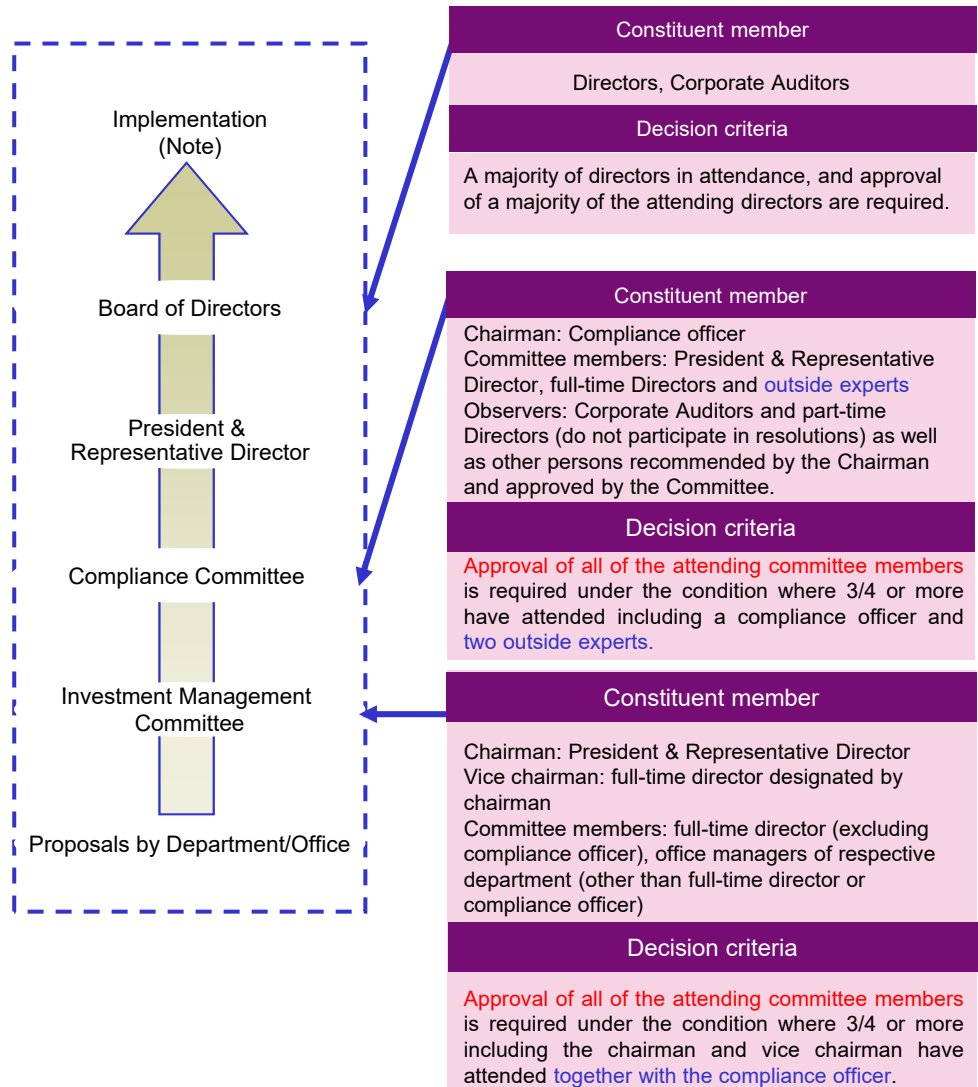


Build robust compliance and internal audit systems by systematically ensuring multiple check functions based on the basic policy for building internal control systems



## Compliance system

- Develop a compliance system as the most important management issue based on the basic policy concerning compliance.
- Achieve comprehensive compliance by establishing a Compliance Officer and a Compliance Department.
- The Compliance Committee, including outside experts, deliberates on Conflicts of Interests Transaction (Note).
- The Compliance Officer attends the Investment Committee meeting and checks for compliance issues.
- Appointed a person to be in charge of efforts to prevent improper requests and exclude anti-social forces.

## Internal audit system

- Establish PDCA cycle for improving operations in each department/office by systematically implementing the internal audit every fiscal year based on the annual internal audit plan.
- Utilize external consulting entity to secure independence of internal audit and obtain an extremely effective internal audit.

(Note) Interested party transactions that meet a certain criteria must gain approval of Hankyu Hanshin REIT's Board of Directors' Meeting.