

Directors and Audit & Supervisory Committee Members



Chairman
Shigeyoshi Kinoshita
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Conspectus of Corporate Management

April 1973 Joined Marubeni Corporation
April 1978 Joined Japan Consumer Finance Co., Ltd.
December 1980 Joined the Company
February 1983 Director and Chief General Manager, General Affairs Dept. of the Company
May 1984 Director and Chief General Manager, Accounting Dept. of the Company
August 1986 Managing Director of the Company
June 1988 Managing Director and Head of Business Promotion Division of the Company
October 1991 Representative and Senior Managing Director of the Company
October 1992 Representative and Senior Managing Director, and Head of the Loan Sales Division of the Company
October 1996 Representative Director and Deputy President of the Company
June 2000 Representative Director and President of the Company
June 2003 President and Chief Executive Officer of the Company
June 2010 Chairman and President of the Company
June 2021 Chairman of the Company (to present)



Deputy Chairman
Hiroshi Naruse
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
*No data is available as he assumed his position on June 23, 2021.
Supporting Conspectus of Corporate Management, Chairman of Corporate Risk Committee, In charge of Compliance Dept. and Internal Audit Dept.

April 1981 Joined The Mitsubishi Trust and Banking Corporation (MTB)
June 2008 Executive Officer and Executive Assistant Trust Assets Planning Division of Mitsubishi UFJ Trust and Banking Corporation (MUTB)
Director, President of Mitsubishi UFJ Global Custody S.A
May 2010 Executive Officer General Manager, System Planning Division of MUTB
June 2010 Executive Officer of Mitsubishi UFJ Financial Group, Inc. (MUFG)
April 2011 Representative Director, President of Mitsubishi UFJ Trust Systems Co., Ltd.
June 2011 Managing Director of MUTB
June 2013 Senior Managing Director of MUTB
Managing Executive Officer of MUFG
June 2014 Representative Director, President of MU Trust Apple Planning Company, Ltd.
June 2016 Director and Deputy President of MUTB
May 2018 Senior Managing Corporate Executive of MUFG
April 2019 Representative Director, President of The Master Trust Bank of Japan, Ltd.
April 2021 Advisor of The Master Trust Bank of Japan, Ltd.
June 2021 Deputy Chairman of the Company (to present)



President & CEO
Masataka Kinoshita
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Chairman of Appointment and Remuneration Committee

April 2003 Joined ABeam Consulting Ltd.
September 2005 Joined the Company
October 2009 General Manager, Credit Supervision Division of the Company
January 2010 General Manager, Corporate Planning Dept. of the Company
April 2010 General Manager, Guarantee Business Dept. of the Company
April 2012 General Manager, Business Promotion Dept. of the Company
April 2013 Chief General Manager, Business Planning Dept. of the Company
April 2014 Executive Officer and Chief General Manager, Business Planning Dept. of the Company
June 2014 Executive Managing Officer, Deputy Head of Credit Business Promotion Division and Chief General Manager, Business Planning Dept. of the Company
April 2015 Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company
June 2015 Managing Director of the Company
Executive Managing Officer and Head of Credit Business Promotion Division of the Company
June 2016 Executive Managing Officer of the Company
June 2017 Deputy President of the Company
Deputy Chief Executive Officer of the Company
June 2021 President of the Company (to present)
Chief Executive Officer of the Company (to present)



Director (Outside), Full-time Member of the Audit & Supervisory Committee
Masahide Ishikawa
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Record of attendance at meetings of the Audit & Supervisory Committee as of the year ended March 31, 2021
14 out of 14 (100%)

April 1978 Joined Meiji Mutual Life Insurance Company
April 2002 General Manager, Financial Affairs Department, Investment Division of Meiji Mutual Life Insurance Company
January 2004 General Manager, Investment Planning & Research Department of Meiji Yasuda Life Insurance Company
April 2005 Managing Director and Managing Operating Officer of Meiji Dresdner Asset Management Ltd.
April 2007 General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company
July 2007 Operating Officer and General Manager, Credit Analysis & Investment Risk Management Department of Meiji Yasuda Life Insurance Company
April 2009 Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company
April 2010 Managing Operating Officer and Chief General Manager, Nagoya Marketing Headquarters of Meiji Yasuda Life Insurance Company
April 2011 Managing Operating Officer of Meiji Yasuda Life Insurance Company
April 2013 Representative Director and President of Meiji Yasuda Asset Management Company Ltd.
July 2014 Vice Chairman of Japan Investment Advisers Association
July 2017 Vice Chairman of Japan Investment Advisers Association
April 2018 Representative Director and Chairman of the Board of Meiji Yasuda Asset Management Company Ltd.
June 2019 Director, Full-time Member of the Audit & Supervisory Committee of the Company (to present)



Director, Full-time Member of the Audit & Supervisory Committee
Kazuo Fukumoto
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)
Record of attendance at meetings of the Audit & Supervisory Committee as of the year ended March 31, 2021
14 out of 14 (100%)

March 1980 Joined the Company
April 2002 General Manager, Corporate Management Dept. of the Company
June 2003 Chief General Manager, Corporate Management Dept. of the Company
October 2005 Executive Officer and Chief General Manager, Corporate Management Dept. of the Company
April 2007 Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company
June 2012 Executive Managing Officer and Head of Credit Business Promotion Division of the Company
June 2013 Managing Director of the Company
June 2015 Executive Managing Officer of the Company
June 2017 Director, Full-time Member of the Audit & Supervisory Committee of the Company (to present)



Director (Outside), Member of the Audit & Supervisory Committee
Takuji Akiyama
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
*No data is available as he assumed his position on June 23, 2021.

March 1982 Joined Tohmatsu & Aoki Audit Corporation (currently Deloitte Touche Tohmatsu LLC)
April 1986 Registered as a certified public accountant
August 2018 Retired from Deloitte Touche Tohmatsu LLC
September 2018 Representative of Takuji Akiyama CPA Office (to present)
February 2019 Auditor (Outside) of IWAKI & CO., LTD. (currently Astena Holdings Co., Ltd.) (to present)
June 2021 Director, Member of the Audit & Supervisory Committee of the Company (to present)



Senior Managing Director
Tomomi Uchida
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
12 out of 12 (100%)

October 1982 Joined the Company
April 2003 General Manager, Business Promotion Dept. III of the Company
October 2005 General Manager, Business Promotion Dept. II of the Company
April 2007 Chief General Manager, Credit Business Management Dept. of the Company
December 2007 Chief General Manager, Marketing Dept. of the Company
October 2008 Head of East Japan Branch of the Company
April 2011 Chief General Manager, Business Promotion Dept. of the Company
April 2013 Executive Officer and Chief General Manager, Business Promotion Dept. of the Company
June 2015 Executive Managing Officer, Deputy Head of Credit Business Promotion Division, and Chief General Manager, Business Promotion Dept. of the Company
April 2016 Executive Managing Officer and Deputy Head of Credit Business Promotion Division of the Company
June 2016 Executive Managing Officer and Head of Credit Business Promotion Division of the Company
June 2018 Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. I of the Company
October 2018 Executive Managing Officer, Head of Credit Supervision Division, and Chief General Manager, Credit Supervision Dept. II of the Company
June 2019 Managing Director of the Company
April 2020 Executive Managing Officer and Head of Credit Supervision Division of the Company
June 2021 Senior Managing Director of the Company (to present)
Senior Executive Managing Officer and Head of Credit Supervision Division of the Company (to present)



Senior Managing Director
Takashi Kiribuchi
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
8 out of 8 (100%)
*This is data after his assumption of position on June 23, 2020.

March 1982 Joined the Company
April 2004 General Manager, System Dept. of the Company
July 2005 General Manager, Public Relations Dept. of the Company
October 2005 Chief General Manager, Public Relations Dept. of the Company
April 2011 Chief General Manager, Treasury Dept. of the Company
April 2015 Executive Officer and Chief General Manager, Treasury Dept. of the Company
June 2017 Executive Officer and Chief General Manager, Corporate Planning Dept. of the Company
June 2020 Managing Director of the Company, Executive Managing Officer and Chief General Manager, System Development & Administration Division of the Company
April 2021 Executive Managing Officer and Head of System Development & Administration Division of the Company
June 2021 Senior Managing Director of the Company (to present)
Senior Executive Managing Officer and Head of System Development & Administration Division of the Company (to present)



Director
Masakazu Oosawa
Record of attendance at Board of Directors meetings as of the year ended March 31, 2021.
8 out of 8 (100%)
*No data is available as he assumed his position on June 23, 2020.

April 1991 Joined The Mitsubishi Bank, Ltd.
May 2015 General Manager, Europe Planning Division, Europe Headquarters of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
General Manager, Europe Control Division of Mitsubishi UFJ Financial Group, Inc.
May 2017 General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
June 2017 Executive Officer and General Manager, Management Planning Division (in charge of special mission) of The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Executive Officer and General Manager, Management Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
November 2017 Executive Officer, General Manager, Management Planning Division and Co-General Manager, Digital Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
Executive Officer, General Manager, Management Planning Division and Co-General Manager, Digital Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
May 2018 Executive Officer, General Manager, Digital Planning Division, Co-General Manager, Management Planning Division (in charge of special mission) and Co-General Manager, Financial Planning Division (in charge of special mission) of MUFG Bank, Ltd.
Executive Officer, General Manager, Digital Planning Division, Co-General Manager, Management Planning Division (in charge of special mission) and Co-General Manager, Financial Planning Division (in charge of special mission) of Mitsubishi UFJ Financial Group, Inc.
April 2020 Managing Executive Officer and General Manager, Digital Planning Division of MUFG Bank, Ltd.
Managing Corporate Executive and General Manager, Digital Planning Division of Mitsubishi UFJ Financial Group, Inc.
June 2020 Member of the Board of Directors, Managing Executive Officer and Co-General Manager, Digital Planning Division of MUFG Bank, Ltd.
April 2021 Member of the Board of Directors, Managing Executive Officer and Unit Head, Digital Service Unit of MUFG Bank, Ltd. (to present)
Managing Corporate Executive and Group Head, Digital Service Business Group of Mitsubishi UFJ Financial Group, Inc. (to present)
June 2021 Director of the Company (to present)

Executive Officers

Chief Executive Officer

Masataka Kinoshita Supervisor of All Business Execution

Senior Executive Managing Officer

Tomomi Uchida Head of Credit Supervision Division
In charge of General Affairs Dept., Credit Supervision Dept. I, Credit Supervision Dept. II and Compliance for Credit Supervision Office

Takashi Kiribuchi Head of System Development & Administration Division
In charge of Corporate Planning Dept., System Development Dept., System Operation Dept., System Planning Office and System Management Office

Executive Managing Officer

Masaru Kuroda In charge of Overseas Business Management Dept.
Vice in Charge of Compliance Dept.

Michihito Onodera In charge of Guarantee Business Dept.

Tomoo Shikanoya Chairman of Financial Information Disclosure Committee
In charge of Finance Dept., Treasury Dept. and PR & CSR Dept.

Masashi Yoshida In charge of Human Resources Dept. and Business Process Management Dept.

Yuji Kinoshita Head of Credit Business Promotion Division
In charge of Business Planning Dept., Business Promotion Dept., East Japan Business Promotion Dept., West Japan Business Promotion Dept. and Compliance for Credit Business Promotion Office

Masatoshi Nabeoka In charge of Corporate Risk Management Dept.
Chief General Manager of Corporate Risk Management Dept.

Executive Officer

Masayuki Sone Chief General Manager of West Japan Business Promotion Dept.

Akihiro Kiyooka Credit Supervision Division (Special Mission)

Hidehiko Shibata Chief General Manager of East Japan Business Promotion Dept.

Masahiko Machida Chief General Manager of Internal Audit Dept.

Hitoshi Yokohama Guarantee Business Dept. (Special Mission)

Takeo Noda Overseas Business Management Dept. (Special Mission)

Basic Policy

The ACOM Group, guided by its lifelong “Circle of Trust” spirit, maintains an ongoing corporate commitment to respecting other people, putting the customer first, and conducting creative and innovative management. Based on this commitment, we are seeking to deepen mutual trust between our stakeholders and ourselves and thus progress in partnership with society.

In order to meet the expectations of stakeholders and build stronger trust, we will strengthen corporate governance as a key management priority. To this end, we will take steps to enhance the soundness, transparency, and efficiency of our operations and achieve sustained increases in our shareholder value.

We recognize that effective internal control systems are essential to creating an appropriate corporate governance framework. Based on this recognition, we are encouraging all members of our organization to join forces in building internal control systems and assuring their effectiveness, under the leadership of the President & CEO. At the same time, we are constantly evaluating, verifying, and improving the effectiveness of internal control mechanisms already in place.

Overview of Current Corporate Governance Structure

The Company has an Audit & Supervisory Committee and aims to enable swift decision-making and enhance the Board of Directors’ supervisory functions by significantly delegating decision-making on material business executions to Directors from the Board of Directors. The Board of Directors, in turn, performs thorough monitoring and other measures on delegated matters.

The Company aims to improve the transparency and objectivity of its management by having an Audit & Supervisory Committee composed mainly of Outside Directors conduct audit and supervisory functions.

The organization established by the Company is as follows.

Board of Directors

The Board of Directors of the Company consists of nine members: President & CEO Masataka Kinoshita who chairs the Board, Shigeyoshi Kinoshita, Hiroshi Naruse, Tomomi Uchida, Takashi Kiribuchi and Masakazu Oosawa, and Members of the Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director).

The Board deliberates on and decides important business

management matters, such as management strategies and business planning, and basic policies for building corporate governance and internal control systems, while ensuring objective and rational judgment. Furthermore, the Board delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director, and monitors and supervises the execution of duties by thorough monitoring and other measures on delegated matters.

It meets once every quarter in principle, and more as deemed necessary.

Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members: Masahide Ishikawa (Outside Director) who chairs the Committee, Kazuo Fukumoto and Takuji Akiyama (Outside Director).

Also, two outside Audit & Supervisory Committee Members are appointed, and they have been registered as independent officers based on the rules of the Tokyo Stock Exchange. Furthermore, to improve audit effectiveness, all Audit & Supervisory Committee Member are appointed as Appointed Audit & Supervisory Committee Members with investigative authority based on Article 399-3 of the Companies Act.

In addition, Mr. Kazuo Fukumoto, a Member of the Audit & Supervisory Committee, has served as General Manager of the Company’s Corporate Planning/Management Department and Accounting Department, and as an Executive Officer, and has considerable knowledge of financial affairs and accounting due to his being in charge of the Accounting Department after appointment as a Director.

The Audit & Supervisory Committee, acting in accordance with the resolved audit policy, audit plan, and other relevant guidelines, and in collaboration with the Company’s Internal Auditing Department and other relevant departments, attends the Board of Directors Meeting and other important meetings, receives reports on matters relating to their performance of duties from Directors and employees, etc., requests explanations when necessary, expresses its opinion, inspects important approval documents and so forth, and investigates the situation of business operations and assets at the Head Office and important business sites.

Also, regarding subsidiaries, the committee strives for mutual understanding and exchange of information with each subsidiary’s directors, auditors, etc., and receives reports on business from each subsidiary as necessary. Furthermore, the committee monitors and verifies whether accounting auditors are carrying out proper auditing while maintaining an independent stance, receives reports from accounting auditors on the performance of their duties, requests explanations when necessary, and discusses important matters to be examined from the standpoint of auditing.

Each Audit & Supervisory Committee Member carries out the above auditing activities based on the division of duties specified in the audit plan, and the results are regularly reported to the Audit & Supervisory Committee.

In addition, in the Audit & Supervisory Committee, auditing is carried out by discussing matters stipulated in the Companies Act such as approval of conflicting interest transactions and reelection of accounting auditors, and by paying heed to the development and management of the internal controls system.

Committees

Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of six members: President & CEO Masataka Kinoshita who chairs the Committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, and Members of the Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director).

The Appointment and Remuneration Committee reviews and proposes the appointment of candidates and remuneration for Directors (excluding Directors serving as Members of the Audit & Supervisory Committee) for resolution at the Board of Directors Meeting. The Committee also checks the status of training for both management and candidates for management and provides an overview of the same to the Board of Directors.

The Appointment and Remuneration Committee meets three times a year, in principle, and more as deemed necessary.

Compliance Committee

The Compliance Committee consists of seven members: an expert from outside the Company, Tatsuzo Honma, who chairs the Committee, experts from outside the Company Tan Mitchell and Yasunari Takaura, Outside Director Masahide Ishikawa (Member of the Audit & Supervisory Committee) and Representative Directors Shigeyoshi Kinoshita, Hiroshi Naruse and Masataka Kinoshita. The Committee discusses and, as necessary, makes recommendations to the Board of Directors about the following compliance-related matters.

- Items relating to formulation, revision or abolishment of the ACOM Group Code of Ethics and Code of Conduct;
- Important items related to establishment and operation of compliance systems;
- Items relating to formulation of basic plans;
- Items relating to the correction of major violations, actions for improvement and recurrence prevention measures; and
- Important items related to other compliance issues.

The Compliance Committee meets six times a year, in principle, and more as deemed necessary.

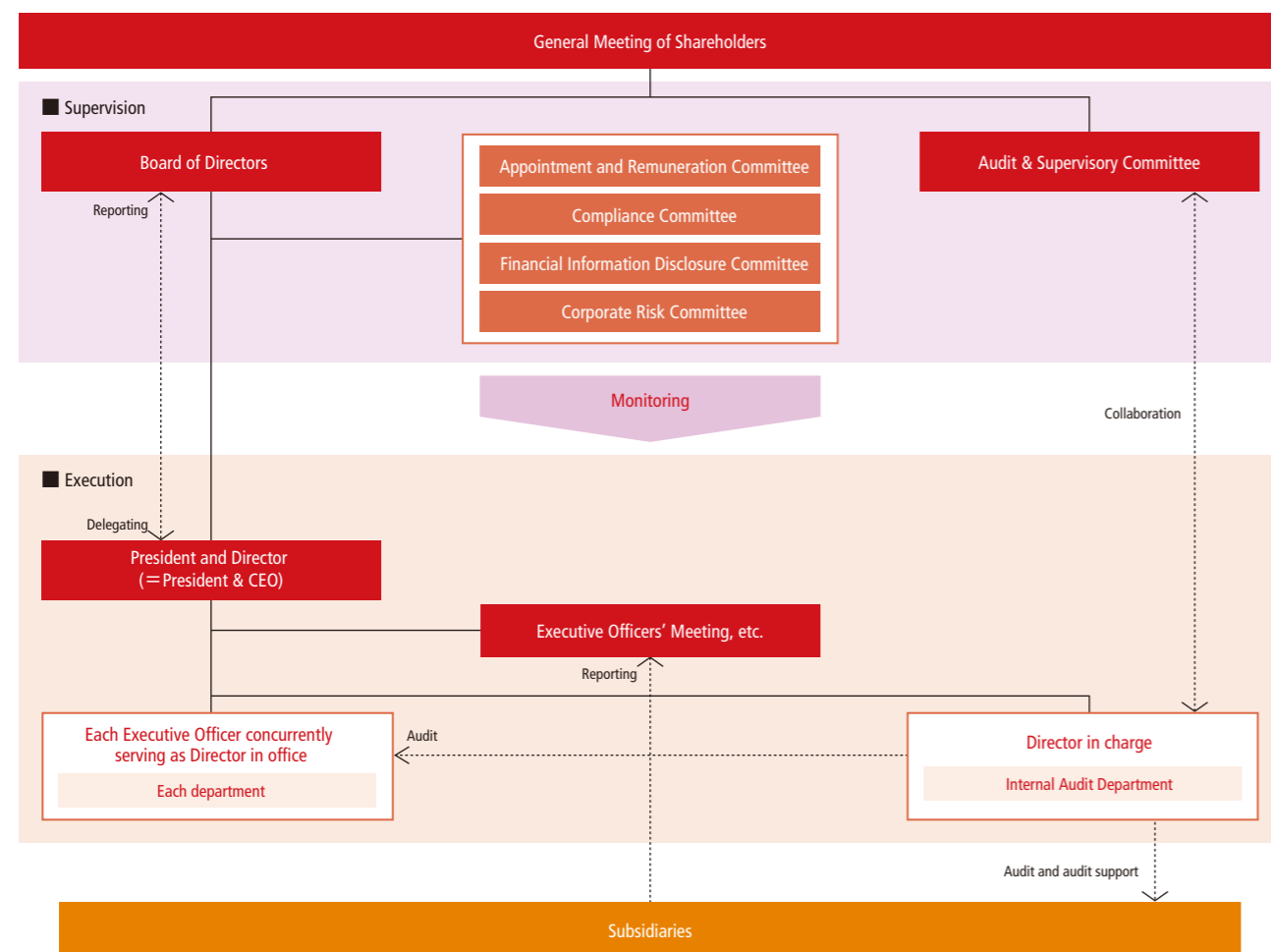
Financial Information Disclosure Committee

The Financial Information Disclosure Committee consists of eleven members: an Executive Officer who concurrently serves as Director in charge of the Treasury Department, Tomoo Shikanoya who chairs the Committee, Executive Officers who concurrently serve as Directors in charge of the relevant departments, Tomomi Uchida, Masatoshi Nabeoka and Takashi Kiribuchi, and Chief General Managers in charge of the relevant departments, Akifumi Kinoshita, Hiroko Shioiri, Masamitsu Iwamura, Kazuki Morishita, Masahiko Machida, Takashi Okamoto and Daishi Haraguchi.

In the presence of Members of the Audit & Supervisory Committee, the Committee deliberates in advance the items related to the improvement of the financial disclosure system and the financial information to be disclosed for resolution at the Board of Directors Meeting, in order for the disclosure of the financial information and internal control of financial reports to be made in accordance with the relevant laws in a timely and appropriate manner.

The Financial Information Disclosure Committee meets at least once every quarter, in principle, and more as deemed necessary.

Diagram of Corporate Governance System (as of June 23, 2021)



Composition of Committees (◎: Chairperson ○: Member)

Name	Position	Board of Directors	Audit & Supervisory Committee	Appointment and Remuneration Committee	Compliance Committee	Financial Information Disclosure Committee	Corporate Risk Committee	Executive Officers' Meeting
Shigeyoshi Kinoshita	Chairman	○		○	○		○	○
Hiroshi Naruse	Deputy Chairman	○		○	○		◎	○
Masataka Kinoshita	President & CEO Chief Executive Officer	◎		◎	○		○	◎
Tomomi Uchida	Senior Managing Director Senior Executive Managing Officer	○				○		○
Takashi Kiribuchi	Senior Managing Director Senior Executive Managing Officer	○				○		○
Masakazu Oosawa	Director	○						
Masahide Ishikawa	Outside Director, Full-time Member of the Audit & Supervisory Committee	○	◎	○	○		○	
Kazuo Fukumoto	Director, Full-time Member of the Audit & Supervisory Committee	○	○	○			○	
Takuji Akiyama	Outside Director, Member of the Audit & Supervisory Committee	○	○	○			○	
Masaru Kuroda	Executive Managing Officer							○
Michihito Onodera	Executive Managing Officer							○
Tomoo Shikanoya	Executive Managing Officer					◎		○
Masashi Yoshiba	Executive Managing Officer							○
Yuji Kinoshita	Executive Managing Officer							○
Masatoshi Nabeoka	Executive Managing Officer					○	○	○
Tatsuzo Honma	Expert from outside the Company				◎			
Tan Mitchell	Expert from outside the Company				○			
Yasunari Takaura	Expert from outside the Company				○			

Corporate Risk Committee

The Corporate Risk Committee consists of seven members: Deputy Chairman Hiroshi Naruse, who chairs the Committee, Representative Directors Shigeyoshi Kinoshita and Masataka Kinoshita, Members of the Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director), and an Executive Officer who concurrently serves as Director in charge of the Corporate Risk Management Department, Masatoshi Nabeoka.

The Corporate Risk Committee discusses important items related to risk management and makes proposals and reports to the Board of Directors as deemed necessary. The Committee also monitors the status of risk management and other matters and reports the results to the Board of Directors.

The Corporate Risk Committee meets at least once every quarter, in principle, and more as deemed necessary.

Executive Officers' Meeting

The Executive Officers' Meeting consists of eleven members: President & CEO Masataka Kinoshita, who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, and Executive Officers who serve concurrently as Directors Tomomi Uchida, Takashi Kiribuchi, Masaru Kuroda, Michihito Onodera, Tomoo Shikanoya, Masashi Yoshiba, Yuji Kinoshita and Masatoshi Nabeoka.

In the presence of Members of the Audit & Supervisory Committee, the Executive Officers' Meeting discusses and makes decisions related to the execution of important business

Reasons for Appointment of Outside Directors

Name	
Masahide Ishikawa	Mr. Ishikawa has extensive knowledge and experience cultivated in the financial world over many years, and a track record as a manager. Also, he has served a total of two times as Vice Chairman of the Japan Investment Advisers Association and has wide-ranging insight. It was determined that he is capable of providing supervision and appropriate advice for the Company's management, with an outside perspective based on his knowledge and experience, and thus he was appointed as an Outside Director serving as a Member of the Audit & Supervisory Committee.
Takuji Akiyama	Due to his record as a certified public accountant for many years, and in light of his sophisticated expert knowledge and extensive experience relating to financial and account auditing operations, it was decided that Mr. Akiyama is capable of monitoring and auditing the Company's management from a neutral and objective standpoint, and thus he was appointed as an outside director serving as a Member Outside Director serving as a Member of the Audit & Supervisory Committee.

operations delegated by the Board of Directors to the President and Director, and deliberates on management policies and management plans in advance for resolution at the Board of Directors Meeting in accordance with basic policies determined by the Board of Directors.

The Executive Officers' Meeting assembles three times a month, in principle, and more as deemed necessary.

Evaluation of effectiveness of the Board

The Company distributes surveys regarding the effectiveness of the Board to all Directors every year. It then conducts analysis and evaluation on effectiveness of the Board based on the results of surveys.

This year too, through abovementioned analysis and evaluation, the Company confirmed that the Board fulfills each and all of its functions in formulation of management strategies and targets, settling management challenges, and supervision of risk management and executives. Thus, the Company concluded that its current Board functions properly and its effectiveness is ensured.

Moreover, the Company assessed that it has made a certain level of advancements on issues recognized in the previous year, such as further deepening awareness of external opinions, stimulating more active discussion at Board meetings, and raising the sophistication of matters reported at Board meetings.

Meanwhile, the Company recognized that reorganizing the Board agenda and further raising the sophistication of Board meeting materials are issues, and the Company will strive for improvement on these issues going forward.

While the Company will operate the Board of Directors in the manner described below, the Company will sustain periodic analysis and evaluation on the effectiveness of the Board and continue its efforts to ensure enhanced effectiveness of the Board.

- (1) The Board will decide material business management matters, such as management strategies and business plans, while ensuring objective and rational judgment, and will also determine basic policies for building corporate governance and internal control systems. The Board will monitor and supervise the execution of duties.
- (2) Material subjects will be exhaustively selected as agendas based on regulations for matters to be resolved by the Board, provided in the rules of the Board of Directors. The Board will discuss such selected material in a timely and appropriate manner.
- (3) The Company will distribute materials to be used at the Board prior to the meeting to make it efficient and vigorous. Prior explanations will be given when deemed necessary.
- (4) The Board will receive periodic reports on business management, etc., and supervise business execution.

Remuneration of Officers

Decision policies relating to the specifics of remuneration for individual Directors (excluding those who are Audit & Supervisory Committee Members) are decided by the Board of Directors. Generally speaking, the benchmark for remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) is the remuneration level at companies with the same business scale as the Company, and belonging to a related industry type or category, and the remuneration system is structured to adequately function as an incentive for continually improving corporate value. Remuneration for individual Directors is provided only monetarily, and remuneration for full-time Directors (excluding those who are Audit & Supervisory Committee Members) consists of basic remuneration and performance-based remuneration, while remuneration for part-time Directors consists only of basic remuneration. Basic remuneration is fixed remuneration paid every month, and

Status of Attendance at Board of Directors and Committees in the Fiscal Year Ended March 2021

	Board of Directors	Appointment and Remuneration Committee	Compliance Committee	Financial Information Disclosure Committee	Corporate Risk Committee	Audit & Supervisory Committee
Number of meetings held	12	3	6	8	4	14
Attendance rate of all Directors	100%	100%	100%	95.8%	100%	100%
Attendance rate of Outside Directors	100%	100%	100%	—	100%	100%

(Note) The above table includes one Director (excluding those who are Audit & Supervisory Committee Members) who retired at the end of his term of service, at the conclusion of the 43rd General Meeting of Shareholders held on June 23, 2020.

performance-based remuneration is variable remuneration paid once a year based on performance.

Regarding basic compensation for Directors (excluding those who are Audit & Supervisory Committee Members), the Appointment and Remuneration Committee reviews and proposes an amount suited to the Director's position, taking into account levels at other companies, performance at the Company, employee salary levels, and so on, and then a decision is made by the Board of Directors. For performance-based remuneration, the basic funds for distribution are calculated using as an index the net income attributable to owners of the parent. The Appointment and Remuneration Committee reviews and proposes an amount suited to the Director's position and personal evaluation, etc., and a decision is made by the Board of Directors.

The guideline for performance-based remuneration as a percentage of total remuneration is roughly 20% (when performance-based remuneration is the standard amount). The reason for selecting an index (net income attributable to owners of the parent) relating to performance-based remuneration for full-time Directors (excluding those who are Audit & Supervisory Committee Members) is because first, in light of the fact that non-payment of dividends continued up to the interim dividend of the fiscal year ended March 2018, an objective, transparent remuneration system was adopted linked with performance over a single fiscal year for full-time Directors (excluding those who are Audit & Supervisory Committee Members). Also, regarding the method of determining the amount of performance-based remuneration, the range of net income for the year which serves as the standard for basic funds for distribution is determined by the Appointment and Remuneration Committee while taking into account special factors such as increases in the future tax burden due to the net income for the year, and extraordinary income or loss, and then the amount is determined by the Board of Directors by multiplying a multiplier commensurate

with the position-specific distribution ratio and personal evaluation of the Director with the basic funds for distribution.

Also, a target for the performance-based remuneration index has not been set for the fiscal year ended March 2021, but in terms of track record, in the past there have been basic funds for distribution of ¥45 million for a range of ¥70 – 80 billion net income for the year serving as a basis.

Other specifics relating to remuneration of Directors are reviewed and proposed by the Appointment and Remuneration Committee, and decided by the Board of Directors. Also, the amounts of remuneration for Audit & Supervisory Committee Members are determined through discussion by the Audit & Supervisory Committee Members, taking into account the duties and responsibilities of Audit & Supervisory Committee Members. The maximum limit on remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) was resolved to be ¥400 million (not including salary for the employee portion) per year at the 40th General Meeting of Shareholders held on June 22, 2017, and the number of Directors (excluding those who were Audit & Supervisory Committee Members) at the conclusion of said General Meeting of Shareholders was six. Also, at that same General Meeting of Shareholders, the maximum limit on remuneration for Directors who are Audit & Supervisory Committee Members was resolved to be ¥100 million per year, and the number of Directors who were Audit & Supervisory Committee Members at the time of said General Meeting of Shareholders was four. In determining the specifics of remuneration for individual Directors for the fiscal year ended March 2021, the Appointment and Remuneration Committee conducts reviews and makes proposals based on factors such as the position and evaluation of the Director, within the scope of the remuneration limit approved at the General Meeting of Shareholders. A decision is then made by the Board of Directors while respecting the specifics of that proposal, and it is determined that the specifics follow the decision policy.

Total amount of remuneration by officer category, total amount of remuneration by type, and number of applicable officers

Officer category	Total amount of remuneration (million yen)	Total amount of remuneration by type (million yen)			Number of applicable officers
		Fixed remuneration	Performance-based remuneration	Retirement benefits	
Directors (excluding Audit & Supervisory Committee Members and Outside Directors)	187	148	39	—	7
Audit & Supervisory Committee Members (excluding Outside Directors)	20	20	—	—	1
Outside Officers	37	37	—	—	2
Total	245	205	39	—	10

(Notes) 1. There are no employees serving concurrently as Directors.
2. The "number of applicable officers" is indicated as the total number of persons.

Board of Directors Support System

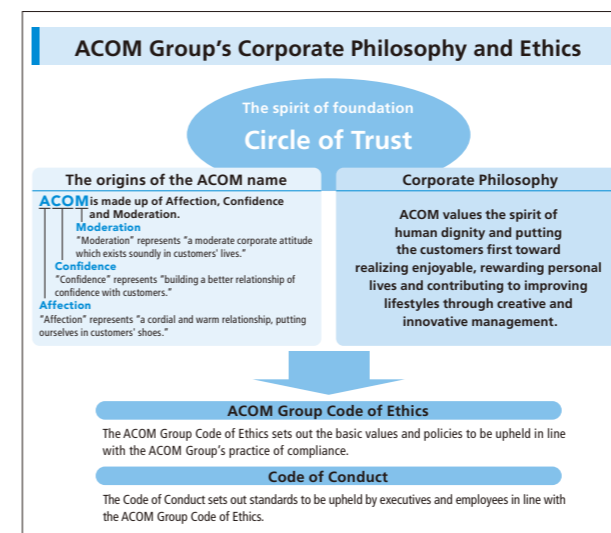
When holding a meeting of the Board of Directors, as a rule meeting materials are distributed and an explanation is provided by the day before the meeting. Also, as a system for supporting the duties of Outside Directors who are Members of the Audit & Supervisory Committee, we have established an Audit & Supervisory Committee Secretariat,

and assigned employees to assist their duties. The employees who assist the Audit & Supervisory Committee work exclusively to assist the Audit & Supervisory Committee and do not take instructions from Directors (excluding those who are Audit & Supervisory Committee Members) or other organizations involved in execution of operations.

Compliance

Compliance Activities in Practice

The Company regards compliance as one of its most significant management challenges. It has been the forerunner in the industry to thoroughly practice compliance as shown by its establishment of "ACOM's Ethical Codes for Business" (currently the ACOM Group Code of Ethics and Code of Conduct) in 1998.



ACOM Group Code of Ethics and Code of Conduct

Compliance System

The Compliance Department is in place to supervise company-wide practice of compliance. It is also in charge of: developing, reviewing and follow-ups of implementation plans with regard to abiding to relevant laws and regulations; establishing, updating and dissemination of a compliance handbook which summarizes laws and regulations employees must abide by; awareness raising through implementation of various training courses; and responding to reports and requests for consultations from executives and employees made to the Ethics Hotline.

Also, "Compliance Offices" have been placed in the Credit Business Promotion Division and the Credit Supervision Division. These offices collaborate with the Compliance Department to provide a system for enforcing more task-relevant compliance practices on sites.

Furthermore, we have established a Compliance Committee whose operations are centered around experts from outside the Company, and by adopting a framework of deliberating items that are important for establishing and strengthening the compliance system, the Committee strives to ensure effectiveness of compliance.

As outlined above, ACOM is engaged in a continuous challenge to strengthen its structure to establish a corporate culture that emphasizes compliance while further improving each and every employee's awareness.

Ethics Hotline (Whistleblowing)

The Company has established an Ethics Hotline as a contact point for executives and employees to report and consult when they recognize violations or possible violations of compliance. The Ethics Hotline aims to prevent scandals and minimize the impact and damage caused by them through early detection of internal problems regarding compliance and appropriate corrective measures. The Ethics Hotline strictly prohibits unfair treatment and acts of retaliation for inquiries and consultations made, as well as disadvantageous behaviors such as searching for and identifying the reporter/consultant. Moreover, it thoroughly manages information. We are working to improve the usefulness and reliability of the entire whistleblowing system, including the Ethics Hotline, so that it is easier for executives and employees to use.

Our Ethics Hotline has been certified as conforming to the "Guidelines for Private Enterprises Regarding the Development and Operation of Internal Reporting Systems Based on the Whistleblower Protection Act." It was registered under the "Internal Reporting System Certification (Self-Declaration Registration System)" under the jurisdiction of the Consumer Affairs Agency On April 17, 2020.



Action to Strengthen Financial Crime Countermeasures

There are demands for financial institutions to further sophisticate their countermeasures against money laundering and terrorist financing amid the increasing threat of organized crime, terrorism, etc. in the international community.

Under such circumstances, the Company newly established a Financial Crime Prevention Office in April 2019 and strives to build a preventive system on money laundering and terrorist financing to prevent illicit activities involving our products and services.

Development of Risk Management System

As the management environment surrounding the Company changes, risks to be managed are becoming more complex and diverse. Under such circumstances, the Company recognizes that one of the most important tasks of the management is to enhance and strengthen the Company's risk management system in order to fully recognize risks, maintain the soundness of management, and stably secure profitability and growth. The Company has established the Risk Committee to comprehensively control risks and clarify basic matters concerning risk management, such as risks to be managed and departments and sections in charge of risk management in the Risk Management Regulations, while comprehensively controlling and uniformly managing potential risks arising in execution of operations at the Corporate Risk Management Department, which comprehensively controls risks, in order to further enhance and strengthen the Company's risk management system.

In addition, with respect to the management of information assets, such as personal information, the Company, in compliance with its information security management regulations, implements a variety of countermeasures, such as appropriate safety management measures, against potential risks, and strives to ensure information security organically and systematically by appointing information security management officers, and deciding the roles of each organization and each executive and employee.

Risks Related to Business

The main items related to business risks are listed below. They are considered to possibly pose a risk to the business of the Group based on the assumptions and views based on the information we understand.

However, the risks described below may not cover all potential risks. Moreover, new risks may arise as a result of various uncertain factors, such as future changes in economic trends and environmental conditions affecting the consumer credit market. Also, if a matter that does not necessarily fall under such risk factors is regarded as important for the investment decisions of investors, it is disclosed below based on the principle of active disclosure of information to investors.

• Regarding the COVID-19 pandemic

There are risks of further downward swings in the economy both inside and outside Japan due to the effects of the COVID-19 pandemic. The Group may be affected in connection with the matters described below.

- Reduction in our Loan and Credit Card Business balance, Guarantee Business balance, and operating revenue due to temporary closures of staffed shops and shorter operating hours of automatic contract machines, contraction of some operations due to reconsideration of business days and hours of call centers and the like, and lower fund demand attributable to factors such as refraining from going out.

- An increase in expenses relating to doubtful accounts due to worsening of the receivables situation driven by factors such as the reduced income of customers.

• Financial results

The business performance of the Group may be influenced by changes, fluctuations and modifications - and the degree of these - in each of the items 1) to 9) listed below.

- 1) Increase or decrease in the number of customer accounts and average loan balance per customer account
- 2) Changes in judicial rulings and legal regulations applicable to the consumer finance industry
- 3) Changes in average contracted interest rates received from customers
- 4) Changes in number of requests for interest repayment, as well as amounts we will pay, in the loan business
- 5) Competition with other companies
- 6) Rate of default by customers
- 7) The Company's ability to procure funds and costs involved
- 8) Cost levels for advertising expenses, personnel expenses, and other expenses
- 9) Occurrence of large-scale accidents and disasters

• Allowance for doubtful accounts

Allowance for doubtful accounts is booked, based on factors such as the borrower situation, with regard to accounts receivable - operating loans, accounts receivable - installment, and reimbursement receivables which account for the majority of the total assets of the Group.

An increase of payment delays and uncollected loans receivable might occur as a result of potential future changes in economic conditions, the market environment, and the social structure in Japan as well as increases in the number of individuals (including loan customers of the Group) pursuing remedies under legal guardianship pursuant to revisions in legislation, including "Bankruptcy Act," "Act on Special Conciliation," "Civil Rehabilitation Act," and "Judicial Scrivener Act." Such events may require further increases in the allowance for doubtful accounts, which may have a negative effect on the business performance of the Group.

• Addressing issues concerning multiple debtors

As measures to address multiple debtors, we are focusing on consumer awareness-raising activities, developing counseling capabilities, adopting greater stringency in our credit operations, lowering maximum interest for loans, and reconsidering advertising representations.

However, the business performance of the Group may be negatively influenced in cases where the number of multiple debtors increases due to economic, employment, and market conditions in Japan or other external factors, which leads to an increase in the allowance for doubtful accounts due to increase in uncollectible loans.

• Information systems

In providing services to customers and managing business operations, the Group relies on computer systems and networks

for management of our shop network, customer data, etc. In case our services for customers are hindered by factors such as damage to the communications infrastructure, the hardware, or the software used for these systems and networks resulting from human error, natural disasters, power outages, computer viruses, etc., or the suspension of support services provided by telecommunications carriers or computer systems companies, it may potentially impact on the performance of the Group. For example, it may result in a decline in new customers, delays in the repayment of loans, and a loss of trust in the Group.

In addition, the Group has a backup center for its general ledger system, in order to avoid the possibility of business interruptions. However, it is possible that the Group's business may be suspended in the event of a large-scale natural disaster, such as an earthquake or flood.

• Status of interest repayment

In the Company's loan business, there are cases where the lending interest rate for loan products whose contracts were concluded prior to June 17, 2007 exceeded the maximum interest rate in the Interest Rate Restriction Act.

The portion in excess of the maximum interest rate in the Interest Rate Restriction Act has been rendered void, but under the Interest Rate Restriction Act before the amended Money Lending Business Act came into full effect on June 18, 2010, the interpretation was that the debtor could not demand reimbursement of that portion if the debtor had voluntarily paid said excess portion, and also in Article 13 of Supplementary Provisions of the Money Lending Business Act prior to fully coming into effect, meeting certain requirements could be regarded as valid settlement of interest claims.

However, a Supreme Court ruling was handed down on January 13, 2006 that, in cases where a contract provision was added stipulating that the benefit of time is lost when reimbursement of agreed interest is delayed, payment of the excess portion in the Interest Rate Restriction Act is compulsory, and thus the "deemed performance requirement" requiring voluntariness has not been met. For this reason, multiple lawsuits have been brought against companies engaged in consumer finance business demanding reimbursement of payments, and multiple decisions have been handed down recognizing this sort of claim.

In case our customers request a reduction in the loan amount or reimbursement of excess interest paid, the Company may accept to write off such loans or reimburse payments. Also, although loan write-offs and payment reimbursements due to this situation (referred to hereinafter as "loss on interest repayments") have steadily declined, we will continue to monitor the situation in areas such as the number of requests for interest repayment. Future potential for loss on interest repayments, further booking of the provision for loss on interest repayments, and court rulings from lawsuits demanding refunds of interest paid that put the Company and other money lenders at a clear disadvantage, could have an impact on the Company's business performance.

For information on risks other than the above, please see our Securities Reports.
https://www.acom.co.jp/corp/ir/library/financial_report/

Risk Management System

