

**GMO Internet
Corporate Governance Policy**

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Chapter 1 General Provisions**1 Basic Views on Corporate Governance**

GMO Internet Group's mission is to contribute to the cultivation of Internet culture and the industry, to offer inspiration and make people smile, and to make a contribution to society and its people based on its management philosophy "Internet for Everyone." In addition, the Group has enshrined its Spirit Venture Declaration—which embodies the spirit on which it was founded—in the Articles of Incorporation, to clarify the basic principles of its business activities.

In this context, in order to gain the trust and meet the expectations of all stakeholders including not only our shareholders and creditors but also our customers, business partners and staff members, the Company places importance on corporate governance and, while improving management soundness and transparency, strives to carry out agile management decision-making and proper business operations in an aim to increase the Company's corporate value on an ongoing basis.

[Reference] GMO Internet Group's Spirit Venture Declaration

Chapter 2 The Company's Code of Conduct**1 Relationship with Stakeholders****1.1 Basic policy**

The Company states in its Spirit Venture Declaration that a company is a tool for colleagues, shareholders, customers and all others involved to become happier - Their smiles are what really mean to us. We are committed to increasing our corporate value by making stakeholders smile through our corporate activities.

1.2 Prevention of related party transactions

In cases where the Company is to perform transactions with officers, major shareholders, etc. ("related party transactions"), an internal committee (members of which consist of External Directors, etc.) or a third-party committee (members of which consist of lawyers, etc.) are established depending on the qualitative and monetary materiality, to verify the objectivity and validity of the transaction before submitting a proposal for approval of the transaction to the Board of Directors.

When a related party transaction is subject to a resolution for approval at the meeting of the Board of Directors, any Director who is related to such transaction may not participate in the resolution on the ground of being a person with special interest, and therefore is not included in the quorum.

2 Relationship with Shareholders**2.1 General Meeting of Shareholders**

The Company positions the General Meeting of Shareholders as its supreme decision-making body, ensures a sufficient period for exercising voting rights, and has developed an environment in which rights can be exercised in an appropriate manner.

2.1.1 The General Meeting of Shareholders will be held on a date and time convenient for shareholders to attend, including on non-business days.

2.1.2 Efforts are made to provide an easy-to-understand explanation in the notice of convocation, and to dispatch it as early as possible. The content of the notice of convocation is disclosed in both Japanese and English at the stock exchange, the Electronic Voting Platform, the Company's website, etc.

2.1.3 To enhance convenience the exercise of rights for shareholders, the Company introduces a system for viewing notice for convening an Annual General Shareholders Meeting, electronically exercising voting rights, and the Electronic Voting Platform.

2.1.4 When institutional investors, etc. who hold shares under the name of a trust bank, etc. make a request in advance to exercise its shareholder rights such as exercising voting rights at the General Meeting of Shareholders, the Company will discuss on such issue with the trust bank, etc. Additionally, when such institutional investors, etc. wish to observe the General Meeting of Shareholders, such observance will be permitted solely at the Meeting venue after completing the prescribed procedures.

2.2 Securing the rights and equal treatment of shareholders

2.2.1 In order to substantially secure the rights of shareholders, the Company appropriately cooperates with them by giving due consideration to the smooth exercise of the rights of them. In addition to ensuring equal treatment of shareholders, the Company also gives due consideration to the exercise of rights of minority shareholders.

2.2.2 When a proposal made by the Company is approved at the General Meeting of Shareholders in spite of a considerable number of negative votes, the Board of Directors will analyze the reasons for such negative votes, and examine necessary measures to be taken accordingly.

2.3 Dialogue with shareholders

2.3.1 Basic views

For the sustainable growth and increase of corporate value over the mid- to long-term, the Company believes that it is important not to generate a gap between the top management of the Company and capital markets in the understanding of the Company's situation, and therefore holds constructive dialogues with shareholders and investors on an ongoing basis.

To bring about such dialogues, the Company has in place an investor relations structure centering on the Director in charge of investor relations (currently the Deputy CEO), and proactively creates opportunities to hold dialogues with shareholders and investors. In engaging in dialogues with shareholders and investors, the Company makes it a basic policy for the members of the top management to provide explanations in their own words and to also respond to questions in person in Q&A sessions.

2.3.2 Designation of a director who oversees the overall dialogues with shareholders and measures for positive collaboration among internal departments to support dialogues
The Director in charge of investor relations oversees dialogues with investors and shareholders, while taking charge of the Group Finance Department, the department in charge of investor relations, in an effort to promote departmental collaboration on a daily basis.

2.3.3 Means of dialogues other than individual meetings

The Company makes it a basic policy for members of the top management to provide explanations of financial results and hold Q&A sessions, both in person, targeted at analysts, shareholders and investors on a quarterly basis. The Company provides real-time streaming in Japanese, as well as streaming of recorded video in both Japanese and English.

2.3.4 Measures to relay shareholders' opinions and concerns

The Director in charge of investor relations periodically reports opinions and concerns gathered through dialogues with shareholders to the board of directors.

2.3.5 Measures to control insider information

When engaging in dialogues with shareholders, in accordance with the IR Policy, information is managed properly and consideration is given so that insider information will not be conveyed to them.

2.4 Basic policy for capital strategy

- 2.4.1 The Company is committed to increasing its profits. In order to achieve sustainable profit growth, we consider proactive investments both in domestic and foreign investment domains to be necessary. The Company will maintain sufficient shareholders' equity for future investments for growth and to tolerate risks.
- 2.4.2 With respect to shareholder returns, the Company targets a total shareholder return ratio of 50%. 1) The target for dividend payout ratio is set at 33% or more of net income attributable to owners of the parent, while 2) we take a flexible approach towards repurchasing our shares according to the share price, by comprehensively taking into account our business performance and financial structure, etc., with a target amount of 50% of net income attributable to owners of the parent less total dividends paid.
- 2.4.3 In case of a financing, etc. that may cause a change in control or a significant dilution of shares, the Company will carefully consider the necessity, rationale, use of capital, plan to recover the amount invested and other matters concerning the financing, etc. so as not to harm the interests of shareholders and provide a sufficient explanation to them.

2.5 Policy for cross-shareholding

The Company makes investments solely for the purpose of pure investment, and does not have a policy to hold shares for cross-shareholding. In cases where the Company invests in shares, the Group Investment Strategy Office takes charge of cases involving alliances and minority investment cases. Whether or not to make investments will be determined after careful deliberation at the meeting of the Board of Directors or the Management Council depending on the qualitative and monetary materiality according to the materiality of each case, taking into account detailed examination by each department.

2.6 Anti-takeover measures

Board of Directors believes that the transaction of the Company's shares shall be left to the market, and that decision on whether to accept or reject a large-scale purchase by a large-scale purchaser shall be made by shareholders.

For the Company, the following attributes are essential to its operation: management expertise premised on the Company's business characteristics and highly specialized knowledge required for its Internet-related services; employees (partners) with superior technologies and skills to catch up with technological innovations; Group companies in charge of each business in the organically-integrated enterprise group; and relationships built with stakeholders including clients and customers.

Without the understanding of the Company's businesses, it is difficult to gain an understanding of its corporate value. When shareholders make a decision on the large-scale purchase by a large-scale purchaser, information provided by the large-scale purchaser shall not suffice, and we believe it is extremely important that the Company's Board of Directors with sufficient understanding of the Company's business characteristics, etc., to appropriately provide its assessment and opinions on the large-scale purchase to shareholders.

Based on the above views, in addition to stipulating a rule for the large-scale purchase of shares, the Board of Directors believes that to collect and provide shareholders with necessary and sufficient information for them to make an appropriate judgment by themselves, and to disclose the assessment and examination of such information by the Board of Directors, will contribute to the common interests of shareholders. GMO's Board of Directors will require any prospective Large-Scale Purchaser to comply with the Large-Scale Purchase Rules. In a case where a

Large-Scale Purchaser does not comply with the Large-Scale Purchase Rules, or a case where it is judged that a Large-Scale Purchase carried out pursuant to the Large-Scale Purchase Rules would have the effect of seriously harming the common interests of GMO shareholders, GMO's Board of Directors will be in a position to take certain countermeasures that it judges to be appropriate at that point.

A policy toward Large-Scale Purchases by a Certain Group was decided initially in GMO's Board of Directors' meeting held on March 13, 2006, for the purposes described above. Since then, the initial GMO's Board of Directors' meeting, held after the Annual General Shareholders Meeting scheduled for every year, has decided to continue such policy.

The said anti-takeover measures will be implemented only if large-scale purchaser violates the rules set forth in the said anti-takeover measures or if a large-scale purchase of the Company's shares significantly compromises the common interests of shareholders and the Company value. In addition, a special committee consisting of the four committee members independent from the Board of Directors must be established and their opinions must be respected to the greatest extent possible, and all directors including three external directors who are independent officers must be in favor of implementing countermeasures in regards to the implementation of the said anti-takeover measures, so we do not allow the Board of Directors to implement countermeasures for the purpose of defending their own interests.

Although GMO's Board of Directors is carefully examining whether to continue the said anti-takeover measures based on recent trends in anti-takeover measures, for example, the procedures set forth in the Financial Instrument and Exchange Act, such as market transactions to which restrictions on tender offer are not applied, lack as a means of collecting and providing shareholders with necessary and sufficient information for shareholders to judge whether to accept large-scale purchase of the Company's shares as explained above, so we judged that the said anti-takeover measures are necessary.

Chapter 3 Disclosure of Information

1 Full disclosure

The Company endeavors to distribute corporate information in a prompt, fair, accurate and easy-to-understand manner to all stakeholders including shareholders, investors, institutional investors, and analysts.

2 Disclosure policy

2.1 Results forecast and future outlook

2.1.1 The Company will disclose its detailed financial results on a quarterly basis for the convenience of all stakeholders. Plan, outlook, strategy, and other information (that are not historical facts) announced by the Company are outlooks made at the time of the announcement, and therefore their validity is not guaranteed. The Company does not endorse any third-party forecasts of the Company's results.

2.1.2 Information disclosed at engagements with securities analysts and institutional investors
Information announced at engagements with securities analysts and institutional investors held by the Company will be limited to facts disclosed to the public in the financial results, facts that are in the public domain, general business environment, etc. No reference whatsoever will be made to undisclosed "material facts."

2.1.3 Disclosure method

Disclosure pursuant to laws such as the Companies Act and the Financial Instruments and Exchange Act will be duly conducted according to the method prescribed by laws and

regulations. In regards to disclosure that falls under the rules for timely disclosure, the Company will provide an explanation in advance to Tokyo Stock Exchange, Inc. (TSE) in accordance with said rules, register the information on the “Timely Disclosure network (TDnet)” provided by TSE and provide the same information promptly to the news media. The Company will promptly post the information disclosed via TDnet on its website after announcing the information to the news media and confirming that it is posted on the “Company Announcements Disclosure Service” on TSE’s website, in accordance with the Financial Instruments and Exchange Act and the rules for timely disclosure. For information that does not fall under the rules for timely disclosure, it shall be delivered to shareholders and investors in an accurate and fair manner by an appropriate method in accordance with laws and regulations such as the Financial Instruments and Exchange Act, etc.

2.1.4 Mid-term business plan

The Company neither formulates nor publishes a mid-term business plan, based on its view that in a rapidly-changing Internet industry, the validity of a mid-term business plan would be limited even if time and effort are spent on its formulation, and that numerical targets contained therein may likely mislead shareholders and investors. As it is difficult to forecast business results because of our Internet Finance and Cryptocurrency businesses that are affected by market volatility, such as the socioeconomic conditions and the financial market, we no longer disclose our guidance from the fiscal year 2018.

On the other hand, the Company develops a single-year business plan and explains policies based on this business plan to shareholders and investors when it has the opportunity to provide explanations of the financial results.

Furthermore, the Company has in place a monitoring function that involves sufficient analysis and evaluation on a weekly basis of discrepancies between a single-year business plan and actual results at the Group executive joint meeting consisting of Directors and senior management. The Company conducts analysis and takes measures as appropriate through such monitoring, and the highly effective execution of the business plan translates into the Company’s growth.

Chapter 4 Corporate Governance Structure

1 Organizational Structure

The Company has adopted the organizational structure of a Company with Audit and Supervisory Committee under the Companies Act. The Audit and Supervisory Committee, in which External Directors account for the majority of Members, takes charge of audit and oversight of the legality and appropriateness of business execution to realize greater transparency in management, with the ultimate aim of building a structure that can more precisely meet the expectations of all stakeholders.

In order to realize agile decision-making, the Company has established certain monetary standards in its Rules of the Board of Directors and Management Council Regulations, and delegates part of the authority of the Board of Directors to the Management Council according to said standards in order to separate the decision-making authority into the Board of Directors and the Management Council.

2 Board of Directors and Management Council

In order to build a highly agile business execution structure, in addition to matters to be resolved by the Board of Directors pursuant to laws and regulations or the Articles of Incorporation, etc., the Company has individually set standards for matters to be resolved at the Board of Directors, and clarified the matters that are considered appropriate for resolution by the Board of Directors in the Rules of the Board of Directors. As a body to discuss on matters with managerial importance but are not designated as

matters to be resolved at the Board of Directors, the Company established the Management Council consisting of executive directors including the Representative Director, full-time Audit and Supervisory Committee Members and other members of the senior management.

2.1 Roles and responsibilities of the Board of Directors

- 2.1.1 The Board of Directors is responsible for enhancing corporate value in a sustainable manner as well as increasing the common interests of shareholders, and will exercise its oversight function and make appropriate decisions based on fair judgment.
- 2.1.2 In order to fulfill its fiduciary responsibilities, the Board of Directors will exercise its oversight functions over overall management to ensure fair and transparent management through the appointment of Directors and Audit and Supervisory Committee Members, determination of the remuneration for Directors and Audit and Supervisory Committee Members and making decisions on important business executions.
- 2.1.3 As a specific standard for determining matters to be submitted to the Board of Directors, the Rules of the Board of Directors prescribes the monetary standards, etc. and clarifies the scope of decision-making.
- 2.1.4 The Board of Directors delegates the authority of decision making on matters other than those to be decided by the Board of Directors to the Management Council, Representative Director, etc. in accordance with the standards prescribed in the Management Council Regulations and other internal rules.
- 2.1.5 To enhance corporate governance, the Board of Directors makes a monthly report including a report on the oversight of execution of duties of Directors, and a quarterly report on internal audit and compliance.
- 2.1.6 The Board of Directors has established a system to appropriately respond to cases in the event Audit and Supervisory Committee Members and/or the Financial Auditor discover a misconduct and request the Company to take appropriate actions, or in case where they identify a deficiency or a problem.
- 2.1.7 For human resources development to foster successors to the senior management including the Chief Executive Officer, based on certain rules and frameworks and in light of the management philosophy and management strategy, the Board of Directors engages in autonomous organizational operation and corporate management that do not rely on a specific corporate manager.

The Company offers opportunities to its staff members to gain knowledge and understand the roles and responsibilities required for a successor by taking part in management through participation in the meetings of Board of Directors and the Management Council.

As a characteristic of Group management, the members of the Board of Directors and the Management Council are comprised of founders or representatives of major Group companies, all of whom have been brought together under the Company's management philosophy, i.e., Spirit Venture Declaration.

Accordingly, the senior management is comprised of a group of corporate managers who share the common management philosophy. The Company has thus created a program to develop successors to the senior management of the Company as a listed company, through the participation of such corporate managers in the meetings of the Board of Directors and the Management Council.

2.2 Composition of the Board of Directors

- 2.2.1 Under our corporate philosophy of Venture Spirit Declaration, which states that "We do not tolerate prejudice on the grounds of race, nationality, gender, educational background,

language, religion, or any other factors. We value people for their ability and merits," human resources with diverse skills, insight, and experience show their abilities at the Company. Upon the appointment of Internal Directors, the Company appoints persons with specialized knowledge of business segments and business administration and with diverse background from within the Group, based on the criteria and selection method unique to the Company.

- 2.2.2 The representatives of the Group's business segments are appointed as members of the Board of Directors to deliberate and decide on material facts concerning the Company and its Group companies.
- 2.2.3 For the appointment of External Directors, persons with a high level of expertise such as lawyers are appointed, thereby realizing balance and diversity in the composition of the Board of Directors as a whole in terms of knowledge, experience and skills.
- 2.2.4 The Company believes that, for the purpose of holding effective discussions while ensuring balance and diversity in terms of knowledge, experience and skills for Group management, the appropriate number of Directors would be up to 19 persons, or up to 7 persons for non-executive Directors who are Audit and Supervisory Committee Members, and has stipulated in the Articles of Incorporation to that effect.

2.3 Roles, responsibilities and composition of the Management Council

- 2.3.1 To strategically and efficiently implement corporate management with agility, the Management Council deliberates and decides on important matters relating to the Company and its Group companies within the scope of authority delegated by the Board of Directors in principle on a weekly basis.
- 2.3.2 The Management Council is comprised of executive directors including the Representative Director, full-time Audit and Supervisory Committee Members and other members of the senior management.

2.4 Structure to support the Board of Directors and the Management Council

- 2.4.1 The Company establishes a secretariat to the Board of Directors and the Management Council to enable sufficient discussions at their meetings.
- 2.4.2 The secretariat has developed an environment in which members of the Board of Directors and the Management Council can participate in deliberation and decision-making from remote locations, including distribution of meeting materials using special tools.
- 2.4.3 The secretariat prepares the annual schedule for the Board of Directors and the Management Council.
- 2.4.4 The secretariat sets an appropriate time for deliberation so that sufficient discussions can be held at the meetings of the Board of Directors and the Management Council.
- 2.4.5 To ensure that sufficient discussion takes place at the meetings of the Board of Directors and the Management Council, the secretariat sends out meeting materials well in advance of the meeting date for the convenience of the attendees.
- 2.4.6 The secretariat provides information required for decision-making by Directors and Audit and Supervisory Committee Members as needed.

2.5 Evaluation of the Board of Directors

The Audit and Supervisory Committee analyzes and evaluates the effectiveness of the Board of Directors in a timely manner to improve the functions of the Board of Directors. Analysis and evaluation is also conducted including the introduction of self-evaluation by Directors

and Audit and Supervisory Committee Members.

2.6 Enhancing supervisory functions of the Board of Directors

The Company moved toward a Company with Audit and Supervisory Committee following a resolution at the Annual General Shareholders Meeting for the fiscal year, 2015, held on March 21, 2016. From the standpoint of improving its corporate governance through the strengthening of supervisory functions of Board of Directors, the Company aims to increase corporate value in the mid- to long-term by using the capacity of External Directors who do not execute business. The Audit and Supervisory Committee, in which External Directors who are independent officers account for the majority of Members, properly audits and oversees the legality and appropriateness of business execution by Directors to realize transparency in management, with the ultimate aim of building a structure that can precisely meet the expectations of all stakeholders. For example, the Company believes that, for the purpose of enhancing the supervisory functions of the Board of Directors, the later approval of the matters to be resolved at Board of Directors meeting would be prohibited, and all directors should be in favor of the later approval even if an exception is to be made, and has stipulated in Article 36 of the Articles of Incorporation of the Company to that effect.

The executive directors have powers over the important business execution, which are restricted under Article 36 of the Articles of Incorporation of the Company, so as to improve the Company's corporate governance through the strengthening of supervisory functions of Board of Directors.

3 Audit and Supervisory Committee

3.1 Roles, responsibilities and composition of the Audit and Supervisory Committee and Audit and Supervisory Committee Members

3.1.1 The role of the Audit and Supervisory Committee, the majority of which consists of External Directors, is oversight of management.

3.1.2 The Audit and Supervisory Committee periodically receives reports from the Internal Audit Office on the implementation status of internal audits and the results thereof, and is authorized to order and/or instruct additional audits as necessary as well as necessary investigations.

3.1.3 The Audit and Supervisory Committee collaborates with the Financial Auditor to audit and oversee the status of execution of duties by Directors and execution of duties of departments in charge of business execution.

3.1.4 The Audit and Supervisory Committee Members attend meetings of the Board of Directors and other important meetings, and as necessary, request reports from departments in charge of business execution to collect information on the status of execution of business of the Company.

4 Directors

4.1 Roles and responsibilities of the Directors

Directors are aware of their fiduciary responsibilities and execute the duties as Directors to increase corporate value in a sustainable manner.

4.1.1 Directors respect the Spirit Venture Declaration.

4.1.2 Directors fully understand the Company's policy to respect compliance, and comply with laws and regulations, the Company's rules, etc.

4.1.3 Full-time Directors are dedicated to their duties as Directors, without having any involvement in commercial activities conducted by competitors or other third parties.

4.1.4 Full-time Directors will not assume the position of director, auditor, executive (*shikkoyaku*) or any other officer or employee of competitors except those approved by the Board of

4.2 Nomination of Directors

Nomination of a Director assumes self-nomination by each individual and is decided by the Board of Directors after sufficient deliberation by all directors including three external directors who are independent officers, taking into consideration factors including the following items: the nominee is capable of embodying the Spirit Venture Declaration; the results of an anonymous questionnaire survey targeted at all Directors of the Group; the quality, attitude, administrative capability, etc. as a member of the senior management and/or a Director. In this anonymous questionnaire survey, all Members of the Board of the Group vote whether to recommend a given person as a candidate for the Board of Directors for the next fiscal year. If this does not fulfill certain requirements, a decision on whether to nominate the given person as a candidate to be reappointed will be made upon consultation with all Members of the Board of the Group.

Nomination of a Director is decided by taking into consideration clear factors established by the Company, and we exclude arbitrariness from the human resource systems pertaining to directors of the Company.

4.3 Training policy

The Company's policy for training to Directors is based on the idea that each Director, as a professional of management, must endeavor to gain necessary knowledge and brush up one's skills at one's individual discretion, and thereby deepen and share knowledge and skills through in-depth discussions at the meetings of the Board of Directors and the Management Council.

Future candidates for Directors are given opportunities for training to gain necessary knowledge and understand the roles and responsibilities required by Directors by such means as attending the meetings and participating in discussions of the Board of Directors and the Management Council. The Company also provides training to each officer by inviting external specialists.

5 Independent Directors**5.1 Roles and responsibilities of the independent directors**

Independent directors, based on their standpoint of independence, fulfill their oversight function over business execution, advisory function and oversight function over conflict of interest matters, and reflect stakeholders' opinions at the meetings of the Board of Directors, in an effort to enhance corporate governance.

5.1.1 Independent directors exchange information and share views on management of the Company with Audit and Supervisory Committee Members.

5.1.2 Independent directors request the provision of information as necessary in order to fulfill their roles.

5.1.3 The status of concurrent positions held by independent directors is stated on the corporate governance report and the Notice of the Annual General Meeting of Shareholders.

5.2 Independence requirements

5.2.1 Independent directors are appointed based on independence requirements stipulated under the Companies Act and independence requirements formulated by the Company.

5.2.2 The independence requirements are formulated by the Board of Directors subject to deliberation by the Audit and Supervisory Committee Members, and are published in the corporate governance report, etc. The details of the independence standards prescribed by the Company can be found in the "Corporate Governance Policy" posted on the Company's website

[Reference] Independence Standards for External Directors

6 Remuneration

6.1 Basic Views on Remuneration Package for Directors

The Company established a remuneration system linked to business performance, the level of achievement of performance targets, and other such factors, based on which the amount of the remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined, the purpose of which is to promote the sharing of common interests with shareholders along with providing an incentive for sustainable growth aiming at overall corporate value improvement.

6.2 Policy on Development of Remuneration Package for Directors

The committee consisting of several Members of the Board who volunteered to become the committee members discuss whether a remuneration package for Directors is a fair compensation structure that places importance on the Company value and the shareholder value or the necessity to revise the current system. All directors including three external directors who are independent officers finalize or revise the system established by the committee that has developed a remuneration package for Directors at the Board of Directors meeting after sufficient deliberation of the results of discussions among the committee members while fully respecting them. All Group companies have also adopted the said remuneration package for Directors. In addition to excluding arbitrariness from the remuneration system to ensure fairness, the annual amount of remuneration for all Members of the Board is disclosed to all officers and employees of the Group, thereby monitoring whether the treatment is fair and based on the professional responsibilities of Directors and the results.

6.3 Remuneration Package for Directors

Base Salary

- 1) Quantitative items for the achievement of each year's performance targets: performance figures such as net sales, ordinary profit, dividend, etc.
- 2) Quantitative items that promote sustainable growth: growth in net sales, ordinary profit, etc.
- 3) Quantitative items the Company has been working on in the mid-term: customer retention rate, employee retention rate, etc.

The base amount of the remuneration by position, the standards of which are established in advance, is decided based on the above three metrics and multifaceted evaluations.

Variable remuneration

The Company has adopted a fair remuneration system based on performance, professional responsibilities, and the results of each Director, by evaluating each Director individually based on action metrics, figures linked to the earnings in the department that a given Director is taking charge of, etc. in accordance with professional responsibilities of the Director in a given fiscal year, and by increasing or decreasing a variable remuneration within a range of 20% above or below the basic remuneration.

6.4 Governance of Remuneration (Involvement of the Board of Directors and the Committee that Develops a Remuneration Package for Directors)

The Company discusses the revision as appropriate, the purpose of which is the right management of a remuneration package for Directors.

6.5 Decision-Making Authority over a Remuneration Package for Directors

For decisions on policies regarding determination on the amount of the compensation, etc. of the

Company's Members of the Board or its computation method, the Committee establishing a remuneration package for Directors designs or discusses the new plan, or develops a proposal for the revision, and the authority for deciding on the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) is delegated to the Board of Directors by the General Meeting of Shareholders. Audit and Supervisory Committee has the authority for deciding on the amount of compensation payable to members of the board of directors who are Audit and Supervisory Committee Members.

7 Internal Control

At the Company, the Board of Directors resolves on the "system for ensuring proper operation of business" prescribed in the Companies Act and the Ordinance for Enforcement of the Companies Act. The overview is provided as follows.

In order to ensure swift execution of business based on appropriate controls, the Board of Directors oversees whether the legality and appropriateness of business execution by Directors and employees and the proper operation of business of the Group are ensured, as well as the structure and operational status of the Group's other compliance and risk management matters.

The details are stated in the "System for ensuring proper operation of business and implementation status of the system" in the Notice of the Annual General Meeting of Shareholders.

8 Financial Auditor

To ensure the reliability of information disclosure and responsibilities with respect to shareholders and investors, the Financial Auditor ensures and provides adequate time for conducting high-quality audits, a structure for collaborating with the Internal Audit Department and Directors who are Audit and Supervisory Committee Members, and access to the senior management.

8.1 The Financial Auditor collaborates with the Audit and Supervisory Committee to secure a structure that enables proper audits.

8.2 The Financial Auditor ensures independence and expertise.

8.3 The Financial Auditor abides by quality control standards required for proper accountings audits.

9 Approach to the Independence of Listed Subsidiaries

The Company owns the following listed subsidiaries: GMO Payment Gateway, Inc.; GMO Cloud K.K.; GMO Pepabo, Inc.; GMO AD Partners, Inc.; GMO Financial Holdings, Inc.; GMO Research, Inc.; GMO TECH, Inc.; and GMO Media Inc.

The Company considers that the basis of group management is the distribution of authority based on the idea that speed is the key to win in the Internet market and speedy management through a flat organization is efficient. Upon making flexible management decisions in each area of expertise and the implementation of speedy management, above listed subsidiaries have built their competitive advantage and raised overall corporate value, leading to growth that is not buried in Group management.

In this regard, by sharing the Venture Spirit Declaration, which is the spirit in which the Group was founded, while respecting the independence of above listed subsidiaries, Directors and employees maintain and enhance awareness of laws and regulations, ethics, etc. on an ongoing basis, as well as generate group-wide synergies, so as to properly return value to minority shareholders as a result of further enhancing the corporate value of the Company.

The Company, as a parent and major shareholder, always remains sufficiently vigilant to the legal compliance system of above listed subsidiaries, and supports and provides advice on certain matters concerning compliance, building an internal control system, etc. if necessary and as appropriate, for the purpose of enhancement of the overall group's corporate value.

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GMO INTERNET

Update on March 20, 2021

Update on March 30, 2020

Update on December 17, 2018

Established on May 9, 2016