

■ Materiality items

1. Thorough corporate governance

■ Specific initiatives

1. Business operations based on corporate governance guidelines
2. Implement management systems (including risk management system) with certainty
3. Strengthen education and training on compliance
4. Implement an internal hotline system

■ KPIs

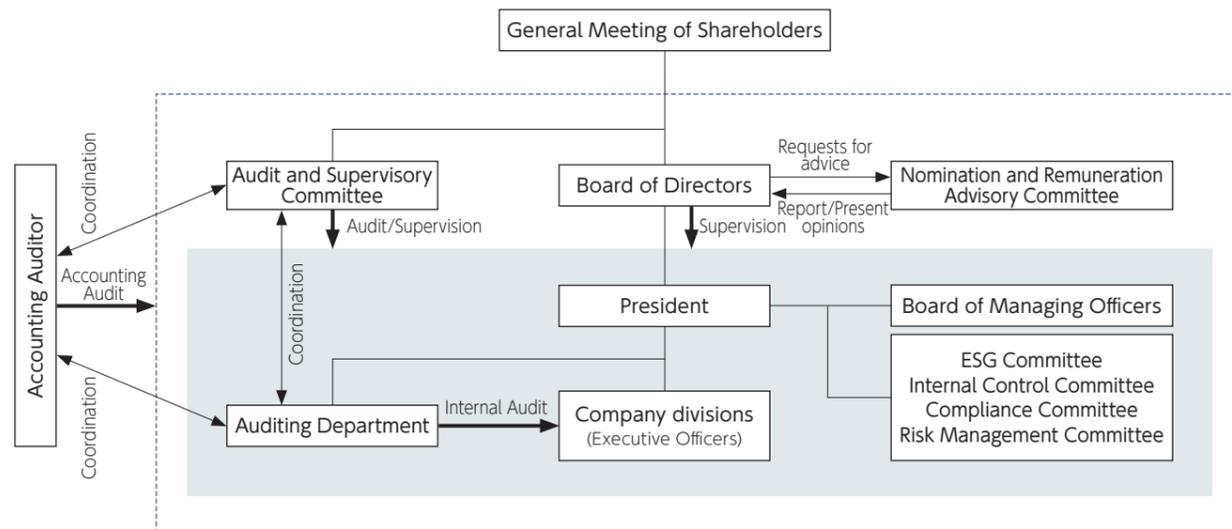
1. Steady operation of a company-wide management system
2. Promote participation in compliance training
3. Take ongoing action on corporate governance

□ Corporate Governance Structure

The TATSUTA Group's mission is to focus on creative and novel ideas to provide useful, safe, and superior products and services that merit the trust of society. We recognize that, to achieve this mission, it is imperative to engage in appropriate and fair information disclosure as we comply with domestic and international laws and regulations and in-house rules and carry out corporate activities in accordance with social norms and morals. Based on this recognition, in the context of substantial changes in the business environment, we are endeavoring to strengthen corporate governance in order to achieve sustainable growth and enhance corporate value in the medium and long term, while ensuring swift decision-making as well as sound and transparent management.

TATSUTA's management boards such as the Board of Directors and Board of Managing Officers make decisions on important matters, etc. Further, from the perspective of enhancing corporate governance by strengthening the supervisory function of the Board of Directors, we have adopted the structure of a Company with an Audit and Supervisory Committee and set up a range of governance-related committees, which are tasked with coordinating with and supervising each other. As well as establishing the Basic Policy on Internal Control Systems, which is the source of all internal control systems, we have set out the division of duties of various governance tasks and organizational structures by resolution of the Board of Directors.

Promotion system



Board of Directors	The Board of Directors is responsible for promoting TATSUTA's sustainable growth and medium- and long-term corporate value enhancement and endeavoring to improve earning ability and capital efficiency, based on its fiduciary duty and accountability to shareholders. In order to fulfill these duties, in addition to deciding on matters designated by laws, regulations or the Articles of Incorporation, the Board of Directors formulates medium-term management plans and other plans such as fiscal year budgets, manages differences between plans and results, and instructs Executive Officers in countermeasures as necessary. Furthermore, the Board is also responsible for creating an environment to support appropriate risk-taking by Executive Officers and supervising the execution of duties by Directors and Executive Officers.
Audit and Supervisory Committee	The Audit and Supervisory Committee fulfills a vital supervisory function. It has an obligation to audit the execution of duties by Representative Directors and other Executive Directors by properly executing its duties as an independent statutory body commissioned by shareholders, in order to ensure that TATSUTA and the TATSUTA Group give full regard to interests of various stakeholders, strive to work in cooperation with them, achieve sound and sustainable growth, generate medium- to long-term corporate value, and establish a good corporate governance system to respond to social trust. To fulfill that obligation, it monitors and verifies the construction and operational status of internal control systems, audits the execution of duties by Directors, and fulfills its duties designated under laws, regulations, and the Articles of Incorporation.
Executive Officer System	Executive Officers are decided by resolution of the Board of Directors under the Rules for Executive Officers. Their conditions and delegated duties are also determined by resolution of the Board of Directors.

Audit functions	The Internal Audit Rules determine matters such as the types and subjects of audits to be conducted, the frameworks of audits and when they will be conducted, and the preparation of written reports of audit outcomes. The Audit and Supervisory Committee also conducts its own audits, guidelines for which, including procedures, contents, and reports, are set out in the Audit and Supervisory Committee Rules.
Nomination Committee and Remuneration Committee	The TATSUTA Group has established the Nomination and Remuneration Advisory Committee, based on the Nomination and Remuneration Advisory Committee Rules. This Committee is composed of all of the Outside Directors, the Representative Directors and the Director in charge of the human resources division. The majority of members are Outside Directors. In addition to responding and reporting back to requests for advice by the Board of Directors on matters including the nomination of candidates for position of Director, the appointment and dismissal of officers, succession plans and officers' remuneration, the Committee presents opinions to the Board of Directors regarding other matters of corporate governance, as necessary.
Evaluation of effectiveness of Board of Directors	The Board of Directors conducts a survey of the effectiveness of the Board of Directors based on self-evaluation by each individual Director. After the Representative Directors and Outside Directors analyze and compile the results of the survey, the evaluation of the current status and measures for future improvement are discussed and confirmed in the Board of Directors, and a summary of the findings is later published on the Company's website.
Cultivation of and decision on successor as President	Upon discussions with the Nomination and Remuneration Advisory Committee, the Representative Directors formulate and implement a succession plan for the next President and report to the Board of Directors. This succession plan is also published in Section 4-8 of the Corporate Governance Guidelines.
Profit Distribution Policy	The policy on profit distribution is to continue stable dividends with the aim of a payout ratio of 3.0%. This policy is published in Section 2-4 of the Corporate Governance Guidelines.
Officers' Remuneration Scheme	Remuneration for Directors consists of three types of monetary remuneration— "monthly remuneration" paid in accordance with each Director's role, "performance-linked bonuses," which vary depending on the Company's consolidated ordinary income, and "share acquisition remuneration." This last component is a form of remuneration linked to medium- to long-term performance entails in which, for Directors who are not Audit and Supervisory Committee Members, a certain amount is paid into the officers' shareholding association of the Company for the acquisition of shares in the Company, which those Directors continue to hold throughout their terms of office. Policies for determining the amounts of Directors' remuneration, etc. and the methods of their calculation are stated in the Corporate Governance Guidelines set forth by resolution of the Board of Directors. An outline of these policies is as follows. The basic approach to determining the amount of remuneration for each Director is to apply a table containing the amounts by position and years of service to each director. These amounts are discussed and decided by the Board of Directors based on factors such as previous payments, the Company's current performance, and the situation at other companies in the industry and other listed companies of a similar scale, paying due regard to reports provided by the Nomination and Remuneration Advisory Committee.
Strategic shareholdings	Regarding strategic shareholdings, the Board of Directors evaluates the necessity of continuing to hold the shares in question after the close of each fiscal year, with the stated aims of "exploration of business opportunities, maintenance and expansion of trading relationships, etc." In addition, regarding the exercise of voting rights pertaining to strategic shareholdings, the judgement of the Board of Directors of the issuing company is respected as a rule, except in the case of proposals deemed detrimental to the purpose of the strategic shareholding. This policy is published in Section 2-5 of the Corporate Governance Guidelines.
Internal control	With the Basic Policy on Internal Control Systems, which are the common regulations for the TATSUTA Group, as the main axis, in actual management, the appropriateness of the TATSUTA Group's operations is ensured by conducting corporate management based on the Internal Audit Rules and Internal Control Committee Rules. The Auditing Department is the principal entity in these activities, confirming and reviewing the completeness and operational status of the Group's internal control systems.
Reasons for appointment of Directors, etc. and status of attendance of Board of Directors meetings	Reasons for appointment of Directors (including Independent Outside Directors), status of attendance of Board of Directors meetings, etc. are disclosed on the company website as "Reasons for nomination, appointment and dismissal of Directors, etc."

Status of action on Corporate Governance Code

Corporate Governance Guidelines have been developed, the contents of which are reviewed whenever there is a revision of the Corporate Governance Code. The status of implementation of the general rules of the Corporate Governance Code are stated and published in the Corporate Governance Report, which is issued once a year. This has been conducted for all individual general rules of the Corporate Governance Code in FY2020.

Officers

Position	Name
Representative Director, President and Executive Officer, President and Director	Hirohito Miyashita
Director, Deputy Chief Executive Officer	Masato Tsuji
Director, Senior Executive Officer	Shohei Morimoto
Director, Senior Executive Officer	Hiroshi Maeyama
Director, Senior Executive Officer	Yuta Kusama
Director, Executive Officer	Koji Miyata

Position	Name
Director, Executive Officer	Masafumi Imai
Outside Director	Manabu Hyakuno
Outside Director (Standing Audit and Supervisory Committee Member)	Yoshitaka Dooka
Outside Director (Audit and Supervisory Committee Member)	Takeshi Hanai
Outside Director (Audit and Supervisory Committee Member)	Inao Harato
Outside Director (Audit and Supervisory Committee Member)	Etsuko Taniguchi

Compliance

The TATSUTA Group has built and operates its compliance promotion system with the recognition that compliance is one of the most important issues for the continuation of its business. In the event of a serious problem, we will disclose information appropriately and fairly and respond in good faith according to social norms and morals.

System for promotion of compliance

The Company has established the Corporate Code of Conduct as its basic policy and, with the Administration and Human Resources Department playing the central role, studies laws and regulations in Japan and overseas and social/industry norms as appropriate, and formulates, revises, and abolishes company rules.

With the goal of achieving thorough compliance, we have strengthened audit and supervisory functions through the Board of Directors and Audit and Supervisory Committee, while the Compliance Committee shares compliance-related information across the Group and consults on reporting related to compliance promotion activities.

In addition to the development of various company rules, to ensure these rules are correctly understood by employees, we have produced Compliance Guidelines and posted them on the company intranet. For Group companies, we have established the TATSUTA Electric Wire & Cable Group Operational Rules, which specify internal control systems within the Group. The Operational Rules are posted on the Group intranet and disseminated among all employees of each Group company so that compliance is thoroughly enforced.

Prevention of transactions with antisocial forces	The Compliance Guidelines affirm "the exclusion of antisocial forces" and ensures that this is widely known by employees. TATSUTA will have no association whatsoever with antisocial forces, such as organized crime groups, sokaiya extortionists, or fake right-wing groups, that make unreasonable demands and will stand up to such forces in an organized and resolute manner. With a policy of responding as an organization, to ensure that individual departments or persons do not bear the problem on their own, lectures on dealing with such forces are given through compliance training and other means.
Prevention of bribery	Based on the Bribery Prevention Rules, we thoroughly instill a policy of not extending or receiving gifts or hospitality that exceed common sense according to social conventions. This is done to disseminate accurate information about bribery widely within the company and to establish a system for prior checks as an organization, to ensure that no company or individual obtains undue benefit or undertakes arbitrary transactions in exchange for such benefits. Any gift or hospitality determined, as a result of such checks, to exceed common sense according to social conventions will not be extended under any circumstances. These rules cover not only public servants, but also private-sector suppliers and customers. From a broader perspective, gifts and hospitality are prohibited as a general rule and, where necessary, prior checks of whether they should be extended will be conducted. Such prior checks will be conducted with an emphasis on judgment from a practical viewpoint. The Officer Responsible for Administration and Human Resources will act as the responsible officer, and bribery prevention officers will be appointed in each department, office, and division.
Compliance with competition law	To ensure that officers and employees, either in Japan or overseas, do not commit acts that are in violation of competition law, such as cartels, the Company has established the Competition Law Compliance Rules and acts accordingly. Employees are made aware through Compliance Guidelines and other means of the three prohibited acts, namely (1) private monopolization, (2) unreasonable restraint of trade, and (3) unfair trade practices. For attendance at meetings, etc., the Administration and Human Resources Department will examine in advance whether or not there will be exchanges of information with competing business operators and the nature of the meeting, etc. Through this process, every attendee of such meetings is instructed to be aware of the prohibited acts related to competition law. The minutes of such meetings are preserved after the meetings to ensure transparency.
Management of export-control goods	Based on the Rules for Management of Export-Control Goods, etc., officers with responsibility for confirming whether goods are subject to export controls or not, and internal systems required for the management of export-control goods have been established. Operations are conducted to confirm list-based controls and catch-all controls for all goods and technologies, and the employees in charge of these operations undergo training on a regular basis.
Proper accounting practices	Accounting Rules have been established as the general standards for accounting operations. They refer to the various accounting standards and management systems and serve as the basic rules for accounting operations. The Compliance Guidelines affirms "appropriate accounting practices" and ensures that this is widely known by employees. In that process, emphasis is placed on the following six points as being of particular importance. (1. Proper recognition of revenue and expenses; 2. Proper recognition of assets; 3. Attachment/preservation of evidence; 4. Appropriate approval procedures; 5. Appropriate tax accounting; 6. Financial results in line with facts and actual circumstances)
Internal whistleblowing system	Based on the TATSUTA Electric Wire & Cable Group Helpline Operation Rules, an internal hotline system has been established and carries out activities under the direction of the President, with the General Manager of the Administration and Human Resources Department as the responsible officer. As the name suggests, the objective of this initiative, which covers all officers, employees, and workers of the TATSUTA Electric Wire & Cable Group, is to receive requests for advice and reports (including of harassment) through the TATSUTA Electric Wire & Cable Group Helpline, with the aim of the early detection and resolution of problems. Two helplines have been set up for this purpose, (1) secretariat (TATSUTA Electric Wire & Cable Administration and Human Resources Department) and (2) attorney (outside attorney). The person seeking advice or wishing to file a report may choose which of the two helplines to contact, depending on the nature of their concern. For harassment-related matters, in addition to the above two contact points, they may also elect to contact a dedicated external helpline set up for that purpose. Requests and reports may be made in Japanese, English or Chinese, although this depends on the helpline. Of course, the person seeking advice or report a matter of concern will not be subjected to any disadvantageous treatment whatsoever for that reason, and confidentiality, including their name, will be strictly protected. The details of the advice request/report will be investigated and considered by the Compliance Secretariat and, where necessary, internal rules and systems and their implementation will be reviewed. The details of advice requests/reports made to the helplines are shared with certainty with top management at the twice-yearly meetings of the Compliance Committee. The existence of the helplines and information about how advice requests and reports are handled are disseminated in-house through compliance training, company newsletters, the Compliance Guidelines, and other means, and an environment that makes people feel comfortable about seeking advice or making reports has been established.

Risk Management

Some of the various risks faced by the TATSUTA Group have the potential to exert a serious impact on the Group's financial condition, business performance, cash flow, or medium- to long-term management strategy, depending on the scale on which they manifest and the periods for which they persist. We have constructed and operate Group-wide systems to identify, analyze, and respond appropriately to these risks, as well as to minimize the impact of their manifestation and prevent recurrence.

Promotion system

The TATSUTA Group has established the Risk Management Committee, chaired by the President. At the start of each fiscal year, the Risk Management Committee evaluates the risks faced by the Group in the fiscal year to come and in the future in terms of their likelihood and degree of impact, establishes risk countermeasures and risk management policy, and makes a report to the Board of Managing Officers and the Board of Directors. The Board of Managing Officers and the Board of Directors monitor risks through monthly revenue and expenditure outlooks, business execution status reports, etc., and supervise risk response. In this way, we strive to avoid risks manifesting and respond swiftly if they emerge.

Information management

TATSUTA recognizes information in all formats, including electronic data and on paper media, as important assets and has built an information security management system.

Information Security Policy

Recognizing the maintenance and improvement of information security for the company information it holds as a key management issue, the TATSUTA Electric Wire & Cable Group hereby sets forth the TATSUTA Electric Wire & Cable Group Information Security Policy with the objectives of maintaining and improving the reliability of the Group in society and enhancing corporate value.

1	Establishment of information security management systems	The TATSUTA Electric Wire & Cable Group will secure sufficient resources, including budget and personnel, for the protection and appropriate management of all information assets it holds and will establish systems for the prompt implementation of information security measures.
2	Establishment of company rules	The TATSUTA Electric Wire & Cable Group will establish company rules for the protection and appropriate management of information assets and will thoroughly raise awareness among all officers and employees of the Group about the need to ensure information security and about specific compliance matters.
3	Appropriate information security measures	The TATSUTA Electric Wire & Cable Group will identify information security risks and take the necessary countermeasures against those risks to prevent unauthorized access, destruction, leaks, falsification, and other incidents involving information assets. It will also establish frameworks for responses and restoration in the event of such incidents and formulate plans for early recovery, as well as promptly making appropriate reports in the event of such incidents and striving to minimize their impact and prevent their recurrence.
4	Human resources development	Recognizing the objectives and importance of information security management systems, the TATSUTA Electric Wire & Cable Group will develop human resources who have the necessary knowledge and skills concerning information security.
5	Compliance with laws, etc.	The TATSUTA Electric Wire & Cable Group will comply with laws and ordinances, regulations, government guidelines, contractual obligations, and other social norms related to information security.
6	Continuous improvement	The TATSUTA Electric Wire & Cable Group will periodically evaluate and review the above initiatives and share information about them for the continuous improvement of the Group's information security management.

Cyber security

With cyber security taking on increasing importance in recent times, the Officer Responsible for the Information Systems Department will act as the responsible officer, and the General Manager of the Information Systems Department will serve as management and operations officer. The responsible officer will manage and issue the necessary instructions regarding cyber security matters from a company-wide perspective, and the management and operations officer will manage and operate company-wide information security under the responsible officer's instructions.

As a measure for the prior management of cyber security, matters for compliance (employees, PC use, e-mail use, networks, systems, external services, education) have been decided and are being managed and monitored. In addition, servers have been located at multiple sites and constantly monitored for viruses, etc., and undergo periodic diagnoses by external experts.

In the event of an incident (software vulnerability, virus infection, unauthorized access, leak of information assets, etc.), the management and operations officer will consider and implement the necessary countermeasures and report to the responsible officer. Internal and external resources will also be put to use, pursuant to the Crisis and Emergency Response Rules, to respond swiftly and appropriately to the incident and fulfill our social mission.

Protection of personal information

With the Officer Responsible for the Administration and Human Resources Department serving as the overall management officer, matters concerning the handling of personal information are managed from a company-wide perspective and instructions are made to the individual departments and offices through personal information management officers. The personal information management officers undertake the necessary measures to ensure that personal information is handled appropriately in accordance with the Act on Personal Information Protection and company rules.

For the protection of personal information, the laws and regulations, purposes of use, rules for obtaining personal information, management methods, rules for providing personal information to third parties and other matters that employees, etc. must comply with have been set out, and the Company monitors their implementation. A Privacy Policy that sets out the rules, etc. for the protection of the personal information of stakeholders is disclosed on the company website. Safety measures of an appropriate and reasonable level are implemented and improved on a continuous basis.

In the unlikely event of an incident (unauthorized access, loss, leak, etc.), internal and external resources will be put to use, pursuant to the Crisis and Emergency Response Rules, to respond swiftly and appropriately to the incident and fulfill our social mission.