

Corporate Governance

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OBIC Co., Ltd.

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The corporate governance of OBIC Co., Ltd. (the “Company”) is described below.

I Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

The Company understands that strengthening risk management and guaranteeing transparency in management are vital to continuous improvement of corporate value. The Company is a company with an Audit & Supervisory Board through which, along with the Board of Directors, it monitors risks related to business. It has also established a voluntary Nomination & Remuneration Advisory Committee mainly comprised of outside Directors, and works to strengthen managerial supervision functions. The Company also conducts accounting and operational audits through internal audits and works on strengthening its ability to take remedial action while ensuring compliance.

[Reasons for Non-compliance With the Principles of Japan’s Corporate Governance Code]

The Company complies with all principles of the Japan’s Corporate Governance Code.

[Disclosure Based on the Principles of Japan’s Corporate Governance Code] Updated

[Principle 1.4 Shares Held as Cross-Shareholdings]

Policy on cross-shareholdings

The Company does not maintain ownership of cross-shareholdings as a matter of basic policy, unless it has otherwise deemed that such holdings contribute to improving corporate value over the medium and long terms upon having comprehensively taken into account factors that include necessity per business policy and rationale of such shareholdings. The Company currently does not maintain ownership of any cross-shareholdings.

Verifying appropriateness regarding ownership of cross-shareholdings and standards for exercise of voting rights

The Company continues to verify appropriateness regarding ownership of respective shareholdings when maintaining ownership of cross-shareholdings. Meanwhile, the Company exercises voting rights upon having comprehensively assessed whether or not the exercise of voting rights will facilitate sustainable growth of the Company and the investee, and whether or not it will give rise to improvement of corporate value over the medium and long terms.

[Principle 1.7 Related Party Transactions]

In seeking to avoid harming its own interests and the common interests of its shareholders, the Company has established the Regulations of the Board of Directors and other such rules essentially mandating prior approval of the Board of Directors with respect to transactions between the Company and its Directors.

In addition, at the end of each fiscal year we confirm the existence of related parties and transactions involving all officers as well as major shareholders and others when applicable.

When a transaction occurs between related parties, the transaction results are disclosed in the annual securities report pursuant to the relevant laws and regulations. Terms and conditions for related party transactions are determined in the same way as terms and conditions for general transactions pursuant to standard provisions.

[Supplementary Principle 2.4.1 Ensuring Diversity in Promotion of Core Human Resources]

Views on ensuring diversity

The Company deems that growth of each and every employee and increasing diversity make it possible to leverage mutual synergies. Guided by its corporate philosophies, “Company growth starts with employee growth” and “Innovation ~Destruction and Creation~,” the Company strives to create environments where all employees are able to work over the long haul while achieving growth by implementing employee training as well as establishing a personnel system that enables flexible work styles. In promoting core human resources, the Company seeks to create environments that enable women to play active roles by disclosing the plan of action for general employers pursuant to Japan’s Act on Promotion of Female Participation and Career Advancement in the Workplace.

The Company is particularly committed to hiring new graduates and accordingly deems that training employees from scratch through work with its client companies across various types of business and industries in Japan helps to ensure diversity, thereby contributing to its sustainable growth. Therefore, the Company has not set goals such as those entailing promotion of foreign nationals and midcareer hires to middle managerial positions.

Voluntary and measurable goals for ensuring diversity and the current conditions

As of fiscal 2022, the ratio of women in managerial posts is 9.8%, however, we aim to increase it to 10% or more in the future.

For details regarding the Company’s initiatives to promote diversity, please refer to the following website.
<https://www.obic.co.jp/e/diversity.html>

[Principle 2.6 Functioning as Asset Owner of Corporate Pension Funds]

This is not applicable because the Company has not adopted a corporate pension fund.

[Principle 3.1 Enhancement of Information Disclosure]

(1) Company objectives (e.g., management philosophy), management strategies and business plans

The Company enlists a management philosophy of seeking to always contribute to society based on its user-oriented approach.

The Company values the crucial role of its longstanding system of in-house development and direct sales, and accordingly provides total support for corporate information systems encompassing configuration and operation. To such ends, the Company enlists its one-stop solution services which seamlessly encompass everything from consulting on initial system selection through installation and setup, day-to-day operation, and the provision of information. Going forward, the Company will continue to actively promote structural reforms, thereby enhancing its sales capabilities and increasing its productivity.

In addition, the Company believes that it is important for management to always be aware of earnings in order to realize stable corporate growth over the medium and long terms. Having set a target for return on equity (ROE) of 10% or higher, the Company will strive to sustain and persist with efforts toward such ends.

(2) Basic views and policies on corporate governance based on each of the principles of the Code (final proposal)

The basic views and policies are identical to those listed under “Basic Views” of this report.

- (3) Policies and procedures of the Board of Directors in determining the remuneration of the senior management and Directors

The Company has adopted a performance-linked remuneration system with respect to remuneration of the senior management and Directors in order to facilitate further improvement of the Company's business performance by providing them with greater incentive to improve business performance. However, outside Directors and Audit & Supervisory Board Members are entitled to basic remuneration exclusively due to their position independent of business execution.

The Board of Directors makes decisions on amounts of remuneration for Directors within a range determined at the General Meeting of Shareholders, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members. The amounts of remuneration for Audit & Supervisory Board Members are calculated per discussions among the Audit & Supervisory Board Members.

- (4) Policies and procedures of the Board of Directors in the appointment/removal of the senior management and the nomination of Director and Audit & Supervisory Board Member candidates

The Company's policy on appointing senior management as well as nominating Director and Audit & Supervisory Board Member candidates is that of selecting professionals equipped with outstanding personal qualities, insight and leadership, and who have specialized skills and extensive work experience as necessary for the Company to achieve sustainable growth.

When determining nominations of Director and Audit & Supervisory Board Member candidates, the Board of Directors resolves election proposals to be submitted to the General Meeting of Shareholders, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members (upon having gained preliminary consent of the Audit & Supervisory Board with respect to Audit & Supervisory Board Member candidates).

Decisions on appointment/removal of senior management are made upon having taken into account factors that include the aforementioned policy as well as their achievements during their term of office and the status of their business execution. The Board of Directors comprehensively assesses such matters based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members.

- (5) Explanations with respect to individual appointments and removals of the senior management and nominations of Director and Audit & Supervisory Board Member candidates based on (4) above by the Board of Directors.

The Company discloses professional backgrounds and reasons for appointment/removal of senior management, and nominations of Director and Audit & Supervisory Board Member candidates on each occasion through Convocation Notice and other such channels.

[Supplementary Principle 3.1.3 Initiatives on Sustainability]

Guided by our corporate philosophies, "Company growth starts with employee growth" and "Innovation ~Destruction and Creation~," the Company aims to achieve sustainable growth for society and itself by engaging in key priorities related to our business and corporate activities. As an organization serving directly under the President and COO, the Sustainability Promotion Committee spearheads cross-departmental efforts to take on key priorities related to the environment, society and corporate governance.

For details regarding the Company's sustainability management, please refer to the following website.
https://www.obic.co.jp/e/Sustainability_Management.html

For details regarding the Company's value creation process that takes into account non-financial factors such as investment in human capital and intellectual capital, please refer to the "Integrated Report" below.
<https://www.obic.co.jp/e/ir/reports.html>

In addition, the Company acts in accordance with recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by strengthening its governance related to climate change, drawing up strategies and goals based on analysis of risks and opportunities, and strives to disclose information on financial effects in that regard.

For details regarding the Company's governance, strategies, risk management, and goals related to climate change, please refer to the following website.

https://www.obic.co.jp/e/sustainability/environment/environment_climatechange.html

[Supplementary Principle 4.1.1 Scope of Matters Delegated to Management]

The Company stipulates matters to be resolved by the Board of Directors in its Regulations of the Board of Directors, and the Board of Directors resolves matters of substantial importance to management, in addition to matters prescribed by laws, regulations and the Company's Articles of Incorporation. Moreover, the Company has established separate internal rules whereby decision-making authority is delegated to management depending on the extent of the transaction or duty, and depending on the nature of the matter.

[Principle 4.9 Independence Standards and Qualification for Independent Outside Directors]

The Company selects individuals equipped with extensive experience and insight in various fields upon having deemed that their independence from management is assured, pursuant to regulations on independence such as those stipulated in regulations of the Tokyo Stock Exchange.

[Supplementary Principle 4.10.1 Views on Independence of Nominating Committee and Remuneration Committee, Etc.]

The Company has established the Nomination & Remuneration Advisory Committee as a voluntary advisory body of the Board of Directors in order to heighten transparency and objectivity in the process of nominating Director and Audit & Supervisory Board Member candidates and determining Director remuneration. The Board of Directors makes decisions on nomination of Director and Audit & Supervisory Board Member candidates and Director remuneration, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members (upon having gained preliminary consent of the Audit & Supervisory Board with respect to Audit & Supervisory Board Member candidates).

[Supplementary Principle 4.11.1 Overall Balance, Diversity and Size of the Board of Directors]

To ensure the effectiveness of the Board of Directors as a whole, the Company's Articles of Incorporation stipulate that the number of Directors (including outside Director(s)) is 13 or fewer. Membership of the Board of Directors is to align with the Company's basic policy of seeking balance taking into account a variety of attributes such as knowledge, experience, ability and independence, with its membership consisting of a combination of both male and female inside Directors who are well-versed in the Company's business operations, and outside Directors equipped with extensive experience and broad insight external to the Company.

The Company's policy on nominating Director candidates is that of selecting professionals equipped with outstanding personal qualities, insight and leadership, and who have specialized skills and extensive work experience as necessary for the Company to achieve sustainable growth. The Company has furthermore released its "Corporate Guide 2021" containing a Skill Matrix listing attributes of the respective Directors such that include their knowledge, experience, and abilities. In addition, when determining nominations, the Board of Directors resolves election proposals to be submitted to the General Meeting of Shareholders, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members.

Corporate Guide 2021

https://www.obic.co.jp/ir/pdf/security_report/54cg.pdf

[Supplementary Principle 4.11.2 Concurrent Positions Held by Officers]

A Director or Audit & Supervisory Board Member may hold a concurrent position as an officers of another listed company to the extent that such position does not constitute an impediment to fulfilling his or her responsibilities as a Director or Audit & Supervisory Board Member.

The Company discloses concurrent positions held at other listed companies on each year in the Convocation Notice.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the effectiveness of the Board of Directors and Disclosure of Such Results]

The Company exchanges opinions about the effectiveness of the Board of Directors through individual consultations with outside officers. The Company held discussions at the Board of Directors based on the results of those consultations, and has determined that the effectiveness of the Board of Directors is largely secure.

Summaries of the evaluation results are as follows.

- The Company's Board of Directors is well balanced and comprised of members who understand the Company's management philosophy and policies and have a wide variety of experiences and knowledge. It aims to carry out appropriate decision making and supervise the execution of operations.
- Free and active discussion as well as constructive exchange of opinions are conducted by all of the attending Directors including two outside Directors.
- The Nomination & Remuneration Advisory Committee, which is a voluntary advisory body, also receives appropriate advice and proposals from outside Directors, and works effectively.

Based on these evaluation results, the Company is working to improve the effectiveness of the Board of Directors even further.

[Supplementary Principle 4.14.2 Policy for Training of Officers]

The Company strives to sustainably expand knowledge, experience, and abilities of its respective Directors and Audit & Supervisory Board Members by providing and arranging training opportunities encompassing business management and legal knowledge necessary for them to execute their duties, and by providing financial support for associated expenses.

In addition, the Company provides outside officers with information and explanations of issues in a manner that facilitates a better understanding of the Company's business.

[Principle 5.1 Policy for Constructive Dialogue With Shareholders]

The Company seeks to promote constructive dialogue with its shareholders by carrying out investor relations (IR) activities primarily through the Business Planning Office.

The Company holds financial results briefing sessions for institutional investors and analysts twice per year, and has its representatives furnish explanations and conduct question and answer sessions. In addition, the Business Planning Office arranges individual meetings whereby it seeks to provide timely feedback to the Directors and seeks to share information with them particularly with respect to shareholder views gleaned through dialogue. The Company seeks to prevent divulgence of insider information when conducting dialogue with its shareholders.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders] Updated

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Noda Management Co., Ltd.	16,909,000	19.06
The Master Trust Bank of Japan, Ltd.	14,144,600	15.95
Custody Bank of Japan, Ltd.	6,337,700	7.14
JP Morgan Chase Bank 385632	4,650,570	5.24
Masahiro Noda	2,881,000	3.24
Mizuki Noda	2,781,000	3.13
SSBTC Client Omnibus Account	1,722,469	1.94
STATE STREET BANK WEST CLIENT – TREATY 505234	1,479,194	1.66
DANOX Co., Ltd.	1,050,000	1.18
Kazue Horiuchi	965,000	1.08

Controlling Shareholder (except for Parent)	-----
Parent	N/A

Supplementary Explanation

3. Corporate Attributes Updated

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	Less than 10

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions With Controlling Shareholder

5. Special Circumstances Which May Have Material Impact on Corporate Governance

The Company has no matters to report.

II Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors <u>Updated</u>	8
Appointment of Outside Directors	Appointed
Number of Outside Directors <u>Updated</u>	3
Number of Independent Officers Designated from Among Outside Directors <u>Updated</u>	3

Outside Directors' Relationship With the Company (1) Updated

Name	Attribute	Relationship With the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yasumasa Gomi	From another company											
Takashi Ejiri	Attorney at law											
Mime Egami	From another company											

* Categories for "Relationship With the Company"

“○” when the Director presently falls or has recently fallen under the category;

“△” when the Director fell under the category in the past;

“●” when a close relative of the Director presently falls or has recently fallen under the category; and

“▲” when a close relative of the Director fell under the category in the past

a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b Non-executive director or executive of the parent of the Company

c Executive of a fellow subsidiary of the Company

d Party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the Company or an executive thereof

f Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the Director himself/herself only)

i Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

j Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k Other

Outside Directors' Relationship With the Company (2) Updated

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yasumasa Gomi	○	-----	<p>Outside Director Yasumasa Gomi has extensive knowledge and experience in management through his many years of service in banks and securities companies. The Company expects that he will provide direction to business and checking function in an objective way, independent from the managers running the business, utilizing his extensive knowledge and achievements. Therefore, the Company has appointed him as outside Director. In addition, he will continue to be appointed as a member of the Nomination & Remuneration Advisory Committee after his election.</p> <p>The Company has designated him as an independent officer upon having determined that he is unlikely to have conflicts of interest with general shareholders given that grounds stipulated in the Enforcement Rules for Securities Listing Regulations and the Guidelines for the Listing Management are not applicable to him.</p>
Takashi Ejiri	○	-----	<p>Outside Director Takashi Ejiri has been involved in corporate legal affairs as attorney at law for many years, and has extensive knowledge and achievements as legal expert. The Company expects that he will provide direction to business and checking function in an objective way, independent from the managers running the business, utilizing his extensive knowledge and achievements. Therefore, the Company has appointed him as outside Director. In addition, he will continue to be appointed as a member of the Nomination & Remuneration Advisory Committee after his election.</p> <p>The Company has designated him as an independent officer upon having determined that he is unlikely to have conflicts of interest with general shareholders given that grounds stipulated in the Enforcement Rules for Securities Listing Regulations and the Guidelines for the Listing Management are not applicable to him.</p>

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Mime Egami	○	-----	<p>Outside Director Mime Egami has diversified and multifaceted experience ranging from international finance to the promotion of advanced technology development and management auditing. The Company expects that she will provide direction to business and checking function in an objective way, independent from the managers running the business, utilizing her extensive knowledge and achievements. Therefore, the Company has appointed her as outside Director.</p> <p>The Company has designated her as an independent officer upon having determined that he is unlikely to have conflicts of interest with general shareholders given that grounds stipulated in the Enforcement Rules for Securities Listing Regulations and the Guidelines for the Listing Management are not applicable to her.</p>

Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination & Remuneration Advisory Committee	Nomination & Remuneration Advisory Committee
Total Committee Members	3	3
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation

The Company has established the Nomination & Remuneration Advisory Committee as a voluntary advisory body of the Board of Directors in order to heighten transparency and objectivity in the process of nominating Director and Audit & Supervisory Board Member candidates and determining Director remuneration.

The Board of Directors makes decisions on nomination of Director and Audit & Supervisory Board Member candidates and Director remuneration, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members (upon having gained preliminary consent of the Audit & Supervisory Board with respect to Audit & Supervisory Board Member candidates).

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	3

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Department

When it comes to audits of the Company and its subsidiaries and associates, the Company believes it is extremely important to coordinate the three types of audit (internal audit, Audit & Supervisory Board Members’ audit, and external accounting audit) for the sake of improving audit quality and efficiency, and ensuring audit effectiveness.

The Audit & Supervisory Board plays a central role in efforts undertaken by the Internal Audit Department and the Accounting Auditor to streamline and enhance audits. This entails regularly setting up forums for exchanging opinions and information, drawing up respective audit plans (policy, implementation timeline, methodology, etc.), reporting on the status and results of audits as well as evaluating the appropriateness thereof, and coordinating tasks and engaging in discussions regarding matters that include considering measures for addressing issues that have been raised.

The Company’s internal audits involve conducting accounting and operational audits enlisting three to seven individuals, coordinated between the Accounting Department and the Audit & Supervisory Board with the Business Planning Office playing a central role. Whereas the accounting audits entail investigating compliance with accounting standards and internal rules, the operational audits entail setting timely matters pertaining to management as audit priorities and accordingly seeking to strengthen the Company’s practical ability to take remedial action by investigating risks associated with business particularly in terms of social norms and commercial practices. The internal audits play a crucial role in the Company’s management in that they involve reporting internal audit findings to the Board of Directors, Audit & Supervisory Board, and the Accounting Auditor, explaining issues that have been raised to the department subject to audit, promptly exploring countermeasures, and applying such solutions to ensuring compliance and operational improvements.

The Audit & Supervisory Board consists of three members including two outside Audit & Supervisory Board Members and serves to strengthen the management monitoring function. Its members conduct daily audits, attend important meetings including those of the Board of Directors, and provide advice and recommendations as appropriate. The Audit & Supervisory Board works smoothly, seeking to ensure objectivity and neutrality. Audit & Supervisory Board Member Kenta Nagao holds the qualification of certified public accountant, and has considerable knowledge related to finance and accounting. In the current fiscal year, the Company holds the Audit & Supervisory Board meetings once a month in principle. Extraordinary meetings of the Audit & Supervisory Board are also held as necessary. The Audit & Supervisory Board conducts audits based on annual audit plans. The main matters for consideration by the Audit & Supervisory Board include examining attendance and resolution methods at meetings of the Board of Directors, auditing the status of Directors and Executive Officers in executing their duties, examining the operational status of the internal control system, and querying the Accounting Auditor about its audit methodology and audit findings, as well as examining the content thereof. In addition to the aforementioned activities, the full-time Audit & Supervisory Board Members also attend important meetings of the Management Strategy Committee and other such forums to collect information, and otherwise routinely seek opinions from officers in charge of operations and employees regarding matters that include the status of their execution of business and duties. They also conduct on-site visits of major business sites and observe fiscal year-end audits of the audit firms handling financial results audits. They accordingly seek

consensus among all members of the Audit & Supervisory Board regarding corporate status and strive to enhance audits of the Audit & Supervisory Board.

The Company has asked Ernst & Young ShinNihon LLC to perform the accounting audit. The audits are performed across the OBIC Group (the “Group”) in environments conducive to promptly addressing matters such as changes in accounting systems. Two certified public accountants affiliated with Ernst & Young ShinNihon LLC, Seiji Nakai and Yohei Ikeda, have undertaken accounting audit services on behalf of the Company. Audit attestation service was assisted by 11 persons, comprising three certified public accountants and eight other persons.

Going forward, the Company will keep striving to strengthen its corporate governance in a manner that involves seeking more extensive coordination among the three types of audit to improve audit feasibility with the aim of further developing a sound management system across the entire Group.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated From Among Outside Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members’ Relationship With the Company (1)

Name	Attribute	Relationship With the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takeo Tanaka	Attorney at law													
Shigetsugu Yamada	Certified public accountant													

* Categories for “Relationship With the Company”

“○” when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

“△” when the Audit & Supervisory Board Member fell under the category in the past;

“●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; and

“▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

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

c Executive or Non-executive director of the parent of the Company

d Audit & supervisory board member of the parent of the Company

e Executive of a fellow subsidiary of the Company

f 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 Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member

i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j Executive of a client or supplier of the Company (which does not correspond to any of f., g., or h.) (the Audit & Supervisory Board Member himself/herself only)

k Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m Other

Outside Audit & Supervisory Board Members' Relationship With the Company (2)

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Takeo Tanaka	○	-----	<p>Outside Audit & Supervisory Board Member Takeo Tanaka has been involved in corporate legal affairs as an attorney at law for many years, and has extensive knowledge and achievements as a legal expert. The Company has appointed him as an outside Audit & Supervisory Board Member in order to utilize his extensive knowledge and achievements to enhance and strengthen the Company's auditing system from a fair and neutral standpoint as an attorney at law.</p> <p>The Company has designated him as an independent officer upon having determined that he is unlikely to have conflicts of interest with general shareholders given that grounds stipulated in the Enforcement Rules for Securities Listing Regulations and the Guidelines for the Listing Management are not applicable to him.</p>
Shigetsugu Yamada	○	-----	<p>Outside Audit & Supervisory Board Member Shigetsugu Yamada has been involved in corporate accounting and tax affairs for many years as a certified public accountant and certified tax accountant, and has extensive knowledge and achievements as an accounting and tax expert. The Company has appointed him as an outside Audit & Supervisory Board Member in order to utilize his extensive knowledge and achievements to enhance and strengthen the Company's auditing system.</p> <p>The Company has designated him as an independent officer upon having determined that he is unlikely to have conflicts of interest with general shareholders given that grounds stipulated in the Enforcement Rules for Securities Listing Regulations and the Guidelines for the Listing Management are not applicable to him.</p>

[Independent Officers]

Number of Independent Officers <u>Updated</u>	5
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Matters Relating to Independent Officers

[Incentives]

Implementation of Measures to Provide Incentives to Directors	Performance-linked remuneration
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Supplementary Explanation

Director remuneration is comprised of monetary compensation as basic remuneration (monthly fixed remuneration) and bonuses (performance-linked remuneration) (not paid to outside Directors), and non-monetary compensation as restricted shares compensation (performance-linked remuneration) (not paid to outside Directors). Bonuses in the form of performance-linked remuneration are paid at a fixed period every year with profit in the previous fiscal year on a non-consolidated basis, which is the ultimate profit from execution of duties to which the Directors make direct contributions, as the performance index, thereby increasing the Directors' ambition to improve performance. Furthermore, the rate of performance-linked remuneration is approximately 20–30% in the case of standard performance. Original proposals for the amount of remuneration are drafted based on an additive and subtractive formula within a range determined at the General Meeting of Shareholders after giving consideration to the Company's performance based on remuneration according to position in relation to the status of execution of each officer's duties. Based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members, a decision is made by the Board of Directors.

Recipients of Share Options	
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Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	Selected Directors
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Supplementary Explanation <u>Updated</u>
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The remuneration for officers is disclosed in the annual securities report. For the fiscal year ended March 31, 2023, total remuneration for Directors (except for outside Directors) amounted to ¥798 million, total remuneration for Audit & Supervisory Board Members (except for outside Audit & Supervisory Board Members) amounted to ¥12 million, and total remuneration for outside officers amounted to ¥44 million.

Total amounts of remuneration of those whose remuneration is ¥100 million or more has been disclosed on an individual basis in the annual securities report.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof
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Director remuneration is comprised of monetary compensation as basic remuneration (monthly fixed remuneration) and bonuses (performance-linked remuneration) (not paid to outside Directors), and non-monetary compensation as restricted shares compensation (performance-linked remuneration) (not paid to outside Directors). Bonuses in the form of performance-linked remuneration are paid at a fixed period every year with profit in the previous fiscal year on a non-consolidated basis, which is the ultimate profit from execution of duties to which the Directors make direct contributions, as the performance index, thereby increasing the Directors' ambition to improve performance. Furthermore, the rate of performance-linked remuneration is approximately 20–30% in the case of standard performance. Original proposals for the amount of remuneration are drafted based

on an additive and subtractive formula within a range determined at the General Meeting of Shareholders after giving consideration to the Company's performance based on remuneration according to position in relation to the status of execution of each officer's duties. Based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members, a decision is made by the Board of Directors.

[Supporting System for Outside Directors and/or Audit & Supervisory Board Members] Updated

Three outside Directors and two outside Audit & Supervisory Board Members have been attending meetings of the Board of Directors and other important meetings in seeking to better facilitate sharing of information. In addition, the Company has established a system for reliably communicating information centered on its Business Planning Office and General Affairs Department, yet the Company does not have a section exclusively dedicated to taking on such responsibilities.

2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company has built a corporate governance system that enlists the Board of Directors to serve as a managerial decision-making body, while also employing the Audit & Supervisory Board equipped with the managerial audit function, and an Executive Officer system to further strengthen the corporate structure.

The Board of Directors consists of eight Directors, including three outside Directors. It meets regularly once a month to deliberate on all important matters, and also discusses and explores countermeasures with respect to progress achieved in business performance. The Company has 12 Executive Officers in addition to four Directors who concurrently serve as Executive Officers. Adoption of the Executive Officer system has culminated in a framework that separates the managerial decision-making and supervision functions from the business execution functions and that makes it possible to promptly address changes in the business environment. At meetings of the Management Strategy Committee, held on the same day as those of the Board of Directors, committee members discuss matters reported particularly regarding the current status of business performance in respective departments, and subsequently make decisions on specific measures in that regard.

When it comes to audits and supervision, the Company believes it is important to coordinate the three types of audit (internal audit, Audit & Supervisory Board Members' audit, and external accounting audit) for the sake of improving audit quality and efficiency, and ensuring audit effectiveness. Further details are as presented in the section, "Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Department" under [Audit & Supervisory Board Members] of "1. Organizational Composition and Operation."

In addition, in order to ensure proper business operation and close coordination within the Group, the Company has built a framework where it has respective Group companies regularly provide relevant managers in charge with reports on matters such as business conditions and risks, pursuant to Rules on Management of Subsidiaries and Associates, and where it can effectively convey instructions and requests regarding matters such as internal rules and personnel affairs. In this way, the Company strives to strengthen its corporate governance.

When determining nominations of Director and Audit & Supervisory Board Member candidates, the Board of Directors resolves election proposals to be submitted to the General Meeting of Shareholders, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members (upon having gained preliminary consent of the Audit & Supervisory Board with respect to Audit & Supervisory Board Member candidates).

The Company has adopted a performance-linked remuneration system with respect to remuneration of the senior management and Directors in order to facilitate further improvement of the Company's business performance by providing them with greater incentive to improve business performance. However, outside Directors and Audit & Supervisory Board Members are entitled to basic remuneration exclusively due to their position independent of business execution.

The Board of Directors makes decisions on amounts of remuneration for Directors within a range determined at the General Meeting of Shareholders, based on the results of consultation with the Nomination & Remuneration Advisory Committee, which is a voluntary advisory body in which outside Directors make up a majority of the members. The amounts of remuneration for Audit & Supervisory Board Members are calculated per discussions among the Audit & Supervisory Board Members.

3. Reasons for Adoption of Current Corporate Governance Framework Updated

The Company understands that strengthening risk management and guaranteeing transparency in management are vital to continuous improvement of corporate value. The Company is a company with an Audit & Supervisory Board through which, along with the Board of Directors, it monitors risks related to business. It has also established a voluntary Nomination & Remuneration Advisory Committee mainly comprised of outside Directors, and works to strengthen managerial supervision functions. The Company also conducts accounting and operational audits through internal audits and works on strengthening its ability to take remedial action while ensuring compliance.

The Company also concentrates efforts on fair and transparent information disclosures by actively carrying out IR activities for investors primarily through the Business Planning Office. As a result, the Company ensures the effectiveness of corporate governance and further enhances management organization at the Company as well as its Group companies.

The Company has three outside Directors and two outside Audit & Supervisory Board Members.

The Company has appointed three outside Directors, both of whom have no material interest in the Company involving personal relationships or otherwise, and both of whom are equipped with longstanding experience in corporate management as well as experience in the practice of corporate legal affairs serving as attorneys at law. The Company expects that they will provide direction to business and checking function in an objective way, independent from the managers running the business, utilizing their extensive knowledge and achievements. Therefore, the Company has appointed them as outside Director. In addition, the two outside Audit & Supervisory Board Members also have no material interest in the Company involving personal relationships or otherwise, and both have official qualifications as attorney at law and certified public accountant, and are equipped with experience in the practice of corporate legal affairs and corporate accounting. The Company has appointed them in order to utilize their extensive knowledge and achievements to enhance and strengthen the Company's auditing system.

The Company appoints as outside Directors and outside Audit & Supervisory Board Members individuals equipped with extensive knowledge and achievements in various fields upon having deemed that their independence from management is assured, pursuant to regulations on independence such as those stipulated in regulations of the Tokyo Stock Exchange.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company strives to provide notification about one week earlier than required by law.
Allowing Electronic or Magnetic Exercise of Voting Rights	The Company has made it possible for shareholders to exercise their voting rights via the Internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in the electronic voting platform operated and administered by ICJ, Inc.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company seeks to smooth exercise of voting rights by having the Convocation Notice partially translated into English and posting it to the Company's website and the Tokyo Stock Exchange website.
Other	The Company seeks to smooth exercise of voting rights by posting its Convocation Notice to the Company's website and Tokyo Stock Exchange website.

2. IR Activities Updated

	Supplementary Explanation	Explanation by Representative
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial results briefing sessions for institutional investors and analysts twice per year, and has its representatives furnish explanations and conduct question and answer sessions.	Yes
Posting of IR Materials on Website	The Company posts its annual securities reports, quarterly securities reports, Consolidated Financial Results, Financial Results Presentation materials, Integrated Report, timely disclosure information, Notice of General Meeting of Shareholders, and other reports (interim).	
Establishment of Department and/or Manager in Charge of IR	The Business Planning Office engages in IR activities.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Other	The Company's aim of achieving the satisfaction of its shareholders, customers, and employees is cited as one of its Basic Management Objectives.

IV Matters Related to Internal Control System

1. Basic Views on Internal Control System and Progress of System Development

The Company has resolved matters regarding basic policies on development of its internal control system with respect to the following.

1. Framework ensuring that execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
2. Framework for storing and managing information related to execution of duties by Directors
3. Regulations and other frameworks for managing risks of loss
4. Framework ensuring the efficiency of execution of duties by Directors
5. Framework ensuring the proper business operation of the Group
6. Matters related to supporting personnel, when Audit & Supervisory Board Members request such personnel, matters related to independence of such personnel from Directors, and matters related to ensuring effectiveness of Audit & Supervisory Board Members' instruction to such personnel
7. Framework for the Group's Directors and employees to report to its Audit & Supervisory Board Members, framework for reporting otherwise to Audit & Supervisory Board Members, and framework ensuring that those reporting do not become subject to unfavorable treatment on the grounds of having reported
8. Other frameworks ensuring the effectiveness of auditing by Audit & Supervisory Board Members
9. Framework for eliminating anti-social forces
10. Framework ensuring the reliability of financial reporting

In accordance with basic policies that have been resolved, the Company periodically reevaluates risk that pertains to its compliance system and risk management system on a regular basis. Meanwhile, the Company's General Affairs Department serves a central role controlling and managing such risk on a company-wide basis. It ensures compliance in overall operations while also preventing risks and ensuring swift action when risks materialize.

The Company's system for execution of duties makes it more likely that it will achieve its targets. Each fiscal period, it involves setting performance targets for the respective departments, gauging such progress by tracking monthly performance at monthly meetings of the Management Strategy Committee, and considering measures for improvement as necessary.

Under the auditing system, three types of audit (internal audit, Audit & Supervisory Board Members' audit, and external accounting audit) are conducted for the Company and the entire Group. In conducting audits, the Audit & Supervisory Board regularly exchanges opinions and information with the Accounting Auditor and the Internal Audit Department, while seeking to improve audit efficiency and ensure audit effectiveness.

Through such initiatives, the Company seeks to achieve aims that include strengthening the internal controls of the Company and the entire Group, ensuring reliability of its disclosures, heightening operational effectiveness and efficiency, and attaining continuous improvement of corporate value.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

1. Basic views

The Group takes a resolute stance against anti-social forces and groups in seeking to earn the continued trust of each and every one of its stakeholders.

2. Progress

The General Affairs Department serves as department in charge of response and supervision in terms of seeking to prevent and mitigate various risks involving anti-social forces with respect to the Company's business activities. The Group's officers and employees are to reject improper requests, promptly contact the

Company's General Affairs Department when encountering problems, and take a systematic approach to addressing such matters. The Company's initiatives also involve coordinating efforts with professional organizations externally as well as with attorneys at law and other such experts, as well as collecting and managing information on anti-social forces.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

The status of internal systems for timely disclosure of the Company's corporate information is as follows.

[Basic Policies on Information Disclosure]

The Company seeks to provide timely and accurate information to its shareholders and other investors in a fair manner. To such ends, its efforts to disclose information in a timely and appropriate manner in principle include information that is subject to the Rules on Timely Disclosure of Corporate Information by Issuer of Listed Securities (the "Timely Disclosure Rules") set forth by the Tokyo Stock Exchange, and also include otherwise material information.

[Methods of Information Disclosure]

The Company provides timely disclosure of events that are subject to the Timely Disclosure Rules without delay immediately after they occur, and accordingly provides timely disclosure without delay immediately after approval of the Board of Directors with respect to matters decided and financial results information. The Company discloses information using the Timely Disclosure network (TDnet) provided by the Tokyo Stock Exchange, and it discloses annual securities reports and other such disclosure documents subject to the Securities and Exchange Act using the EDINET electronic disclosure system provided by the Kanto Local Finance Bureau. In addition, the Company also strives to achieve accurate and fair disclosure by making information available through various media channels as necessary and by posting it to the Company's website.

[Insider Period]

The Company seeks to ensure impartiality by preventing any divulgence of financial results information and other forms of information that affect share prices. To such ends, it designates an "insider period" extending from its fiscal closing date through to the date on which it releases its financial results. During the insider period, the Company refrains from making any comments whatsoever regarding its financial results and matters associated with its financial results. Meanwhile, all of the Company's employees recognize that the insider period serves as a particularly important period for information control and conduct themselves accordingly.

[Management Systems and Rules]

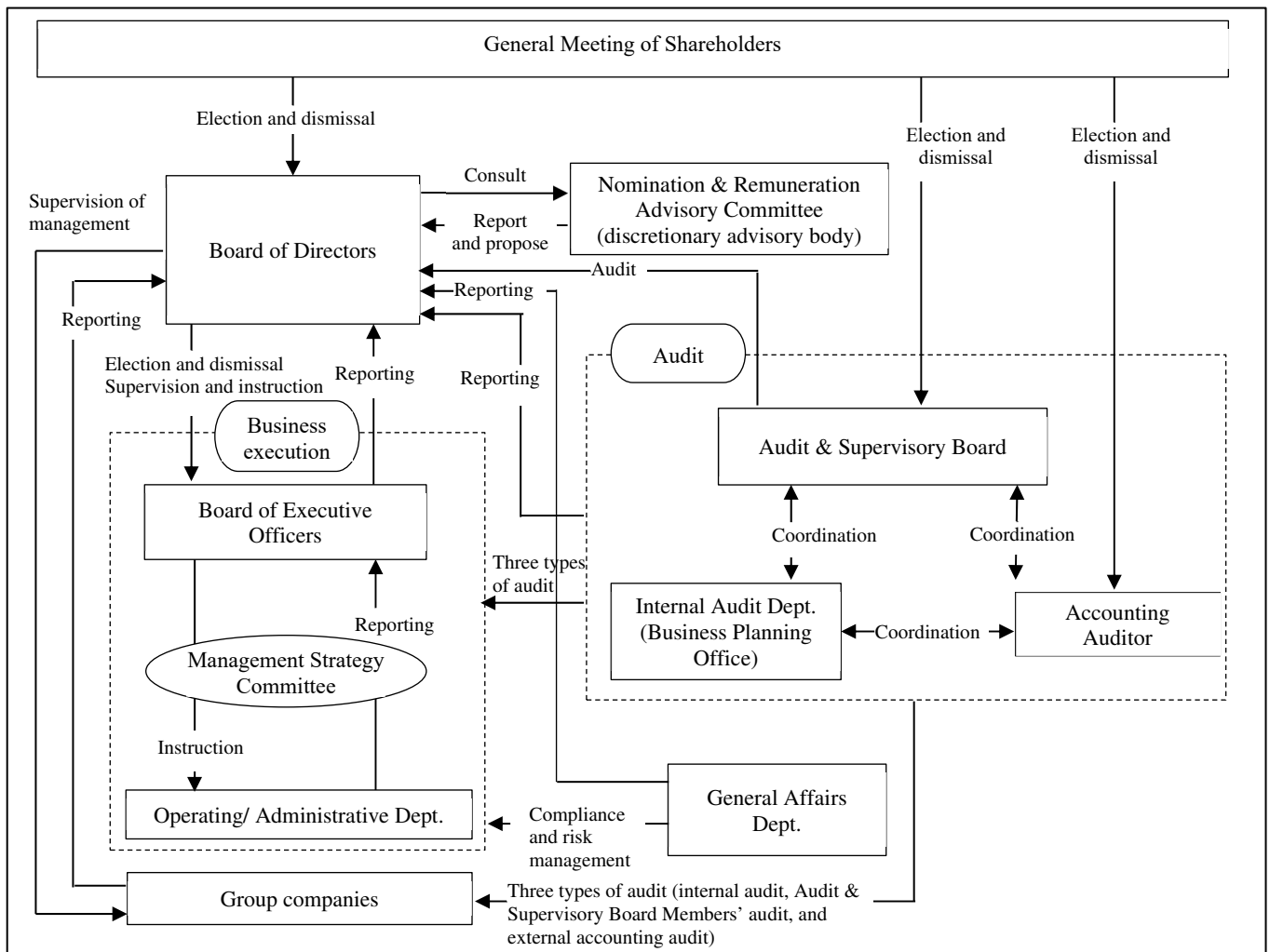
The Company designates as insider information any information that is subject to the Timely Disclosure Rules and otherwise material information. It accordingly manages information, provides internal notification and disclosure in accordance with its Insider Trading Prevention Regulations.

[Internal Systems of Information Disclosure]

1. The Company's Business Planning Office and General Affairs Department are in charge of its timely disclosure and internal management of information, under the direction of the overall supervisor of information management, the Administrator of Business Planning Office.
2. If internal information arises within the Company, a consolidated subsidiary or an associate, then the relevant departmental manager or Group company supervisor of information management is to immediately report the matter to the overall supervisor of information management.

3. Upon having received such a report, the overall supervisor of information management is to take action that involves immediately ensuring that it is managed as internal information, determining the necessity of timely disclosure in light of discussions with departments in charge of timely disclosure and the Timely Disclosure Rules, and convening a meeting of the Board of Directors as necessary. The Company provides timely disclosure of events without delay immediately after they occur, and accordingly provides timely disclosure without delay immediately after approval of the Board of Directors with respect to matters decided and financial results information.

Outline of Corporate Governance Framework



Outline of Timely Disclosure System

