

**The status of Gurunavi, Inc.'s corporate governance is as follows.**

**I. Basic views on Corporate Governance, Capital Structure, Corporate Profile, and Other Basic Information**

**1. Basic Views**

Under the principle of prioritizing shareholders' interests, Gurunavi maintains a keen awareness of the management responsibility of our directors and upholds basic policies to enhance our corporate governance in order to prevent irregularities, clarify decision-making processes, and ensure the logical implementation of operations.

**[Reasons for Non-compliance with the Principles of the Corporate Governance Code]**

Gurunavi complies with all the principles of the Corporate Governance Code.

**[Disclosure Based on the Principles of the Corporate Governance Code]**

**[Principle 1-4. Cross Shareholdings]**

- Policy

The Gurunavi group makes investment decisions based on comprehensive considerations covering necessity for business activities, such as business alliances and maintaining/strengthening business relations, etc. the advantages to be gained by the group through investment in such cross shareholdings, and risks associated with investment amounts and holdings, etc.

- Criteria for Exercise of Voting Rights

Voting rights for cross shareholdings are exercised appropriately following careful examination of proposal content in order to determine whether the proposal will contribute to improved shareholders' interests. Regardless of whether a proposal is put forward by an issuing company or by shareholders, affirmative decisions will not be made in relation to proposals that harm shareholders' interests.

### **[Principle 1-7. Related Party Transactions]**

Prior to approval, Gurunavi's Board of Directors deliberates on transactions with its directors, transactions that have conflicts of interest or transactions with companies represented by family members of major shareholders, etc. In addition, with regards to transactions with companies, etc. in which major shareholders serve as executive officers, dedicated examining bodies, including Audit & Supervisory Board Members ("Auditors") among the members, are set up to conduct careful examinations of terms and conditions of transactions, such as transaction price, and reasons for engaging in such transactions, etc. prior to approval. The results of examinations and transaction results are regularly reported to the Board of Directors.

### **[Principle 3-1. Full Disclosure]**

(1) Company objectives (e.g., business principles), business strategies, and business plans

The business principles that form the foundation upon which the management and each member of staff of the Gurunavi group conduct business activities are set forth as follows.

1) We will place customer satisfaction first.

We will fully leverage our database to provide a useful service to restaurants and all our business partners in the food service industry. We will provide fun, up-to-date gourmet information to internet users every day.

2) We will cultivate a work environment in which employees are free to pursue their goals.

We will create a work environment in which employees are able to continuously improve as they pursue their goals.

We will ensure that employees are able to fulfill their duties to their families.

We will create an environment in which achievements and skills are assessed fairly, and suggestions can be made freely.

3) We will always emphasize the social aspect of our business and seek to contribute to society.

We will propose quality, enjoyable gourmet lifestyle suggestions to society.

We will present new food culture from Japan to the world.

We will use online business to contribute to the development of society.

4) We will pursue robust company earnings and fair returns to our shareholders.

In conducting innovative R&D and project development and taking on new challenges, some degree of failure is inevitable. As we introduce new services to the market, we will ensure that we accumulate sufficient reserves to see us through tough conditions. In doing so, we promise to distribute fair returns to our shareholders.

Based on the above business principles, we will realize medium and long-term growth by aiming to expand and create new business, as well as expanding our core business of supporting restaurants, by utilizing the business foundations we possess.

Furthermore, details of our medium-term business plans have been posted on our website for your reference.

[https://corporate.gnavi.co.jp/en/profile/mid\\_term/](https://corporate.gnavi.co.jp/en/profile/mid_term/)

## (2) Basic views and guidelines on corporate governance

Under the principle of prioritizing shareholders' interests, Gurunavi maintains a keen awareness of the management responsibility of our directors, and upholds basic policies to enhance our corporate governance in order to prevent irregularities, clarify decision-making processes, and ensure the logical implementation of operations.

In principle, a meeting of the Board of Directors, comprised of nine executive directors, including two representative directors, and two Outside Directors, is convened once a month for important management decisions and oversight in relation to the execution of business activities.

In principle, a meeting of the Audit & Supervisory Board, comprised of five Auditors (of which four are Outside Audit & Supervisory Board Members ("Outside Auditors")), is convened once a month. Each Auditor attends important meetings of the Board of Directors, etc. and audits the status of each director's business execution.

Furthermore, the two Outside Directors and four Outside Auditors mentioned above have been appointed Independent Directors under the provisions of the Tokyo Stock Exchange, and notification of such appointment has been submitted to the TSE.

In addition, we have reinforced our governance structures by introducing an executive officer system to facilitate prompt decision-making by the Board of Directors and to separate oversight functions and business execution functions undertaken by executive officers.

Moreover, in accordance with the basic policies determined by resolution of the Board of Directors, a Managing Committee has been set up to deliberate on important issues related to management and exercise general controls over business execution. In principle, a meeting of this committee is convened once a week. The Managing Committee is comprised of internal directors and executive officers, and is also attended by a full-time Auditor .

## (3) Basic policies and procedures regarding remuneration for directors

Basic policies and procedures related to remuneration for directors are given under [Director Remuneration] in “II Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management – 1. Matters related to Organizational Composition and Operation, etc.” in this document.

(4) Basic policies and procedures regarding the appointment of senior management and the nomination of director and Auditor candidates

In the appointment of senior management and the appointment of director candidates, Gurunavi comprehensively considers ability, experience, character and opinion, etc. and selects individuals who possess a full understanding of Gurunavi’s corporate philosophy and the ability to put said philosophy into practice.

In addition, as the core business of Gurunavi is food, a woman’s perspective is important, and the appointment of female executive officers is also progressing.

In view of roles such as management oversight and oversight functions, the selection of Outside Officers involves the comprehensive consideration of attributes such as company management experience and specialist expertise, etc.

(5) Explanation regarding the appointment and nomination of individual directors and Auditors

Reasons for the nomination of individual director and Auditor candidates are given in reference document, “Notices of the General Shareholders Meeting”. In addition, reasons for the appointment of Outside Director/Auditor are given under “[Directors] Relationship with the Company (2)” and “[Auditors] Relationship with the Company (2)” in “II Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management – 1. Matters related to Organizational Composition and Operation, etc.” in this document.

#### **[Principle 4-1. Roles and Responsibilities of the Board (1)]**

##### **Supplementary Principle 4-1 - 1**

As well as matters to be determined under applicable laws and Articles of Incorporation, the Board of Directors undertakes decision-making in relation to important matters concerning business execution, and the criteria for such decisions are specified in the Regulations of the Board of Directors.

In addition, in relation to the execution of company business, Gurunavi has set forth the responsibilities and the authority assigned to each position under the Authority Rules, which also

set forth authority of final decision for matters that occur in the course of the company's business.

**[Principle 4-9. Independence Standards and Qualification for Independent Directors]**

Gurunavi determines the independence of independent directors in accordance with independence criteria set by Tokyo Stock Exchange. Furthermore, for the most recent fiscal year, "large amount" refers to an amount greater than ¥10 million a year for an individual or, in the case of an organization such as a corporation or an association, etc. an amount greater than 2% of consolidated net sales or total income of the relevant organization.

**[Principle 4-11. Preconditions for Securing the Effectiveness of the Board of Directors and the Audit & Supervisory Board]**

**Supplementary Principle 4-11 - 1**

Regarding the balance and diversity of knowledge, experience, and ability within the Board of Directors as a whole, our policy is to appoint executive directors from among internal personnel who are fully versed in the company's business and highly capable external personnel who possess an abundance of knowledge and experience in specialist fields, regardless of age, gender, or nationality. Regarding Outside Directors, our policy is to appoint personnel who possess an abundance of experience and high-level insight as business managers/specialists, combined with the ability to put forward useful broad perspective proposals in relation to Gurunavi.

Regarding views on the size of the Board of Directors as a whole, in consideration of future business development and an appropriately balanced Outside Director ratio, Gurunavi believes that the figure of up to twelve board members, as stipulated under the Articles of Incorporation, is the necessary and sufficient number.

**Supplementary Principle 4-11 - 2**

Gurunavi annually discloses the status of major concurrent offices of candidate directors and Auditors as well as directors and Auditors in the reference documents and the business report of the "Notices of the General Shareholders Meeting", and other disclosure documents such as securities reports, etc.

**Supplementary Principle 4-11 - 3**

As an approach taken to vitalize the Board of Directors, Gurunavi sets the schedule for meetings to be held over the course of a year in advance to improve attendance, with ample time set for these meetings to secure sufficient time for deliberations. In addition, advance notification of agenda items is implemented in order to enrich the content of deliberations. Furthermore, all

directors and Auditors are required to complete questionnaire surveys implemented in relation to the operation of the Board of Directors, in order to analyze and evaluate the effectiveness of the Board.

With the results showing that these approaches were given a consistent level of appraisal, we conclude that, as a Board of Directors, the Board of Directors of this company is functioning effectively. In addition, opinions on further improvements in the future were put forward, and approaches to improve effectiveness will continue.

#### **[Principle 4-14. Director and Auditor Training]**

##### **Supplementary Principle 4-14 - 2**

To ensure that the directors and Auditors can fully perform the roles and duties demanded of them, Gurunavi provides training opportunities with external specialists in relation to the responsibilities of directors and corporate governance.

Even after appointment to office, continual training opportunities are provided in response to amendments to laws and changes to the company's business environment.

In addition, when appointing Outside Officers, Gurunavi arranges opportunities to provide information such as an overview of Gurunavi's business and business principles, etc.

#### **[Principle 5-1. Policy for Constructive Dialogue with Shareholders]**

Gurunavi believes in the importance of deepening mutual understanding through constructive dialogue with one of our important stakeholder groups, the shareholders and investors, in order to improve corporate value. To this end, systems to promote dialogue with shareholders have been prepared, and Gurunavi actively sets up opportunities for dialogue with institutional investors and private investors.

##### **Supplementary Principle 5-1 - 1**

Senior management members such as the Representative Director/President and relevant executive officers, etc. participate as appropriate when engaging in dialogue with shareholders and investors, in order to properly reflect the opinions, etc. of shareholders in management practice.

##### **Supplementary Principle 5-1 - 2**

- (1) The Representative Director/President oversees all dialogue with shareholders.
- (2) The Corporate Strategy Office, the department in charge of IR, routinely holds meetings and exchanges of opinions with other departments related to accounting and financial affairs,

corporate planning, legal affairs, general affairs, etc. and also works in coordination with these departments to examine content when preparing disclosure materials.

(3) In addition to statutory disclosure and timely disclosure, Gurunavi implements active disclosure of information on Gurunavi group activities in order to contribute to constructive dialogue with shareholders and investors.

Regarding approaches related to dialogue with institutional investors, Gurunavi deals with daily meetings with domestic and overseas institutional investors as well as holding briefing sessions, etc. covering matters such as overviews of Gurunavi group business strategies, performance and business status, and returns to shareholders, etc. To the fullest extent possible, the Representative Director/President and senior management members participate in direct dialogue with institutional investors, as opportunities for dialogue from long-term perspectives that look forward to improved corporate value facilitate the reflection of dialogue results in management practice.

Regarding dialogue with private investors, the company creates opportunities for dialogue that will serve to deepen understanding of Gurunavi group business content, by allocating ample time for questions after providing explanations on business report content and business strategies, etc. through video presentations in General Shareholders Meetings, which provide valuable and important opportunities for dialogue.

(3) The details of questions posed by institutional investors and their opinions, etc. are appropriately shared among senior management members, and applied in relation to future Gurunavi group management practice.

(5) Gurunavi has established regulations related to information disclosure and the prevention of insider trading. Information disclosure is conducted promptly, fairly and accurately, with duty of confidentiality clearly stated in relation to important information, and Gurunavi implements regular educational sessions to ensure thorough compliance.

### **Supplementary Principle 5-1 - 3**

Gurunavi endeavors to identify shareholder ownership structure through the implementation of regular shareholder identification surveys, etc.

## **2. Capital Structure**

Foreign stockholding ratio    Over 10% and less than 20%

**[Status of Major Shareholders]**

Name/Company Name	Number of Shares Owned	Percentage (%)
Hisao Taki	12,986,500	26.68
Japan Traffic Culture Association	1,862,800	3.83
The Master Trust Bank of Japan, Ltd. (Trust account)	1,842,400	3.79
STATE STREET BANK AND TRUST COMPANY	1,645,304	3.38
Japan Trustee Services Bank, Ltd. (Trust account)	1,519,600	3.12
Odakyu Electric Railway Co., Ltd.	1,128,500	2.32
Tokyo Metro Co., Ltd.	973,600	2.00
Japan Trustee Services Bank, Ltd. (Trust account 9)	943,700	1.94
Mizuho Trust and Banking Co., Ltd. Retirement Benefit Trust Keikyu Corporation Trust Re-trust Trustee Trust and Custody Services Bank Ltd.	902,600	1.85
Hiroko Taki	847,000	1.74

Controlling Shareholder (except for parent Company)	---
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Parent Company	None
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**Supplementary Explanation**

1. The above status of major shareholders is as of March 31, 2017.
2. A Report of Possession of Large Volume (Change Report) was submitted by FIL Investments (Japan) Limited on the May 22, 2017, reporting ownership of 1,591,200 shares (shareholding ratio 3.27%) as of May 15, 2017. However, FIL Investments (Japan) Limited has not been included in the above list of major shareholders as Gurunavi is unable to confirm the actual number of shares owned.
3. A Report of Possession of Large Volume (Change Report) was submitted by Wasatch Advisors, Inc. on June 21, 2017, reporting ownership of 2,331,243 shares (shareholding ratio 4.79%) as of June 15, 2017. However, Wasatch Advisors, Inc. has not been included in the above list of major shareholders as Gurunavi is unable to confirm the actual number of shares owned.

### 3. Corporate Attribute

Listed stock market and market section	Tokyo Stock Exchange/First Section
Fiscal year-end	March
Type of business	Services
Number of employees (consolidated) as of previous fiscal year-end	More than 1000
Net sales (consolidated) as of previous fiscal year-end	Over ¥10 billion and less than ¥100 billion
Number of consolidated subsidiaries as of previous fiscal year-end	Less than 10

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transaction with Controlling Shareholder

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### 5. Other Special Circumstances that may have Material Impact on Corporate Governance

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## II. Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Matters related to Organizational Composition and Operation, etc.

Organization Form	Company with an Auditor
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### [Directors]

Maximum number of directors stipulated in the Articles of Incorporation	12
Term of office of directors stipulated in the Articles of Incorporation	2 years
Chairperson of the Board of Directors	President
Number of directors	11
Status of appointment of Outside Directors	Appointed
Number of Outside Directors	2
Number of Outside Directors designated as Independent directors	2

### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)
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		a	b	c	d	e	f	g	h	i	j	k
Koichi Tsukihara	From another company								Δ			
Yoichi Minami	From another company								Δ			

\* Categories for “Relationship with the Company”

\* “○” when the director presently falls under or has recently fallen under the category, “Δ” when the director fell under the category in the past.

\* “●” when a close relative of the director presently falls under or has recently fallen under the category, “▲” when a close relative of the director fell under the category in the past.

- a. Executive officer of a listed company or its subsidiary
- b. Executive officer or non-executive director of a listed company’s parent company
- c. Executive officer of a fellow subsidiary of a listed company
- d. A person whose major client or supplier is a listed company or is an executive officer thereof
- e. A person who is a major client or supplier of a listed company or an executive officer thereof
- f. Consultant, accounting or legal professional who receives a large amount of money or other property benefit other than executive officer’s remuneration
- g. A major shareholder of a listed company (if the relevant major shareholder is a legal entity, an executive officer of said legal entity)
- h. An executive officer of a client or supplier (not corresponding to d, e or f) of a listed company (himself/herself only)
- i. An executive officer of a company with which Outside Officers are mutually appointed (himself/herself only)
- j. An executive officer of a company that receives donations from a listed company (himself/herself only)
- k. Other

### Relationship with the Company (2)

Name	Independent Director	Supplementary explanation of the relationship	Reasons for appointment
Koichi Tsukihara	○	Within the past ten years, Koichi Tsukihara served as Representative Director/President and Representative Director/Chairman of Sumitomo Mitsui Card Company, Limited While a relationship involving	Koichi Tsukihara has been appointed as Independent Director for his ability to offer fair advice and recommendations based on an abundance of experience and high-level insight as a business manager, and his potential to supervise director’s

		transactions related to the purchase of cash vouchers and the sending of clients to participating stores of Gurunavi, Inc. etc. exists with this company, all transaction amounts are small (less than ¥10 million annually, same hereinafter), and consequently, there is no impact on independence.	business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.
Yoichi Minami	○	Within the past ten years, Yoichi Minami served as a Managing Director at the East Japan Railway Company. While a relationship involving transactions related to e-money settlements for public transportation services exists with this company, transaction amounts are small, and consequently, there is no impact on independence.	Yoichi Minami has been appointed as Independent Director for his ability to offer fair advice and recommendations based on an abundance of experience and high-level insight as a business manager, and his potential to supervise director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.

Voluntary establishment of committee(s) corresponding to a nominating committee or a remuneration committee	Not established
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**[Audit & Supervisory Board Members]**

Establishment of an Audit & Supervisory Board	Established
Maximum number of auditors stipulated in the Articles of Incorporation	5
Number of auditors	5

**Status of Cooperation between Auditors, Accounting Auditors, and Internal Audit Department**

Along with regular meetings between Auditors, Accounting Auditors and the Audit Office concerning audit schedules, etc. information is exchanged as necessary to heighten cooperation.

Status of appointment of Outside Auditors	Appointed
Number of Outside Auditors	4
Number of Outside Auditors designated as Independent Directors	4

### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Masaru Masumoto	From another company														
Tsuneo Ishiwata	From another company										o				
Taketeru Minaki	Lawyer														
Tadaaki Asanuma	From another company										△				

\* Categories for “Relationship with the Company”

\* “o” when the director presently falls under or has recently fallen under the category, “△” when the director fell under the category in the past.

\* “●” when a close relative of the director presently falls under or has recently fallen under the category, “▲” when a close relative of the director fell under the category in the past.

a. Executive officer of a listed company or its subsidiary

b. Non-executive director or accounting advisor of a listed company or its subsidiaries

c. Executive officer or non-executive director of a listed company’s parent company

d. Auditor of a listed company’s parent company

e. Executive officer of a fellow subsidiary of a listed company

f. A person whose major client or supplier is a listed company or is an executive officer thereof

g. A person who is a major client or supplier of a listed company or an executive officer thereof

h. Consultant, accounting or legal professional who receives a large amount of money or other property benefit other than executive officer’s remuneration

i. A major shareholder of a listed company (if the relevant major shareholder is a legal entity, an executive officer of said legal entity)

j. An executive officer of a client or supplier (not corresponding to f, g or h) of a listed company (himself/herself only)

k. An executive officer of a company with which Outside Officers are mutually appointed (himself/herself only)

l. An executive officer of a company that receives donations from a listed company (himself/herself only)

m. Other

## Relationship with the Company (2)

Name	Independent Director	Supplementary explanation of the relationship	Reasons for appointment
Masaru Masumoto	○	----	Masaru Masumoto has been appointed as Independent Director for his ability to offer fair advice and recommendations based on his experience of auditing across multiple companies, and his potential to supervise director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.
Tsuneo Ishiwata	○	While a relationship involving transactions related to the operation of joint websites, sales promotion services for restaurants and other campaigns, exists with Keikyū Corporation, of which Tsuneo Ishiwata is the Chairman of the Board (Representative Director), all transaction amounts are small, and consequently, there is no impact on independence.	For many years, Tsuneo Ishiwata has been engaged in financial and accounting related duties with Keikyū Corporation, and has served as the director in charge of the Accounts Department. He has been appointed as Independent Director for his ability to offer fair advice and recommendations based on an abundance of experience and high-level insight as a business manager, and his potential to audit director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.
Takeeru Minaki	○	----	Takeeru Minaki has been appointed as Independent Director in order to utilize his abundance of experience and broad insight as a lawyer in the strengthening of our

			audit structures, and his potential to supervise director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.
Tadaaki Asanuma	○	Within the past ten years, Tadaaki Asanuma served as President and CEO of West Japan Marketing Communications, Inc. While a relationship involving transactions related to promotions has existed with this company, transaction amounts are small, and consequently, there is no impact on independence.	Tadaaki Asanuma possesses an abundance of experience and high-level insight as a business manager and also possesses extensive knowledge and experience in the field of tourism. He has been appointed as Independent Director for his ability to offer expert advice and recommendations, and his potential to supervise director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.

**[Independent Directors]**

Number of Independent Directors	6
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**Other matters relating to Independent Directors**

All persons meeting the requirements for Independent Directors have been designated Independent directors.

**[Incentives]**

Status of implementation of incentive policies for directors	Stock options
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**Supplementary explanation for relevant items**

Stock compensation stock options or incentive stock options are allotted within the scope of the remuneration amount for directors.

Recipients of stock options	Internal directors
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**Supplementary explanation for relevant items**

Stock options are allotted in order to heighten directors' motivation and morale towards mid- to long-term continuous improvements in business performance and improvements in corporate value.

**[Director remuneration]**

Status of disclosure of individual directors' remuneration	No individual disclosure
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**Supplementary explanation for relevant items**

Total amounts for each are disclosed separately for directors (excluding Outside Directors) and Outside Officers.

Existence of policy determining remuneration amounts and calculation method	Yes
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**Disclosure of policy on determining remuneration amounts and calculation method**

Gurunavi's remuneration for directors, excluding Outside Directors, is comprised of "Fixed base remuneration", "Annual bonus" and "Mid- to long-term incentives". For fixed base remuneration, a fixed amount set for each position is paid.

For annual bonus, the decision on bonus issuance and the amount is determined in accordance with results in each fiscal year. In the making of this determination, the forecast figures for consolidated net profit, published in the Summary of Financial Results, are used as indices from which bonus amounts are determined, with the director's position and the business performance/results of the business areas under said director's charge, taken into consideration.

In addition, while Gurunavi has implemented stock option systems to date, further reviews will be conducted in the future, and in order to share profit-based awareness with shareholders and heighten motivation towards increased corporate value, Gurunavi is looking towards the utilization of stock options as stock remuneration with the aim of increasing incentive for mid- to long-term improvements in business performance and stock price. Regarding decisions on remuneration for directors other than Outside Directors, after listening to the opinions of Outside Directors, the Board of Directors makes decisions on distribution within the scope of the total amount determined in the General Shareholders Meeting.

Outside Directors are expected to provide objective opinions and suggestions from an external perspective, and in view of this position, only a standard remuneration is issued.

### **[Support System for Outside Directors (Outside Auditors)]**

In relation to Outside Directors and Outside Auditors, Gurunavi guarantees opportunities to attend important meetings, and has established systems to support information-gathering activities.

This allows oversight or audit related information of Outside Directors or Outside Auditors, internal audit related information, accounting audit related information and information related to internal control departments to be shared between Outside Directors, Outside Auditors, , Accounting Auditors and departments which are engaged in internal controls, with the aim of enabling the effective use of such information by all parties.

## **2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

1. Status of business management organization and other systems regarding decision-making, execution and oversight by Gurunavi
  - Gurunavi adopts an Audit & Supervisory Board system.
  - In principle, a meeting of the company's Board of Directors is convened once a month.  
There are eleven members of the Board of Directors, which is comprised of nine executive directors, including two representative directors, and two Outside Directors, who are Independent Directors (eight men, three women).
  - In principle, a meeting of the Audit & Supervisory Board is convened once a month. The Audit & Supervisory Board is comprised five Auditors (all men), including four Outside Auditors, who are Independent Directors. Each Auditor attends important meetings of the Board of Directors, etc. and audits the status of each director's business execution.
  - In accordance with the provisions set forth in the Articles of Incorporation and Article 427-1 of the Companies Act, Gurunavi and its Directors (excluding those who are executive directors), and Gurunavi and its Auditors have, in relation to cases that correspond to the requirements of laws and regulations, executed an agreement that limits liability for damages as stipulated in Article 423-1 of said Act. The amount of liability under said agreement is the total of amounts stipulated by laws and regulations.
  - Gurunavi has adopted an executive officer system with the objective of further reinforcing management control systems. In total, there are nineteen executive officers, of which seven are appointed from among Directors (four men, three women), and twelve are appointed from among staff members (nine men, three women).
  - The Internal Audit Office, comprised of five officers, has been established as the department in charge of internal audits.

- The company has executed an agreement with KPMG AZSA LLC in relation to audits conducted in accordance with the Companies Act and the Financial Instruments and Exchange Act. At the same time, an agreement that limits liability stipulated in Article 423-1 of the Companies Act was executed in accordance with the provisions set forth in the Articles of Incorporation and Article 427-1 of said Act. Furthermore, the amount of liability under said agreement is set at ¥30 million or the amount determined under Article 425-1 of the Companies Act, whichever is the higher.
- An internal control reporting system has been established in order to ensure the reliability of financial reports created in accordance with the Financial Instruments and Exchange Act, and this system is operated and evaluated.

## 2. Status of approaches to reinforce the functions of Auditors

Gurunavi aims to heighten audit effectiveness and reinforce the functions of Auditors by enhancing opportunities to gather business related information through Auditors' attendance in meetings such as the Managing Committee (in principle convened once a week), which provides a platform for deliberation on important management related matters, and the Business Reporting Committee (in principle convened once a month), which serve as a platform to announce important business reports from each department, etc.

## 3. Reasons for Adoption of the Current Corporate Governance System

With Gurunavi, the Representative Director/Chairman, who is the founder and a major shareholder, is a member of senior management. He submits opinions from a shareholders' perspective with corporate philosophy taken into consideration, and together with the other executive officers, such as the Representative Director/President, endeavors to improve corporate value through the application of said corporate philosophies. We believe that, depending on the approaches taken to improve corporate value, the interests of general shareholders are also protected. However, from the perspective of general shareholders, there is a possibility that concerns may arise over damage to general shareholders' interests due to a bias towards major shareholders' interests. Consequently, in order to eliminate such concerns, the Outside Auditors are in principle, comprised of Independent Directors, while Outside Directors, who are also Independent Directors, have been placed within the Board in order to impose controls on Executive Directors from a background of exercise of voting rights at meetings of the Board of Directors and oversight validity, thereby fully protecting the interests of general shareholders.

## III. Status of Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to ensure General Shareholders Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early notification of General Shareholders Meetings	Notification is sent in advance of the date stipulated by law.
Scheduling GSMs avoiding the peak day	To allow many shareholders to attend, Gurunavi avoids holding GSMs on peak days.
Allowing electronic exercise of voting rights	Shareholders can exercise voting rights electronically via the Internet by accessing the “e-vote” exercise of voting rights website specified by Gurunavi, operated by Mitsubishi UFJ Trust and Banking Corporation, using PCs, smartphones or mobile phones.
Participation in electronic voting platforms and other approaches to improving environments for institutional investors to exercise their voting rights	In cases where advance applications are received for the utilization of the electronic voting platform for institutional investors operated by ICJ Inc., said platform can be used as a means of exercising voting rights in the company’s General Shareholders Meeting.
Providing convocation notice (summary) in English	An English language convocation notice will be prepared and posted on our website and on the electronic voting platform for institutional investors.
Other	<ul style="list-style-type: none"> <li>- Immediately after the General Shareholders Meeting, a movie explaining the business report given in the General Shareholders Meeting will be posted on our website for general distribution.</li> <li>- The convocation notice of the General Shareholders Meeting will be disclosed on our website as well as stock exchanges.</li> </ul>

## 2. Status of IR Activities

	Supplementary Explanation	Explanation by representative
Preparation and publication of	The disclosure policy is published on the	

disclosure policy	company's website. <a href="https://corporate.gnavi.co.jp/en/ir/management/disclosure.html">https://corporate.gnavi.co.jp/en/ir/management/disclosure.html</a>	
Regular investor briefings for individual investors	Regular investor briefings for individual investors are held several times a year.	Yes
Regular investor briefings for analysts and institutional investors	Financial results briefings are held in the 2 <sup>nd</sup> and 3 <sup>rd</sup> quarters and at fiscal year-end. Briefing materials are posted on the company website. In addition, after briefings, movies of the explanations given during financial results briefings will be temporarily posted on the company website for general distribution.	Yes
Posting of IR materials on the website	Information such as the summary of financial results, timely disclosure documents, IR calendar, and content for individual investors, etc. is posted on the website. <a href="https://corporate.gnavi.co.jp/en/ir/">https://corporate.gnavi.co.jp/en/ir/</a>	
Establishment of department (personnel) in charge of IR	Personnel in charge of IR have been placed within the Corporate Strategy Office.	

### 3. Status of Approaches to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of internal rules for respecting the position of stakeholders	Details are stipulated in the corporate philosophy and compliance guidelines in order to earn the trust of the people involved with Gurunavi and to fulfil social responsibilities.

## IV Matters related to the Internal Control System

### 1. Basic Views on the Internal Control System and Status of Development

#### A. Basic views

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, Gurunavi is developing the system outlined below (hereinafter, "internal controls") to ensure the propriety of business conducted by Gurunavi and its subsidiaries.

1. A system that ensures that the execution of duties undertaken by the directors, the

personnel who execute the business of Gurunavi and its subsidiaries (hereinafter, the “directors”), and employees, comply with laws and Articles of Incorporation.

- (1) Gurunavi has established basic policies related to compliance for the Gurunavi group (corporate group comprised of Gurunavi and its subsidiaries. Same hereinafter), and through repeated transmission of the spirit of these basic policies by the Representative Director/President to all Gurunavi group companies, their executives and their personnel, Gurunavi has thoroughly entrenched compliance with laws/Articles of Incorporation and compliance with social ethics as the prerequisites for corporate activities.
- (2) Gurunavi has appointed a director in charge of compliance & risk management and a department which is engaged in the control of compliance & risk management (hereinafter, “Compliance & Risk Management Department”), and is working to develop a compliance system for the whole Gurunavi group and to understand the potential issues. A Compliance & Risk Management Committee has been set up with the Representative Director/President as the committee chairman and the director in charge of compliance risk management as the vice-chairman. This committee deliberates on important issues of compliance and reports the results to the Board of Directors.
- (3) Gurunavi has established a system whereby all Gurunavi group executive officers and personnel can immediately forward reports to the Compliance & Risk Management Department when they encounter a compliance related issue.  
Gurunavi has established Compliance Consultation Desk Operation Rules, and has established a consultation desk that allows all Gurunavi group personnel to report directly to the Compliance & Risk Management Department or an external agency.  
Upon receiving a report or notification, the Compliance & Risk Management Department examines the details, and following discussions concerning the prevention of recurrence with the department in charge, makes decisions on the issue and implements measures to prevent recurrence across the whole Gurunavi group.
- (4) Gurunavi has set forth, “Gurunavi will sever relations with antisocial forces, and will not yield to unreasonable demands.” within the basic policy for compliance, and based on this policy, Gurunavi group uphold the severance of ties with antisocial forces that threaten the order and safety of civil society, and stands resolutely against unreasonable demands, etc.
- (5) Gurunavi has established an internal control reporting system in order to ensure the reliability of financial reports created in accordance with the Financial Instruments and Exchange Act, and this system is operated and evaluated.
- (6) For the executives and personnel of the Gurunavi group, training sessions related to compliance with laws, etc. are conducted more than once a year by Gurunavi’s personnel

in charge of compliance, with the aim of entrenching thorough compliance awareness.  
(7) In accordance with audit plans based on internal audit rules and Affiliate Management Rules, internal audit departments implement internal audits of Gurunavi's subsidiaries.

2. Systems for the storage and management of information concerning execution of duties by directors of the company

(1) Gurunavi has established Management Rules of Management Information for information concerning the execution of duties by Directors.

(2) The following documents (including electronic records), together with related materials, shall be stored and managed appropriately in accordance with the Management Rules of Management Information.

- Minutes of General Shareholders Meetings
- Minutes of meetings of the Board of Directors
- Financial statements
- Annexed detailed statements of financial statements
- Managerial approval documents
- Other documents and reports, etc. specified by the Representative Director/President

3. Rules and other systems for managing risk of loss concerning of the company and its subsidiaries

(1) The director in charge of compliance & risk management, appointed in accordance with the aforementioned 1 (2), establishes the basic risk management rules for the whole Gurunavi group.

These rules determine the responsible department for each risk category, provide comprehensive/overall risk management for the whole Gurunavi group, and clarify the risk management system.

(2) The Compliance & Risk Management Department, established in accordance with the aforementioned 1 (2), oversees risk management related affairs for the whole Gurunavi group.

(3) Gurunavi's internal audit department undertakes internal audits on status of risk management across the whole Gurunavi group.

(4) The Compliance & Risk Management Committee, established in accordance with the aforementioned 1 (2), deliberates on important risk management issues, and on receiving the results of the aforementioned internal audits, conducts reviews on the progress status of risk management across the whole Gurunavi group.

(5) In preparation for the occurrence of unforeseen circumstances or crises, Gurunavi has

defined Basic Crisis Management Rules and Large-scale Disaster Response Procedures for the whole Gurunavi group, and ensured that these rules and procedures are widely disseminated among the executive officers and personnel of each company in the Gurunavi group.

4. Systems to ensure the effective execution of duties by the directors of the company and its subsidiaries

In accordance with scale or circumstances, etc. each Gurunavi group company uses the following management control systems, as necessary, in order to improve the effectiveness of execution of duties by its directors, etc.

- 1) Formulation of rules on decision-making such as Rules on Official Authority, Rules on Division of Duties, Rules for Managerial Approval, etc.
- 2) Establishment of a Managing Committee comprised of directors and executive officers
- 3) Setting of budgets and implementation of monthly/quarterly performance management by the Boards of Directors of each Gurunavi group company
- 4) Implementation of monthly performance reviews and measures for improvement by the Boards of Directors of each Gurunavi group company.

5. System for ensuring appropriate conduct of business within the corporate group consisting of the company and its subsidiaries

- (1) With the aim of establishing internal controls for the whole Gurunavi group, the Gurunavi group has designated the Gurunavi Compliance & Risk Management Department as the department responsible for the internal controls for the whole Gurunavi group, and have established systems that include discussion on internal controls, information sharing, and systems that enable the efficient transmission of instructions and requests, etc. between Gurunavi and its subsidiaries.
- (2) Gurunavi's directors and the presidents of Gurunavi's subsidiaries bear the responsibility and authority concerning the establishment and operation of internal controls that ensure the propriety of operations in each department.
- (3) Gurunavi's internal audit department implements internal audits for each Gurunavi group company. The results are reported to the Compliance & Risk Management Department and the director in charge of compliance & risk management, and where necessary, the Compliance & Risk Management Department provides guidance on measures to improve internal controls, and support and advice on the implementation of such measures, to Gurunavi's directors and the presidents of its subsidiaries.
- (4) The directors, etc. of Gurunavi's subsidiaries report to Gurunavi without delay on matters

concerning the subsidiary's acquisition of Gurunavi's prior approval in relation to important matters, and the subsidiary's operating results, financial status and other important information, as defined under Gurunavi Affiliate Management Rules.

6. Matters regarding employees in cases where the company's auditors request the placement of employees to assist in their duties, and matters regarding the independence of such employees from the directors of the company, and matters regarding ensuring the issuance of effective instructions to such employees by the company's auditors.

(1) Gurunavi has established an Audit & Supervisory Board Secretariat to assist in the duties of the auditors and the Audit & Supervisory Board. Personnel attached to this secretariat provide assistance under the sole instruction of the auditors and the Audit & Supervisory Board.

(2) When Auditors/Audit & Supervisory Board requires assistance in their duties, they may designate personnel attached to the Administration division or the Audit Office to serve as assistants to undertake duties in relation to a specific audit for a fixed period. (Hereinafter, "Audit Assistant", including personnel specified in (1))

(3) Gurunavi's directors shall instruct the Audit Assistant to follow the orders issued by Auditors/Audit & Supervisory Board and must give due consideration to the other tasks of said Audit Assistant, in order to enable the assistant to execute assigned duties.

(4) Regarding matters related to the employment terms of the Audit Assistant, such as dismissal, transfer, evaluation, pay and other remuneration, etc. Gurunavi's directors must first consult the Audit & Supervisory Board or the auditor responsible for designating the individual an Audit Assistant.

(5) Gurunavi's directors shall define the specific operational details for (1) through (4) following discussion with the Audit & Supervisory Board, and shall be required to announce such details together with the details of each item, within Gurunavi.

7. Systems for directors, etc. and employees of the company and its subsidiaries to report to the Audit & Supervisory Board, and other systems related to reporting to the Audit & Supervisory Board

(1) In accordance with rules related to reporting to the Audit & Supervisory Board, the directors of Gurunavi report the following matters, etc. related to the Gurunavi group etc. to the Audit & Supervisory Board. However, such reports may be omitted for meetings attended by the full-time Auditor(s) or an Auditor designated by the full-time Auditor.

1) Important matters deliberated by the Managing Committee

2) Important matters reported to the Business Reporting Committee

- 3) Matters that may cause significant harm to Gurunavi
  - 4) Important matters related to internal audits
  - 5) Matters related to serious violations of laws/Articles of Incorporation
  - 6) Other important matters related to compliance & risk management
- (2) If the executive officers/personnel of each Gurunavi group company discover any important facts related to items 3), 5) and 6) in above (1), they may report the matter to the auditor directly or via the compliance & risk management related consultation desk in 1. (3).
- (3) Persons receiving reports from the directors, Auditors, executive officers or personnel who execute the business of Gurunavi's subsidiaries, concerning matters corresponding to items 3), 4), 5) or 6) in above (1) that have occurred in their companies, must report the details to the Auditor or the Audit & Supervisory Board.
- (4) To ensure that personnel tendering a report pursuant to above (2) or (3) are not subsequently treated in a disadvantageous manner due to said report, measures to protect the reporting party will be implemented in accordance with Compliance Consultation Desk Operation Rules.

8. Matters regarding policies for procedures for the advance payment or reimbursement of expenses arising from the execution of duties of the company auditors and the handling of other expenses or obligations incurred through the execution of such duties.

- (1) When an Auditor submits a request to Gurunavi for advance payment of expenses in relation to the execution of duties, in accordance with Article 388 of the Companies Act, Gurunavi shall immediately process the relevant expenses or obligations, except in cases where Gurunavi deems the expenses or obligations related to said request to be unnecessary for the execution of duties by said Auditor.
- (2) When the Auditor seeks to independently appoint an external expert (lawyer, certified public accountant, etc.) as an advisor, Gurunavi shall bear the expenses, except in cases where Gurunavi deems such appointment unnecessary for the execution of duties by said Auditor.

9. Other systems to ensure the effective implementation of audits by the company's auditors

- (1) Auditor(s) conduct regular exchanges of opinions with the Representative Director/President along with the Audit Office's internal audit reports. In addition, forums for regular discussions with the director in charge of compliance & risk management are arranged in order to achieve mutual understanding and to confirm that there are no omissions in reports, etc. submitted to the Audit & Supervisory Board.
- (2) Auditor(s) attend the Compliance & Risk Management Committee in order to reflect

opinions from an audit perspective.

#### B. Development status

1. As given in “A. Basic views” above.
2. Other specific development status items
  - (1) Establishing compliance guidelines

Gurunavi has established compliance guidelines in order to earn the trust of the people involved with Gurunavi and to fulfil its social responsibilities.

- (2) Establishment of consultation desks

Internal and external compliance consultation desks have been established, allowing personnel to report directly when any issues are discovered. Furthermore, upon receiving a report or notification, the Compliance & Risk Management Department examines the details, and following discussions concerning the prevention of recurrence with the department in charge, makes decisions on the issue and implements companywide measures to prevent recurrence. In a similar manner, an external Sexual Harassment Consultation Desk has been established.

Furthermore, Consultation Desk Usage Guides have been distributed to all personnel, and personnel are educated in the appropriate use of these consultation desks.

Reference material “Organizational diagram”: Please see materials attached to the end of this document.

## **2. Basic Views on Eliminating Antisocial Forces and Status of Development**

1. Basic views on eliminating antisocial forces

Gurunavi has set forth specific items as compliance guidelines in order to fulfil its social responsibilities when undertaking corporate activities. These include a declaration by Gurunavi stating, “Gurunavi will sever relations with antisocial forces, and will not yield to unreasonable demands”, with which Gurunavi upholds the severance of ties with antisocial forces that threaten the order and safety of civil society, and stands resolutely against unreasonable demands, etc.

2. Status of development towards eliminating antisocial forces

As shown below, Gurunavi has adopted systems that do not yield to unreasonable demands by antisocial forces, and that eliminate antisocial forces.

- (1) Establishment status of a General Response Department and appointment of officers in charge of responses

Gurunavi has adopted a system of not yielding to unreasonable demands by antisocial

forces, by designating the General Affairs group as the General Response Department, appointing officers in charge of responses, and by holding discussions with the Compliance & Risk Management Department as necessary, when undertaking responses.

(2) Status of cooperation with specialized external agencies

Gurunavi has established a system whereby, in the unlikely event of an unreasonable intervention by antisocial forces, either direct or indirect, such as unreasonable demands, etc. Gurunavi will respond appropriately by cooperating with the relevant government agencies such as the police, and corporate attorneys.

(3) Status of information gathering/management in relation to antisocial forces

The General Affairs group and the Compliance & Risk Management Department gather/manage information from related external agencies, etc. and use these materials to confirm the identity of antisocial forces.

(4) Status of response manual development

With the declaration in the compliance guidelines on the severance of any relations with antisocial forces, Gurunavi established Antisocial Force Countermeasure Rules that set forth specific responses for when an unreasonable demand, etc. by antisocial forces actually occurs.

(5) Status of training activity implementation

Compliance guidelines are posted on groupware bulletin boards and various locations throughout Gurunavi to enable executive officers and all personnel to maintain a constant awareness of the guidelines. Moreover, compliance training is implemented on joining the company and at regular intervals, and educational activities on the elimination of antisocial forces are conducted.

(6) Checks on business partners

To ensure that antisocial forces cannot become business partners, investigations into relations with antisocial forces are always implemented prior to any new transactions.

**V. Other**

**1. Adoption of Anti-takeover Measures**

Adoption of anti-takeover measures	Not adopted
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Supplementary explanation for relevant items

No items concerning anti-takeover have been set forth.

**2. Other Matters concerning the Corporate Governance System**

The status of internal systems for the timely disclosure of Gurunavi's information is as follows.

### 1. Basic policy on timely disclosure

Gurunavi strictly adheres to laws such as the Companies Act and the Financial Instruments and Exchange Act, etc. and disclosure related regulations set forth by stock exchanges, and constantly upholds a basic policy of conducting prompt, accurate and fair disclosure of company information from the perspective of investors.

### 2. Internal controls on timely disclosure

Regarding internal controls for timely disclosure, with the basic policy in mind, the Disclosure Committee has been established for the purpose of reinforcing the accuracy of disclosure materials and checking functions, with the chief of the Administration Division designated as the officer in charge of information handling and the Corporate Strategy Office designated as the department in charge.

### 3. Timely disclosure procedures

#### (1) Information on important decisions

Regarding decisions made by Gurunavi and its subsidiaries, the Corporate Strategy Office undertakes reviews to ascertain whether such decisions correspond to items set forth under the Timely Disclosure Rules, etc. of stock exchanges, and reports to the officer in charge of information handling. Where disclosure is necessary, disclosure materials are prepared by the Corporate Strategy Office in accordance with instructions given by the officer in charge of information handling. These materials are subsequently checked by the Disclosure Committee, and immediately disclosed after a resolution of the Board of Directors has been passed.

#### (2) Information on important occurrences

Officers in charge of each department immediately report the details of occurrences in Gurunavi and its subsidiaries to the Corporate Strategy Office. Upon receiving such reports, the Corporate Strategy Office submits a report on the occurrence to the officer in charge of information handling, and at the same time, conducts reviews on whether the occurrence corresponds to items set forth in Timely Disclosure Rules, etc. Where disclosure is necessary, disclosure materials are prepared by the Corporate Strategy Office in accordance with instructions given by the officer in charge of information handling. These materials are subsequently checked by the Disclosure Committee, and immediately disclosed upon approval by the Representative Director/President.

#### (3) Information on settlements

Regarding information on financial statements, the Accounting and Financial Affairs department and related departments prepare disclosure materials based on information gathered from each Gurunavi group company. These materials are subsequently checked by the Disclosure Committee, and immediately disclosed after a resolution of the Board of

Directors has been passed.

#### 4. Timely disclosure method

Company information to be disclosed is immediately disclosed via TDnet and EDINET, with disclosure materials also distributed to news media. In addition, Gurunavi also endeavors to provide prompt, accurate, and fair information to shareholders and investors, etc. by posting published company information on the Gurunavi website, etc.

**Reference: Organizational Diagram**

Last update: June 22, 2017

