

Corporate Governance

Our basic view on corporate governance

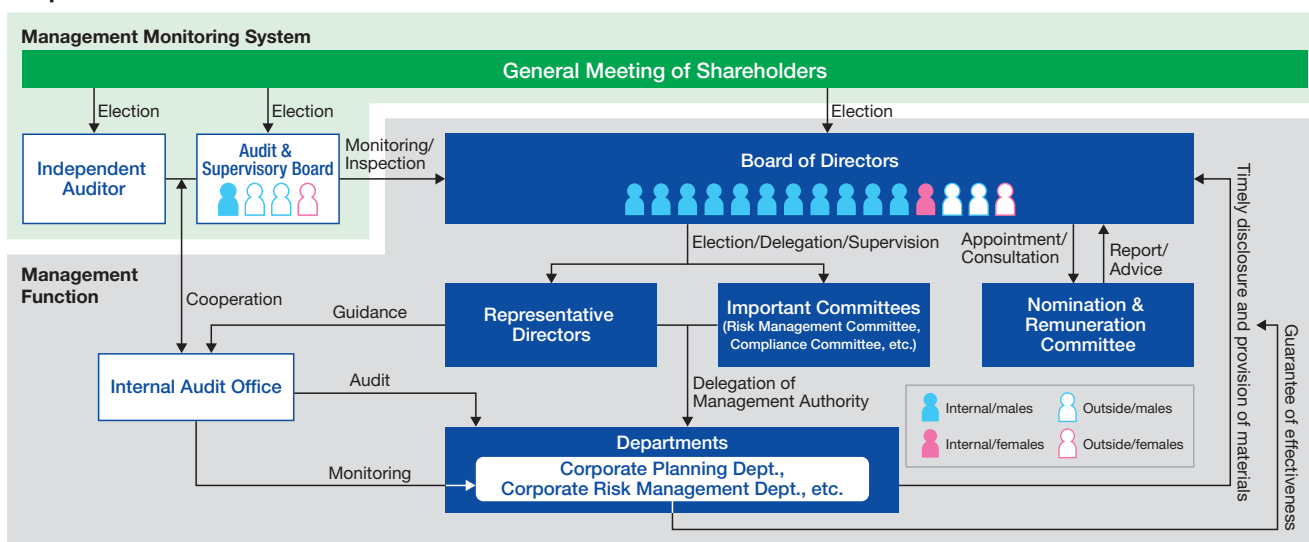
To realize our basic management policy of obtaining the understanding and consent of our shareholders by continuously improving corporate value over time and creating innovative services, the Credit Saison Group is implementing a variety of initiatives to improve and strengthen our corporate governance in recognition of the enormous importance of bolstering management supervisory functions to attain business objectives and enhance management transparency.

◆ For details, please see our Corporate Governance Report
https://corporate.saisoncard.co.jp/esg/governance/pdf/governance_report_1911.pdf

Matters Concerning Composition of Governing Bodies and Organization Management

Governance System	Company with Audit & Supervisory Board Members
Number of directors stipulated by the Articles	25
Term of office for directors stipulated by the Articles	One year
Chairman of the Board of Directors	President
Number of directors (of which are outside Directors)	15 (Three)
Outside directors on the Board	Appointed
Of outside directors, the number who are "independent directors" by the Articles	Three
The number of Audit & Supervisory Board members stipulated by the Articles	Five
Number of Audit & Supervisory Board members (of which are outside Audit & Supervisory Board members)	Four (Three)
Number of outside Audit & Supervisory Board members who are "independent directors"	Three

Corporate Governance Structure



Management/executive system

Credit Saison (the Company) has adopted the Audit & Supervisory Board (ASB) model, with ASB members, for its corporate governance system. To ensure we retain the confidence of our shareholders and other investors, we strive to improve and strengthen corporate governance by nominating outside directors and outside ASB members. The Board of Directors and Nomination & Remuneration Committee receive advice and recommendations from outside directors to ensure the appropriateness of business decision-making. This enables directors, who are well versed in business matters, to maintain and improve management efficiency. In addition, the ASB is

strengthening its management oversight function by coordinating with directors, executive officers and others from the Internal Audit Office and the unit responsible for supervision of internal controls. The Company will introduce an executive office system on March 1, 2020 and aims to further enhance corporate governance by creating an environment in which the Board of Directors can concentrate on management and supervisory functions in order to respond more quickly to changes in the business environment. At the same time, we will be expanding opportunities for the recruitment of management personnel in order to foster the development of the next generation of leaders.

Nomination & Remuneration Committee

As an advisory body to the Board of Directors, the Nomination & Remuneration Committee has five members, the majority of whom are outside directors. The Committee is chaired by the Company's Chairman and CEO, and its members are appointed by resolution of the Board of Directors.

The Committee consults with the Board of Directors about matters related to the appointment and dismissal of directors and the formulation of remuneration policies for directors, deliberates them and submits reports about such matters to the Board of Directors.

*As of June 20, 2019

Corporate Governance

Status of compliance with the Corporate Governance Code

The Credit Saison Group follows all of the principles stipulated in the Tokyo Stock Exchange's Corporate Governance Code with the exception of the following:

Supplementary Principles 4.1 (3) Roles and Responsibilities of the Board (1)

The business environment in which the Company operates has been significantly impacted by advancements in digital technologies, including FinTech, and given the expansion in businesses requiring fresh perspectives, including the establishment of overseas operations, it may not always be appropriate to establish set standards based on one-time discussions for knowledge, experience, and ability required for the Chief Executive Officer (CEO). The Company at present has not formulated specific succession plans for the CEO nor conducted oversight in regard to such at the Board of Directors. The Credit Saison Group intends to review how the Board of Directors can effectively oversee succession plans moving forward, including through the creation of succession plan guidelines in line with the Company's medium- to long-term strategies.

Supplementary Principle 4.3 (2) Roles and Responsibilities of the Board (3)

The business environment in which the Company operates has been significantly impacted by advancements in digital technologies, including FinTech, and given the expansion in businesses requiring fresh perspectives, including the establishment of overseas operations, it may not always be appropriate to establish set standards based on one-time discussions for knowledge, experience, and ability required by the Chief Executive Officer (CEO). The Company at present has not established special procedures or evaluation criteria for appointing its CEO. The Credit Saison Group intends to review procedures for properly appointing qualified CEOs, including through the

creation of succession plan guidelines in line with the Company's medium- to long-term strategies

Supplementary Principle 4.3 (3) Roles and Responsibilities of the Board (3)

The Company at this time has not established special procedures or evaluation criteria for the dismissal of the CEO. However, if a CEO, etc. causes significant damage to the Group, or violates laws, regulations, or the Articles of Incorporation in a manner that merits dismissal, the Board of Directors with the participation of outside directors will deliberate the matter thoroughly before moving to dismiss.

Principle 4.11 Preconditions for Board and Audit & Supervisory Board Effectiveness

In a rapidly changing business environment, the Credit Saison Group believes it is important to improve the value-creation function of the Company by ensuring that the Board of Directors is well balanced in terms of experience, knowledge, and special abilities, and not just in terms of gender or nationality. We have appointed directors with a sufficient level of diversity that are able to effectively respond to business format changes while leveraging our strengths in line with our medium- to long-term strategies. At present, the structure of the Board of Directors does not sufficiently take gender and nationality into account. With the Company's medium- to long-term strategies in mind, we will strive to appoint a diverse range of directors, including in regard to gender and nationality. The Company's independent outside directors are appointed based on the need for human resources with the knowledge necessary to effectively contribute to sustainable growth and the enhancement of corporate value over the medium to long term, including in financial matters such as capital efficiency. Our Audit & Supervisory Board members are appointed based on their experience, abilities, and knowledge in finance, accounting, and legal affairs.

Compliance with the Corporate Governance Code

◆For details, please see the Credit Saison website <https://corporate.saisoncard.co.jp/esg/governance>

The effectiveness of the Board of Directors

Implementation Summary	With the goal of improving the effectiveness of the Board of Directors, the Company implements a self-evaluation-based annual assessment and analysis for all directors and corporate auditors (including retirees before the expiration of their term of office) elected in the previous year. A questionnaire is given to each director and auditor covering the following items, with the Board of Directors conducting discussions based on feedback from the results.
Assessment Items	(1) Composition of the Board of Directors (2) Management of the Board of Directors (3) Roles and Responsibilities of the Board of Directors
Summary of Assessment Results	<ul style="list-style-type: none"> ● We have confirmed that the Board of Directors is operating at a generally proper level, and that the effectiveness of Board of Directors as a whole has been secured. ● Based on the evaluation of the Board of Directors conducted last year, the Company developed rules for preparing Board of Directors materials so that the information necessary for deliberations at Board of Directors meeting can be more easily included, with issues narrowed down on the specification and clarification of risks contributing to greater ease in the making of decisions. ● In recognition of the need to further invigorate discussions related to improving corporate value at the Board of Directors meetings, the Company will strive to improve management in order to further increase effectiveness.

Status of outside officers

Name	Reasons for the appointment of outside Directors and outside Audit & Supervisory Board members	Status of concurrent positions	Attendance status for FY18	
			Board of Directors	Audit and Supervisory Board
Outside Director Kaoru Hayashi	Mr. Hayashi is a founding manager of Internet service company Digital Garage with extensive experience and broad insight in IT, marketing, and FinTech. Mr. Hayashi was appointed with the aim of the Company benefitting from his useful advice on management, delivered from a neutral and objective standpoint.	Representative Director, Digital Garage, Inc. President and Group CEO Chairman of the Board, Kakaku.com, Inc. econext Asia Limited Director President & Chairman	15/18 meetings	
Outside Director Naoki Togashi	Mr. Togashi is a management consultant with extensive experience and broad insight in corporate management, including in areas such as strategic consulting in a wide range of financial fields both in Japan and overseas. He was appointed with the aim of the Company benefitting from his useful advice on management, delivered from a neutral and objective standpoint.	Japan Representative Partner, Oliver Wyman Group Director, Nagahori Corporation. Trustee, Japan Association of Corporate Executives	16/18 meetings	
Outside Director Nana Otsuki	As an analyst with many years spent at domestic and overseas financial institutions, Ms. Otsuki has extensive experience and broad insight in regard to the analysis of financial markets in Japan and overseas. She was appointed with the aim of the Company benefitting from her useful advice on management, delivered from a neutral and objective standpoint.	Executive Officer, Monex, Inc. Professor, Nagoya University of Commerce and Business Graduate School Visiting Professor, Faculty of International Politics, Nishogakusha University Audit & Supervisory Board Member, Tokio Marine Holdings, Inc.	18/18 meetings	
Outside Audit & Supervisory Board member Munehiro Harada	With many years of experience at the National Police Agency, Mr. Harada has served in senior law enforcement positions, including as the chief of numerous Prefectural Police Headquarters. He has not been directly involved in the management of a company, but has experience in organizational management and crisis management. He was appointed to provide a neutral and objective outlook on the legalities of management actions.			
Outside Audit & Supervisory Board member Hiroaki Igawa	Working for many years in the Ministry of Finance and the Tokyo Regional Taxation Bureau, Mr. Igawa has served as the Director General of the Kyushu Local Finance Bureau and as a Taxation Department General Manager. He has extensive experience and broad insight in accounting and finance, and while he does not have direct experience in corporate management, he possesses the ability to conduct objective and neutral audits.			
Outside Audit & Supervisory Board member Chie Kasahara	With many years of service as a lawyer, Ms. Kasahara has a wealth of experience and broad insight into the law, and has played an important role in the audits focused on corporate governance and the legality of duties executed by the Company's Board of Directors. While she does not have direct experience in corporate management, she was appointed based on her ability to provide objective and neutral audits.	Senior Partner, Atsumi & Partners (currently Atsumi & Sakai)	18/18 meetings	13/13 meetings

Strengthening the compliance and risk management systems

In order to keep improving our corporate value, we identify the enhancement of corporate governance as a key management initiative. To this end, we are improving our internal control systems, strengthening our risk management framework, and fully adhering to compliance requirements.

In establishing internal control systems, the Board of Directors decides on basic policies for such, with the aim of building systems that ensure appropriate and efficient operations mainly in the Corporate Planning Department, the unit responsible for overseeing internal controls. As for internal controls on financial reports, the Corporate Risk Management Department leads the way in promoting the proper functioning of internal controls in the Company and at our consolidated Group companies, while the Internal Audit Office carries out independent monitoring.

Regarding risk management, the Risk Management Committee and Corporate Risk Management Department lead the way in preventing risks from materializing and in working to minimize the effects on the Company when they do arise. Accordingly, we strive to maintain our risk management framework by holding regular internal training sessions for employees in accordance with "risk management rules," "rules concerning loss risk management," and "crisis management rules." With respect to

various issues within the Group and matters of control that pose serious risks, the Group Strategy Office of the Corporate Planning Department leads the way in monitoring business execution at Group companies and sharing information with management departments of Group companies.

As for our compliance system, our Compliance Committee and Corporate Risk Management Department have been established to ensure legal compliance, fairness, and ethical standards in our corporate activities. In addition to assigning compliance responsibilities to employees in each department, we issued a declaration on how the Company should conduct its activities and are strengthening our compliance system by making sure employees know about our compliance help desk, holding compliance training sessions, and distributing a pamphlet outlining rigorous adherence to the Company's standards of conduct, which sets out how directors, executive officers, and employees should conduct themselves.

We will continue to study approaches to management that best suit the Credit Saison Group in light of global trends in corporate governance and our basic policies for ensuring the proper functioning of internal controls.

Corporate Governance

Remuneration for directors and audit & supervisory board members

About Director Remuneration

Credit Saison has established the Director Remuneration Rules in the Board of Directors as the policy for determining the amount for director remuneration, etc., and the calculation method thereof. The director remuneration system is composed of "basic remuneration," which is determined separately for each director based on a remuneration standard corresponding to his or her position and management responsibility level and includes remuneration used to purchase the Company's shares as a long-term incentive, and of "variable remuneration (bonuses)," which is calculated based on the results of the mutual evaluation made by all directors regarding the Company's performance for the individual fiscal year and the degree of contribution (including future growth strategies) each director has made to the Company's performance (outside directors only receive fixed remuneration).

In order to increase corporate value, variable remuneration (bonuses) uses the growth rate for non-consolidated ordinary income (excluding transient factors, etc.) as one of the quantitative performance indicators. In addition, the results of the evaluation made by all directors, including the recipient directors, regarding the degree of contribution each director has made to the Company's performance is used as a qualitative performance indicator.

Variable remuneration (bonuses) is calculated by multiplying the performance-linked factor for the quantitative indicator compared with the standard amount for each position (the year-on-year quantitative performance indicator) and the performance-linked factor for the qualitative evaluation (generally 80% - 130%). The performance-linked factor for the quantitative indicator during the year under review was 95%.

The composition ratio for remuneration is generally 80% for basic remuneration (including remuneration used to purchase the Company's shares as a long-term incentive) and 20% for bonuses, where the ratio of bonuses varies in accordance with the Company's performance, etc. Remuneration for Audit & Supervisory Board (ASB) members consists entirely of fixed remuneration, where the amount of remuneration for each ASB member is determined through consultation among the ASB. This amount falls within the total amount approved by the General Meeting of Shareholders.

For the total amount of the calculation method-based remuneration for directors, outside directors and ASB members, resolutions were approved at the 57th ordinary general meeting of shareholders held on June 23, 2007 to

cap annual remuneration for directors at ¥750 million (annual remuneration for outside directors capped at ¥50 million) and cap annual remuneration for ASB members at ¥150 million (salaries paid to executive directors for their work as employees are not included in the remuneration caps).

The amount paid to each director is determined individually by the Company's Chairman and CEO, who is delegated to do so by the Board of Directors, within the scope delegated by Board of Directors resolution and in compliance with the Director Remuneration Rules.

Credit Saison resolved to establish a Nomination and Remuneration Committee as a voluntary advisory committee at the Board of Directors meeting held on June 7, 2019, in the following manner. In regard to director remuneration for FY2020 (the 71st period), this committee will report on the following matters based on the submission by the Board of Directors.

- Resolution of General Meeting of Shareholders regarding election/dismissal of directors
- Formulation of the remuneration policy and the individual remuneration package of directors
- Other matters raised by the Board of Directors
- Formulation, amendment or abolition of basic policies that are necessary for deliberation of matters stated above
- Other matters deemed necessary by the committee

The total amount of remuneration for FY2018 under review for different classifications of directors and ASB members, along with sub-totals for different types of remuneration, are shown below.

Classification	Total remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)		Number of people
		Basic remuneration	Bonuses	
Directors (Excluding outside directors)	497	384	113	15
ASB members (Excluding outside ASB members)	4	4	-	1
Outside directors	24	24	-	3
Outside ASB members	26	26	-	3

Notes: 1. The total amount of remuneration paid to directors does not include employee salaries in the case of employees who serve concurrently as executive directors.
 2. As of March 31, 2019, the Company had 15 directors and three ASB members.
 3. Basic remuneration includes amounts used to purchase the Company's shares (contribution to shareholders' association made up of directors).

Name, classification, total remuneration (consolidated) and total amount of remuneration (consolidated) by type of each director, outside director and ASB member

We omitted listing individuals as there were no directors, outside directors or ASB members whose total remuneration exceeded ¥100 million.

Dialogue with Shareholders and Investors (IR activities)

Credit Saison endeavors to convey corporate information to all shareholders and investors in a prompt, fair, and easy to understand manner for the purpose of sustained growth and greater corporate value, and strives to expand the scope of disclosed information. Briefings are held twice a year (second quarter and fourth quarter) for institutional investors and sell-side analysts, during which time the representative director provides financial summary, management strategy, and sales progress reports for the

year under review. Moreover, as of September 30, 2019, approximately 38% of the Company's issued shares were held by foreign shareholders. Given this, Credit Saison strives to build active, ongoing relationships through face-to-face meetings at conferences that are also attended by investors from abroad, conference calls, and other IR activities targeting overseas-based investors.

Results of IR Activities in FY2018

Financial Results Briefing	2
Individual meetings with sell-side analysts/institutional investors	190
Securities company organized conferences	4

General Meeting of Shareholders

In order to ensure shareholders have sufficient time to consider resolutions, Credit Saison sends the convocation notice prior to the date specified by law (at least two weeks before the General Meeting of Shareholders date) and discloses such on the Company's website and TDnet.

69th Ordinary General Meeting of Shareholders (held June 20, 2019)

Participating shareholders	112
Ratio of voting rights exercised	83.6%



Website "IR Information"

Credit Saison discloses detailed IR information to all shareholders, investors, and other stakeholders on the website. We will continue to strive to disclose timely, impartial information.

For details, please visit our website

<https://corporate.saisoncard.co.jp/ir/>



Delivery of "Business Reports" to Shareholders

Credit Saison mails "Business Reports" to shareholders twice a year, at the end and middle of the period, to report developments in the Company's performance for each half, as well as our initiatives and vision for the future, in an easy to understand manner.

For details, please visit our website

https://corporate.saisoncard.co.jp/ir/business_report/