

# Internal Control Systems

The resolution approved by MTI's Board of Directors on October 23, 2014, concerning the establishment of a system for ensuring the appropriate performance of the Company's business operations (internal control systems) is outlined below.

## Policies for Performance of Duties

The corporate governance of MTI and its subsidiaries (hereinafter referred to as the "MTI Group") is based on the performance of duties in accordance with certain fundamental policies, specifically compliance with laws, regulations and social ethics (hereinafter referred to as "regulatory compliance, etc."), dealing in good faith with all stakeholders and appropriate disclosure of information, the maintenance of high standards of transparency and management soundness, and contribution to society through business activities that result in the creation of enterprise value.

In accordance with these fundamental policies, we maintain and enhance internal control systems designed to ensure that business operations of the MTI Group are carried out appropriately as stipulated in the Companies Act and the Companies Act Enforcement Regulations.

## Compliance Basic Policy

Compliance with laws and regulations is a fundamental policy for the Company. In addition to the formulation of compliance-related regulations, we have established a Compliance Committee, and we implement various initiatives relating to compliance throughout the MTI Group.

Compliance-related initiatives are implemented under the leadership of the Compliance Committee in cooperation with the relevant units of the MTI Group. We have also established an internal reporting system through which employees can directly report matters of concern, such as doubts about the legality of activities. Any officer or employee of the MTI Group who becomes aware of matters of concern, such as actions of doubtful legality, can report such matters to the Compliance Committee and the Board of Statutory Auditors through a reporting line or the inter-

nal reporting system. Depending on the seriousness of the matter reported, the Compliance Committee or the Board of Directors will formulate recurrence prevention measures in cooperation with the relevant units and take steps to disseminate information about these measures throughout the MTI Group.

## Risk Management Systems

Individual organizational units and subsidiaries analyze risks relating to the performance of duties and devise countermeasures within the limits of their authority. Decisions on important matters that exceed the authority of individual business units are made after deliberations by the Management Committee or Board of Directors and are subject to continuous monitoring thereafter.

The Internal Audit Department audits risk management and related measures in relation to the performance of duties and the reliability of financial reporting and reports its findings to the President, the Board of Directors and the Board of Statutory Auditors. In terms of other risk management activities and countermeasures at the corporate level, the Compliance Committee deliberates and promotes the necessary action items and reports on the status of such actions to the Board of Directors.

We formulated rules concerning our risk management structure as a framework for the assessment of risk factors and the management of those risks throughout the MTI Group. We are continually improving and strengthening the systems used to provide comprehensive risk management for the entire MTI Group.

Steps have been taken to ensure and maintain information security by formulating regulations concerning the use and protection of information assets. We established the Information Security Committee to develop and strengthen systems for the utilization and protection of information assets so that they can contribute to the business activities of the MTI Group.