

(Reference translation)

September 4, 2014

Proposal Based on Material Provided at
the Council of Experts Concerning the Corporate Governance Code [The Second Council]

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With regard to Material 3. Explanation of Stock Corporation System in the Country, I would like to propose some items for consideration as follows.

To enhance corporate governance through self-action toward sustainable growth, other than business execution, oversight, and information disclosure that serves as the link between companies and investors, audit also obviously plays an extremely important role in ensuring the quality of disclosure. As such, in establishing the Corporate Governance Code, we should also seek to make it useful to investors at home and abroad for better understanding the unique corporate governance systems in Japan.

Therefore, the Code should, for example, provide detailed explanations concerning the unique Japanese kansayaku system, the newly established Company with Audit and Supervisory Committee system, the role of accounting auditors and other matters, with the aim of identifying the organizations responsible for execution, oversight (including outside directors) and auditing, and especially the functions and roles of those who conduct audits (not the same as those of oversight). I also believe it will be necessary to stress the importance of the disclosure of information as a core principle.