35% by the end of FY2024. As of October 1, 2024, the actual percentage was 39.5%. In addition to setting such targets, we are working to create workplace environments and programs that help women reach their full potential.
- We currently employ two foreign nationals at our locations in Japan. While none of them are in a managerial position, we are aiming to appoint foreign nationals to positions that are equivalent to theirs or higher, including managerial positions.
- Midcareer hires account for 16.4% of employees in section manager positions or higher (as of October 1, 2024). We continue to promote employees based on their aptitude and ability regardless of whether they are recent graduates or hired midcareer. We also make ongoing efforts to hire midcareer candidates in order to acquire the human resources needed for our operations.

Policies on training personnel, building internal work environments, etc. that ensure diversity

We provide ongoing diversity training, particularly for managers, and establish systems and regulations that support various work styles with an eye to building a workplace environment where a diverse workforce can thrive.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

Our corporate pension plan is managed by the JACCS Corporate Pension Fund.

The Fund outsources the management of its reserves to multiple asset management companies in Japan and entrusts the selection of individual investments and the exercise of voting rights to each asset management company, so that there is no conflict of interest between JACCS and the beneficiaries of the corporate pension plan.

It also appoints and assigns appropriate personnel to enhance its expertise in fund management and ensure that it can fully exercise its functions, such as the monitoring of asset management companies. Furthermore, the Asset Management Council meets semiannually to ensure that the overall management of the fund is sound.

[Translation]

[Principle 3.1 Full Disclosure]

1. Our vision (management principle), management strategies, and business plans

   (1) Founding philosophy

   Our founding philosophy is “Trust is the basis for all.” Trust and reliability form the cornerstone of all our activities and the foundation for building relationships with our stakeholders.

   (2) Management principle

   The JACCS Group continues to do its share in building a sustainable society in order to contribute to the realization of a future inspired by dreams and an affluent society.

   (3) Long-term vision

   We are aiming to establish JACCS’ position as a leading brand among Asian consumer finance companies.

   (4) Management strategies and business plans

   Under MOVE 70, our medium-term business plan that started in fiscal 2022, we are working to further strengthen our management structure with an eye to achieving our long-term vision of realizing sustainable growth of the JACCS Group and increasing its corporate value. The medium-term business plan is a roadmap for the next three years that underscores reaching four goals, i.e., leveraging our strengths to bolster the revenue base for our operations in Japan, establishing a revenue base for overseas operations that will drive growth in the future, strengthening the business foundation to accelerate growth in Japan as well as overseas, and promoting ESG management. We will steadily implement strategies to realize these goals with the aim of fueling further growth.

2. Basic views and policies on corporate governance

   Basic views and policies on corporate governance are as described in “I-1. Basic Views” of this report.

3. Board of Directors’ policy and procedure for determining remuneration for senior management and Directors

   - The Company has voluntarily established the Remuneration Advisory Committee as an advisory body to the Board of Directors.
   - The amount of remuneration, etc. for Directors and senior executive officers is determined by the Board of Directors and set within the limits established by a resolution of a General Meeting of Shareholders following a review and discussion by the Remuneration Advisory Committee.
   - The amount of remuneration, etc. for Audit & Supervisory Board Members is determined by consultation among the Audit & Supervisory Board Members and set within the limits established by a resolution of a General Meeting of Shareholders.

4. Board of Directors’ policy and procedure for appointing or dismissing senior management and nominating candidates for Directors and Audit & Supervisory Board Members

   - The Company has voluntarily established the Nomination Advisory Committee as an advisory body to the Board of Directors. The Nomination Advisory Committee considers and debates nomination and dismissal proposals for Directors and senior executive officers. The Committee reports its findings to the Board of Directors. The Committee also submits proposals to appoint or dismiss Audit & Supervisory Board Members to the Board of Directors after obtaining the consent of the Audit & Supervisory Board.
   - The Company appoints individuals with high ethical standards as well as excellent character, insight, ability, and a wealth of experience as Directors and Audit & Supervisory Board Members of the Company.

・ All Directors of the Company are elected annually at a General Meeting of Shareholders.

5. Explanation for the appointment or dismissal of individual senior management and nomination of individual candidates for Directors and Audit & Supervisory Board Members by the Board of Directors

Reasons for nominating individual candidates are provided in the notice of the General Meeting of Shareholders.

https://www.jaccs.co.jp/en/corporate/ir/stock/meeting/

[Supplementary Principle 4.1.1 Scope of Delegation to Management]

The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by laws and regulations as well as the Articles of Incorporation, and receives reports regarding the status of significant operational matters. Based on this structure, the Board of Directors oversees the operational execution of the Company's management.

[Supplementary Principle 4.2.2 Basic Policy for Sustainability Issues]

The JACCS Group has established the Basic Policy on Sustainability with the aim of enhancing its corporate value over the medium to long term. In overseeing the progress of the MOVE 70 medium-term business plan, the Board of Directors monitors the allocation of management resources, including investments in human capital and intellectual property, as well as the progress of strategies related to the business portfolio.

The Basic Policy on Sustainability is posted on our website.
https://www.jaccs.co.jp/en/corporate/sustainability/

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The independence standards of the Company are described in "II-1 [Independent Officers] Matters Relating to Independent Officers" of this report.

We select qualified candidates who have no vested interest in the Company, can provide opinions and advice from an independent and objective standpoint to ensure sound and transparent management, and are not likely to have a relationship with general shareholders that would pose a conflict of interest.

[Supplementary Principle 4.10.1 Independence, Authority, and Roles of the Nomination Committee and Remuneration Committee]

The Company has voluntarily established the Nomination Advisory Committee and the Remuneration Advisory Committee as advisory bodies to the Board of Directors.

The Nomination Advisory Committee considers and debates nomination and dismissal proposals for Directors, senior executive officers, and Audit & Supervisory Board Members. The Committee reports its findings to the Board of Directors. The Nomination Advisory Committee consists of inside Directors and independent outside Directors, with independent outside Directors constituting a majority.

The Remuneration Advisory Committee considers and debates the performance of Directors and senior executive officers and the content of their remuneration, and reports its findings to the Board of Directors. The Remuneration Advisory Committee consists of inside Directors and independent outside Directors, with independent outside Directors constituting a majority.

[Translation]

[Supplementary Principle 4.11.1 Policy for Balance, Diversity, and Size of the Board of Directors]

- The Company's Board of Directors is comprised of between three and 13 members, and at least a third of them are independent outside Directors.
- The Company's Board of Directors is comprised of individuals with the knowledge, experience, and skills necessary to ensure appropriate decision-making and supervision of operations, and is structured in a way that ensures diversity and appropriate size.
- To be appointed as a Director of the Company, an individual must have excellent character, insight, ability, and a wealth of experience along with high ethical standards as well as the following skills:

  (1) Skills to supervise the making of decisions on the JACCS Group's strategies and execution of operations at a high level and contribute to increasing its corporate value;

  (2) Skills such as "corporate management," "sales and marketing," "global," "finance and accounting," "personnel, human resources development and D&I promotion," "IT and systems," and "legal affairs and risk management" necessary for implementing business strategies and establishing a solid business foundation.

  The skills matrix is provided in the notice of the General Meeting of Shareholders.
  https://www.jaccs.co.jp/en/corporate/ir/stock/meeting
- Independent outside Directors that include individuals who have management experience in other companies make decisions at the Board of Directors' meetings and supervise other Directors based on their extensive experience and expertise.

[Supplementary Principle 4.11.2 Positions Concurrently Held by Directors and Audit & Supervisory Board Members]

Positions concurrently held by Directors and Audit & Supervisory Board Members are listed in the notice of the General Meeting of Shareholders as well as the Securities Report.

- Notice of the General Meeting of Shareholders
  https://www.jaccs.co.jp/en/corporate/ir/stock/meeting/
- Annual Securities Report
  https://www.jaccs.co.jp/corporate/ir/library/securityreport/ (in Japanese only)

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Board's Effectiveness and Results Achieved]

The Board of Directors of the Company analyzes and evaluates its effectiveness every year. In addition, in order to elicit candid opinions from the respondents and to ensure objective analysis, we have requested an external organization to analyze and evaluate the survey.

In fiscal 2023, a survey was conducted of Directors and Audit & Supervisory Board Members on the topics of board composition, board operations, improving board deliberations, systems that support the board, management strategies and business strategies, corporate ethics and risk management, and enhancing relationships with shareholders and other stakeholders, based on the issues raised last year. As a result of the analysis and evaluation, we confirmed that the efforts to address these issues raised last year have improved. In addition to these results, the Board of Directors discussed ongoing issues such as capital cost-conscious management and actions to be taken, and confirmed that the Board of Directors as a whole has been generally effective. We will work to improve its effectiveness even further.

[Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members]

- The Company provides Directors and Audit & Supervisory Board Members with appropriate information necessary for them to fulfill their respective roles and responsibilities. We also continue to provide them with training opportunities to acquire the necessary qualifications, knowledge, and skills to fulfill their roles and responsibilities.

[Translation]

- In order for outside officers to effectively fulfill their roles and responsibilities, the Company strives to create an environment in which outside officers, Directors, and senior executive officers can share information and exchange opinions with each other.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company designates the officer in charge of corporate planning as the person in charge of communicating with shareholders, institutional investors, and other stakeholders to promote constructive dialogue with them. We strive to enhance their understanding of the Company's management strategies, performance, etc. by carefully explaining and incorporate their valuable opinions in our operations. This should help us achieve sustainable growth and enhance our corporate value over the medium to long term. The officer in charge of corporate planning reports on what we talked about with shareholders, institutional investors, etc. at the Board of Directors' meetings and other occasions as needed.

[Implementation of Dialogue with Shareholders]

Information about the status of dialogue with shareholders and investors is provided in the Integrated Report and posted on our website.

https://www.jaccs.co.jp/en/corporate/ir/library/annual/

[Measures to Realize Management with an Awareness of Cost of Capital and Share Price] [English disclosure] [Updated: June 28, 2024]

For information on measures to realize management with an awareness of cost of capital and share price, please refer to the following.

- First Half of Fiscal Year Ending March 2024 Results Briefing (briefing held on November 14, 2023) and Fiscal Year Ended March 2024 Results Briefing (briefing held on May 21, 2024)

  https://www.jaccs.co.jp/en/corporate/ir/library/presentation/

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Translation]

[Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
MUFG Bank, Ltd.	7,015,969	20.19
Custody Bank of Japan, Ltd. (Trust Account)	2,705,200	7.78
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,695,900	7.76
Shareholding Association of JACCS	1,620,357	4.66
The Dai-ichi Life Insurance Company, Limited (Standing Proxy: Custody Bank of Japan, Ltd.)	1,359,923	3.91
Meiji Yasuda Life Insurance Company (Standing Proxy: Custody Bank of Japan, Ltd.)	1,275,790	3.67
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO (Standing Proxy: MUFG Bank, Ltd.)	1,145,414	3.29
JACCS Co., Ltd. Employee Stock Ownership Association	920,939	2.65
Nippon Life Insurance Company (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	588,073	1.69
Mitsubishi UFJ Trust and Banking Corporation (Standing Proxy: The Master Trust Bank of Japan, Ltd.)	564,400	1.62

Controlling Shareholders (excluding for Parent)	–
Parent	N/A

Supplementary Explanation Updated

1. The report on changes to the large shareholding report, which was made available for public inspection as of January 11, 2022, states that Sumitomo Mitsui DS Asset Management Company, Limited held 1,398,000 shares (a stake of 3.99%) as of December 31, 2021. However, the major shareholders are listed in accordance with the shareholder register since the Company was unable to confirm the actual number of shares held by the company as of September 30, 2024.

2. The report on changes to the large shareholding report, which was made available for public inspection as of July 23, 2024, states that MUFG Bank, Ltd. and three joint holders held 8,128,000 shares (a stake of 23.17%) as of July 16, 2024. However, the major shareholders are listed in accordance with the shareholder register since the Company was unable to confirm the actual number of shares held by the company excluding MUFG Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation, and Mitsubishi UFJ NICOS Co., Ltd. as of September 30, 2024. Details of the large shareholding report (report on changes) are as follows.

[Translation]

Submitter and Joint Holders	/ Number of Shares Held	/ Percentage of Shares Held
MUFG Bank, Ltd.	7,015,969 shares	20.00%
Mitsubishi UFJ Trust and Banking Corporation	861,900 shares	2.46%
Mitsubishi UFJ Asset Management Co., Ltd.	161,700 shares	0.46%
Mitsubishi UFJ NICOS Co., Ltd.	88,883 shares	0.25%

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Financing other than Banking, Securities & Commodity Futures and Insurance
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	Less than 10

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

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5. Special Circumstances Which May Have Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Organizational Form	Company with Audit & Supervisory Board Members

[Translation]

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board of Directors	Chairman (excluding the case where the person concurrently serves as President)
Number of Directors	11
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated From Among Outside Directors	4

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masahito Suzuki	From another company											
Kyoko Okada	From another company											
Hiroji Sanpei	From another company											
Yuko Shitamori	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; and "(▲)" 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 executive of the parent of the Company
c Executive of the Company's fellow subsidiary
d Party whose major client or supplier is the Company or an executive of said party
e Major client or supplier of the Company or an executive of said client or supplier
f Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director
g Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a corporation)
h Executive of the Company's client or supplier (which does not correspond to any of d., e., and f.) (the director himself/herself only)
i Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
j Executive of a corporation that receives a donation from the Company (the director himself/herself only)
k Other

[Translation]

Outside Directors' Relationship With the Company (2) Updated

Name	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Masahito Suzuki	○	(Concurrent positions outside the Company) Outside Director of AJIS Co., Ltd.	Masahito Suzuki has provided us with useful opinions regarding our overseas operations and financial strategies based on his extensive experience at a major liquor manufacturer and his keen management insights in general. We appointed him as outside Director and expect that he will continue to play a significant role in supervising business operations. We have also designated him as an independent officer since we determined that it is unlikely he would have a relationship with any general shareholders that would pose a conflict of interest in light of the Criteria for Independence of Outside Officers established by the Company.
Kyoko Okada	○	(Concurrent positions outside the Company) Outside Audit & Supervisory Board Member of Daio Paper Corporation Outside Director of NEC Corporation	Kyoko Okada has provided us with useful opinions based on her extensive experience and knowledge gained at a major cosmetics manufacturer. We appointed her as outside Director and expect that she will continue to play a significant role in supervising business operations. We have also designated her as an independent officer since we determined that it is unlikely she would have a relationship with any general shareholders that would pose a conflict of interest in light of the Criteria for Independence of Outside Officers established by the Company.

[Translation]

Hiroji Sanpei	○	(Concurrent positions outside the Company) Advisor of Felice Law Office	Hiroji Sanpei has a wealth of experience gained through his many years of service in the non-life insurance industry as well as a deep insight into management in general. He is currently adding to the depth of his experience and knowledge in a new area as an advisor to a law firm, and has provided us with useful opinions based on his experience and knowledge. We have appointed him as outside Director due to his experience and insights. We have also designated him as an independent officer since we determined that it is unlikely he would have a relationship with any general shareholders that would pose a conflict of interest in light of the Criteria for Independence of Outside Officers established by the Company.
Yuko Shitamori	○	(Concurrent positions outside the Company) Executive Officer of LTS, Inc. Outside Director of AXXZIA Inc.	Yuko Shitamori has extensive experience and knowledge at a major manufacturer and in corporate consulting. We appointed her as outside Director since we believe that her high degree of insight as a corporate manager will enable her to provide the Company's management with opinions, etc. from an objective standpoint and help strengthen our corporate governance. We have also designated her as an independent officer since we determined that it is unlikely she would have a relationship with any general shareholders that would pose a conflict of interest in light of the Criteria for Independence of Outside Officers established by the Company.

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

[Translation]

Voluntary Committee's Name, Composition, and Attribute of Chairman

	Committee Equivalent to Nomination Committee	Committee Equivalent to Remuneration Committee
Committee Name	Nomination Advisory Committee	Remuneration Advisory Committee
Total Number of Members	7	7
Number of Full-time Members	0	0
Number of Inside Directors	3	3
Number of Outside Directors	4	4
Number of Outside Experts	0	0
Number of Other Members	0	0
Chairman	Inside Director	Inside Director

Supplementary Explanation

Information about the Nomination Advisory Committee and the Remuneration Advisory Committee is as provided in "2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of the Current Corporate Governance System)" of this report.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation Among Audit & Supervisory Board Members, Financial Auditor, and Internal Audit Department

The Audit & Supervisory Board and its members work closely with the Financial Auditor as they are briefed on annual audit plans and audit summaries, provided with reports on audit results, and periodically exchange opinions. They also exchange opinions on the status of developing and operating internal control systems, risk assessments, etc.

As a general rule, Audit & Supervisory Board Members exchange opinions with the Audit Office, which is an internal audit department, on a monthly basis regarding internal audit results and updates on the development and operation of internal control systems.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated From Among Outside Audit & Supervisory Board Members	2

[Translation]

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yusuke Komachiya	Attorney at law													
Hideki Ono	CPA													

* Categories for "Relationship with the Company"

* "(○)" when the audit & supervisory board member presently falls or has recently fallen under the category; "(△)" when the audit & supervisory board member fell under the category in the past;

* "(●)" when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category; and "(▲)" when a close relative of the audit & supervisory board member 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 subsidiary
c Non-executive director or executive of the parent of the Company
d Audit & supervisory board member of the parent of the Company
e Executive of the Company's fellow subsidiary
f Party whose major client or supplier is the Company or an executive of said party
g Major client or supplier of the Company or an executive of said client or supplier
h Consultant, accounting professional, or legal professional who receives a large amount of monetary consideration or other property from the company besides remuneration as an audit & supervisory board member
i Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a corporation)
j Executive of the Company's client or supplier (which does not correspond to any of f., g., and h.) (the audit & supervisory board member himself/herself only)
k Executive of a corporation to which outside officers are mutually appointed (the audit & supervisory board member himself/herself only)
l Executive of a corporation that receives a donation from the Company (the audit & supervisory board member himself/herself only)
m Other

[Translation]

Outside Audit & Supervisory Board Members' Relationship With the Company (2)

Name	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yusuke Komachiya	○	Attorney at law	As an attorney, Yusuke Komachiya has experience and expertise gained in the field of law. We have appointed him as an outside Audit & Supervisory Board Member since we believe that he will use his experience and knowledge to provide us with opinions and advice from an objective perspective that will help us further strengthen our supervisory system. We have also designated him as an independent officer since we determined that it is unlikely he would have a relationship with any general shareholders that would pose a conflict of interest in light of the Criteria for Independence of Outside Officers established by the Company.
Hideki Ono	○	CPA	We have appointed Hideki Ono as outside Audit & Supervisory Board Member since we believe that his extensive knowledge and experience as a certified public accountant as well as his broad insights will enable him to provide us with opinions and advice from a fair and objective perspective and help strengthen our corporate governance. We have also designated him as an independent officer since we determined that it is unlikely he would have a relationship with any general shareholders that would pose a conflict of interest in light of the Criteria for Independence of Outside Officers established by the Company.

[Independent Officers]

Number of Independent Officers	6

Matters Relating to Independent Officers

The Company has established the following criteria for determining the independence of outside Directors and outside Audit & Supervisory Board Members (independence criteria).

Outside Directors and outside Audit & Supervisory Board Members who fall under any of the following descriptions are not deemed independent.

1. Major client or supplier of the Company or an executive of said client or supplier
2. Person affiliated with an organization that receives a large amount of accounting or legal consultation fees, in addition to officer's compensation, from the Company.

3. Major shareholder with 5% or more of the voting rights, or an executive of such a shareholding company
4. Close relative, up to the second degree of kinship, of a Director, Audit & Supervisory Board Member, executive officer, etc. of the JACCS Group, or a close relative that falls under 1 through 3 above.
5. Outside officer who has been in office for a long time

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration system

Supplementary Explanation

The introduction of a new stock-based compensation system, "restricted stock-based compensation and performance share units (performance-linked stock-based compensation system)," to replace the stock-based compensation system using stock options was approved at the 87th Annual General Meeting of Shareholders held on June 28, 2018.

The restricted stock-based compensation system is intended for Directors (excluding outside Directors) with total monetary compensation claims of up to ¥126 million per year and the total number of shares of the Company's stock to be delivered of up to 28,000 shares per year.

With regards to performance share units (performance-linked stock-based compensation system), the covered period is three business years as a new medium-term business plan is formulated, and it is intended for Directors (excluding outside Directors). The number of shares of the Company's common stock and money equivalent to tax expenses corresponding to the percentage of accomplishment of the relevant numerical targets are considered as remuneration, etc. for the covered period. The amount of monetary compensation claims and money to be delivered and the total number of shares of the Company's stock shall be up to ¥72 million for the covered period and 15,800 shares, respectively.

Performance share units (performance-linked stock-based compensation system) were introduced in conjunction with the 14th medium-term business plan, the first year of which was fiscal 2022, and under this system, shares and cash will be granted after the conclusion of the medium-term business plan.

Further, the amount of remuneration of each Director shall be determined by the Chairman and Representative Director and President and Representative Director who are delegated by the resolution of the Board of Directors, according to the roles of the respective Directors and the degrees of their contributions, based on such advice after consulting with and receiving advice from the Remuneration Advisory Committee.

Recipients of Stock Options	

Supplementary Explanation

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[Director Remuneration]

Disclosure Status (of remuneration for individual Directors)	No individual disclosure

Supplementary Explanation

Remuneration, etc. for Directors during the 93rd fiscal year

- Total amount of remuneration, etc. for nine Directors (excluding outside Directors): ¥374 million (base compensation of ¥329 million, and restricted stock-based compensation of ¥45 million)
- Total amount of remuneration, etc. for five outside Directors: ¥33 million (base compensation of ¥33 million)

Notes: 1. Restricted stock-based compensation and performance share units (performance-linked stock-based compensation system) have been introduced based on the resolution at the 87th Annual General Meeting of Shareholders held on June 28, 2018. (Excluding outside Directors.)

2. The total amount of remuneration, etc. for Directors includes that of one Director whose term of office ended at the conclusion of the 92nd Annual General Meeting of Shareholders held on June 29, 2023.

3. The total amount of remuneration, etc. for outside Directors includes that of one outside Director whose term of office ended at the conclusion of the 92nd Annual General Meeting of Shareholders held on June 29, 2023.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

The maximum amount of remuneration for Directors is ¥600 million (¥50 million per year for outside Directors) which was approved at the 90th Annual General Meeting of Shareholders, comprised of base compensation (cash compensation) and performance-linked compensation (stock-based compensation). Further, the remuneration for each Director shall be determined by the Chairman, Representative Director and President, and Representative Director who are delegated by the resolution of the Board of Directors, according to the roles of the respective Directors and the degrees of their contributions, based on such advice after receiving advice from the Remuneration Advisory Committee.

[Supporting System for Outside Directors (Outside Audit & Supervisory Board Members)]

The General Affairs Department serves as a contact point for outside Directors and outside Audit & Supervisory Board Members to provide prior explanation for the agenda for the Board of Directors' meetings and distribute materials as needed. In addition, the Audit & Supervisory Board Members' Secretariat distributes materials and provides explanations for the Audit & Supervisory Board's meetings for outside Audit & Supervisory Board Members.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company

Name	Title/ Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement From Position Such as President	Term of Office
Yasuyoshi Itagaki	Advisor	Advice, etc. upon the request from management	Full-time, remuneration paid	June 29, 2022	1 year

Total Number of Retired Representative Director and Presidents, etc. Holding Advisory or Any Other Position in the Company	1

Other Matters

The Advisor neither gets involved in managerial decision-making nor receives periodic reporting from the management.

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

1. Overview of the Current Structure

(1) Board of Directors

The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by laws and regulations as well as the Articles of Incorporation, and receives reports regarding the status of significant operational matters. Based on this structure, the Board of Directors oversees the operational execution of the Company's management. The Board of Directors shall comprise at least three but no more than 13 members. Of those, at least a third shall be independent outside Directors.

(2) Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board Members of the Company have the role of carrying out a supervisory function over the Company in cooperation with the Board of Directors and, as independent officers functioning under a mandate from the shareholders, audit the Directors' performance of duties. The Audit & Supervisory Board is a body that has discussions and makes decisions regarding the audits undertaken by the Audit & Supervisory Board Members for the purpose of formulating opinions. Each Audit & Supervisory Board Member utilizes the Audit & Supervisory Board as a means of ensuring effectiveness. As a body to support the Audit & Supervisory Board Members' execution of duties, the Company has established the Audit & Supervisory Board Members' Secretariat and has appointed dedicated staff to this body.

(3) Management Committee

As an advisory body to the COO, the Management Committee comprises inside Directors and senior executive officers nominated by the COO. In principle, the Management Committee convenes three times per month and broadly considers and debates matters delegated by the Board of Directors, important operational matters, and various issues.

(4) Audit Office

The Company has established the Audit Office, which reports directly to the President and Representative Director, as an independent internal audit unit. The Audit Office considers and evaluates the effectiveness of risk management control and governance processes for the overall operations of each JACCS Group business site. The Audit Office carries out internal audit operations based on the "Fundamental Policy relating to the Internal Control System," etc. Audit results shall be reported to the Board of Directors.

(5) Financial Auditor

The Company has the Financial Auditor in place who is appointed based on the selection criteria of the Audit and Supervisory Board.

(6) Nomination Advisory Committee

The Company has voluntarily established the Nomination Advisory Committee as an advisory body to the Board of Directors. This Committee considers and debates nomination and dismissal proposals for Directors and senior executive officers as well as the Audit & Supervisory Board Members. The Committee reports its findings to the Board of Directors. The Committee also considers and debates the content of the "Standards for the Independence of Outside Officers," and reports its findings to the Board of Directors. A majority of the Committee members are comprised of independent outside Directors, ensuring that independence, objectivity and transparency are maintained.

(7) Remuneration Advisory Committee

The Company has voluntarily established the Remuneration Advisory Committee as an advisory body to the Board of Directors. The Committee considers and debates the performance of Directors and senior executive officers and the content of their remuneration, and reports its findings to the Board of Directors. A majority of the Committee members are independent outside Directors, ensuring that independence, objectivity and transparency are maintained.

(8) Corporate Governance Committee

The Company has established the Corporate Governance Committee as a body reporting directly to the Board of Directors. The Committee considers and debates matters relating to the following, and reports its findings to the Board of Directors.

- Situation of the JACCS Group's compliance and internal control
- Evaluation of the activities of such committees as the Compliance Committee, Internal Control Committee, and Personal Information Protection Committee, as well as review of important matters handled by these committees

The Corporate Governance Committee shall include outside Directors as members, thereby maintaining effectiveness.

(9) Sustainability Committee

The Company has established the Sustainability Committee as a body reporting directly to the Board of Directors.

The Committee considers and debates matters relating to the following, and reports its findings to the Board of Directors.

- Important policies, plans and targets regarding sustainability
- Medium- to long-term strategies and material issues regarding sustainability
- Various matters reported from the Environment Committee, Human Rights Committee, Health and Productivity Management Promotion Committee, and DE&I Promotion Committee
- Various other matters regarding sustainability

(10) Environment Committee

The Company has established the Environment Committee as a body reporting directly to the Sustainability Committee.

The Committee considers and debates matters relating to the following, and reports its findings to the Sustainability Committee.

- Matters related to fundamental policies and targets on environment
- Matters related to the promotion of the environmental management system
- Matters related to energy saving measures
- Matters related education and awareness concerning to the environment
- Matters related to documents and reports prepared and submitted in accordance with related laws and regulations

(11) Human Rights Committee

The Company has established the Human Rights Committee as a body reporting directly to the Sustainability Committee.

The Committee considers and debates matters relating to the following, and reports its findings to the Sustainability Committee.

- Matters related to fundamental policies and targets on respect for human rights

- Matters related to the planning, formulation, consideration, and implementation of measures to promote respect for human rights
- Consideration of reports and improvements related to initiatives for respect for human rights
- Matters related to education and awareness concerning respect for human rights
- Matters related to documents and reports prepared and submitted in accordance with the relevant laws and regulations.

(12) Health and Productivity Management Promotion Committee

The Company has established the Health and Productivity Management Promotion Committee as a body reporting directly to the Sustainability Committee.

The Committee considers and debates matters relating to the following, and reports its findings to the Sustainability Committee.

- Matters related to fundamental policies and targets on health and productivity management
- Matters related to the planning, formulation, consideration, and implementation of measures to promote health and productivity management
- Consideration of reports and improvements concerning initiatives for health and productivity management
- Matters related to education and awareness concerning health and productivity management
- Matters related to documents and reports prepared and submitted in accordance with the relevant laws and regulations.

(13) DE&I Promotion Committee

The Company has established the DE&I Promotion Committee as a body reporting directly to the Sustainability Committee.

The Committee considers and debates matters relating to the following, and reports its findings to the Sustainability Committee.

- Matters related to fundamental policies and targets on DE&I
- Matters related to the planning, formulation, consideration, and implementation of measures to promote DE&I
- Consideration of reports and improvements concerning initiatives for DE&I
- Matters related to education and awareness concerning DE&I
- Matters related to documents and reports prepared and submitted in accordance with the relevant laws and regulations.

(14) Risk Management Committee

The Company has voluntarily established the Risk Management Committee as an advisory body to the Management Committee.

The Committee aims to ensure the effectiveness of the enterprise risk management (ERM) system for the JACCS Group, considers and debates the following matters, and provides its views and reports to the Management Committee.

- Reports received from the Credit Risk Management Committee, ALM Committee, and Operational Risk Management Committee, and various matters related to overall risk management
- Matters related to risk appetite, changes in the risk amounts and actual results
- Identification, evaluation and review of important risks and their impact on the JACCS Group, and matters concerning the decisions on the countermeasures and the status of their implementation
- Status of execution of overall risk management and review of medium- to long-term risk strategies

(15) Investment Deliberation Committee

The Company has voluntarily established the Investment Deliberation Committee as an advisory body to the Management Committee.

The Committee considers and debates the growth potential and profitability related to investments, new products, etc. and the related risk assessments, and provides its reports to the Management Committee.

3. Reasons for Adoption of Current Corporate Governance System

The Company has established the Audit & Supervisory Board to ensure that the Board of Directors carries out appropriate decision-making and supervisory functions, as well as ensure that Audit & Supervisory Board Members, who are appointed on an individual basis, appropriately carry out their audit functions. By strengthening the functions of both the Board of Directors and the Audit & Supervisory Board, the Company is working to enhance corporate governance. The Company has also established a system of executive officers, thereby clarifying the division of roles in the execution of operations, delegating authority, and ensuring expeditious execution of operations. Furthermore, the Company aims to realize effective and transparent corporate governance. Specifically, it has established the Nomination Advisory Committee and the Remuneration Advisory Committee as advisory bodies to the Board of Directors, and the Corporate Governance Committee as a body reporting directly to the Board of Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meeting of Shareholders and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company strives to deliver them as swiftly as possible. Date of the latest General Meeting of Shareholders: June 27, 2024 Date of the notice of convocation sent: June 5, 2024
Allowing Electronic or Magnetic Exercise of Voting Rights	Introduced starting from the 80th Annual General Meeting of Shareholders held in June 2011
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	Introduced starting from the 80th Annual General Meeting of Shareholders held in June 2011
Providing Convocation Notice in English (Translated Fully or Partially)	Introduced starting from the 86th Annual General Meeting of Shareholders held in June 2017

[Translation]

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company posts the policy on our website. https://www.jaccs.co.jp/en/corporate/sustainability/govenance/basicpolicy/disclosure-policy/	
Holding Regular Investor Briefings for Analysts and Institutional Investors	Held financial result briefings for analysts and institutional investors twice a year, around one week after the financial results announcement (interim and full-year financial results)	Yes
Posting IR Materials on Website	Posted annual securities reports, explanatory materials for financial result briefings for analysts and institutional investors, shareholder newsletters for shareholders, and integrated reports, in addition to summary reports of financial results disclosed at the Tokyo Stock Exchange https://www.jaccs.co.jp/en/corporate/ir/library/	
Establishment of Department and/or Manager in Charge of IR	We have staff dedicated to IR in the Corporate Communications Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	We believe it is the corporate responsibility of the JACCS Group to realize the Management Principle—support a 'safe and secure life for consumers' and an 'environment friendly, convenient and comfortable society' —and contribute to the realization of a sustainable society through our business operations.
Implementation of Environmental Activities, CSR Activities, etc.	The entire Company is working to reduce energy consumption, under the leadership of the Environment Committee, as the effort for environmental preservation. Further, we have assigned staff dedicated to social contribution and are carrying out activities to raise awareness of it. Information about our sustainability initiatives is posted on our website. https://www.jaccs.co.jp/en/corporate/sustainability/
Formulation of Policies for Information Provision to Stakeholders	The Company believes that a proactive stance on disclosure enhances the trust of stakeholders including shareholders and investors and is essential for responsible business management. It thus formulated the "Disclosure Policy" to properly inform stakeholders so they can fairly, accurately and speedily obtain important information.

IV. Matters Related to Internal Control System

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

The Company shall set forth a fundamental policy to be adhered to in developing internal control systems in accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, among other things. Further, it shall assess the status of the development of internal control systems under such policy on a continuing basis and endeavor to make necessary improvements, to carry out the development and operation of even more effective and appropriate internal control systems.

[Translation]

1. Systems to ensure that Directors perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

   (1) We have set forth the "Corporate Ethical Code and Code of Conduct" from the perspective of getting corporate ethics fully embraced, and our Directors shall take the lead in adhering to these codes to ensure compliance with laws and regulations as well as the Articles of Incorporation, etc.

   (2) We shall be fully cognizant of the social responsibility of a business enterprise, reject unjust demands while taking a firm stance against anti-social forces, and shut out any dealings with and relationships that can be suspected of providing funds to such organizations.

   (3) We shall oversee the performance of the duties of Directors through the Board of Directors.

   (4) In order to establish and promote internal control and compliance systems, we have the Internal Control Committee and Compliance Committee chaired by the President in place, and shall convene those committees periodically. Further, we shall assess the activities of the respective committees and confirm important matters at the Corporate Governance Committee, and report the findings to the Board of Directors.

2. Systems for storing and managing information about the performance of the duties of Directors

   (1) Information about the performance of the duties of Directors shall be stored and managed in an appropriate and easy-to-search manner, and retained for a designated period of time depending on the type of information, in accordance with the "Regulations on Document Retention."

   (2) We have acquired ISO/IEC 27001 for the administrative operation of the development, maintenance and operation of the JANET host system, and shall manage information assets in accordance with the standards required by it.

   (3) We shall maintain a system which allows the necessary persons to access such documents and information as needed.

3. Regulations and other systems concerning the management of the risk of losses

   (1) We shall consider risk management as the most important management issue, review and assess risks related to strategic management decisions and those related to the proper execution of operations comprehensively, as well as taking necessary measures flexibly, to respond to changes to the management environment, etc.

   (2) Risks related to strategic management decisions shall be considered at committees, etc. whose membership includes Directors.

   (3) Risks related to the proper execution of operations shall be managed in accordance with the "Risk Management Regulations," and the most important risks identified by the Operational Risk Management Committee shall be reported to the Risk Management Committee.

   (4) In the event that a material event arises for the purpose of business activities, we shall convene the Emergency Response Committee in accordance with the "Regulations for the Operation of the Emergency Response Committee" and establish a system to minimize losses and damages by taking prompt actions.

4. Systems to ensure that Directors perform their duties efficiently

   (1) Based on medium-term business plans and annual business plans formulated to improve corporate value, we shall work to accomplish the goals and manage the progress.

   (2) We have introduced an executive officer system with the maximum number of Directors being 13. The Board of Directors which is made up of the respective Directors shall make important management decisions swiftly, while monitoring the performance of duties. With regards to the performance of duties, we shall have a system in place by which executive officers (including those who concurrently serve as

Director) share the roles pursuant to the resolution of the Board of Directors and carry out their duties efficiently.

(3) We shall make the scope of the Director's responsibility for operational execution clear and appoint officers in charge to run operations organizationally and organically, in order to enhance the system to manage the performance of duties.

(4) We shall have the roles, responsibilities, and duties, etc. stipulated in the "Regulations for Headquarters Organizations, Reporting Lines, and Segregation of Duties."

(5) We shall periodically convene the Corporate Governance Committee whose membership includes the President and outside Directors, as a body directly reporting to the Board of Directors.

(6) We shall periodically convene the Management Committee whose membership includes inside Directors and senior executive officers nominated by COO to report and review important matters for operational execution.

(7) We shall periodically convene meetings between general managers who are supervising the sales bases by area (general managers supervising the areas) and officers, etc., to report the execution status and review issues for a respective area.

5. Systems to ensure that the employees perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

(1) We ensure that all officers and employees of the Company and its subsidiaries are fully aware of "J Navi," a booklet that contains the "Corporate Ethical Code and Code of Conduct" and others, to make the Company's basic stance clear, and strive to get its contents thoroughly understood.

(2) We shall stipulate the scope of the duties and the authority in the "Regulations for Headquarters Organizations, Reporting Lines, and Segregation of Duties" and the "Regulations Concerning the Duties and Approval Authority," to ensure the systems in which an appropriate check-and-balance function is at work.

(3) We shall have not only the compliance supervising unit engage in the planning, promotion, education, monitoring and others in relation to compliance, but also assign a person who is responsible for the promotion of compliance and the staff in charge of the promotion efforts at each department, to ensure the further effectiveness of compliance. We shall endeavor to comply with various related laws and regulations, including the Installment Sales Act, Money Lending Business Act, and Payment Services Act which are highly relevant to the performance of the duties, through continuing education.

(4) The internal audit unit of the Company, which reports directly to the President, shall carry out audits of the Company and its subsidiaries as a body in which a check-and-balance function is at work in accordance with the "Internal Audit Regulations."

6. Systems to ensure the reliability of financial reporting

The Company and its subsidiaries, etc. shall not only establish a system in which appropriate internal controls are developed properly and run effectively in accordance with the Financial Instruments and Exchange Act as well as other relevant laws and regulations, but also evaluate on a continuing basis that the system functions appropriately and take necessary remedial actions.

7. Systems to ensure the appropriate operation at the corporate group comprised of the Company and its subsidiaries

(1) We shall assign an officer in charge to a department that manages our subsidiaries and have a system in which the subsidiaries are managed in accordance with the "Regulations for Managing Affiliated Companies in Japan" and "Regulations for Managing Affiliated Companies Outside Japan." Further, the status of operational execution at the subsidiaries and the performance of duties of their Directors, etc. shall be reported periodically to the Board of Directors of the Company.

(2) The subsidiaries shall be organized as a company with a Board of Directors and have the Company's officers and employees or lawyers assume the office of their Directors, thereby enabling the Company to monitor the appropriateness of the subsidiaries' operations.

(3) The subsidiaries shall be subject to periodic audits by the internal audit unit of the Company, with the audit results to be reported to the President of the Company.

(4) Transactions between the Company and its subsidiaries (including those among its subsidiaries) shall not be on terms significantly favorable or unfavorable compared with the terms for transactions with a third party, and we shall have a system in place to ensure transparency of the transactions, such as confirmation with experts as needed.

(5) While respecting the autonomy of its subsidiaries, the Company shall receive periodic reports on their operational status and be consulted in advance on important matters, and discuss at the meetings of the Boards of Directors of the subsidiaries in order to monitor the performance of the duties of their Directors.

(6) Risk management by the subsidiaries in accordance with regulations, etc. shall also be subject to evaluation, etc. by the Company.

(7) We have established a common whistleblowing system available to the Company and its subsidiaries, and shall ensure that whistleblowers will not suffer from any disadvantageous treatment due to their submission of reports.

(8) We shall have a system to prevent us from being used for money laundering and terrorist financing pursuant to the "Basic Regulations for the Prevention of Money Laundering and Terrorist Financing" and others.

(9) We shall not engage in any form of bribery and comply with laws and regulations, etc. concerning bribery in our home country and relevant countries pursuant to the "Anti-Corruption Rules" and others.

(10) We shall have a system in place through which any violation of laws and regulations as well as internal regulations, etc. or any event suspected of being such shall be reported promptly to the head of the relevant department, and the department in charge at the headquarters and the risk supervising unit of the Company, in the event that such violation or event has occurred or been identified at the Company or its subsidiaries.

(11) As for the subsidiaries outside Japan, compliance with laws and regulations, etc. in the relevant countries takes precedence and they shall have a system in line with the policy to the extent possible.

8. Matters concerning the relevant employees where the Audit & Supervisory Board Members request supporting staff to be assigned

(1) We have in place the 'Audit & Supervisory Board Members' Secretariat' that assists with the duties of the Audit & Supervisory Board Members and appoint staff who belong to the Audit & Supervisory Board Members' Secretariat.

(2) The number, etc. of the personnel at the Audit & Supervisory Board Members' Secretariat shall be determined in consultation with full-time Audit & Supervisory Board Members.

9. Matters for ensuring the independence from Directors of and the effectiveness of Audit & Supervisory Board Members' instructions to the employees in the preceding paragraph

(1) The employees assigned to the Audit & Supervisory Board Members' Secretariat shall be dedicated staff, and support the audit duties of the Audit & Supervisory Board Members exclusively based on their instructions.

(2) Any appointment or transfer of the employees of the Audit & Supervisory Board Members' Secretariat shall be consented to by a full-time Audit & Supervisory Board Member in advance, thereby ensuring the independence from Directors.

10. System for Directors' and employees' reporting to Audit & Supervisory Board Members

(1) Based on the "Regulations for Ensuring the Effectiveness of Audit by Audit & Supervisory Board Members" formulated in consultation with the Audit & Supervisory Board Members, Directors and employees, etc. of the Company as well as Directors and employees, etc. of its subsidiaries shall provide reporting to the Audit & Supervisory Board Members of the Company.

(2) We shall have a system to allow Audit & Supervisory Board Members to attend the meetings of the Management Committee and other internal meetings and receive reports on important management information as appropriate, as well as circulating important minutes and internal approval documents for their review each time.

(3) Whenever an Audit & Supervisory Board Member of the Company judges it necessary, he/she shall be able to request a report from Directors and employees, etc. of the Company as well as Directors and employees, etc. of its subsidiaries.

(4) We shall ensure that a person who has provided a report to Audit & Supervisory Board Member(s) will not suffer from any disadvantageous treatment due to his/her submission of the report.

(5) The status of reports through the whistleblowing system shall be reported to Audit & Supervisory Board Members promptly.

11. Other systems to ensure that Audit & Supervisory Board Members perform audits effectively

(1) We shall have a system to allow the Audit & Supervisory Board Members to conduct appropriate and effective audits while maintaining independence from the Representative Director.

(2) The Representative Director shall have meetings with the Audit & Supervisory Board periodically so that the Audit & Supervisory Board Members can exchange their views or information.

(3) The internal audit unit shall have meetings to liaise with the Audit & Supervisory Board Members periodically so that the Audit & Supervisory Board Members can receive reports on the legality and reasonableness of the operations of Directors, etc. and employees.

(4) We shall have a system through which the Audit & Supervisory Board Members can liaise smoothly with the Financial Auditor and auditors of the subsidiaries.

12. Policy for processing expenses, etc. arising from the execution of the duties of Audit & Supervisory Board Members

Prepayment or reimbursement of expenses arising from the execution of the duties of the Audit & Supervisory Board Members, or the processing of other expenses arising from such execution or reimbursement shall be done smoothly according to requests, etc. of the Audit & Supervisory Board Members.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

1. Basic policies against anti-social forces

The JACCS Group has declared and announced the basic policies as below, to avoid damage due to groups or individuals that pursue economic profit through violence and fraud (so-called anti-social forces).

(1) We will not engage in any relationships with anti-social forces.

(2) We will take actions organizationally and properly in cooperation with external specialized agencies such as the police, the National Center for the Elimination of Violent Groups, and lawyers, to avoid damage caused by anti-social forces.

(3) We will not succumb to any unjust demands by anti-social forces, and take legal actions, both civil and criminal, as needed.

(4) We will not engage in the provision of financing to or backdoor transactions with anti-social forces.

(5) We will secure the safety of the officers and employees who handle unjust demands from anti-social forces.

2. Status of the efforts aimed at the elimination of anti-social forces

The JACCS Group has established an internal structure aimed at the elimination of anti-social forces as below.

(1) Development of internal rules, etc.

We have developed internal rules that stipulate basic matters pursuant to the above Basic Policies, as well as operational manuals.

(2) Organizational structure

We carry out planning and management, etc. concerning the elimination of anti-social forces, with the Compliance Supervisory Department functioning as a department in charge of actions against anti-social forces. Further, reporting is made to the management including the Representative Director and President as needed and periodically.

(3) Cooperation with external specialized agencies

We work in close cooperation with external specialized agencies by making periodic visits to and consulting with external specialized agencies.

(4) Collection and management of information concerning anti-social forces

We collect information on gangster organization members arrested by the police, in addition to information obtained from Mitsubishi UFJ Financial Group, Inc. and the National Center for the Elimination of Violent Groups, and manage such information in a centralized manner to use it in a timely and accurate way.

(5) Education of the employees

In order to ensure the elimination of anti-social forces and the refusal of relationships with them, we provide education on the elimination of such organizations and the refusal of a relationship with them to the employees on a periodic and continuing basis.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted

Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System

[Overview of Structure for Timely Disclosure]

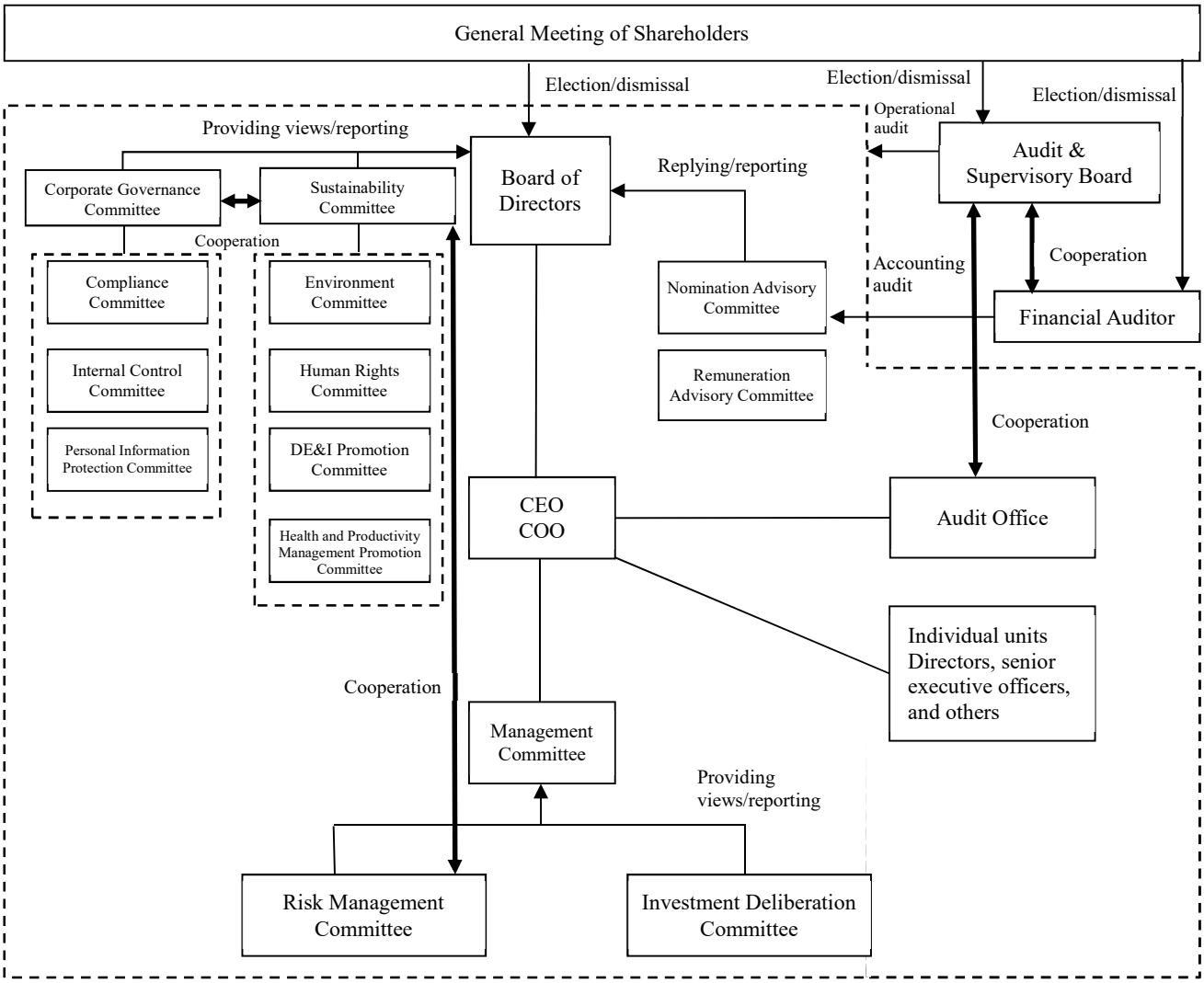
1. Basic policy concerning timely disclosure

The Company believes that a proactive stance on disclosure enhances the trust of stakeholders including shareholders and investors and is essential for responsible business management. It thus formulated the "Disclosure Policy" to properly inform stakeholders so they can fairly, accurately and speedily obtain material facts.

2. Structure for timely disclosure

We have specified the Director and President as a chief officer and the person with ultimate authority for decisions in relation to the disclosure of information at the Company, with an officer in charge of accounting

and finance being responsible for handling information. With regards to financial results information, decisions, material facts and other material information, information is consolidated into the Management Committee and deliberated upon, and an ultimate decision is made by the Director and President after consultation among the officer in charge of handling information and other relevant officers.



[Translation]

"Overview of the Structure for Timely Disclosure (Schematic Diagram)"

