

Internal Control System

The resolution approved by MTI's Board of Directors on May 21, 2015, concerning the establishment of a system for ensuring the appropriate performance of the Company's business operations (Internal Control System) is outlined below.

For details of Basic Policies for Internal Control Systems, please refer to MTI's IR site.
http://www.mti.co.jp/eng/?page_id=2223

Basic policies for the execution of duties

The Company and its subsidiaries (hereinafter "the Group") promote corporate governance by setting "compliance with laws, regulations and social ethical norms" (hereinafter "compliance with laws, etc."), "sincere responses and appropriate information disclosure to stakeholders," "transparent and sound management" and "contribution to society through the creation of corporate value in business activities" as the basic policies for the execution of duties.

Under the basic policies, the Company will improve systems to ensure the properness of operations of the Group as stipulated in the Company Act and the Ordinance for Enforcement of the Companies Act.

System to ensure the conformity of the execution of duties by the directors and employees of the Group with laws and regulations

Setting compliance with laws, etc. as the basic policy, the Company enacts regulations on compliance and establishes the Compliance Committee to promote Group efforts for compliance.

In addition, the Internal Audit Department, under the control of the President and Chief Executive Officer, makes assessments on the efficacy of internal control over the assurance of credibility of operating audit activities and financial reporting, centering on the effectiveness and efficiency of operations. The Internal Audit Department reports the situation of these activities to the President and Chief Executive Officer, as well as the Board of Directors, the Board of Statutory Auditors and audited divisions.

Efforts for compliance are promoted mainly by the Compliance Committee in cooperation with the divisions of the Group.

The Company has established a compliance helpline for employees to directly provide information about legally questionable acts, etc. The Company

has adopted a system to report legally questionable acts, etc., if an officer or an employee of the Group discovers such acts, to the Compliance Committee and the Board of Statutory Auditors via their reporting line or the compliance helpline. The Compliance Committee or the Board of Directors has also drawn up preventive measures in cooperation with the divisions of the Group according to the degree of importance of the content reported and has made the content fully known to the officers and employees of the Group.

Regulations and other systems of the Group for managing loss risk

Risk pertaining to the execution of duties is analyzed and countermeasures are considered by each division of the Company and by its subsidiaries within the scope of their authority. Important risks and risks beyond the authority of each division and subsidiaries are deliberated by the Management Committee or the Board of Directors of the Company to make decisions and are subsequently monitored on a continuous basis.

The management of and response to risks pertaining to the execution of duties and the credibility of financial reporting are audited by the Internal Audit Department, and the Internal Audit Department reports the audit results to the President and Chief Executive Officer, as well as the Board of Directors and the Board of Statutory Auditors. With respect to the management of and response to other company-wide risks, the Compliance Committee considers and promotes measures to address them and reports the situation of these activities to the Board of Directors.

To assess individual risks and implement Group-wide management in response to them, the Company improves and strengthens a system to manage Group-wide risks exhaustively and comprehensively by enacting regulations on the risk management system.

To ensure and maintain information security, the Company has enacted regulations on the use and protection of information assets and has established the Information Security Committee to improve and strengthen the system that uses and protects information assets in order to contribute to the management activities of the Group.