

Marine Eco-Label Japan Council Supervisory Audit Regulations

Article 1. Purpose

The purpose of these Regulations is to establish basic matters concerning the Supervisory Audit by the Audit & Supervisory Board Members at the Marine Eco-Label Japan Council (the “MEL Council” hereinafter). Supervisory Audits shall be performed pursuant to the provisions of laws, regulations, the Statutes of the Marine Eco-Label Japan Council (the “Statutes of the MEL Council” hereinafter), and these Regulations.

Article 2. Basic Concept

The Audit & Supervisory Board Members comprise an independent organizational body with separate responsibilities from the directors and shall contribute to the development of and performance of social responsibilities by the MEL Council by striving to enhance the sound operation and social trust for the MEL Council by performing Supervisory Audits from a fair and unbiased position.

Article 3. Duties of Audit & Supervisory Board Members

1. The Audit & Supervisory Board Members shall monitor the performance of duties by the directors and must promptly report to the Board of Directors when a fact that indicates lack or likely lack of eligibility to perform duties by a director, or a fact that is conspicuously inappropriate is identified.
2. The Audit & Supervisory Board Members may request a director or secretariat staff for a business report or examine the business and status of assets of the MEL Council at any time.
3. In case the Audit & Supervisory Board Members are to perform their duties in above two Paragraphs, the directors and secretariat staff are to cooperate.

Article 4. Supervisory Audits of Business Report and Financial Results

The Audit & Supervisory Board Members shall perform Supervisory Audits in the preceding Article, as well as inspection on the business report and financial results for each business year.

Article 5. Supervisory Audit Method

Supervisory Audit methods shall include examinations, reviews, on-site inspection, and hearing of reports.

Article 6. Meeting Attendance

1. The Audit & Supervisory Board Members shall attend General Membership Meetings and Board of Directors Meetings, and, when it is considered necessary, state their opinions.

2. In case the Audit & Supervisory Board Members cannot attend the meetings in the preceding Paragraph, they may promptly receive a report on the agenda, etc. from the President.

Article 7. Request for Calling the Board of Directors' Meeting

The Audit & Supervisory Board Members may, when it is considered necessary, request the President to convene a Board of Directors' meeting, or convene such meeting themselves.

Article 8. Demand for Suspension

The Audit & Supervisory Board Members may, in case a director engages in or is likely to engage in an act that is out of scope of the purpose of the MEL Council, or other acts that violate the laws and/or the Statutes of the MEL Council; and such act is likely to result in substantial damage to the MEL Council, demand such director to suspend such act.

Article 9. Duty to Report to the General Membership Meeting

The Audit & Supervisory Board Members shall examine the agenda and documents, etc. to be submitted to the General Membership Meeting, and in case a matter that violates the laws and/or the Statutes of the MEL Council or a matter that is conspicuously inappropriate is deemed to be present, must report the result of such examination and the treatment of such matter to the General Membership Meeting.

Article 10. Duty of Explanation to the General Membership Meeting

In case Audit & Supervisory Board Members are requested to provide explanation on a specific matter by a member at the General Membership Meeting, the Audit & Supervisory Board Members must provide necessary explanation in accordance with the proceedings of the meeting.

Article 11. Supervisory Audit Report

1. Audit & Supervisory Board Members shall prepare a Supervisory Audit Report in accordance with the provisions of the laws after performing an inspection on the business report and financial results. If there is a difference in opinion between the Audit & Supervisory Board Members, individual opinions shall be stated.
2. The Supervisory Audit Report in the preceding Paragraph shall state the date when the report was prepared, and the Audit & Supervisory Board Members shall affix their name and seal on such report.
3. Audit & Supervisory Board Members shall submit the Supervisory Audit Report in the preceding Paragraph to the President.

Article 12. Improvement Measures

1. In case the Audit & Supervisory Board Members report matters that require correction or improvement on the Supervisory Audit Report, the Board of Directors must promptly implement corrective or improvement measures.
2. Subsequent to implementation of the corrective or improvement measures in the preceding Paragraph, the Audit & Supervisory Board Members shall perform another Supervisory Audit where necessary.

Article 13. Revision of the Regulations

Revision of these Regulations shall be made subject to unanimous agreement by the Audit & Supervisory Board Members and reported to the General Membership Meeting and the Board of Directors Meeting.

Supplementary Provisions

These Regulations shall become effective as of March 24, 2017.

Sample Form

Supervisory Audit Report

MM/DD/YYYY

To President Naoya Kakizoe
Marine Eco-Label Japan Council

Audit & Supervisory Board Member XXXX
Audit & Supervisory Board Member: XXXX

We hereby report the result of our Supervisory Audit regarding the performance of duties by the Directors and the business report and financial results of the Marine Eco-Label Japan Council (the “MEL Council” hereinafter) for fiscal year 20XX pursuant to the provision of the Statutes of the Marine Eco-Label Japan Council (the “Statutes of the MEL Council” hereinafter).

1. Method and Contents of the Supervisory Audit

We attended the General Membership Meeting and the Board of Directors Meeting, received reports on the status of performance of duties by the Directors, etc., requested explanation as necessary, reviewed significant authorization documents, etc., and inspected the status of business and assets.

2. Result of the Supervisory Audit

- (1) There were no unlawful acts or material facts in violation of laws or regulations and the Statutes of the MEL Council in relation to the performance of duties of the Directors.
- (2) The business report and its supporting documents correctly represent the status of the MEL Council in accordance with the laws and the Statutes of the MEL Council.
- (3) Financial statements and its supporting documents appropriately represent the status of the assets and profit and loss of the MEL Council.
- (4) Resolution of the General Membership Meeting and Board of Directors Meeting on the establishment of necessary systems to ensure performance of duties by the MEL Council was appropriate, and we have made no findings that must be reported concerning the status of operation of the system.