

# Corporate Governance

Shinko works unceasingly to enrich its system of corporate governance to ensure management transparency, and to facilitate swift and appropriate decision making in response to changing situations.

With the aim of strengthening the audit and supervisory functions and further enhancing corporate governance, based on resolutions adopted at the 81st Ordinary General Meeting of Shareholders, Shinko adopted the structure of a company with audit and supervisory committee, in which a majority of the committee members are outside directors. After this transition, the audit and supervisory system has been centered around the supervision of execution of duties by the board of directors, including directors serving as members of the audit and supervisory committee, in addition to audits and supervision by the audit and supervisory committee.

Moreover, we have introduced a corporate officer system with the goal of building a flexible business operational structure, by speeding up the decision making of the board of directors, strengthening the supervisory function, and clarifying authority and responsibilities.

Based on this structure, we have striven to further bolster corporate governance and improve the efficiency of corporate management.

- The Board of Directors decides basic policy, matters specified by laws and regulations, and the articles of incorporation as well as important management issues, and supervises the status of business execution. It meets once a month, and extraordinary meetings are convened when necessary.

- A corporate officers' meeting, consisting of directors and corporate officers, is held monthly to deliberate and report on general management, including reporting the status of each division and group company.
- In addition to investigating the status of operations and the financial status of Shinko in accordance with the audit policy and the audit plan, the Audit and Supervisory Committee audits the execution of duties by the directors and others through the attendance of the committee members at important meetings, including those of the Board of Directors, and by receiving reports from directors who are not members of the Audit and Supervisory Committee, corporate officers, an internal auditing division and so on.
- We have chosen Ernst & Young ShinNihon LLC as our accounting auditor and established the Audit Division as an internal auditing division.
- The Audit and Supervisory Committee, the accounting auditor, and the Audit Division strengthen management transparency and compliance by increasing the effectiveness of their audit function through close coordination and cooperation with each other, including the sharing of information and opinions.

## Corporate Governance Structure

