

[Translation of the Corporate Governance Report filed with the Tokyo Stock Exchange on October 2, 2015]

This document is a translation of the Japanese language original prepared solely for convenience of reference. In the event of any discrepancy between this translated document and the Japanese language original, the Japanese language original shall prevail.

Corporate Governance Report

Last Update: October, 2, 2015

Internet Initiative Japan Inc.

Company representative: Eijiro Katsu, President and Representative Director

Contact: Akihisa Watai, Managing Director and CFO

Tel: +81-3-5205-6500

Securities Code: 3774

<http://www.ij.ad.jp/en/>

The corporate governance of Internet Initiative Japan Inc. (the “Company”) is described below.

I. Basic Policy on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Policy

The Company recognizes the importance of enhancing corporate governance to achieve its mission of supporting and operating Internet which has become necessary social infrastructure and to consistently enhance our corporate value. The Company has social responsibilities towards a wide range of stakeholders including shareholders, customers, employees and the entire Internet users. Considering the importance of the Company’s influence on society, the Company thinks it’s necessary to strive to obtain understandings of various stakeholders.

The Company's Board of Directors consists of 13 directors, including 5 outside directors and the Company's Board of Company Auditors consists of 4 company auditors, including 3 outside company auditors. Further, the Company has an Internal Auditing Office consisting of 3 members, including a general manager. The Company adopted the executive officer system with an aim to further enhance its corporate governance by separating its decision making and supervisory function from business execution function and to realize its rapid and efficient business execution. Oversight and supervision of business execution is carried by means of ordinary (monthly) and extraordinary meetings of the Board of Directors as well as management meetings which consist of directors and executive officers etc. Furthermore, oversight on business management and business audit are carried by means of ordinary (monthly) and extraordinary meetings of the Board of Company Auditors. Business activities by directors and employees of the Company and its subsidiaries are governed by the Code of Ethics, the Basic Rules for Internal Control and etc.

Since the Company's American Depositary Shares are listed on the NASDAQ market in the United States, the Company is subject to the Sarbanes-Oxley Act. In accordance with the Sarbanes-Oxley Act, the Company has personal declarations by CEO and CFO for the appropriateness of English annual report which includes English consolidated financial statements, prior approvals by the Board of Company Auditors for services rendered by our accounting auditor, an operation of the whistle-blower system, grant of a right to secure a budget to the Board of Company Auditors, an assignment of financial experts in the Board of Company Auditors and prohibitions of loans to directors and company auditors of the Company and its subsidiaries, etc.

[Reason for Non-compliance with each Principle of the Corporate Governance Code]

The Company implements each principle of the Corporate Governance Code.

[Disclosure each Principle of the Corporate Governance Code]

【Principle 1.4】

- (1) Policies on acquiring and holding shares of other listed companies
Considering our business strategies and relationships with some of our important customers and business partners thoroughly, the Company might or will acquire and hold shares of such customers and business partners as strategic shareholdings. The Company maintains its strategic shareholdings if the Company believes such shareholdings enhance our corporate value in the medium- to long-term and brings profit to every shareholders and investors of ours. Business relationships, business situations, trading performances and the status of these strategic shareholdings are annually reported and verified by the Board of Directors.
- (2) Standards to ensure appropriate exercise of voting rights for strategic shareholdings
Regarding the exercise of voting rights for strategic shareholdings, the Company comprehensively reviews management policies and business situations as well as the contents of proposed subjects which to be resolved at general meetings of those companies. The Company exercises voting rights from the viewpoint that our voting leads to an improvement of those companies' corporate value in the medium- to long-term.

【Principle 1.7】

Regarding conflict-of-interest transactions with directors, the Company requires an approval from the Board of Directors in compliance with the Companies Act. Transactions with related parties are annually reported to the Board of Directors.

【Principle 3.1】

- (1) The Company's business philosophy, business strategies and business plans are disclosed on the Company's website. (<http://www.ij.ad.jp/en/ir/policy/philosophy/index.html>)
- (2) Regarding the Company's basic policy and guideline on corporate governance, please see "I .1. Basic Policy" of this report.
- (3) Regarding the Company's policies and procedures for the Board of Directors to determine compensations for directors and executive officers, please see "II .1. [Director Compensation]" of this report.
- (4) Regarding the Company's policies and procedures for elections of management executive officers and nomination of candidates for directors and company auditors, please see "II .2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of the Current Corporate Governance System)" of this report.
- (5) With regard to appointing management officers and nominating candidates for directors and company auditors, the Notice of Convocation of General Shareholders' Meeting describes the reason for nominating candidates for outside directors and the brief personal history of each director and company auditor to be nominated and elected.

【Principle 4.1.1】

In accordance with the Code of Board of Directors and the Guidelines for the resolution matters by the Board of Directors, matters to be resolved at the Board of Directors and required significant judgment on business management are determined by the Board of Directors in compliance with the Companies Act and other laws. In addition, management meeting, which includes President, directors and executive officers who are appointed by President, implements smooth, rapid decision-making and supervision on business operations. In order to accelerate decision-making, the Board of Directors elects executive officers who commit on business execution, and delegates an authority to them in accordance with the Code of Administrative Authority

【Principle 4.8】

The Company has 13 directors which include 4 independent outside directors.

【Principle 4.9】

In addition to the requirement of outside directors as set forth by the Companies Act and the standards established by Tokyo Stock Exchange, Inc., the Company sets the "Officer Candidate Appointment Criteria" which includes condition on sufficient independence. The Company selects independent outside directors based on these criteria.

【Principle 4.11.1】

Based on the "Officer Candidate Appointment Criteria.", the Company selects a person who fulfills duties and responsibilities for a candidate for a director by considering business capability, business areas in charge and its business scale.

【Principle 4.11.2】

Directors and company auditors who serve concurrently for other listed companies remain in a reasonable range, and their services are noted each year in the Notice of Convocation of General Shareholders' Meeting.

【Principle 4.11.3】

The Board of Directors continues to secure effective operations by conducting analysis on the Board of Directors which includes self-evaluation on the Board of Directors, feedback and discussion on such self-evaluation at least once a year.

【Principle 4.14.2】

The Company conducts training programs for new elected directors and company auditors about their duties and responsibilities. The Company provides sufficient opportunities to show their ability in the business areas in charge and supports them to obtain business knowledge at a sufficient level.

【Principle 5.1】

The Company has established policies and organizations to promote constructive dialogues with shareholders which should contribute to our sustainable growth and corporate value improvement in the medium- to long-term as follows:

- (1) Designation of a director in charge of the dialogue with shareholders
In order to promote the constructive dialogue with shareholders and investors, the Company designates CFO as a director responsible to IR activities.
- (2) Measures to create organic cooperation among the Company's internal departments
The company has established the "Disclosure Committee" which is mainly consisted of directors, company auditors and executive officers. The "Disclosure Committee" verifies and approves the contents of disclosure documents. In addition, the Company has established the "Disclosure Consideration Preparation Working Group" to which CFO is responsible for and consisting of internal departments of IR, budget, finance, accounting and legal to control information disclosure process. By having the "Disclosure Committee" and "Disclosure Consideration Preparation Working Group," the Company discloses important information in properly, timely and fairly manner.
- (3) Efforts to enhance dialogue - means other than face-to-face individual interview
The Company holds several opportunities for analysts and institutional investors such as quarterly results briefings, participation in investor conferences and briefings on non-financial issues including technology theme. The Company also holds opportunities for individual investors such as participation in IR events and briefings about the Company from time to time. The Company

intends to continue these activities.

- (4) Measures to share shareholders' opinions and concerns to the management executives
Shareholders' and investors' comments and concerns which the Company learns from dialogues are reported to the Company's management executives in a timely manner through various means including periodic internal meetings.
- (5) Measures related to manage insider information
The Company takes great care of insider trading prevention, including the establishment of the "Insider Trading Prevention Provisions" that apply to all directors and employees of the Company and its subsidiaries. Regarding dialogues with shareholders and investors, the Company has established the "Disclosure Policy" in accordance with compliance, and engages in appropriate disclosures and provision of information.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
----------------------------	---------------------------

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Nippon Telegraph and Telephone Corporation	10,095,000	21.62%
GOLDMAN, SACHS & CO. REG	2,279,987	4.88%
NTT Communications Corporation	2,040,000	4.37%
Koichi Suzuki	1,808,800	3.87%
ITOCHU Corporation	1,436,000	3.07%
MORGAN STANLEY & CO.LLC	1,412,004	3.02%
The Dai-ichi Life Insurance Company, Limited	1,273,000	2.73%
Japan Trustee Services Bank, Ltd (Trust account)	1,226,500	2.63%
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	1,110,398	2.38%
BNY GCM CLIENT ACCOUNT JPRD AC ISG	901,659	1.93%

Controlling Shareholder (except for Parent Company)	—
Parent Company	None

Supplementary Information

- (1) Kabushiki Kaisha KS Holdings, a wholly owned and controlled by Mr. Koichi Suzuki, is a joint holder of Mr. Koichi Suzuki and the Company owned 810,000 shares of common stock of the Company, representing 1.8% of the total, as of March 31, 2015.
- (2) Joho Capital, L.L.C. ("Joho") filed a report of substantial shareholding with the Director General of the Kanto Bureau of the Ministry of Finance on January 30, 2013. According to the filing, Joho owned 3,429,200 shares of common stock of the Company as of January 28, 2013, representing 7.5% of the total at that point. Since then, we have not recognized any filings by Joho. Their holdings were not verified based on the shareholder record as of March 31, 2015; therefore, Joho and their holdings are not included in the above list.

3. Corporate Attributes

Stock Exchange and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	End of March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Revenues (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

4. Policy on Measures to Protect Minority Shareholders in the event of Transactions with Controlling Shareholder

-

5. Other Particular Conditions which may have Material Impact on Corporate Governance

-

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business and Oversight in Management

1. Organizational Composition and Operation

Organizational Form	Company with the Board of Company Auditors
---------------------	--

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14 persons
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Chairman (except for concurrently serving as President)
Number of Directors	13 persons
Election of Outside Directors	Elected
Number of Outside Directors	5 persons
Number of Independent Directors within the Outside Directors	4 persons

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yasuro Tanahashi	From other company												
Junnosuke Furukawa	From other company												
Shingo Oda	From other company								△				
Tadashi Okamura	From other company								△				
Hiroki Watanabe	From other company												

* Selected the relevant "Relationship with the Company"

**○" indicated the relevant item that the person presently falls or has recently fallen under the category;

"△" indicated the relevant item that the person fell under the category in the past

**●"indicated the relevant item that the person's close family member presently falls or has recently fallen under the category;

"▲"indicated the relevant item that the person's close family member fell under the category in the past

- Executive of the Company or its subsidiaries
- Executive or Non-executive director of a parent company of the Company
- Executive of fellow subsidiaries of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- A consultant, accounting expert or legal expert who receives significant remuneration or other assets from the Company other than remuneration as a director/company auditor
- Major shareholder of the Company (an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier of the Company (does not fall under any of d, e, or f) (the director himself/herself only)
- Executive of a company whose outside directors/ company auditors assume the post on a reciprocal basis with the Company appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Information of the Relationship	Reasons for Election
Yasuro Tanahashi	○	-	Based on his abundant experience and profound knowledge of management, Mr. Tanahashi has been elected as an outside director. The Company believes that he will enhance the supervisory functions of appropriate management execution with his objective and neutral perspective. Since he satisfies independence criteria, not meeting to any of the requirements stipulated in "the Enforcement Rules for Securities Listing Regulations Article 211, Clause 4.5" or the like, the Company believes that he is qualified as an independent director who is free from the possibility of conflicts of interest with general shareholders.
Junnosuke Furukawa	○	-	Based on his abundant experience and

			<p>profound knowledge of management, Mr. Furukawa has been elected as an outside director. The Company believes that he will enhance the supervisory functions of appropriate management execution with his objective and neutral perspective. Since he satisfies independence criteria, not meeting to any of the requirements stipulated in “the Enforcement Rules for Securities Listing Regulations Article 211, Clause 4.5” or the like, the Company believes that he is qualified as an independent director who is free from the possibility of conflicts of interest with general shareholders.</p>
Shingo Oda	○	<p>The company’s current outside member of the Board of Directors, Mr. Oda, formerly served as an executive of Hewlett-Packard Japan, Ltd. A summary of the business transactions between the Company and Hewlett-Packard Japan, Ltd. has been omitted, since the Company has evaluated that the size and nature of the business transactions should not influence the judgment of shareholders and investors.</p>	<p>Based on his abundant experience and profound knowledge of management, Mr. Oda has been elected as an outside director. The company believes that he will enhance the supervisory functions of appropriate management execution with his objective and neutral perspective. Since he satisfies independence criteria, not meeting to any of the requirements stipulated in “the Enforcement Rules for Securities Listing Regulations Article 211, Clause 4.5” or the like, the Company believes that he is qualified as an independent director who is free from the possibility of conflicts of interest with general shareholders.</p>
Tadashi Okamura	○	<p>The company’s current outside member of the Board of Directors, Mr. Okamura, formerly served as an executive of Toshiba Corporation. A summary of the business transactions between the Company and Toshiba Corporation has been omitted, since the Company has evaluated that the size and nature of the business transactions should not influence the judgment of shareholders and investors.</p>	<p>Based on his abundant experience and profound knowledge of management, Mr. Okamura has been elected as an outside director. The Company believes that he will enhance the supervisory functions of appropriate management execution with his objective and neutral perspective. Since he satisfies independence criteria, not meeting to any of the requirements stipulated in “the Enforcement Rules for Securities Listing Regulations Article 211, Clause 4.5” or the like, the Company believes that he is qualified as an independent director who is free from the possibility of conflicts of interest with general shareholders.</p>
Hiroki Watanabe		-	<p>Based on his abundant experience of management in telecommunication business, Mr. Watanabe has been</p>

			elected as an outside director. The Company believes that he will enhance the supervisory functions of appropriate management execution with his high level of expertise.
--	--	--	---

Voluntarily Established of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Not Established
---	-----------------

[Company Auditors]

Establishment of Board of Company Auditors	Established
Maximum Number of Board of Company Auditors Stipulated in Articles of Incorporation	The Company doesn't set a ceiling on the number of company auditors
Number of Board of Company Auditors	4 persons

Cooperation among Company Auditors, Accounting Auditors and Internal Audit Departments

According to the Sarbanes-Oxley Act, the Board of Company Auditors previously approves provision of auditing activities and auditing-related activities to the Company and its subsidiaries by accounting auditor. Regarding annual audit plans, yearly and quarterly reviews on financial results and annual audit result and etc., the Board of Company Auditors periodically cooperates with accounting auditor through interviews.

Election of Outside company auditor	Elected
Number of Outside company auditor	3 persons
Number of Independent company auditor within the Outside Company Auditors	2 persons

Outside Company Auditor's Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kazuhiro Ohira	From other company													
Masaki Okada	Lawyer													
Masaaki Koizumi	CPA													

* Selected the relevant "Relationship with the Company"

**○" indicated the relevant item that the person presently falls or has recently fallen under the category;

"△" indicated the relevant item that the person fell under the category in the past

**●"indicated the relevant item that the person's close family member presently falls or has recently fallen under the category;

"▲"indicated the relevant item that the person's close family member fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Executive or executive non-executive director of a parent company of the Company

d. Company Auditor of a parent company of the Company

e. Executive of fellow subsidiaries of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. A consultant, accounting expert or legal expert who receives significant remuneration or other assets from the Company other than remuneration as a director/company auditor

i. Major shareholder of the Company (an executive of the said major shareholder if the shareholder is a legal entity)

- j. Executive of a client or supplier of the Company (does not fall under any of f, g, or h) (the company auditor himself/herself only)
- k. Executive of a company whose outside directors/company auditors assume the post on a reciprocal basis with the Company appointed (the company auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the company auditor himself/herself only)
- m. Other

Outside Company Auditor’s Relationship with the Company (2)

Name	Designation as Independent Company Auditor	Supplementary Information of the Relationship	Reasons for Election
Kazuhiro Ohira		-	Based on his profound knowledge of business administration and internal control, Mr. Ohira has been elected as an outside company auditor. The company believes that he will supervise executions of directors’ duty with his high level of expertise.
Masaki Okada	○	-	Based on his long experienced professional career and knowledge as a lawyer, Mr. Okada has been elected as an outside company auditor. The Company believes that he will supervise executions of directors’ duty with his high level of expertise and objective and neutral perspective. Since he satisfies independence criteria, not meeting to any of the requirements stipulated in “the Enforcement Rules for Securities Listing Regulations Article 211, Clause 4.5” or the like, the Company believes that he is qualified as an independent company auditor who is free from the possibility of conflicts of interest with general shareholders.
Masaaki Koizumi	○	-	Based on his long experienced professional career and financial expertise described in the Sarbanes-Oxley Act as a certified public accountant, Mr. Koizumi has been elected as an outside company auditor. The Company believes that he will supervise executions of directors’ duty with his high level of expertise and objective and neutral perspective. Since he satisfies independence criteria, not meeting to any of the requirements stipulated in “the Enforcement Rules for Securities Listing Regulations Article 211, Clause 4.5” or the like, the Company believes that he is qualified as an independent company auditor who is free from the possibility of conflicts of interest with general shareholders.

[Independent Directors/Company Auditors]

Number of Independent Directors/Company Auditors	6 persons
--	-----------

Other Matters relating to Independent Directors/Company Auditors

All outside directors/company auditors that are qualified as independent directors/company auditors have been designated as independent directors/company auditors.

[Incentives]

Implementation of Measures on Incentive Allotment for Directors	Stock Options
---	---------------

Supplementary Information

Stock compensation-type stock option, which is a stock acquisition right entitling its holder to acquire shares upon the exercise of a stock acquisition right at an exercise price of one yen (¥1) per share, are allocated to directors and executive officers (except for part-time and outside directors) as a substitution for the retirement allowance planned for them and to further motivate and incentivize them to enhance the Company's medium- to long-term business performance and corporate value.

Person eligible for Stock Options	Directors (Inside) / Other
-----------------------------------	----------------------------

Supplementary Information

According to the purpose of the above-mentioned stock compensation-type stock option, directors and executive officers (except for part-time and outside directors) are qualified. The Board of Directors resolves the number of each allotment in consideration of their responsibilities and contributions to financial results.

[Director Compensation]

Disclosure of Individual Directors' Compensation	No Individual Disclosure
--	--------------------------

Supplementary Information

The total amount of compensation for directors (inside) and outside directors is disclosed separately but each person's compensation is not disclosed since there was no director and company auditor who received an annual amount of ¥100 million or more.

For FY2014, the total amount of 10 directors' compensation was JPY296,723 thousand (including JPY14,400 thousand paid to three outside directors), and the total amount of four company auditors' compensations was JPY33,955 thousand (including JPY16,425 thousand paid to three outside company auditors) which includes JPY2,010 thousand for the accrued company auditors' retirement benefits. In addition, the amount of directors' compensation includes JPY37,597 thousand as stock compensation-type stock options granted to directors (except for part-time and outside directors) for executions of their duties during FY2014.

Policy on Determining Compensation Amounts and Calculation Methods	Established
--	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Upper limits on compensation for directors and company auditors are approved at the General Meeting of Shareholders of the Company respectively. Within the limit approved by the General Meeting of Shareholders of the Company, representative directors who are delegated by the Board of Directors determine the amount of compensation for each director. Within the limit approved by the General Meeting of Shareholders of the Company, the Board of Company Auditors determines the amount of compensation for each company auditor.

[Supporting System for Outside Directors and/or Company Auditors]

Full-time directors and company auditors in charge make a contact, etc. to outside directors and outside company auditors. Prior to a meeting of the Board of Directors, the materials for the meeting are dispatched to outside directors and outside company auditors.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of the Current Corporate Governance System)

[Overviews of business execution system, auditing and supervision system and reasons for adopting the systems]

Based on the business annual plan, which is formulated according to the corporate philosophy and annually approved by the Board of Directors, executive directors, executive officers and business execution organizations prompt the business to achieve the goals. As for business execution, oversight and supervision on the business execution are carried by means of ordinary (monthly) and extraordinary meetings of the Board of Directors, and management meetings which consist of directors and executive officers etc. Further, oversight on management and business audit are carried by means of ordinary (monthly) and extraordinary meetings of the Board of Company Auditors.

The Company has outside directors and outside company auditors with the aim of ensuring appropriateness and transparency of business executions and enhancing the supervisory functions of management. The Company's Board of Directors consists of 13 directors, including 5 outside directors and the Company's the Board of Company Auditors consists of 4 company auditors, including 3 outside company auditors. With emphasis on high degree of independence, abundant experience and profound knowledge of management or telecommunication industry, outside directors are elected. With emphasis on high degree of expertise and independence, outside company auditors are elected, including an attorney from a Japanese law firm and a certified public accountant. Further, the Company has an Internal Auditing Office consisting of 3 members.

Regarding statutory disclosure and timely disclosure, the Company has established the Disclosure Committee, which consists of directors, company auditors and executive officers. The Company discloses information after the appropriateness and completeness of the information is verified by the Disclosure Committee.

Regarding risk assessment, the Company establishes the committee organizations for each risk area as needed, and identifies the risk, assesses the identified risk and takes measures against the risk.

[Appointment and determination of compensation, etc.]

Regarding appointment of directors and company auditors, according to the internal criteria for selecting candidates, our President and representative director selects candidates. Thereafter the selection is approved by the Board of Directors, and then submitted to the General Meeting of Shareholders of the Company.

Upper limits on an aggregate amount of compensation for directors and company auditors are approved at the General Meeting of Shareholders of the Company respectively. Within the limit approved by the General Meeting of Shareholders of the Company, representative directors who are delegated by the Board of Directors determine the amount of compensation for each director. Within the limit approved by the General Meeting of Shareholders of the Company, the Board of Company Auditors determines the amount of compensation for each company auditor.

3. Reasons for Adoption of the Current Corporate Governance System

The Company is a company with the Board of Company Auditors and elects outside directors. Outside directors elected have abundant experience and profound knowledge, and therefore the company's supervisory function on management execution has been enhanced. Within the Board of Company Auditors members, an attorney and a certified public accountant have been elected, therefore the company's supervisory functions on execution of duties by directors has been enhanced.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Information
Early Distribution of General Shareholder Meeting	In connection with the Ordinary General Meeting of Shareholders held on June 26, 2015, the Convocation notice was sent on June 8, 2015.
Allowing Exercise of Voting Rights by electronic means	Since the Ordinary General Meeting of Shareholders held on June, 2006, the Company has allowed shareholders to exercise voting rights on the Internet.
Providing Convocation Notice in English	The Company provides the Convocation notice in English simultaneously with the Japanese document.
Other	The Convocation notice is disclosed on the Company's website.

2. IR Activities

	Supplementary Information	Explanation by representative
Preparation and Publication of Disclosure Policy	The Disclosure Policy has been established and disclosed.	-
Regular Investor Briefings for Individual Investors	The Company participates in IR events and holds IR meetings several times for individual investors in a year.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds investor briefings for analysts and institutional investors after announcement of its financial results each quarter. Also, the Company participates in IR conferences several times a year which is held by securities companies.	Yes
Regular Investor Briefings for Foreign Investors	The Company holds investor briefings (IR Roadshow) for foreign institutional investors several times a year. Also, the Company participates in IR conferences several times a year which is held by foreign securities companies.	Yes
Disclosing of IR Materials on Website	Quarterly financial results, annual report (<i>yuka-shoken-houkokuho</i>), filing for the United States' Security and Exchange Commission including Form 20-F, newsletters to shareholders' (<i>Kabunushi Tsushin</i>), IR schedule such as earnings announcement, news release, management message and company information are disclosed on the Company's website (http://www.iij.ad.jp/en/).	-

Department and Manager in Charge of IR	The department in charge of IR activities is Financial Division which under Finance Department. The officer in charge of IR activities is the Managing Director and CFO Akihisa Watai.	-
--	--	---

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Information
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Code of Ethics defines that officers and employees to recognize their social responsibility towards wide range of stakeholders. Officers and employees are required to make great effort to obtain understanding of stakeholders.
Development of Policies on Information Provision to Stakeholders	The Company establishes its disclosure policies which are disclosed.

IV. Matters Related to the Internal Control System

1. Basic Policy on Internal Control System and the Progress of System Development

<p>The Company's basic policy on its internal control system is as follows and the Company prepares its internal control based on the following.</p> <p>1) Basic policy</p> <p>The Company builds the internal control system in accordance with COSO framework (The Framework was advocated the Committee of Sponsoring Organizations of the Treadway Commission for internal control) for (1) execution of efficient operations, (2) reliability of reporting, and (3) adherence to laws and regulations.</p> <p>Based on COSO framework, the Company defines the main elements to build the internal control system as follows.</p> <p>(1) Control Environment (2) Risk Assessment (3) Control Activities (4) Information and Communication (5) Monitoring Activities</p> <p>Based on COSO framework, the Company executes various measures to create internal control system and seeks to improve the system continuously. The business policy is established in accordance with</p> <p>2) Matters under the Companies Act</p> <p>The basic policy, to ensure the propriety of business operations within the corporate group consisting of the Company and its subsidiaries, is established in accordance with the Companies Act 362, paragraph 5, and is a part of internal control based on the COSO framework. The details are followed.</p> <p>1. Systems for ensuring the compliance of directors and employees with the law and articles of incorporation in the execution of their duties.</p> <p>(1) The Company will establish a code of ethics that sets for a standard of conduct and requires strict adherence to the law. In addition, the Company will establish regulations for applying the laws regarding the prevention of insider trading, the protection of personal information, and among others. The company will disseminate those regulations to officers and employees, and conduct periodic education.</p> <p>(2) The Company will establish a system for appointing the necessary personnel to ensure compliance with the law, and for consulting with lawyers and other experts outside the Company.</p> <p>(3) The Company will establish an internal reporting system for reporting any legal violations, and will maintain an internal notification system that enables people to contact the Board of Company</p>

- Auditors while protecting the person reporting.
- (4) An Office of Internal Audits under the direct control of the President will conduct internal audits on a regular basis, indicating where each division could improve compliance with the law, and overseeing the improvements.
 - (5) For legally required reports, ad hoc reports, and other types of releases, the Company will establish a Disclosure Committee whose members consist of Directors, Outside Directors, executive officers and Company Auditors, whom will evaluate the content for appropriateness and completeness, and approve any material to be released.
2. Systems for preserving and managing information related to the execution of duties by Directors.
- (1) Basic policy and procedures regarding the handling of information assets will be set and followed in the handling of information and documents related to the execution of duties by Directors (“performance information”), these policies and procedures will detail who is responsible for managing the information, how long the information is to be stored, how it is to be stored, measures for countering loss or leakage of the information, and proper management of the information. The management of this information will be reviewed on a regular basis.
 - (2) The Company will create a system that ensures the proper filing of performance information (committing it to electronic storage when necessary), and that enables the quick verification of the existence, condition, and content of these documents. In addition, the system will allow people with the proper authority to view documents related to the Company Auditors and others without delay.
 - (3) The duties related to the above fall under the jurisdiction of the Chief Information Security Officer (or Executive Officers) and the Chief Document Management Officer (or Executive Officers).
3. Regulations Governing Risk Management and Other Systems.
- (1) The Director (or Executive Officers) that oversee the operation of each division will identify the risks defined by the governing regulations, evaluate these risks, and develop measures to counter these risks, as well as review them on a regular basis.
 - (2) For certain risk categories, an Evaluation Committee will be established to evaluate the risk and to develop countermeasures.
 - (3) A Business Continuity Plan will be developed to address potential emergency situations.
 - (4) An Internal Auditing Office under the direct control of the President will conduct internal audits on a regular basis, indicating where each division could improve operations, including risk management, and overseeing the improvements.
4. Systems for Ensuring the Efficient Execution of Duties by Directors.
- (1) A business plan for each fiscal year will be formulated in line with management objectives, and each business organization will actively seek to achieve the goals put forth in the plan. In addition, regular progress reports will be submitted and reviewed to monitor progress on each target.
 - (2) As for management of operations, all issues that should be decided by the Board of Directors in accordance with the Regulations of the Board of Directors will be strictly decided by the Board, and as a basic rule of the decision-making process, sufficient documentation on the issue to be decided will be distributed to all Board members in advance.
 - (3) In the execution of daily duties, authority will be delegated based on scope of authority regulations and division of duties regulations, and managers at each level will execute their duties while complying with the rules of the decision making process.
 - (4) To reinforce the Board of Directors’ authority, a certain number of people with notable management acumen will be appointed as Outside Directors.
5. Systems for Ensuring the Proper Operation of Corporate Groups consisting of the Company and its Subsidiaries.
- (1) Subsidiaries will be managed based on the subsidiary management regulations, which are the basic policy of subsidiary management, and an agreement will be made with the parent company regarding the management of the subsidiary.
 - (2) Subsidiaries will report on required items, and a system for consultation will be established.
 - (3) To impose internal control on important items, regulations governing the entire corporate group will be established, and subsidiaries will be required to comply with them.
 - (4) The Company’s Internal Auditing Office will perform internal audits of subsidiaries.
6. Providing employee to assist Company Auditors, securing those employees’ independence from directors

and effectiveness of company auditors' instruction to those employees.

- (1) The Company establishes Internal Auditing Office under direct control of President and assigns to the Office as the full-time basis. These employees work closely with the Company Auditors to reflect their opinions on the Company's internal audit.
- (2) The selection, appointment, and transfer of employee assigned to the Internal Auditing Office should be conducted with full consideration of the opinions from the Board of Company Auditors.
- (3) Other than above, it will be consulted and decided with the Board of Company Auditors as for assignment of employees who assist the company Auditors and arrangement to ensure effectiveness of the Company Auditors' instruction to those employees.

7. Systems that directors and employees of the company and its subsidiaries make a report to the Company Auditors, and systems preventing the person who makes report to the Company Auditor from being disadvantageously treated due to such report.

- (1) In accordance with the provisions of the Board of Company Auditors, Directors and employees will report and provide information periodically or upon the Company Auditor's request.
- (2) Company Auditors will be a member of panel that makes the important decision-making such as Disclosure Committee.
- (3) The Board of Company Auditors is a liaison for the Whistle-blower System of the Company and the Whistle-blower System is applied for the Company and its subsidiaries. The Whistle-blower System will be safely protected and kept secret, and it is prohibited that the Company disadvantageously treats that person whether the whistleblowing is anonymous or not.

8. Policy about expenses for the execution of Company Auditors' duties.

The Company will establish budget for the Board of Company Auditors for the execution of their duties every year, and will listen to Company Auditors' opinion.

9. Other Systems for Ensuring Effective Company Auditors' Audits

- (1) In order to ensure that the Board of Company Auditors can properly execute their duties, the necessary external experts will be retained.
- (2) To preserve the independence of the Accounting Auditors, the Company and its subsidiaries are not allowed to receive specific non-auditing services from the Accounting Auditors (including the person related the Accounting Auditors). When the Company and its subsidiaries receive auditing or auditing related services, it should be needed to have pre-approval from the Board of Company Auditors.
- (3) One or more financial expert will be appointed to member of Board of Company Auditors.

2. Basic Views on Eliminating Anti-Social Forces

Towards the elimination of Anti-Social Forces, the Company has followings as basic policies, provisions to that effect to the Code of Ethics and disseminates that.

- (1) Do not respond to undue claims.
- (2) Do legal responses of civil and criminal in the event of emergencies.
- (3) Do not provide any funds and information to Anti-Social Forces.

The Company's Compliance Division is a corresponding department to oversee anti-social forces and cooperates with external organizations such as law enforcement and the Company's attorney.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Information

-

2. Other Matters Concerning to Corporate Governance System

Since FY2008, according to the Sarbanes-Oxley Act Section 404, the Company and its subsidiaries have received the internal control audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) by the accounting auditor, regarding a construction and an evaluation of the internal control related to making of the consolidated financial statements.

Further, since FY2009, according to the Sarbanes-Oxley Act Section 404 and the Financial Instruments and Exchange Law of Japan, the Company and its subsidiaries have received the internal control audit in accordance with the standards of the Public Company Accounting Oversight Board (PCAOB) by the accounting auditor, regarding the construction and the evaluation of the internal control related to making of the consolidated financial statements.

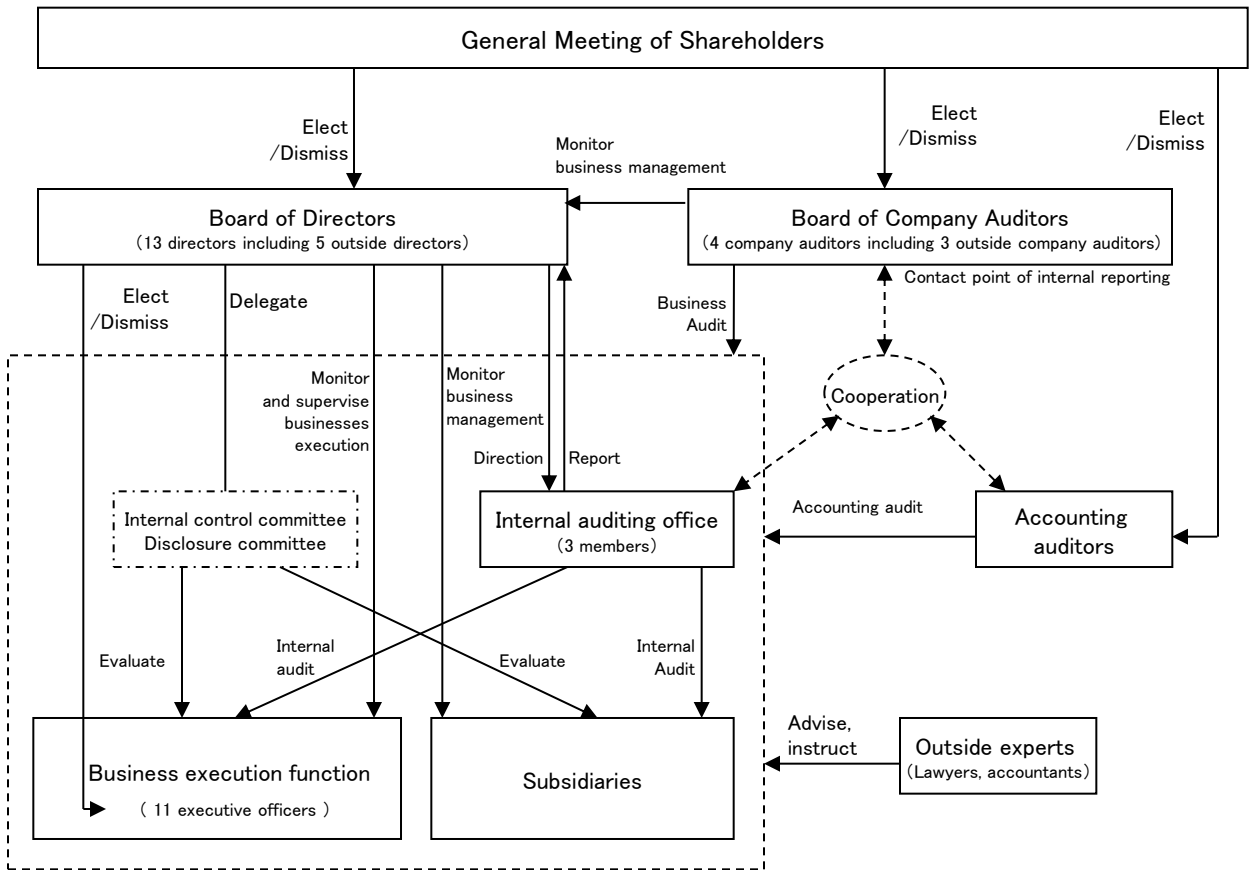
[The Company's structure regarding timely disclosure of the Company's information]

The Company has established the Code of Information Disclosure and the Disclosure Committee on the basis of that code in order to disclose in properly, timely and fairly manner. The Disclosure Committee consists of Chairman, President, CFO, directors, executive officers and company auditors. The Disclosure Committee has verified the appropriateness and completeness of the disclosure contents, and approved the disclosure. Further, the Disclosure Committee has received reports of disclosure system and guidelines, etc. from the information disclosure officer, and performed the control evaluation.

Disclosure procedure is as follows.

- (1) Collection of information and decision of disclosure
The information from the decision-making organization, executive divisions and subsidiaries, etc., is aggregated in Finance Division. Finance Department under Finance Division confirms whether the information is required to disclose, collects the information and submits the collected information to the information disclosure officer. The information disclosure officer decides whether to disclose.
- (2) Creating disclosure wordings and submitting to the Disclosure Committee
The Company appoints the information disclosure officer as the operating officer of the Disclosure Committee. Finance Department under Finance Division creates disclosure wordings promptly. The disclosure wordings are submitted to the Disclosure Committee who verifies the appropriateness and completeness of the disclosure contents. Further, the Disclosure Committee verifies whether that the disclosure has been made comprehensively.
- (3) Disclosure guidelines
The information is disclosed by the "Timely Disclosure network (TDnet)" on the Tokyo Stock Exchange, the press and the Company's website. Also the information is disclosed in the US market that the Company is listed on the NASDAQ market.

< Outline Map of the Corporate Governance system >



<Outline of Timely Disclosure System (diagram) >

