

**Combined Internal Audits,  
Corporate Auditor Audits,  
and Accounting Audits**

In conducting the audits described above, the corporate auditors and the Internal Audit Division (Audit Department) meet periodically to enhance information sharing and collaborate regularly in an effort to ensure the effectiveness of their respective audits. They also actively exchange information with the accounting auditors in order to build strong collaboration with the accounting audits. Moreover, the Internal Control Division (Accounting Department) receives internal audits by the Audit Department concerning internal controls, as well as audits by corporate auditors concerning business reports and accounting audits based on the Corporate Law and the Financial Instruments and Exchange Law.

**Meetings Held Within the Company**

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As a pure holding company, in order to enhance governance of Group companies, the JS Group Corporation is working to accelerate discussion and decision-making on management strategies, medium- to long-term policies and investment proposals that take place in bi-weekly Management Meetings, ad hoc meetings of the Investment Strategy Council, the Investment and Loan Council, the Environmental Strategy Committee, the Group IT Strategy Committee, the Reorganization Deliberation Council, the New Business Deliberation (Acquisition) Council and the Compliance Committee. The Company is also enhancing the effectiveness of governance by having important proposals approved at the monthly meetings of the Board of Directors.

**Management Meetings**

Directors other than the outside directors, senior managing corporate officers and higher, and presidents of main operating companies take part in the Management Meetings of the holding company. Held bi-weekly, these meetings are a forum for making resolutions based on the management meeting rules and discussing major issues faced by the Company and the Group. Specific resolutions that may be made include changes of corporate officers and other employees, important resolutions on issues relating to investment, financing or loans by the holding company or its operating companies, and resolutions on important organizational affairs.

**Management Plan  
Hearings and Quarterly  
Business Performance  
Review Meetings**

Directors and members in governance positions at the holding company and directors and members of operating companies take part in management plan hearings and quarterly business performance review meetings, which have the function of monitoring business operations of subsidiaries. The holding company issues guidelines for short- and medium-term plans, and operating companies devise their own management plans accordingly. The holding company holds management plan hearings, debates the merits of operating companies' plans, and after making a decision reports to the Board of Directors. The holding company monitors subsequent plan progress, and holds quarterly meetings to get progress reports and updates on business operations.

**Investment Strategy  
Council**

(Established in the year ended March 31, 2010)

This committee consists of directors and members involved in investment strategy. Members debate and formulate Group-wide strategies for enhancing value, including strategies and Group direction for investment, capital, M&A and overseas business. Items decided by the committee are submitted at Management Meetings for deliberation before being implemented.

**Investment and Loan  
Council**

This council consists of directors and members concerned with investments and loans. It meets as necessary to debate proposals from the holding company or operating companies. Specifically, this entails (1) investments significantly concerned with Group strategy, (2) investments involving multiple operating companies, and (3) investments of greater value than the president of the operating company has authority to decide on. The council then reports to the holding company's Board of Directors and at Management Meetings.