

The Basic Policy for the formulation of the Internal Control System

1. System to Ensure that Execution of Duties by Directors and Employees Conform to the Laws, Regulations, and Articles of Incorporation

(1) We establish the Ethical Standards of Corporate Behavior of the Satori Group to ensure the highest level of corporate ethics and compliance with the laws, regulations, articles of incorporation, company regulations, and social norms by directors and employees of the Company and our subsidiaries (hereinafter referred to as the entire Group), as well as to promote a full understanding of these standards.

(2) We establish the Compliance Risk Committee chaired by representative director to promote improvement and maintenance of the compliance system of the entire Group and provide awareness activities and training for directors and employees as necessary.

(3) The Audit Office under the direct control of representative director executes periodic internal audits on each of the entire Group in order to determine whether all services are performed appropriately and validly in compliance with the laws, regulations, articles of incorporation, and company regulations.

(4) Upon discovery of a serious violation of the law or any other important fact with regard to compliance within the each of the entire Group, a director shall immediately report the violation or the fact to the auditors, representative directors and the Consolidated Management Committee .

(5) Regarding a violation of the law or any other unethical conduct, a system shall be established and managed to allow any employee of the entire Group to submit a direct report to the Department in charge of personnel affair or an outside lawyer under the Internal Whistle-Blower Regulations.

2. System Regarding Storage and Management of Information on Execution of Duties by Directors

We positively store and manage information on the execution of duties by directors under the Document Control Regulations in an appropriate retrieval state according to the contents. Also, we will implement appropriate security for the handling of the applicable information based on the Information Security Management Regulations.

3. Regulations on Management of Risk of Loss and Other System

(1) The basic matters of risk management of the entire Group shall be stipulated in the Risk Management Regulations, and the risk management system is conducted as follows:

(2) A department in charge shall be determined for each risk category of the entire Group. Each department in charge shall formulate measures on the prevention of the applicable risks and shall continuously monitor the status of risk management.

(3) Various regulations containing the details of emergency measures, procedures to limit the spread of damage, restoration, and the prevention of a recurrence when a risk has occurred shall be promoted to minimize loss by handling the problem rapidly and appropriately.

4. System to Ensure Efficient Execution of Duties by Directors

(1) As a foundation for the system to ensure efficient execution of duties by directors, meetings of the board of directors shall be held once a month. In addition, business execution shall be determined with regard to important matters pertaining to management policies and strategies of the entire Group through deliberations by the Consolidated

Management Committee consisting of representative directors, directors, full-time auditors, presidents of subsidiaries in Japan and executive officers designated by representative director.

(2) Regarding business execution based on resolutions by the board of directors, the department in charge, responsible persons, and execution procedures shall be stipulated in the Regulations Regarding Division of Duties and Regulations Regarding Official Authorities.

5. System to Ensure Appropriateness of Services in Corporate Group Consisting of the Company and Subsidiaries

(1) The Ethical Standards of Corporate Behavior of the Satori Group shall serve as the code of conduct for the entire Satori Group, and various regulations shall be developed as required to secure the appropriateness and efficiency of services as the corporate group.

(2) Regarding matters set forth in the Subsidiaries Management Regulations, subsidiaries shall be required to apply for prior approval from the Company and to report to the Company. In addition, in the event business management and management guidance of the Company to subsidiaries have violated any of the laws and regulations or have been suspected of violation of social norms, a subsidiary may report to an auditor and state its opinion to the Company.

(3) The Audit Office shall conduct an internal audit of each company within the Satori Group to ensure the validity and appropriateness of internal controls over the entire business of the Satori Group.

(4) In order to ensure the reliability of financial reports under the provisions of the Financial Instruments and Exchange Law, the Satori Group strives to secure a sound internal control environment and strengthen control activities at a company-wide level, thereby establishing and appropriately managing the internal control system for effective and valid evaluations.

6. Matters Regarding Employees when Auditor Requests them to assist Auditor's duties and Matters Regarding such Employees' Independence from Directors

The board of auditors may instruct any matter required by its audit to appointed employees and such employees may not receive any of the directors' instructions with respect to any of their activities on the audit. Personnel transfers and personnel evaluations of such employees shall be determined subject to approval of the board of auditors to ensure the independence from the directors. In addition, such employees shall not double in a post related to the execution of business.

7. System for Reporting to an Auditor by Directors or Employees, System for Reporting to Another Auditor, and System to Ensure Effective Implementation of Audit by Auditor

(1)

Auditors shall attend consolidated management committees and other important meetings as well as board meetings to understand the process of decision-making and way of execution of operation. Also, auditors shall read important documents which are on execution of operation and request explanations to directors, other auditors and employees (collectively called "the officers and employees") if necessary. The officers and employees asked of such explanations shall make an appropriate report promptly.

(2) We form a structure that when one of the officers and employees finds a fact committed by some of the officers and employees which may cause serious damages to the entire Group such as violation of laws or regulations, the fact shall be reported to auditors or the board of auditors.

(3) We prohibit the person who reported the fact described above (1) from being treated unfairly and this policy has been prevailed to all the officers and employees.

(4) The board of auditors shall convene periodic meetings to exchange opinions with representative directors, the Audit Office, the accounting auditor, and auditors of subsidiaries.

(5) When auditors request advance payment of expenses associated with performance of duties, the department in charge shall promptly approve those requests unless those requests are considered unnecessary for performance of their duties.

8. Basic Policy on Rejecting Antisocial Forces and Maintenance of its Policy

(1) Basic Policy

Under basic policy of “Confrontation with Antisocial Forces “and “Fair and Ethical Business Conduct” included in Satori Group Corporate Code of Conduct, Satori Group keeps a firm attitude towards antisocial forces which pose a threat to social order and safety and strictly avoid any association with them.

(2) Maintenance of its Policy

- Under compliance and risk regulations, Satori Group clearly states management framework which copes with antisocial forces and which has Compliance and Risk Committee at the top and establishes person in charge who strictly avoids unfounded demands by antisocial forces.
- We belong to Public Interest Incorporated C/O Metropolitan Police Department Antisocial Forces Prevention Action Joint Association and work closely with the police related entities.

Established on May 29, 2006

Revised on May 24, 2010

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Revised on June 21, 2012

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