

## Rules Regarding the Use of Donated Funds

*Approved at the May 12, 2011 Extraordinary Meeting of Members  
Amended by decision of the Board of Directors on March 19, 2019*

(Purpose)

Article 1

These Rules set forth requirements related to donations received by The Board Director Training Institute of Japan (“BDTI”).

(Definition)

Article 2

For purposes of these Rules, the following definition will apply with respect to the use of terminology: (1) “Donation(s)” are donated funds or articles and/or objects donated as a consequence of ongoing, ordinary fund-raising activities directed at the general public.“

(Donations)

Article 3

- (1) This juridical person (BDTI) is permitted to collect and receive donations.
- (2) With regard to donations, no more than 45% of the total amount of donated funds may be applied to the expenses required to conduct activities other than the “public interest operations (activities)” of BDTI, or preparations for them. However, this rule will not apply in any case where the donor has specified or permitted otherwise. *[For detail, see explanation on the following page.]*

(Additional Items)

Article 4

The termination or cancellation of these rules requires a resolution approved by BDTI’s board of directors.

Article 5

If any additional procedures or rules are required, BDTI’s Representative Director may determine them.

Article 6

These Rules have been observed since April 27, 2011, which is the date when BDTI was certified as a “public interest organization” pursuant to Article 4 of the Law Regarding the Certification of Public Interest Associations or Foundations (Law #49, 2006).

*[ End ]*

## Explanation of Article 3

### Article 3

(3) This juridical person (BDTI) is permitted to collect and receive donations.

With regard to donations, no more than 45% of the total amount of donated funds may be applied to the expenses required to conduct activities other than the “public interest activities (operations)” of BDTI, or preparations for them. However, this rule will not apply in any case where the donor has specified or permitted otherwise.

### Explanation

The revenue and expense accounts of “Public Interest Organizations” such as BDTI are divided into three sub-accounts: (a) revenue and direct expenses related to “public interest” activities which have been approved as such by the Japanese Cabinet Office; (b) revenue and direct expenses attributable to other activities approved by the Cabinet Office; and (c) the “corporate” account, which includes those expenses which are general in nature and are necessary to operate and support the organization so that it can conduct operations accounted for in the aforementioned two accounts.

In BDTI’s case, the following activities have been approved by the Japanese Cabinet Office:

#### (1) Public Interest Operations (Activities)

- (i) Operations that promote the spread of specialized knowledge, and/or the development of human resources, related to corporate governance.
- (ii) Operations that contribute to the awareness of the general public and/or research or surveys about corporate governance.

#### (2) Other Approved Operations (“Earning Activities”)

- (i) Advertising [e.g., on BDTI’s web site]
- (ii) Operations to provide training, consulting, or other services to specific companies or institutions.

The rule of article 3 means that BDTI may use no more than 45% of the total amount of all donated funds to pay the expenses of activities other than the aforementioned Public Interest Operations, - that is, to pay the expenses of the “Earning Activities.”