

Last Update: July 1, 2019

**RESORTTRUST, INC.**

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Securities Code: 4681

<https://www.resorttrust.co.jp/english/>

The corporate governance of RESORTTRUST, INC. (the “Company”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

To ensure the ongoing trust of all stakeholders, such as shareholders and business partners, regional communities and employees, the Company has positioned the further enhancement of corporate governance as its most important management task. The Company is implementing various policies to achieve higher operational transparency and efficiency while striving to expand corporate value through an organizational structure that can respond to changes in the operating environment.

Based on a resolution at the 42nd Annual General Meeting of Shareholders on June 26, 2015, the Company adopted the Audit & Supervisory Committee structure. Through this change, the Company is working to enhance the effectiveness of the Annual General Meeting of Shareholders, accelerate decision-making by the Board of Directors, and further strengthen the supervising functions of the Audit & Supervisory Committee. The Company is working to further strengthen the auditing functions of the Audit & Supervisory Committee also by establishing and operating an appropriate organizational auditing structure.

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

[Principle 1.4: Cross-Shareholdings]

The Company sets its basic policy on cross-shareholdings of listed stocks and standards for exercising voting rights as follows.

<Basic policy on cross-shareholdings of listed stocks>

- Basic views

As a basic policy, the Company shall not hold any shares as cross-shareholdings except when these holdings are deemed beneficial to maintaining and enhancing corporate value.

- Examination of Corporate Value Enhancement Benefits

Cross-shareholdings are deemed beneficial when these holdings contribute to maintaining and improving the corporate value of the Resorttrust Group after examining the profitability and growth potential of the investee companies.

- Examination

The Company evaluates the benefits of its shareholdings per individual stock on a regular and ongoing basis as to whether the purpose of shareholdings is appropriate, as well as whether the benefits and risks associated with such shareholdings are commensurate with the capital cost. For shares which are deemed to have little benefit, the Company shall sell such shares while taking into consideration the impact on the market and other factors. After evaluating individual stocks at the Board of Directors' meeting in December 2018, the Company decided to sell shares that are deemed to have little benefit, considering the impact on the market. The Company, at the same time, shall continue holding stocks that are deemed beneficial.

<Standards for exercising voting rights associated with cross-shareholdings>

- Standards for exercising voting rights

The Company shall exercise its voting rights based on a comprehensive judgement of whether the investee company is developing an appropriate governance structure and conducting proper decision-making that results in a medium- to long-term improvement in corporate value, and whether these policies can contribute to the improvement of the Resorttrust Group's corporate value.

- Examination of agenda items

With regard to the examination of specific agenda items, the Company examines whether to approve or disapprove agenda items through dialogues with the investee company and examinations by dedicated departments. In particular, approval or disapproval of agenda items with a potential to affect corporate value and shareholders' interests shall be decided in a comprehensive manner upon confirming their objective and impact on the improvement of corporate value.

[Principle 1.7: Related Party Transactions]

Significant transactions between the Company and its officers or major shareholders (related party transactions) are subject to resolutions by the Board of Directors of the Company. At each fiscal year-end, directors and major shareholders are required to submit a confirmation letter stating whether there are any related party transactions.

[Principle 2.6: Function as an Asset Owner of Corporate Pension]

Given that the management of the corporate pension reserve fund may affect the stable asset formation of employees as well as the financial status of the Company, the Company allocates personnel with required experience and qualifications, and works to foster such personnel with the aim of appropriately implementing such activities as monitoring of management institutions by corporate pension organizations and the like. The management status is regularly reported to the Company.

[Principle 3.1: Full Disclosure]

(i) Company objectives (e.g., Philosophy), business strategies and business plans

The Philosophy, business strategies and business plans of the Company are disclosed in its Corporate Reports and Medium-term Management Plans.

Please refer to the Company's website (<https://www.resorttrust.co.jp/english/ir/>)

(ii) Basic Views and policies on corporate governance based on each principle of the Code (draft) as stated in this report and the securities reports "yukashoken hokokusho".

(iii) Board of Directors' policies and procedures in determining the remuneration of the senior management and directors

The basic policy of the Resorttrust Group in deciding executive remuneration is to ensure a level that secures top talent as managers and motivates each executive while aiming to boost the Group's sustainable growth and long-term corporate value.

Moreover, bonuses, Stock Options, and other incentives are decided after comprehensively considering the degree to which officers contributed to improving business performance and other accomplishments.

In addition, for directors (excluding Audit & Supervisory Committee members and outside directors), the Company has adopted a "Board Benefit Trust (BBT)," which is an officer stock ownership plan in line with the Company's officer stock ownership regulations.

Under the plan, points are given to directors according to their positions, based on the source of distribution to be determined according to the degree to which they achieved the business performance (at the maximum of 197 million yen per fiscal year). Upon retirement, the number of points earned determines the number of shares provided by the BBT.

The amount of remuneration for directors (excluding Audit & Supervisory Committee members) is determined by resolution of the Board of Directors within the scope of the annual amount resolved at the Annual General Meeting of Shareholders, upon preparation of an initial draft by Representative Directors and director in charge of the Operation Division, in accordance with the basic policy described above. Preparation of an initial draft is subject to consultation with the Remuneration Advisory Committee, of which the majority consists of independent outside directors.

The amount of remuneration for directors serving concurrently as Audit & Supervisory Committee members is determined within the scope of the annual amount resolved at the Annual General Meeting of Shareholders in consultation with the directors serving concurrently as Audit & Supervisory Committee members.

(iv) Appointment, dismissal and nomination of directors

The Company nominates candidates for directors and Audit & Supervisory Committee members from a comprehensive viewpoint in terms of timely and precise decision-making potential, appropriateness for the respective positions, and diversity including gender and internationality. Representative Directors and director in charge of the Operation Division prepare a draft of the procedures for appointment, dismissal and nomination upon due consideration in accordance with the above policy. The draft is brought to the Board of Directors for resolution.

Nomination of candidates for directors serving concurrently as Audit & Supervisory Committee members is subject to resolutions by the Board of Directors upon obtaining the consent of the Audit & Supervisory Committee in addition to the procedures described above.

(v) Explanations with respect to appointment, dismissal and nomination of directors

Reasons for the appointment and the dismissal of each of the candidates for director are disclosed in the reference materials for the General Meeting of Shareholders.

[Supplementary Principle 4.1.1: Scope of Matters Delegated to Directors]

In accordance with relevant laws and regulations, the Company stipulates in its Articles of Incorporation and discloses that by the resolution at the Board of Directors, the Company may delegate to directors decisions regarding the execution of important operations.

The Company has adopted a system to place directors in charge of respective operational areas, and appoints executive officers who are in charge of business execution to assist in carrying out timely and appropriate management and decisions on execution.

The scope of execution by directors and executive officers is clearly established in the regulations regarding management authority.

[Principle 4.8: Effective use of Independent Outside Directors]

Six outside directors are appointed by the Company as independent outside directors, among whom four are directors serving concurrently as Audit & Supervisory Committee members.

[Principle 4.9: Independence Standard and Qualification for Independent Outside Directors]

In addition to the Standards stipulated by the Companies Act and financial instrument exchanges, the Company establishes its own standards which are disclosed in “Other matters relating to Independent Directors” and other sections of this Report.

[Supplementary Principle 4.11.1: View on Balance, Diversity and Size of the Board of Directors as a whole]

Nomination of director candidates is examined by the Board of Directors in a comprehensive manner in terms of timely and precise decision-making potential, appropriateness for the respective positions, and diversity including gender and internationality. Procedures for the nomination are as described in Principle 3.1. (iv).

[Supplementary Principle 4.11.2: Status of Concurrent Positions of Directors]

Status of major concurrent positions of directors is disclosed in notices of convocation of General Meeting of Shareholders and the securities reports.

[Supplementary Principle 4.11.3: Analysis and Evaluation of Effectiveness of the Board of Directors and Its Overview]

The Company conducted a self-evaluation of the effectiveness of the Board of Directors with the support of an external institution.

■ Method of evaluation: (1) conduct of a survey (in the fourth quarter of the fiscal year ended March 31, 2019) (2) analysis and self-evaluation at the Board of Directors’ meeting based on the result of the survey

\*The creation of the survey and the compilation of its results were commissioned to an external institution in order to ensure transparency.

■ Members subject to evaluation: directors and executive officers, 27 total

Including the matters that were improved following the analysis and evaluation conducted in the previous fiscal year, the Company analyzed and evaluated that the Board of Directors of the Company was fulfilling expected roles appropriately and that the effectiveness of the Board of Directors was fully ensured, although the necessity of some improvements were recognized, such as ideal reporting items and deliberations to enrich discussions at the Board of Directors and the further enhancement of training for directors. Going forward, the Company will also strive for further improvement with respect to the discussions at the Board of Directors, while confirming the overall improvement compared to the previous fiscal year.

As the current composition of the Board of Directors following the General Meeting of Shareholders held on June 27, 2019, the ratio of outside directors reached 35.3%, more than one-third of the Board. In addition, as in the previous year, the Board has two female directors (the ratio of female directors of the Company is 11.8%). Accordingly, the Company believes that these will contribute to further enhancing the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2: Training Policy for Directors]

The Company intends to have all directors actively participate in various training programs in order for them to acquire required knowledge in the Company's business, finance and organizations and fulfill their expected duties and responsibilities in an appropriate manner.

Newly appointed directors are required to complete external seminars designed for newly appointed directors in order to help them deepen their understanding and ability to execute their expected duties and responsibilities.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company has formulated a "Policy for Constructive Dialogue with Shareholders" which is posted on its website.

(<https://www.resorttrust.co.jp/english/ir/investors/governance/>)

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Takarazuka Corporation, Inc.	13,419,648	12.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,921,700	5.46
Japan Trustee Services Bank, Ltd. (Trust Account)	4,530,000	4.18
SAPPORO BREWERIES LIMITED	3,351,760	3.09
Yoshiro Ito	2,922,616	2.70
NORTHERN TRUST CO.(AVFC) RE MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	2,038,500	1.88
GI Co., Ltd.	1,921,976	1.77
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1,893,500	1.75
THE BANK OF NEW YORK MELLON 140044	1,692,700	1.56
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,584,000	1.46

Controlling Shareholder (except for Parent Company)	—
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Parent Company	None
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Supplementary Explanation
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### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section Nagoya Stock Exchange First Section
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

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

### 1. Organizational Composition and Operation

Organization Form

Company with Audit & Supervisory Committee structure

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	25
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	17
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshitaka Taniguchi	Other												○
Yoichi Aiba	Lawyer								○				
Satoshi Akahori	Tax Accountant								△				
Toshihisa Nakatani	CPA								△				
Tomoyo Nonaka	Other												○
Asako Terazawa	Scholar												○

\* Categories for "Relationship with the Company"

\* "○" when the executive presently falls or has recently fallen under the category;

"△" when the executive fell under the category in the past

\* "●" when a close relative of the executive presently falls or has recently fallen under the category;

"▲" when a close relative of the executive fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a significant amount of monetary consideration or other property from the Company besides remuneration as an executive

g. Major shareholder of the Company (or an executive of the aforementioned major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the executive himself/herself only)

i. Executive of a company, between which and the Company outside executive are mutually appointed (the executive himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the executive himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2)

Name	Audit & Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshitaka Taniguchi	○	○	None	Mr. Yoshitaka Taniguchi was appointed as an outside director in order to utilize his wealth of experience and extensive knowledge accumulated through a long career in public administration for management and audits of the Company. As he satisfies the standards on independence established by the Company and the independence criteria stipulated by Tokyo Stock Exchange, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders. Therefore, he has been assigned as an independent director.
Yoichi Aiba	○	○	Outside director Mr. Yoichi Aiba is a lawyer with no personal or capital relationships between the Company and Mr. Yoichi Aiba, including his close relatives and companies where his close relatives serve as director or auditor. However, with regard to business relationships, the Company has entered into an advisory contract for the Company's legal affairs with the law firm where Mr. Yoichi Aiba belongs. The amount of annual transactions between the two entities, however, is less than ¥10 million, which is less than 2% of the consolidated net sales of the Company for the latest fiscal year.	Mr. Yuichi Aiba was appointed as an outside director in order to utilize his expertise and experience accumulated as a lawyer for management and audits of the Company. As he satisfies the standards on independence established by the Company and the independence criteria stipulated by Tokyo Stock Exchange, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders. Therefore, he has been assigned as an independent director.

Satoshi Akahori	○	○	<p>Outside director Mr. Satoshi Akahori is a tax accountant and there are no personal relationships or capital relationships between the Company and Mr. Satoshi Akahori, including his close relatives and companies where his close relatives assume the position of director or auditor. However, the Company previously had an advisory contract for the Company's taxation affairs with the tax accounting firm where Mr. Satoshi Akahori belongs. The aforementioned contract came to an end in October 2015. The amount of annual transactions between the two entities before the termination of the contract is less than ¥10 million, which is less than 2% of the consolidated net sales of the Company for the latest fiscal year.</p>	<p>Mr. Satoshi Akahori was appointed as an outside director so that he can utilize his expertise and experience accumulated as a tax accountant for management and audits of the Company. As he satisfies the standards on independence established by the Company and the independence criteria stipulated by Tokyo Stock Exchange, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders. Therefore, he has been assigned as an independent director.</p>
Toshihisa Nakatani	○	○	<p>Outside director Mr. Toshihisa Nakatani is a certified public accountant and a tax accountant with no personal or capital relationships between the Company and Mr. Toshihisa Nakatani, including his close relatives and companies where his close relatives serve as director or auditor. However, Mr. Toshihisa Nakatani used to belong to KPMG AZSA &amp; Co., the Company's accounting auditor, until June 2012 (He has not provided service to the Company from the fiscal year ended March 31, 2003 onwards). The Company</p>	<p>Mr. Toshihisa Nakatani was appointed as an outside director so that he can utilize his expertise and experience accumulated as a certified public accountant and tax accountant for management and audits of the Company. As he satisfies the standards on independence established by the Company and the independence criteria stipulated by Tokyo Stock Exchange, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders. Therefore, he has been assigned as an independent director.</p>



			<p>has entered into an auditing contract with KPMG AZSA &amp; Co., to conduct audits required under the Companies Act and accounting audits under the Financial Instruments and Exchange Act. Audits are performed not only at the end of fiscal period, but also when necessary and appropriate.</p> <p>A subsidiary of the Company has a consignment contract with the auditing firm where Mr. Toshihisa Nakatani currently belongs. The amount of annual transactions between the two entities, however, is less than ¥10 million, which is less than 0.01% of the consolidated net sales of the Company for the fiscal year ended March 31, 2018.</p> <p>In addition, a subsidiary of the Company had an auditing contract in the past with the auditing firm where Mr. Toshihisa Nakatani currently belongs. The contract however is no longer in effect.</p> <p>The amount of annual transactions between the two entities before the termination of the contract is less than ¥10 million, which is less than 2% of the consolidated net sales of the Company for the latest fiscal year.</p>	
Tomoyo Nonaka		○	None	Ms. Tomoyo Nonaka was appointed as an outside director because she has a extensive insight essential for corporate management from an external perspective, specifically in the field of politics, society, environment, etc., as well as

				<p>diverse experience and achievements in business management after serving in executive positions such as a director, etc. for several enterprises including listed companies. She also has a broad insight in tourism after serving as a tourism ambassador for various local municipalities.</p> <p>Based on the standards under the Companies Act and the Financial Instruments and Exchange Act, as well as the “Standards on independence of independent outside directors” established by the Company, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders.</p> <p>Therefore, she has been assigned as an independent director since June 2017. As she satisfies the standards on independence established by the Company and the independence criteria stipulated by Tokyo Stock Exchange, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders.</p> <p>Therefore, he has been assigned as an independent director.</p>
Asako Terazawa		○	None	<p>Ms. Asako Terazawa was appointed as an outside director because she is specialized in theories of management organization and organizational behavior in business administration, has long been engaged in the research in motivating employees and organizational innovation, and has a wealth of experience in corporate research and track record in serving in positions such as a member of an administrative commission, etc. She was appointed in order to utilize</p>

				<p>these experiences for management and audits of the Company.</p> <p>As she satisfies the standards on independence established by the Company and the independence criteria stipulated by Tokyo Stock Exchange, the Company has come to a conclusion that there are no potential conflicts of interest with general shareholders.</p> <p>Therefore, he has been assigned as an independent director.</p>
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### [Audit & Supervisory Committee]

#### Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	5	2	1	4	Outside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Appointed
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#### Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

The Audit & Supervisory Committee has established a Secretariat of the Audit & Supervisory Committee and provides employees who assist duties of the Audit & Supervisory Committee on a full-time basis as a staff (Audit & Supervisory Committee staff). The Audit & Supervisory Committee staff do not serve concurrently as employees of other divisions and solely follow instructions given by the Audit & Supervisory Committee members in order to ensure the effectiveness of directions given to the Audit & Supervisory Committee staff.

#### Status of Cooperation among Audit & Supervisory Committee, Accounting Auditor and Internal Audit Departments

The Audit & Supervisory Committee receives reports on audits and other matters from the Audit Division, which is in charge of internal audits and internal controls, and the Risk Management Division, which is in charge of risk management, and gives instructions to the Audit Division on divisions subject to audit and priority items for auditing as required. The Audit & Supervisory Committee regularly receives reports and explanations from the accounting auditor on its auditing plans and results of audits, based on which the Audit & Supervisory Committee carries out examination of the results of financial statement audits and internal control audits. The Committee also receives reports and explanations on the quality control framework of the accounting auditor.

## [Voluntary Establishment of Committees]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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### Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Others	Chairperson
Committee Corresponding to Nomination Committee	Nomination Advisory Committee	7	0	3	4	0	0	Outside Director
Committee Corresponding to Remuneration Committee	Remuneration Advisory Committee	7	0	3	4	0	0	Outside Director

### Supplementary Explanation

The Nomination Advisory Committee deliberates on matters concerning the appointment and dismissal of directors, and provides advice and proposals to the Board of Directors. The Committee attaches importance to its independence due to its function to conduct deliberations in response to the inquiries from the President and to provide advice and proposals to the Board of Directors. The Committee is chaired by Mr. Yoshitaka Taniguchi, an outside director serving concurrently as Audit & Supervisory Committee member, and attended by six other members, including three Representative Directors (Mr. Yoshiro Ito, Mr. Katsuyasu Ito and Mr. Ariyoshi Fushimi), an outside director Ms. Tomoyo Nonaka, and two outside directors serving concurrently as Audit & Supervisory Committee members, Mr. Satoshi Akahori and Mr. Toshihisa Nakatani. The Committee met one time during FY2018 and the results were reported at the Board of Directors' meeting.

The Remuneration Advisory Committee deliberates on matters concerning the remuneration for directors (excluding directors serving concurrently as Audit & Supervisory Committee members) and provides advice and proposals to the Board of Directors. The Committee attaches importance to its independence due to its function to conduct deliberations in response to the inquiries from the President and to provide advice and proposals to the Board of Directors. The Committee is chaired by Mr. Yoshitaka Taniguchi, an outside director serving concurrently as Audit & Supervisory Committee member, and attended by six other members, including three Representative Directors (Mr. Yoshiro Ito, Mr. Katsuyasu Ito and Mr. Ariyoshi Fushimi), an outside director Ms. Tomoyo Nonaka, and two outside directors serving concurrently as Audit & Supervisory Committee members, Mr. Satoshi Akahori and Mr. Toshihisa Nakatani. The Committee met two times during FY2018 and the results were reported at the Board of Directors' meeting.

## [Independent Directors]

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

Six outside directors (four males and two female) are nominated by the Company as independent outside directors.

Standards on independence of independent outside directors of the Company are as follows.

(1) Standards on independence of independent outside directors of the Company are defined as follows. An Outside director is considered independent if he/she does not fall under any of the following.

1. Important employee such as executive director or executive officer of the Company or its consolidated subsidiaries.

2. Major shareholder of the Company (holder of 10% or more of the total voting rights at the end of the most recent fiscal year), or an executive thereof.
  3. A party whose major client or supplier\* is the Company or an executive thereof.
  4. Major client or supplier\* of the Company, or an executive thereof.
  5. Accounting auditor of the Company or its consolidated subsidiaries or an employee or others of such accounting auditor who is in charge of audits of the Company or its consolidated subsidiaries.
  6. Consultant, accountant or legal professional who receives over ¥10 million per year of monetary consideration or other property from the Company besides remuneration as an executive.  
However, if a party who receives such property is an organization such as corporation or association, an executive of such organization whose property received from the Company accounts for over 2% of its annual income.
  7. Major lender of the Company (lender whose name is listed as a major lender in the business report for the most recent fiscal year), or an executive thereof.
  8. Person receiving donation of over ¥10 million per year from the Company.  
However, if a party who receives such donation is an organization such as corporation or association, an executive of such organization whose property received from the Company accounts for over 2% of its annual income.
  9. Person who falls under any of the above 2 to 8 within the last three years.
  10. Close relatives within the second degree of kinship of the person who falls under the above 1 to 9 (limited to those who are important).
  11. In addition to what is listed in the preceding items, a person who has special circumstances, such as having possible conflicts of interest with the Company, which may prevent him/her from fulfilling duties as an independent outside director.
- \* “Major client or supplier” refers to parties whose transactions with the Company exceed 2% of annual consolidated sales for the most recent fiscal year.

- (2) In addition to the standards provided in (1) above, extensive knowledge and abundant experience necessary for auditing and overseeing the compliance and business management of directors are used as criteria for appointing independent outside directors.

## [Incentives]

Implementation Status of Incentive Policies for Directors

Introduction of Performance-linked Remuneration, and Stock Options

### Supplementary Explanation

The Company expects its directors (excluding Audit & Supervisory Committee members) to conduct performance- and share price-conscious management and to share profit-oriented perspectives with its shareholders. With a view to achieving the aforementioned objective, the Company has adopted a “Board Benefit Trust (BBT),” an officer stock ownership plan under which the Company gives points to directors (excluding Audit & Supervisory Committee members) according to the degree to which they achieved the business performance in line with the Company’s officer stock ownership regulations. Upon retirement, the number of points earned determines the number of shares provided by the BBT. (Points are not given to outside directors.)

An indicator used for the “Board Benefit Trust (BBT),” a performance-linked remuneration, is the degree of achievement of “net income attributable to owners of parent” in the performance forecast, which is determined at the beginning of each fiscal year. The reason for adopting this indicator is to commit the Company’s consideration to the common interests of shareholders.

In addition, it was resolved at the 44th Annual General Meeting of Shareholders on June 29, 2017 and the Board of Directors’ meeting on the same day to issue subscription rights to shares without consideration with the intent of stock options. The objective of issuance is to further enhance the Company’s value as a listed company by further boosting the motivation and morale of directors (excluding outside directors and Audit & Supervisory Committee members) and employees (including executive officers) of the Company as well as

directors and employees of its associates for improving business performance, and by sharing a mutual interest with shareholders of the Company.

#### Recipients of Stock Options

Inside Directors, Employee , Subsidiaries' Directors , Subsidiaries' Executive Officers (Shikkoyaku) , Subsidiaries' Employee, and Other

#### Supplementary Explanation

Recipients of stock options are decided after comprehensively considering the degree to which they contributed to improving business performance and other accomplishments.

### [Director Remuneration]

#### Disclosure of Individual Directors' Remuneration

Only selected directors' remuneration are disclosed

#### Supplementary Explanation

Directors whose consolidated remuneration and others are ¥100 million or more in total are separately disclosed in the securities reports. Securities reports are posted on the Company's website and are available for public inspection.

#### Policy on Determining Remuneration Amounts and Calculation Methods

Established

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The basic policy of the Resorttrust Group in deciding executive remuneration is to ensure a level that secures top talent as managers and motivates each executive while aiming to boost the Group's sustainable growth and long-term corporate value. Moreover, bonuses, Stock Options, and other incentives are decided after comprehensively considering the degree to which officers contributed to improving business performance and other accomplishments. In addition, for directors (excluding Audit & Supervisory Committee members and outside directors), the Company has adopted a "Board Benefit Trust (BBT)," which is an officer stock ownership plan in line with the Company's officer stock ownership regulations.

Under the plan, points are given to directors according to their positions, based on the source of distribution to be determined according to the degree to which they achieved the business performance (at the maximum of 197 million yen per fiscal year). Upon retirement, the number of points earned determines the number of shares provided by the BBT.

The amount of remuneration for directors (excluding Audit & Supervisory Committee members) is determined by resolution of the Board of Directors within the scope of the annual amount resolved at the Annual General Meeting of Shareholders, upon preparation of an initial draft by Representative Directors and director in charge of the Operation Division, in accordance with the basic policy described above. Preparation of an initial draft is subject to consultation with the Remuneration Advisory Committee, of which the majority consists of independent outside directors.

The amount of remuneration for directors serving concurrently as Audit & Supervisory Committee members is determined within the scope of the annual amount resolved at the Annual General Meeting of Shareholders in consultation with the directors serving concurrently as Audit & Supervisory Committee members.

It was resolved at the 42nd Annual General Meeting of Shareholders held on June 26, 2015 that the amount of remuneration for directors (excluding Audit & Supervisory Committee members) and that for directors (Audit & Supervisory Committee members) shall not exceed 1,200 million yen per year and 50 million yen per year, respectively.

### [Supporting System for Outside Directors]

With regard to a framework to support outside directors, one Audit & Supervisory Committee staff is allocated, and works on a full-time basis to support the duties of six directors serving concurrently as Audit & Supervisory Committee members who constitutes the Audit & Supervisory Committee. In addition, auditing effectiveness is reinforced by enhancing the function of the supporting framework for the five outside directors (including directors serving concurrently as Audit & Supervisory Committee members) under close collaboration among relevant divisions.

**[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]**

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)
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Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	0
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Others
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Currently, there are no eligible persons.
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**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

- As a corporate decision-making body, the Company’s Board of Directors discusses and decides the matters designated by laws, decides or approves basic management policies and important matters concerning business execution, and oversees business execution by directors (15 males and 2 females).
- To approve important managerial matters, the Company’s Board of Directors possesses the highest decision-making authority under the regulations regarding management authority.
- The Chairperson of the Board is a chief operating officer serving as a Representative Director (Mr. Ariyoshi Fushimi, COO). The Board of Directors conducts transparent, fair, speedy and resolute decision-making at the Board of Directors’ meeting that is held monthly with the attendance of all directors.
- The Board of Directors met 16 times during FY2018
- The Company adopts the Audit & Supervisory Committee structure as its corporate governance structure, and audits are conducted by directors serving concurrently as Audit & Supervisory Committee members.
- Four out of five Audit & Supervisory Committee members (five males and 0 female) are Outside directors and attend the Board of Directors’ meeting held every month. Full-time directors serving concurrently as Audit & Supervisory Committee members attend Executive Committee and other important meetings to establish a fair management monitoring framework. The Audit & Supervisory Committee also reviews whether corporate governance is functioning properly through interviews with directors (excluding Audit & Supervisory Committee members).
- The Audit & Supervisory Committee has established the Secretariat of the Audit & Supervisory Committee to assist the their duties and allocates one full-time staff in order to establish a structure that contributes to the Audit & Supervisory Committee’s effective auditing and overseeing activities.
- Directors serving concurrently as Audit & Supervisory Committee members receive monthly reports on the result of operational audits conducted systematically on all divisions by the Audit Division. They also receive reports on the results of evaluation of development of internal control over financial reporting and the status of its operation as necessary.
- The Audit Division engages in systematic operational audits on all divisions and evaluation of internal control over financial reporting. The Audit Division reports the results of the above to the President and

COO while striving to enhance the effectiveness of internal control through disclosure of the results of audit or evaluation to relevant divisions in order to request improvement. Similarly, the Audit Division reports such results to the Audit & Supervisory Committee and exchange opinions with the Audit & Supervisory Committee, together with the Risk Management Division.

- The General Manager of the Audit Division accompanies the Audit & Supervisory Committee during audits at the request of the Audit & Supervisory Committee. The Audit & Supervisory Committee staff provides materials necessary for auditing to each of the Audit & Supervisory Committee members as well as important internal information as appropriate.
- The Company adopts an executive officer system in order to respond precisely to the management environment, accelerate decision-making and train management personnel. The Company has seven male executive officers and zero female executive officer.
- Nomination of candidates for director and Audit & Supervisory Committee member of the Company is subject to resolutions by the Board of Directors as provided in [Principle 3.1 Full Disclosure].

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

The Company has adopted an Audit & Supervisory Committee structure and the Audit & Supervisory Committee, which consists of five directors serving concurrently as Audit & Supervisory Committee members including four outside directors, audits and oversees the directors' execution of duties. Through transparent, fair, speedy and resolute decision-making, the Company's Board of Directors aims to sustainably improve corporate value by striving to establish and enforce an appropriate and timely governance framework. As for the decision-making process of important matters, the division proposing agenda items submits proposals to the Executive Committee held monthly, where such proposals are deliberated from various perspectives, and important matters are then discussed at the regular Board of Directors' meetings held monthly before a decision is made. To facilitate speedy and precise management and executive decisions, the Company has appointed eight executive officers who are in charge of business execution.



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

#### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company aims to send notice of the General Meeting of Shareholders as early as possible to provide shareholders with adequate time to examine proposals to be resolved. The notice of the 46th Annual General Meeting of Shareholders was sent out on Friday, June 7, 2019. In addition, content of the notice of General Meeting of Shareholders was posted on TDnet and the Company website from Wednesday, June 5, 2019, before the mailing date.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	It is not the Company's policy to set the General Meeting of Shareholders on a peak date. However, due to a venue reservation matters, the Annual General Meeting of Shareholder for the fiscal year ended March 31, 2018 was held on a peak date.
Allowing Electronic Exercise of Voting Rights	Electronic exercise of voting rights is possible through the Internet.
Other	The Company selects venues for the General Meeting of Shareholders at external facilities conveniently located in terms of public transportation, and the business report is conducted with the aid of visual images at the meetings.

#### 2. IR Activities

	Supplementary Explanations	Explanations presented by the Company representative
Preparation and Publication of Disclosure Policy	The Company's basic policy is "to conduct active disclosure and aim for highly transparent and fair management." In line with timely disclosure rules and internal regulations, the Company collects, manages and publicly presents information. The same information is also posted on the Company's official website. <a href="https://www.resorttrust.co.jp/english/ir/disclosure_policy/">https://www.resorttrust.co.jp/english/ir/disclosure_policy/</a>	
Regular Investor Briefings for Individual Investors	The Company delivers presentations at briefing sessions for individual investors, organized by securities companies and IR support firms.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefings, and provides explanations and answers to questions, for a number of analysts and institutional investors.	Yes
Regular Investor Briefings for Overseas Investors	The Company representative participates in overseas IR conferences hosted by securities companies, and visits institutional investors individually to provide explanations.	Yes
Posting of IR Materials on Website	The Company posts various pieces of IR information, including financial results, materials for timely disclosures other than financial results, securities reports or quarterly reports, financial results briefing materials and Corporate Reports.	

Establishment of Department and/or Manager in Charge of IR

Division in charge: Investor Relations Division  
 Officer in charge: Hitomi Yagi, General Manager, Investor Relations Division

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company is implementing various measures toward realizing a sustainable society through its business activities. These measures are reported on the Sustainability Report issued at the end of every June. In addition, information related to CSR is disclosed on the Company’s website, where the data of the above-mentioned report is also available.  <a href="https://www.resorttrust.co.jp/csr/">https://www.resorttrust.co.jp/csr/</a> *Japanese Only</p>
Others	<p>[Scheme to Protect Internal Whistleblowers]          To raise the awareness of the crisis management in each and every employee, the Company has established a scheme to protect internal whistleblowers in 2002. Further, in response to the enforcement of the Whistleblower Protection Act on April 1, 2006, the Company has revised the system in a constructive manner to enhance the system.</p> <p>[Human Resources Strategies]</p> <ul style="list-style-type: none"> <li>■ Policies on efforts</li> </ul> <p>Nurturing “human resources,” our greatest proprietary assets, and fostering a corporate culture that encourages constant challenge as a prestigious brand, the Company will transform itself into a corporate group with which all stakeholders calling for a beautiful and pleasant life would “wish for a lifetime relationship.” Having our employees connect with customers and business partners, as well as with each other, and as we pass on the Resorttrust brand to the future, we hope that our employees will adopt honest and flexible mindset and attitude, receptiveness, elegant and sophisticated “resilience,” and “evolve” based on foresight, self-motivation, a willingness to grow and a commitment to pursuing changes so as to share joys with customers. At the same time, we strive to create a work environment where everyone can feel the “pleasure” of working in harmony with colleagues, feeling their growth and that of their fellows. Furthermore, we desire to be a company where each of our employees understands sincerely needs and wants, “creates” “values” that greatly exceeds expectations, “contributes” through devoting efforts to be of help to people and society, and thereby finds that they are leading “a colorful and fruitful life” as stated in our human resources principle.</p> <ul style="list-style-type: none"> <li>■ Foremost tasks</li> </ul> <ul style="list-style-type: none"> <li>-Creation of an ideal work environment</li> </ul> <p>Development of a work environment that encourages taking annual paid leave, while revising annual leave and prescribed working hours.</p> <ul style="list-style-type: none"> <li>-Effective securing of human resources and optimal assignment of human resources</li> </ul> <p>Implementation of effective and efficient recruitment activity utilizing digital strategy.</p> <p>Creation of an ideal work environment and optimal assignment of human resources in coordination with the support in digital strategy and in consideration of productivity.</p> <ul style="list-style-type: none"> <li>-Revamping evaluation system and establishing a framework for education and training</li> </ul>

Focus on creation of human resources in line with the human resources principle, and establish a framework for evaluation, education and training that leads to enhancement of brand power and productivity.

-Fostering a corporate culture that develops human resources

Revising awards program, setting up recognition systems such as Meister Employees, and other efforts to vitalize schemes to deepen empathic connection.

-Promotion of diversity (to be hereinafter described)

[ Diversity Promotion ]

■ Policies on efforts

With a view to cultivating a work environment and corporate culture where everyone is able to work with vitality, the Company defined its ideal state for diversity promotion which consists of the following: 1. “Corporate culture that maximizes individual capability,” 2. “Continuous employment” and 3. “Sustainable growth.” Toward achieving them, various measures are being implemented.

The CSR Promotion Office within the Human Resources Management Division is dedicated to the enhancement of internal programs and dissemination of these programs to employees, and acquisition of certifications and recognitions granted by government agencies and local governments. In addition, in keeping with each department’s different business characteristics and strengths, the Office is promoting effective efforts in coordination with promotion members in the department, in order to resolve individual issues in an effective and efficient manner.

We aim to link these efforts to the hospitality for customers from a diversified perspective, thereby pursue the fulfillment of the Company’s Philosophy of “Excellent Hospitality.”

■ Examples of efforts

-Targets and Results

Ratio of Resorttrust Group’s management positions held by women

20%(Targets as of 2020)

25%(Targets as of 2025)

20.1%(Results as of April 1, 2019)

-Work-life balance support

Introduction of short-term childcare leave <August 2017>

Establishment of a Babysitter Program <December 2017>

Workshop for supporting employees’ work-life balance (total number of participants: 143 for childcare; 623 for nursing care) <started in FY2016 and implemented at bases company-wide>

Distribution of handbook for balancing work and childcare/nursing care and handbook for giving nursing care

-Dissemination to employees

Hosting of a training for female employees in sales roles (Shining Forum) with the aim of supporting career development of female employees at Membership department <February 2016, December 2016, January 2018, October 2018>

Hosting of a seminar for managers with the aim of maximizing the role of employees and work style reform at Membership department <from January to May, 2018>

Hosting of a training for managers with the aim of organizational innovation at Hotel and Restaurant department (name at the time of training) <from August to October, 2017>

-Awards and Accreditation

Received a “kurumin certification (two stars) as a “childcare supporting

company” <January 2019>

Received “IKUMEN and IKUBOSS Company Award” presented by Aichi Prefecture Family Friendly Companies Organization <February 2019>

[ Promotion of Employment of Challenged Persons ]

■ Policies on efforts

For full-scale employment of challenged persons, the Company has established Clerical Work Support Centers in Tokyo, Yokohama, Nagoya and Osaka. At these centers, attentive schemes to enable employment of challenged persons are formulated through the establishment of a comprehensive support system and coordination with external support organizations to prevent mismatches from recruiting. The Company has centralized many clerical operations from each division as it proactively creates new opportunities where challenged persons can take charge and pursues more efficient operations of the Company. As a result, work time has been reduced, and cost reduction was accomplished through conducting works inside which was formerly outsourced. Inspired by the idea of “normalization,” the Company has fostered corporate culture where all employees, including challenged persons, mutually recognize and work together side by side, creating a welcoming environment across the Company, enabling fostering of hospitality and helping the Company to move closer to the delivery of “Excellent Hospitality” which the Company pursues as its Philosophy. These efforts of the Company continued to be recognized. Looking ahead, the Company is committed to creating a work environment enabling further contributions and more significant roles by challenged employees.

■ Examples of efforts

-Received the “Minister of Health, Labour and Welfare Prize,” the highest award as an excellent example of workplace improvement for challenged persons (FY2013)

-Selected for inclusion in the “Diversity Management Selection 100” (FY2014)

-Received the “Excellent Company Award for Employment of Persons with Disabilities” hosted by the Tokyo Metropolitan Government (FY2017)

[Efforts Made to Achieve Healthy Management]

■ Policies on efforts

The Company aims to truly realize our management philosophy of becoming “The Resorttrust Group which is committed to sophistication and excellence in hospitality.” In order to achieve this, we believe it is essential that employees maintain physical and mental wellbeing and sustain a well-rounded life. The Company will contribute to maintaining and improving the wellbeing of its employees by fostering a safe and comfortable work environment, improving employees’ daily habits, and implementing and promoting measures such as enhancement of mental health care with the Company, employees and their families working as one. In addition to these, by providing a work environment where employees can enthusiastically play an active role, while enjoy a fulfilling family life at the same time, the Company aims to help people involved with us discover and celebrate the very finest that life has to offer.

■ Examples of efforts

- Established the Group's Declaration of Healthy Management <January 2016>
- Introduced the "Health Point System" that contributes to the improved wellbeing and building awareness thereof <April 2017>
- Established a dedicated department for healthy management (within the Human Resources Division) <April 2018>
- Set up the Resorttrust health insurance union <April 2018>
- Recognized as a Health & Productivity Management Outstanding Organization (White 500) for three consecutive years from the initial year of the program <February 2019>
- Launched a quit-smoking program for employees who smoke <May 2019>
- The Company entrusts the regular health checkups for its employees to Shinkokai Medical Corporation, an affiliate medical institution of Resorttrust Group, for the purpose of enhancing the medical examination system
- Paid leave utilization rate is designated as a KPI for healthy management promotion, thereby the fulfillment of work-life balance is pursued□

#### IV. Matters Related to the Internal Control System

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

The Company has, as it deemed appropriate, reviewed the resolution of the Board of Directors' meeting held on May 16, 2006. The following items from (1) to (18) are the amendments resolved on June 16, 2015.

- (1) System to ensure the duties of directors are executed in accordance with laws, regulations and the Articles of Incorporation
  - 1 To decisively and effectively implement compliance programs, the Company has appointed a Chief Compliance Officer (CCO), and under the direction of CCO, the Risk Management Division is working to reinforce thorough legal compliance and fair business activities that adhere to corporate ethics.
  - 2 Based on its internal regulations, the Company has established an Internal Reporting System that allows it to gain information to prevent violation of compliance by directors.
  - 3 In accordance with the Board of Directors Regulations, the Board of Directors is responsible for ensuring the legality and supervision of the business management and business execution by directors.
  - 4 Directors are fully aware of the laws and regulations concerning the Company's business, and make every effort to raise and maintain awareness on compliance.
  - 5 In conformity with the Financial Instruments and Exchange Act and other regulations, the Company has established and operates internal control system necessary and sufficient for ensuring appropriateness of financial reporting.
  - 6 Recognizing its corporate social responsibility, and in order to ensure sustainable growth, the Company refuses to be involved in any relationship with anti-social forces and ensures the effectiveness of the commitment. To this end, it has established and complies with its Basic Policy Toward Anti-social Forces.
- (2) System for storage and management of information concerning business execution by directors  
The Company appropriately stores and manages critical information in accordance with internal regulations. Critical information includes information concerning execution of duties by directors, information concerning important decisions resolved at the Board of Directors, Executive Committee, etc., and other important matters (including electromagnetic data).
- (3) Rules regarding management of risk of loss and other systems
  - 1 The Company has established a Risk Management Committee and established a company-wide crisis management system.
  - 2 The Company identifies risks associated with its business area, and formulates and complies with rules for risk management. The Company also conducts risk management training for employees.
  - 3 The Company maintains crisis management framework for coping with unforeseen events, and attempts to mitigate losses by swiftly and appropriately responding to such events.
  - 4 The Company has established a system allowing each business division to identify, evaluate and discuss the risk inherent in its operations and take adequate response. If the division anticipates any risk to materialize, the information is promptly reported to the directors.
- (4) System for ensuring efficient business execution by directors
  - 1 The Company has clarified directors' authorities, as well as standards for meetings and matters to be discussed thereat. The Company also clarifies divisional roles and functions, ensuring framework for efficient decision-making functions.
  - 2 In accordance with internal regulations, the Board of Directors' meetings are held monthly. It resolves important management matters, and conducts supervision of directors.
  - 3 The Company, at its Board of Directors, formulates plans including the five-year medium-term plan and annual budgets, and conducts budget and performance control for the whole Company and Group companies.
  - 4 Important matters that may impact the Company or the Resorttrust Group as a whole are, in accordance with internal regulations, deliberated and decided on at the Executive Committee.
  - 5 To be able to adapt adequately to the management environment, the Company adopts the Executive Officer System to facilitate a speedy decision-making process and enhance managerial human resource development.
- (5) System to ensure the duties of employees are executed in accordance with laws, regulations and the

#### Articles of Incorporation

- 1 To decisively and effectively implement compliance programs, the Company has appointed a Chief Compliance Officer (CCO) and established a designated division, the Risk Management Division. The system is designed to reinforce thorough legal compliance and fair business activities that adhere to corporate ethics.
  - 2 The Company reiterates to its employees the Philosophy and management policy, to ensure that they conduct business actions based on laws, regulations and social ethics.
  - 3 The Company continually implements education and training programs on compliance for employees to comply with laws and regulations. Based on internal regulations, the Company established an Internal Reporting System that allows the Company to gain information to prevent violation of compliance by employees.
  - 4 The Company conducts internal audits to ensure the legality and efficiency of business management and business execution. Inadequacies identified by the auditing are improved accordingly.
  - 5 In conformity with the Financial Instruments and Exchange Act and other regulations, the Company has established and operates internal control system necessary and sufficient for ensuring appropriateness of financial reporting.
  - 6 Recognizing its corporate social responsibility, and in order to ensure sustainable growth, the Company refuses to be involved in any relationship with anti-social forces and ensures the effectiveness of the commitment. To this end, it has established and complies with its Basic Policy Toward Anti-social Forces.
- (6) System for ensuring appropriateness of operations of corporate group comprising a company, its parent company and subsidiaries
- 1 In accordance with internal regulations, the Company manages its Group companies' appropriateness of operations and exchanges information with them as necessary.
  - 2 The Company dispatches its officers and employees to Group companies to ensure their appropriateness of operations.
  - 3 The Company maintains an Internal Reporting System to ensure that appropriateness of operations is maintained across Group companies.
  - 4 The Audit Division of the Company periodically performs audits of Group companies and reports audit results to the Board of Directors of the parent company.
- (7) System for reporting the matters concerning the execution of duties by directors, etc., of subsidiaries to relevant company
- The Company has formulated the rules on managing Group companies. Depending on the importance of the matters, the rules clearly classify matters which Group companies are required to seek approval of the Company and matters which Group companies are required to report to the Company.
- (8) Rules to manage the risk of loss at subsidiaries and other systems
- The Company has established the Risk Management Division and Risk Management Committee as an organization responsible for supervising the risk management of the Group companies. The two organizations are engaged in the identification and evaluations of these risks.
- (9) System for ensuring efficient business execution by directors of subsidiaries
- The Company formulates the Resorttrust Group's medium-term management plan and also requires each Group company to formulate business plans. The Company confirms and examines the progress of such business plans on a monthly basis.
- (10) System to ensure the duties by directors and employees of subsidiaries are executed in accordance with laws, regulations and the Articles of Incorporation
- 1 The Company has established the "Basic Compliance Policy," and shares this with Group companies and thoroughly informs such policy, in order to promote understanding and dissemination.
  - 2 In order to maintain the effectiveness of compliance among Group companies, the Company has established the Risk Management Division and Risk Management Committee as organizations responsible for supervising compliance at Group companies and the Company has also appointed a Chief Compliance Officer (CCO).
- (11) System related to employees in case the Audit & Supervisory Committee requires such employees to

assist its duties

The Company has established the Secretariat of the Audit & Supervisory Committee as a workforce to assist its duties and Audit & Supervisory Committee staff are assigned on a full-time basis.

- (12) Matters related to independence from directors of the employees described in the preceding item  
Personnel change in the Audit & Supervisory Committee staff must be reported in advance to the Audit & Supervisory Committee, and if it is considered necessary, the Committee may request the personnel department to modify such change.
- (13) Matters related to ensuring the effectiveness of instructions given to employees assigned to assist with the duties of the Audit & Supervisory Committee  
The Audit & Supervisory Committee staff belong exclusively to the Audit & Supervisory Committee. They are required to work exclusively on instructions given by the Committee and are not assigned to any other jobs. By this, the Company ensures the effectiveness of instructions given to the Audit & Supervisory Committee staff.
- (14) System for directors and employees to report to the Audit & Supervisory Committee  
Directors and employees must promptly report to the Audit & Supervisory Committee on matters stipulated by law as well as the following matters.
  - a. Content of significant matters resolved that are likely to affect the entire Company
  - b. Reports on internal control activities
  - c. Operation status of the Internal Reporting System
- (15) System for subsidiaries' directors, professional accountants, corporate auditors, executive officers, employees who execute operations, employees assigned to execute duties as stipulated in Paragraph 1, Article 598 of the Companies Act, and those in similar positions or other employees or those who have received information from these persons to report to the Audit & Supervisory Committee  
In case where violation of laws and regulations is identified, officers and employees of Group companies must notify a corporate auditor (or a Representative Director) of the relevant Group company about the violation. The person who received the notification shall report the information to the Company's Risk Management Division, and the General Manager of Risk Management Division shall promptly report details to the Audit & Supervisory Committee.
- (16) System to ensure that persons notifying matters are not unfavorably treated on the grounds of such notification  
The Company has an Internal Reporting System which can be used by officers and employees of the Group companies as well. It explicitly declares that no person shall be unfavorably treated on account of his/her notification.
- (17) Matters related to policies concerning advance payments to or reimbursement procedures for Audit & Supervisory Committee members in connection with expenses for the execution of their duties, and other accounting procedures for expenses or debt associated with Audit & Supervisory Committee members of their duties  
The Company plans its budget annually in order to ensure the execution of audits by the Audit & Supervisory Committee. For any costs incurred outside the budget, the Company shall bear the expenses necessary to execute duties of the Committee.
- (18) Other systems for ensuring effective audits by the Audit & Supervisory Committee  
The Representative Director shall meet with members of the Audit & Supervisory Committee on a regular basis, to exchange opinions concerning not only management policies and issues to be addressed of the Company but also important matters from the auditing viewpoint, with the aim of deepening mutual understanding and confidence, as well as enhancing the effectiveness of the Audit & Supervisory Committee's audit.



## **2. Basic Views on Eliminating Anti-Social Forces and the Status of Implementation**

The Board of Directors of the Company has resolved on the “Basic Policy Toward Anti-social Forces.” In addition, the Company’s “Hospitality Charter,” the code of conduct for all employees, requires every employee to “conform to social norms.” Under these principles, the Company is committed to conducting business based on the scheme that it shall not have any relationship with anti-social forces nor accept any unreasonable claims from them.

The same information is available on the Company’s official website.

<https://www.resorttrust.co.jp/ps/qn/guest/news/showbody.cgi?CCODE=0&NCODE=17> (Japanese)

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

#### Supplementary Explanation

As part of the efforts to secure and enhance corporate value and the common interests of shareholders, the Company has adopted “Measures Against Large-scale Purchases of Company Shares (Takeover Defenses).” These measures include actions, in accordance with the basic policy regarding the control of the Company, against large scale purchases of the Company shares by inappropriate persons.

However, in light of recent external environment surrounding takeover defenses, which had changed from that at the time of the introduction of the Measures, the Company resolved to discontinue the Measures at the closing of the 46th Annual General Meeting of Shareholders held in June 2019.

For details, please refer to the press release of May 15, 2019.

<https://www.resorttrust.co.jp/ps/qn3x/guest/news/dldata.cgi?CCODE=40&NCODE=129>

### 2. Other Matters Concerning Corporate Governance System

#### 1. The Company’s basic views concerning its Philosophy and timely disclosure

The Resorttrust Group aims under its management philosophy to be “a dynamic organization of individuals committed to going beyond limits, blazing new trails and creating opportunities.” We strive to earn the trust and loyalty of our guests and stakeholders through our aspiration to take on challenges and by delivering unparalleled quality, sophistication and hospitality. To cultivate this philosophy in each of its employees, the Resorttrust Group has established its “Hospitality Charter,” the Code of Conduct for the Resorttrust Group. The Charter sets “At the Resorttrust Group, our calling is to help our guests discover and celebrate the very finest that life has to offer” as its mission and “The Resorttrust Group is committed to unparalleled quality, sophistication and excellence in hospitality” as its vision.

Under these philosophies, the Resorttrust Group places “to conduct active disclosure and aim for highly transparent and fair management” as a basic policy for timely disclosure of corporate information. The Resorttrust Group has established an internal framework in line with timely disclosure rules and internal regulations, and collects, manages and publicly presents information.

#### 2. Internal framework for timely disclosure of corporate information

##### (1) Divisions responsible for timely disclosure

For information disclosure, in accordance with internal disclosure regulations, information related to timely disclosures will be released by the Investor Relations Section, Investor Relations Division, while other PR information will be promptly released by the Public Relations Division.

##### (2) Disclosure procedures

With regard to matters set for information disclosure, the responsible department will release the information to the stock exchanges (Tokyo and Nagoya) using the method and at the time based on the aforementioned decision, while at the same time posting said information on the Company’s website for disclosing information to all stakeholders.

##### (3) Handling of information relating to timely disclosures and control of insider trading

In an effort to prevent insider trading, the Resorttrust Group releases internally the information on the period during which the trading of securities relating to “insider trading control” is prohibited and the departments involved. The Resorttrust Group also takes necessary measures with respect to the handling of important information, including thorough enforcement of information control on related parties, prohibition of unauthorized use, and prohibition of the trading of securities based on the aforementioned information by related parties until the aforementioned information has been disclosed or released.

