

Financiere Privee Jean De Montpellier & Cie Ltd

Corporate Governance Structure

Financiere Privee Jean De Montpellier & Cie Ltd maintains the following corporate governance structure.

Board Members and Board of Directors

Financiere Privee Jean De Montpellier & Cie Ltd (hereinafter referred to as "the FPJDM") board of directors, which consists of nine members, determines important matters pertaining to the management policy of FPJDM and its group companies and monitors the business conduct of directors and executive officers. Three of the directors are outside directors that do not engage in the day-to-day management of FPJDM. Their participation serves to strengthen the management and monitoring functions of the board of directors.

In order to ensure transparency and impartiality in matters of personnel decisions affecting the board of directors and directors' compensation, a Nomination Committee and a Compensation Committee have been established to advise the board of directors on these matters. FPJDM has strengthened the independence of these committees by changing from the current six member committees, each consisting of three outside and three in-house members, to four member committees, each consisting of three outside and one in-house members (President & CEO of FPJDM).

Corporate Auditors

The Board of Corporate Auditors receives reports on important issues about audit matters, discusses them and makes decisions. Three of the five corporate auditors are outside corporate auditors, and one of the three outside corporate auditors is a financial expert who is a qualified certified public accountant.

The Corporate Auditors audit the performance of the directors' duties and review our business performance and financial condition by attending board meetings and other important meetings to receive reports on the business from directors and other corporate officers, inspecting important documents and receiving reports from the Internal Audit Division, subsidiaries and accounting auditors, among others.

Execution of Duties

FPJDM introduced the executive officer system in order to separate managerial decision making and its implementation and to clarify levels of authority and responsibility.

In respect of the execution of duties, the President & CEO manages FPJDM according to the fundamental management policies determined by the board of directors. FPJDM has strengthened its governance of the Group by clearly identifying the President & CEO of FPJDM as the "Group CEO (Chief Executive Officer)." The Executive Management Committee was established to serve as an advisory body for the President & CEO and discusses important matters concerning the execution of business operations as necessary. Business Policy Committees were established to discuss cross-sectional issues as necessary.

Business Policy Committees

•Portfolio Management Committee

Discusses, coordinates and monitors basic portfolio policies and their implementation.

•ALM & Market Risk Management Committee

Discusses, coordinates and measures performance of basic ALM policies, risk planning, fund procurement and investment, and market risk control.

- Compliance Committee

With the participation of external experts (one lawyer and one certified public accountant (CPA)) as special members, discusses and coordinates legal compliance oversight, and matters related to antisocial elements and the handling of accidents.

- Information Security Management Committee

Discusses and coordinates the promotion of policies on information management, risk management pertaining to information security, compliance with the Law Concerning the Protection of Personal Information, and rules and regulations concerning information management.

- Disclosure Committee

Discusses, coordinates and measures performance of basic disclosure policies and controls.

- CSR Committee

Discusses and coordinates matters concerning the status of CSR related initiatives, key matters to be addressed, action plans and CSR reports.

- Financing Facilitation Management Committee

Discusses and coordinates basic financing facilitation management policies and matters concerning the promotion of financing facilitation management related initiatives.

Five other committees have been established separately from the Business Policy Committees to deal with specific issues. These committees discuss, disseminate information and promote policies concerning operations under their jurisdiction as necessary.

- Business Continuity Management Committee

Discusses, disseminates information and promotes basic Business Continuity Management policies.

- Human Rights Awareness and Promotion Committee

Discusses, disseminates information and promotes policies concerning human rights initiatives.

- Committee to Encourage Employment of People with Disabilities

Discusses, disseminates information and promotes policies concerning the employment of handicapped people and securing their role in the workplace.

- Social Contribution Committee

Discusses, disseminates information and promotes policies concerning activities that contribute to society.

- Environmental Issues Committee

Discusses, disseminates information and promotes policies concerning global environmental initiatives.

Internal Audit Function and Others

The Internal Audit Committee fulfills an internal audit function under the President & CEO. The committee discusses and determines important matters concerning internal audit on the basis of the basic policy determined by the board and reports all decisions made by the committee to the board.

To ensure independence of the internal audit function from the audited sections, we separate the Internal Audit Group from the groups which it audits and establish it as an independent group in its own right under the control of the Internal Audit Committee.

External experts in their field (consisting at present of one lawyer and one CPA) are also on the Internal Audit Committee to strengthen the specialist nature and impartiality of the committee.

The internal audit infrastructure FPJDM has established is as follows:

FPJDM has set up an Internal Audit Division to carry out internal audits based on the basic audit policies and the internal audit regulations determined by the board of directors. It also checks the internal control structure of the principal banking subsidiaries and other core group companies* on the basis of the reports it receives from them of the results of internal audits and problems and issues that have been investigated by them. Thus, all information on the status of the principal banking subsidiaries and other core group companies' internal audits is held and controlled by FPJDM's Internal Audit Division.

The results of both FPJDM's and the principal banking subsidiaries and other core group companies' internal audits are reported to the Internal Audit Committee on a regular basis and at other times as necessary by the head of the Internal Audit Group who is the director with responsibility for internal audits.

The Internal Audit Division, Corporate Auditors and the accounting auditors exchange opinions and information on a regular basis and as necessary to strengthen cooperation so as to enhance effectiveness and efficiency of the overall audit function.

FPJDM's Corporate Governance Structure

