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Corporate Governance and Internal Control Principles

These principles clarify Nihon Unisys, Ltd.'s (hereafter, the "Company") basic approach to and system for corporate governance and internal control, as well as its management policy.

Preamble Corporate Philosophy and Charter of Corporate Behavior

1. 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 strength of each person

3. Attractive Company for Society, Customers, Shareholders and Employees

Listen sincerely to our stakeholders to improve our corporate value

2. Charter of Corporate Behavior

The Company sets out as follows the charter of corporate behavior that should be observed by the executives and employees of the Nihon Unisys Group in their daily business activities. The Board of Directors shall strive to have them understand and comply with the charter.

We will meet our responsibilities towards society and the environment to protect the future of our children.

1. Act with coexistence of people and the environment as our highest priority
2. Always act accordingly to the principles of social responsibility
3. Sincerely work on the core subjects and issues of social responsibility

Principles of social responsibility
The seven key principles of ISO26000 :accountability, transparency, ethical behavior, respect for stakeholder interests, respect for the rule of law, respect for international norms of behavior, and respect for human rights.

Core subjects and issues of social responsibility
The seven core subjects of ISO26000: organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, community involvement and development, and relevant issues related to each of these core subjects.

Chapter 1 Corporate Governance

1. Basic Concept of Corporate Governance

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 and improve our corporate value' in order to create relationships of trust with all stakeholders, and shall proceed its business activities in accordance with this principle.

2. Corporate Governance Structure

The Company has decided that oversight by the Board of Directors and audit system which includes outside auditors is effective for supervising management, and will adopt the System for Companies having the Audit & Supervisory Board, and appoint Accounting Auditor.

Given the drastically changing nature of our industry, the Board of Directors shall consist mainly of inside directors well-versed in the state of the Company and our industry, and partly outside directors who have rich experience of company management and deep expertise. Through this the Company aims to enable objective decision-making from a broad perspective and implement highly effective supervision of the performance of the duties of the management.

The Company shall adopt the Corporate Officer System (including *shikkoyakuin* and *gyomu-shikkoyakuin*) in order to separate the execution and supervision of management, and to enable the prompt execution of business operations. Delegation of authority shall be performed to an appropriate extent.

3. Directors and Board of Directors

(1) Role of the Board of Directors

[1] The Board of Directors shall comply with laws and regulations, the Company`s articles of incorporation and internal regulations, and shall deliberate on and decide the basic management policy and other key matters. The Board shall also supervise management as a whole, including the performance of directors and corporate officers.

[2] The Board of Directors shall decide on a "system to ensure the properness of operations of a stock company (internal control system)" pursuant to the Companies Act. It shall regularly receive reports on the state of its operations, and try to improve them as necessary.

(2) Structure of the Board of Directors

The Board of Directors is to consist of directors who have diverse and rich experience and deep knowledge, including several outside directors. It shall maintain the appropriate number of directors to enable the Board to function effectively and efficiently. The term of directorship shall be 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.

(3) Operation of the Board of Directors

- [1] The Board of Directors shall in principle hold meetings once a month, and otherwise as may be required.
- [2] The Chair of the Board of Directors shall ensure the suitability of the Board's supervisory functions and management decisions by ensuring that sufficient explanation of agenda items is given to outside directors and securing time for consideration before Board meetings, and for sufficient discussion at Board meetings.
- [3] The secretariat for the Board of Directors shall be established in order to support the Board's effective and smooth operation.

(4) Outside Directors

The Company aims to enable objective decision-making from a broad perspective and even more effective supervision of the performance of the duties of the management. To do so it shall appoint as outside directors a diverse range of people capable of advising on and supervising the entire management from an objective and professional viewpoint on the basis of their rich management experience and deep expertise. The outside directors shall include several independent outside directors.

(5) Nomination and Remuneration Committee

The Company shall establish as an advisory committee to the Board of Directors the 'Nomination and Remuneration Committee' that deliberates and reports on matters pertaining to the appointment, removal and remuneration of executives. The Committee shall consist of several directors including at least one independent outside director. The Committee shall:

- [1] Consider standards and procedures for selecting and appointing candidates for directors or auditors, or corporate officers of the Company, and deliberate on specific personnel proposals and make proposals to the Board of Directors; and
- [2] Review and deliberate 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.

4. Auditors and the Audit & Supervisory Board

(1) Roles of Auditor and the Audit & Supervisory Board

Auditors and the Audit & Supervisory Board shall, as a body independent of the Board of Directors, audit the performance of the directors' duties and the internal control systems by: attending key meetings such as meetings of the Board of Directors; investigating the

status of the operations and financial status; appointing or dismissing Accounting Auditor; and exercising authority over auditor compensation.

(2) Number of Auditors and Assisting Structure

[1] The number of auditors shall be three or more. No less than half of these shall be outside auditors.

[2] The Company shall support the auditors in the performance of their professional duties by establishing an Auditors' Office to help increase the effectiveness of audits and to carry out audit functions smoothly.

(3) Coordination between the Accounting Auditor and Internal Audit Division

Auditors and the Audit & Supervisory Board shall work together with the outside directors, Accounting Auditor, and Internal Audit Division in order to carry out appropriate and effective audits.

5. Appointment of Independent Directors/Auditors

The Company shall appoint multiple independent outside Directors/Auditors that have had their independence from the Company secured in accordance with the "Standards on the Independence of Outside Directors/Auditors" established separately.

6. Accounting Auditor

(1) Role of Accounting Auditor

The Company recognizes that the Accounting Auditor is accountable to shareholders and investors for the reliability of disclosed financial information, and shall make arrangements to enable the Accounting Auditor to perform appropriate and high quality audits.

(2) Preparation of Procedures for Appointing the Accounting Auditor and Standards of Assessment

The Audit & Supervisory Board shall prepare standards for assessing Accounting Auditor, and shall decide on the appointment, dismissal, reelection or refusal of reelection of the Accounting Auditor on the basis of the assessment made pursuant to those standards.

(3) Verification of the Independence and Expertise of Accounting Auditor

The Audit & Supervisory Board shall regularly verify the independence and expertise of the Accounting Auditor by exchanging opinions with and receiving reports from the Accounting Auditor.

Chapter 2 Relationships with Stakeholders such as Shareholders

1. Relationships with Shareholders

(1) **Securing the Rights and Equality of Shareholders**

The Company shall treat individual shareholders equally in accordance with their ownership ratio. It shall strive to ensure the rights of individual shareholders including minority shareholders and foreign shareholders.

(2) **Creating an Environment for Exercising Rights at General Meetings of Shareholders**

The Company recognizes the significance of a general meeting of shareholders as a place for constructive dialogue. It shall strive to create an environment where shareholders can exercise their rights appropriately, such as by setting appropriate schedules for general shareholder meetings, and sending invitation to shareholders early.

(3) **Policies about Constructive Dialogues with Shareholders**

[1] Basic Concepts

The Company's President and CFO shall take the lead in carrying out IR activities, so that timely and appropriate information is delivered to all shareholders and investors.

[2] IR Activities

The Company shall establish 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 shall strive 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 shall provide 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 shall set 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 shall refrain from responding to questions or inquiries about or commenting on financial results. Furthermore, the Company shall put in place "Insider Trading Management Regulations" and shall strive to prevent insider information from being leaked.

2. Relationship with Stakeholders other than Shareholders

The Company recognizes the importance of appropriate cooperation with various types of stakeholders, not only shareholders and investors, but also customers, business partners, employees, and local communities, in order to enable a mid-to-long term improvement in the Company's value, and the continuous development of society. The Company aims to listen sincerely to these stakeholders and respond to their expectations and requests.

Chapter 3 Internal Control

1. Internal Control at the Company

The Company's management aims to conduct appropriate business activities and achieve its management targets in accordance with the corporate governance set out in these principles. To do this it shall develop and appropriately operate autonomous mechanisms (internal control) that will help it manage and regulate the running of the entire consolidated group.

The Company shall make it a principle to create an appropriate and effective control environment in accordance with all laws and regulations, beginning with the Companies Act and the Financial Instruments and Exchange Act.

2. Objectives of and Basic Factors for Internal Control

The Company shall strive to establish an appropriate system for internal control and operate and continuously improve it through the use of the six key factors described in (2) below in order to achieve the objectives of internal control stipulated in (1).

(1) Objectives of Internal Control

[1] Improving Operational Effectiveness and Efficiency

The Nihon Unisys Group shall establish a mid-term management plan and specific management targets, and shall strive to develop systems that will improve operational effectiveness and efficiency.

[2] Ensuring the Reliability of Financial Reports

The Group shall establish a "Basic Policy for Appropriate Financial Reporting" and strive to foster a sincere corporate culture of rule compliance, in order to ensure the reliability of financial reporting.

[3] Compliance with Laws and Regulations pertaining to Business Activities

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

[4] Preservation of company Assets (Risk Management)

The Group is faced with various types of risks in connection with its business activities. It shall develop a common risk classification system for the Group to share and centralize the management of risks throughout the entire Group. It shall also develop preventive measures and countermeasures against the occurrence of risk events in order to safeguard its assets.

(2) Basic Factors for Internal Control

[1] Control Environment

This is an important factor which decides the Company's character and impacts the understanding of all individuals in the organization concerning the governance of the Company, and shall form the basis of other key factors.

[2] Assessment of Risk and Response

There are events that may impact the achievement of organizational targets. The Company shall identify, analyze and assess those events which would prevent those organizational targets from being achieved, and select an appropriate response based on that assessment.

[3] Control Activities

The Company shall establish policies and procedures in order to ensure appropriate implementation of orders and directions from management.

[4] Information and Communication

The Company shall ensure that all information required is recognized, understood and processed, and correctly transmitted both within and outside the organization to all parties concerned.

[5] Monitoring

The Company shall continually monitor and assess how effectively internal control is functioning, and make corrections as necessary.

[6] Interaction with IT (Information Technology)

The Company shall use IT effectively and efficiently in order to ensure the effectiveness of other basic factors of internal control.

3. Necessary Systems to Ensure Appropriate Operations

The Company acting through its Board of Directors of the Company shall decide policies concerning the system necessary to ensure the properness of operations in accordance with the Companies Act, and shall establish and operate such system and improve it as appropriate.

- (1)** Systems to ensure that the performance by the directors and employees of their professional duties complies with all laws and regulations and the Company's articles of incorporation
- (2)** Systems to store and control information relating to directors' duties
- (3)** Regulations and systems relating to managing the risk of loss
- (4)** Systems to ensure efficient execution by directors of their duties
- (5)** Systems to ensure the properness of operations in the Company and its group companies
- (6)** Items relating to employees assigned to assist auditors, the independence of such employees from directors, and ensuring the practicality of instructions given by auditors to employees assigned to them

- (7)** Systems for reporting to auditors
- (8)** Other systems to ensure effective auditing by auditors

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