



### Toward a Highly Transparent Corporate Management

Accordia Golf believes that its corporate governance system should aim to maximize enterprise value through management that is sound, transparent and efficient, in addition to responding to the trust placed in the Company by its shareholders, customers, employees and other stakeholders.

#### Execution of Operations

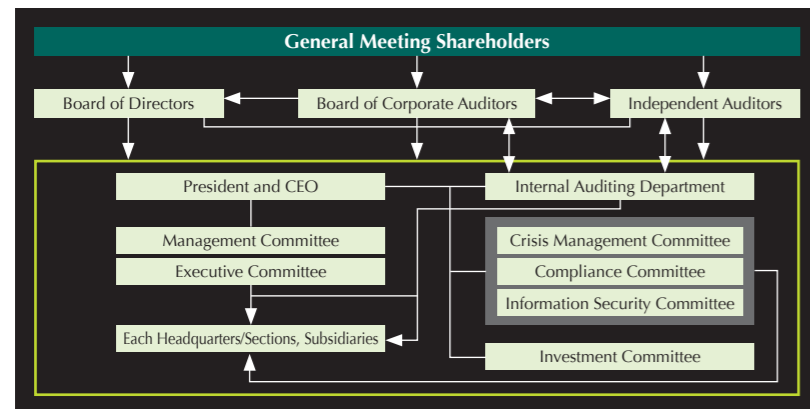
The Company has adopted a system of executive officers. This is aimed at realizing speedy decision-making and operational execution through separation of management decision-making and oversight functions from management execution functions. In this way, the Company strives to enhance its management soundness and efficiency. In addition, through the appointment of outside directors and outside corporate auditors, the establishment of a management committee and cooperation among corporate auditors, the Internal Auditing Department and the independent auditors, the Company is striving to strengthen supervisory functions and enhance management transparency. The Group has carried out a wide range of organizational restructuring measures through which it has established its current structure, comprising the Company, which exercises management control over the Group, and its

consolidated subsidiaries, which own and manage golf courses and golf driving range operations. To reinforce overall Group management supervisory functions, directors of consolidated subsidiaries in principle serve concurrently as directors of the Company.

#### Board of Directors

The Board of Directors exercises decision-making authority over the Company, and oversees the execution of the directors' duties. As of March 31, 2011, the Board of Directors comprised seven members. In addition, three of these members are external directors appointed to reinforce supervisory functions. To enable rapid decision-making regarding investments, the Company has adopted a system of special directors. Three special directors have been designated, and pursuant to Article 362, Paragraphs 4-1 and 4-2 of the Corporation Law of Japan, the special directors are authorized to pass resolutions regarding the acquisition of golf courses and driving ranges up to a predetermined maximum monetary amount. Meetings of the Board of Directors are normally held once a month. The corporate auditors attend meetings of the Board of Directors and voice opinions as necessary.

As provided in the Securities Listing Regulations of the Tokyo Stock Exchange, Accordia Golf appoints three outside directors as independent directors for whom there is no possibility of a conflict of interest with general shareholders regarding decision-making and other duties.



#### Outside Directors

Table with 2 columns: Name (Former Affiliation) and Reason(s) for Appointment. Rows include Seiichi Kanise, Isao Sawada, and Noriyuki Katayama.

#### Board of Corporate Auditors

The Company appoints corporate auditors and has established a Board of Corporate Auditors. As of March 31, 2013, there were four corporate auditors, all appointed from outside the Company, including one full-time corporate auditor and three part-time corporate auditors. As provided in the Securities Listing Regulations of the Tokyo Stock Exchange, Accordia Golf appoints three outside directors as independent directors for whom there is no possibility of a conflict of interest with general shareholders regarding decision-making and other duties. The Board of Corporate Auditors determines auditing policies, methods and division of duties, and produces audit reports based on reports from each corporate auditor on the audit situation and discussions within the Board of Corporate Auditors. The corporate auditors attend meetings of the Board of Directors, the Management Committee and other important internal meetings, and hold regular liaison meetings with the representative directors. The corporate auditors also receive reports on business operations from directors and conduct on-site audits of golf courses and driving ranges in carrying out audit functions covering the overall management of the Group. The role of the Board of Corporate Auditors is to enhance the effectiveness and efficiency of auditing activities. The Board works closely with the Internal Auditing Department and independent accounting auditor, from whom it receives reports on the planning, implementation and results of audits. The Board holds discussions with the Internal Auditing Department and independent accounting auditor periodically, as well as on an as-needed basis.

#### Message from a Corporate Auditor

Tsuneo Taida
Standing Corporate Auditor



All four of the Company's corporate auditors are independent and external auditors, who audit the execution of business by directors. Each year, the corporate auditors have six regularly scheduled meetings with the president and representative directors. In addition, we attend important meetings, providing directors with recommendations and advice and clearly expressing opinions, seek to enhance the management supervisory function and construct and monitor the operating status of the internal control system. Through on-site audits conducted in cooperation with the Internal Auditing Department, we (the corporate auditors) work to supervise and verify the execution of operations by directors, who manage subsidiaries that run golf courses and golf driving ranges. From an overall management perspective, we corporate auditors also work to recognize and deepen our understanding of management issues. We strive to implement preventative audits and work to grasp the changes that are occurring in our operating environment.

Table with 2 sections: Successes during the Year under Review and Tasks Ahead. Lists various achievements and future goals.

#### Outside Corporate Auditors

Table with 2 columns: Name (Former Affiliation) and Reason(s) for Appointment. Rows include Tsuneo Taida and Masaharu Mikazuki.



Name (Former Affiliation)	Reason(s) for Appointment
<b>Matahiro Daisai</b> (Originally in the Ministry of Finance, National Tax Agency, etc.; currently director of LifeNet Insurance Company)	Mr. Daisai has studied tax accounting and auditing at the National Tax College and the Financial Research Center and is currently a professor in this field at Yokohama City University. Therefore, he is well qualified to apply his high level of knowledge in financial accounting to auditing-related matters.
<b>Masaru Kuraguchi</b> (Asahi Breweries, Ltd.)	Mr. Kuraguchi has extensive experience as an executive officer of a company. Therefore, he is well qualified to apply his high level of knowledge to auditing matters.

## Outside Director and Auditor Support

Necessary information is passed on to the outside directors and outside auditors by each division as appropriate. The necessary materials are explained in advance of important meetings, including meetings of the Board of Directors and Management Committee.

### Meetings (Times)



## Director and Auditor Compensation

In the fiscal year ended March 31, 2011, the Company's directors and auditors received the following compensation.

	Number	Remuneration
Directors	6	¥174,015 thousand
External directors	3	¥12,825 thousand
External auditors	5	¥26,373 thousand

Note: The above figures include a director and a corporate auditor who announced their retirement at the end of the 31st Regular General Meeting of Shareholders held on June 25, 2010.

## Stock Options

The Company grants stock options to internal directors (with some exceptions) as a medium- and long-term incentive. Stock options are also granted to executive officers (with some exceptions) and employees (including employees of subsidiaries, with some exceptions).

## Management Committee and Executive Committee

To ensure flexible and transparent management, the Company has established a Management Committee, consisting of executive officers working under the

president. The committee discusses management policies and strategies, as well as important matters to be discussed at Board of Directors' meetings. The Executive Committee, consisting of executive officers, discusses and reports on important matters related to the execution of duties by management. The corporate auditors attend meetings of the Management Committee and Executive Committee, and take part in the discussion as appropriate.

## Internal Auditing

To ensure its independence, the Internal Auditing Department reports directly to the president and has its own staff of eight. The Internal Auditing Department audits the Group's business locations, including premises of subsidiaries and divisions of the head office, in accordance with the internal audit plan. After completion of the internal audit, it promptly produces an audit report, which is then reported to the president and corporate auditors. The department supervises the remedy of any problems identified at audited divisions and subsidiaries.

## Independent Accounting Auditors

Accordia Golf contracts Deloitte Touche Tohmatsu as its independent accounting auditor. The Company receives from the independent accounting auditor briefings on the Company's annual audit plans and auditing system, as well as on the Company's quarterly review and fiscal year-end audits and any important matters related to those audits. Apart from the regular briefing meetings, the Company's auditors meet with the independent accounting auditor to discuss important matters as appropriate.

## Annual General Meeting and Voting Status

In addition to sending annual shareholder meeting convocation materials three weeks in advance, Accordia Golf schedules its annual shareholders' meeting (AGM) to avoid scheduling conflicts with the high concentration of other Japanese company AGMs. At the Annual General Meeting of Shareholders held on June 29, 2011, 11,938 shareholders voted their proxies, representing a voting rights exercise ratio of 63.2%.

Annual General Meeting of Shareholders (Calendar year)				
	2011	2010	2009	2008
• Meeting date	June 29	June 25	June 29	June 27
• Length	1 hr, 45 mins	2 hrs	1 hr, 43 mins	2 hrs
• Attendees	291	500	568	401
• Questions	16	19	15	18
• Proxy vote ratio	63.2	82.0	78.3	69.4
• Invitation mailing date	June 6 (23 days' notice)	June 4 (21 days' notice)	June 8 (21 days' notice)	June 8 (19 days' notice)

## Board of Directors



**Michihiro Chikubu**  
President,  
Chairman of the Board and  
Chief Executive Officer  
Born 1950.  
President and  
Chief Executive Officer  
since 2003.



**Ryusuke Kamata**  
Representative Director,  
Member of the Board,  
Senior Executive Vice President,  
and Special Assignment  
Born 1947.  
Senior Executive Vice President  
since 2005.



**Ichiro Akimoto**  
Member of the Board and  
Senior Managing Executive Officer,  
General Affairs and Personnel and  
Investor Relations  
Born 1958.  
Member of the Board  
since 2002.



**Takabumi Suzuki**  
Member of the Board and  
Executive Officer,  
Finance and Accounting  
Born 1969.  
Member of the Board  
since 2010.



**Seiichi Kanise**\*1, \*3  
External Member of the Board  
Born 1950.  
Member of the Board  
since 2006.



**Isao Sawada**\*1, \*3  
External Member of the Board  
Born 1941.  
Member of the Board  
since 2006.



**Noriyuki Katayama**\*1, \*3  
External Member of the Board  
Born 1964.  
Member of the Board  
since 2006.

## Corporate Auditors



**Tsuneo Taida**\*2, \*3  
Standing Corporate Auditor  
Born 1941.  
Corporate Auditor  
since 2005.



**Masaharu Mikazuki**\*2, \*3  
Corporate Auditor  
Born 1946.  
Corporate Auditor  
since 2008.



**Matahiro Daisai**\*2, \*3  
Corporate Auditor  
Born 1951.  
Corporate Auditor  
since 2008.



**Masaru Kuraguchi**\*2, \*3  
Corporate Auditor  
Born 1945.  
Corporate Auditor  
since 2010.

## Corporate Executive Officers

### Managing Executive Officers

Takashi Niino  
Kenichi Ito  
Fumio Hattori  
Hiroji Taniguchi  
Motoo Michida

### Executive Officers

Sadanori Nonaka  
Eisei Ikemoto  
Toru Nakamura  
Yoshihiko Machida  
Yuzo Sato

Masahiro Obata  
Junichi Koyama  
Keiji Kawasaki  
Kazuhiro Endo  
Katsuyuki Sugita

\*1 External Member of the Board under the Companies Act Article 2 (XV)  
\*2 External auditor under the Companies Act Article 2 (XVI)  
\*3 Three Directors (External) and four Corporate Auditors (External) satisfy the requirements for independent officers as specified in Article 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.



# INTERNAL CONTROL SYSTEM AND POLICY



Accordia Golf operates an internal control system to ensure that its directors and employees comply with laws, regulations, and the Articles of Incorporation in the execution of their duties, and to ensure the appropriateness of other business activities. The Company constantly strives to improve its system of internal controls through a variety of measures, as shown below.

## 1. System for storing and managing information related to the execution of duties by the directors

In accordance with relevant laws and Company internal rules covering the management of documents, documents shall be recorded, on paper or electronically, relating to the execution of duties by the directors (minutes of meetings of the Board of Directors, minutes of meetings of the Management Committee, approval documents for which directors must provide final approval, etc.) and these documents shall be stored and managed. In the event that a corporate auditor or person with the appropriate authority to view these documents makes a request, the system can deal with such requests appropriately.

## 2. Risk management rules and system

The Crisis Management Committee, Compliance Committee and Information Security Committee were established in accordance with resolutions of the Board of Directors. Principally, these three committees consider policies and responses to potential corporate risks, including natural disasters: both for risk prevention and subsequent to the occurrence of a risk event. These committees shall establish systems for appropriately responding to risks. In particular, since the Company holds a large quantity of personal information, as a policy for avoiding the risk of personal information leaks, the Information Security Committee shall formulate document management rules, a document management manual and other related rules, and shall formulate compliance programs relating to personal information and information security. By implementing such programs, the Group shall pursue the reinforcement of its internal information management systems. In the event of an unexpected contingency which may have a significant effect on the Group's management, a Crisis Response Headquarters headed by the president is immediately established. As necessary, collaboration shall be initiated with outside specialists, such as attorneys and accountants, and a response structure shall be rapidly deployed.

## 3. System to ensure that the execution of duties by the directors is carried out efficiently

- (A) The Company shall appoint outside directors and reduce the total number of directors to expedite decision-making by the Board of Directors and strengthen management supervisory functions.
- (B) The Company shall adopt a system of executive officers to be responsible for the execution of

business operations. Authority for the execution of business operations shall be delegated to the executive officers and execution responsibilities shall be clarified. Through this arrangement, the directors' management supervisory function shall be separated from the execution of business operations.

- (C) The Board of Directors shall, in principle, convene on a monthly basis. Through the adoption of the special director system, decisions regarding the disposal or transfer of important assets shall be carried out expeditiously. In particular, this shall apply to such transactions as golf course acquisitions, for which rapid decision-making is required.
- (D) To maintain management agility and transparency of the decision-making process, a Management Committee is established under the president. Matters to be discussed by the Board of Directors, such as important transactions for the Group, and matters relating to management policies and strategies shall be deliberated on by the Management Committee at least once per month or as necessary, and subsequently sent to the Board of Directors for final decision-making.
- (E) The execution of business operations based on decisions of the Board of Directors shall be performed in accordance with prescribed procedures by the executive officers assigned responsibility and the general managers of business divisions, under the leadership of the president. This shall be done in compliance with the Company's organizational rules, rules regarding the division of duties, management authority rules and other internal rules.

## 4. System to ensure that the execution of duties by directors and employees complies with the relevant laws and Articles of Incorporation

The Company has established the following system.

- (A) The Company shall formulate a corporate code of conduct and clarify ethics of corporate behavior. A corporate behavior manual shall be produced and guidelines shall be established.
- (B) The Company has established the Internal Auditing Department, which reports directly to the president and corporate auditors. The Internal Auditing Department conducts regular audits to ensure that the Company's management is being conducted appropriately and in accordance with laws, the Articles of Incorporation and internal rules, and to

confirm whether the internal control system is functioning effectively. Internal audits are conducted on the Company and Group companies based on predetermined audit policies and the audit plan.

- (C) With regard to the legal compliance, risk management and internal control situations, the outside corporate auditors, who have extensive experience and insight relating to corporate administration, conduct accurate business audits while maintaining independence from senior management.
- (D) The Company aims to enhance its supervisory functions regarding the execution of duties by directors by appointing outside corporate auditors to serve consecutive terms.
- (E) The Company's directors, executive officers and employees shall comply with the Company's compliance policy (charter of corporate behavior and corporate code of conduct). The Company has established a Compliance Committee directly reporting to the president with the aim of supporting and leading the implementation of robust compliance practices.
- (F) The Company shall establish an internal compliance reporting (whistleblower) system that may be used by directors, executive officers and employees for reporting compliance breaches or discussing related matters. This system shall include the establishment of a hotline handled by an outside attorney.
- (G) To prevent damage caused by criminal groups, the Company shall formulate a manual relating to this issue based on the president's declaration regarding the elimination of influence by such groups. The Company shall cooperate with the police and other authorities in a concerted organizational effort to combat any influence by criminal groups.

## 5. System to ensure that the business operations of the group are conducted appropriately

- (A) The Group is managed in accordance with the Company's rules for managing associated companies.
- (B) The Company and its subsidiaries have a common charter of corporate behavior and aim to develop awareness throughout the Group of the importance of acting in accordance with this charter.
- (C) The Company's internal compliance reporting (whistleblower) system shall also be available for use by the directors and employees of subsidiaries.
- (D) When engaging in business transactions with the parent company or implementing other measures where there is the possibility that the interests of the parent company shareholders and the interests of other shareholders conflict in a material way, approval shall be sought from the Board of Directors to harmonize the interests of all shareholders.

## 6. Matters relating to employees assigned as support staff for the corporate auditors upon such request by the corporate auditors

At least one employee shall be assigned as support staff for the corporate auditors.

## 7. Matters relating to employees assigned as support staff for the corporate auditors upon such request by the corporate auditors

The Company shall report in advance to the Board of Corporate Auditors any matters relating to changes in personnel assigned as support staff for the corporate auditors or other personnel matters relating to such assigned staff (evaluations, disciplinary measures, etc.). The Board of Corporate Auditors may as necessary offer its opinions to the director responsible for human resources. In such cases where the Board of Corporate Auditors makes an approach to the director responsible for human resources, the director shall pay serious attention to such opinions.

## 8. System relating to reporting by directors and employees to the corporate auditors and other reporting to the corporate auditors

- (A) In addition to those matters stipulated by law, the directors, executive officers and employees shall promptly report those matters listed below to the corporate auditors.
  - Important matters that affect the entire Company
  - Internal audits carried out by the Internal Auditing Department
  - The content and status of reports made under the Company's internal compliance reporting (whistleblower) system
- (B) In cases where the directors, executive officers or employees receive a request from the corporate auditors for a report concerning the execution of business operations, those parties receiving such a request shall promptly report on the matters concerned.

## 9. System to ensure that other audit functions of the corporate auditors are carried out effectively

The representative directors and corporate auditors shall hold regular liaison meetings. In cases where the corporate auditors deem it necessary as part of the execution of their duties, a system shall be established to collaborate with outside specialists, such as attorneys and accountants.

## 10. Basic stance and preparation status for eliminating antisocial forces

In an initiative supervised by the General Affairs and Personnel Department, the Company has assigned a total of 88 personnel from the headquarters and other business operations to handle responsibility for preventing unjustifiable claims. When such a claim is received, the General Affairs and Personnel Department centrally compiles the relevant information and shares it with advisory lawyers as appropriate before initiating a response. In addition, the Company has formulated a compliance policy, as well as an "Antisocial Force Countermeasures Manual" and other manuals. The Company has also joined *Tokubouren* (a special public interest incorporated association set up within the Tokyo Metropolitan Police Department to prevent violence) and other violence-prevention associations in various regions, and uses such opportunities to share information and train responsible personnel.