

Basic Policy on Corporate Governance

Chapter 1. General Provisions

Article 1. Purpose

ITFOR Inc. (the “Company”) has established this basic policy (“this Policy”) for the purpose of responding sincerely to the expectations of shareholders, employees, customers, business partners and regional communities, and promoting the sustainable growth and increase of corporate value over the medium to long term of the Company Group.

Article 2. Basic Approach to Corporate Governance

Under its corporate philosophy, “We provide inspiration and innovation for a future of smiles through our ‘ability to be close to people’,” the Company recognizes that the basis of corporate governance is to create transparent and fair management systems and promote efficient business execution based on prompt and decisive decision-making, while providing timely and appropriate information disclosure. By securing the effectiveness of its corporate governance and making continued efforts to enhance them, the Company aims to continually improve the corporate value of the Company Group.

Article 3. Establishment, Amendment and Abolition of this Policy

Establishment, amendment and abolition of this Policy shall be subject to a resolution of the Board of Directors.

Chapter 2. Securing Shareholders’ Rights and Equality

Article 4. General Meeting of Shareholders

Recognizing that the General Meeting of Shareholders is the Company’s highest decision-making body, the Company implements the following measures to ensure that shareholders are treated equally and their rights are substantially secured.

- (1) To enable securing of sufficient time for consideration by shareholders of proposals of the General Meeting of Shareholders, the Company endeavors to send convocation notices early and provide electronic disclosures on the Tokyo Stock Exchange’s website and on the Company’s website prior to sending them.
- (2) Recognizing that the General Meeting of Shareholders is a place for dialogue with shareholders, the Company avoids peak days to the extent possible when setting the date for the holding of the General Meeting of Shareholders.
- (3) When proposals of the Company receive a significant number of negative votes at the General Meeting of Shareholders, the Board of Directors analyzes the reasons for the negative votes and considers whether dialogue with shareholders or other responses are required.

- (4) The Company will consider cases where so-called “substantial shareholders” that hold shares in the name of trust banks, etc., wish to exercise voting rights at the General Meeting of Shareholders.

Article 5. Capital Policies

1. In light of the fact that trends in capital policies can have a significant impact on the interests of shareholders, the Company’s basic capital policy shall be to promote growth investment for sustained growth and increased corporate value over the medium to long term, ensure financial soundness, and provide appropriate shareholder returns.
2. In the case of implementation of capital policies that result in a change of control or significant dilution, the Board of Directors passes resolutions upon sufficient deliberation on the necessity and rationale of the policies, while providing disclosure and explanations in accordance with the Timely Disclosure Rules.
3. The Company positions the return of profits to shareholders as one of its most important management issues. Accordingly, with respect to dividends of surplus, the Company comprehensively assesses the balance between return of profits to shareholders and enhancing internal reserves, and responds flexibly to business performance and market trends.

Article 6. Strategic Shareholdings and Exercise of Voting Rights Pertaining to Strategic Shareholdings

1. The Company strategically holds shares of companies considered to be necessary for the purpose of building and maintaining good relationships with business partners and realizing increased corporate value over the medium to long term through the smooth promotion of business.
2. Regularly each year, the Board of Directors verifies the economic rationality of individual strategic shareholdings, based mainly on whether they meet the purposes referred to above, and the Company shall reduce the holding of shares that are judged to be inappropriate.
3. When exercising voting rights pertaining to strategic shareholdings, the Company makes appropriate decisions based on whether it will contribute to the sustainable growth and increase of corporate value over the medium to long term of the company in which the shares are held and the Company.

Article 7. Measures against the Large-Scale Acquisition of the Company’s Shares

At the Company's 47th Annual Meeting of Shareholders, which was held on June 23, 2006, the Company introduced takeover defense measures in order to protect its corporate value and the common interests of shareholders. Since then, the Company had continued with the measures by revising them as necessary, but in accordance with the decision of the Company's Board of Directors meeting held on May 12, 2022, the takeover defense measures were discontinued and abolished as of the end of the 63rd Annual General Meeting of Shareholders.

The Company will work to enhance the Group's corporate value as well as secure and enhance the common interests of shareholders, and will take appropriate measures within the bounds of the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations with respect to parties which seek to make a large-scale acquisition of the Company's shares, demanding necessary and sufficient provision of information for shareholders to make an

appropriate decision on the advisability of the large-scale acquisition and disclosing the opinions, etc., of the Board of Directors, with the aim of securing and enhancing the Group's corporate value and the common interests of shareholders.

Article 8. Transactions between Related Parties

1. In the event that the Company conducts transactions with related parties, including officers and major shareholders, etc., the approval of the Board of Directors shall be obtained to ensure that the transactions will not harm the common interests of the Company Group and its shareholders.
2. The Company conducts investigations each fiscal year to determine the existence of related parties and transactions with related parties.

Chapter 3. Appropriate Cooperation with Stakeholders Other Than Shareholders

Article 9. Relationship with Stakeholders

1. For the sustainable growth and increase of corporate value over the medium to long term of the Company Group, the Company strives to cooperate appropriately with employees, customers, business partners, regional communities and other stakeholders under the leadership of the Board of Directors and management.
2. In order to manage the business in a manner that takes into consideration the creation of value for various stakeholders, contribute to solving social issues through the business, and increase the Company's corporate value over the medium to long term, the Company strives to disseminate its corporate philosophy and purpose statement that expresses the importance of its place in society.
3. The Company has established its Corporate Code of Conduct in order for all Directors and employees working in the Company Group to practice ethical conduct as members of society. The Board of Directors conducts regular reviews to confirm whether the Code of Conduct is being widely practiced.
4. Based on its recognition of the importance of issues surrounding sustainability, the Company works actively and positively for realization of a sustainable society.
5. Toward realization of its corporate philosophy, the Company strives to create an environment in which each person can demonstrate his or her abilities to the maximum extent by respecting all kinds of diversity, including women's active participation, and the individuality of employees.

Article 10. Whistleblowing

1. To respond appropriately to the occurrence or suspected occurrence of violation of laws and regulations, unlawful conduct, violation of internal rules, harassments, actions that are considered inappropriate from the standpoint of corporate ethics or socially accepted norms, and other actions that pose compliance problems, the Company has established a whistleblowing point of contact which is independent from management. The Company Group as a whole strives to create an environment in which appropriate responses are taken based on similar policies.
2. The Company prohibits disadvantageous treatment of employees and others who have engaged in whistleblowing or consultation.

Chapter 4. Appropriate Information Disclosure and Ensuring Transparency

Article 11. Information Disclosure Policy

The Company has established its disclosure policy to gain the trust of shareholders and other stakeholders. The Company strives to appropriately disclose financial information and non-financial information, such as the corporate philosophy, management plans, and information pertaining to risks and governance, in accordance with laws and regulations, etc., while also working to provide in a simple manner highly useful information that is not required to be disclosed by laws and regulations, etc.

Chapter 5. Responsibilities of the Board of Directors, etc.

Article 12. Design of Organs and Governance System

1. The Company has selected the system of a company with an Audit & Supervisory Board as its organizational design under the Companies Act.
2. The Company has adopted the executive officer system to separate management's decision-making and supervision functions from its business execution function, and respond promptly to changes in the business environment. Its Business Executive Committee, comprised of Directors and Executive Officers, decides matters related to business execution policies and ensures agile execution of business.
3. To increase the transparency and objectivity of procedures in relation to nomination and remuneration, etc., of Directors, the Company has established the Nomination and Remuneration Committee as an optional advisory body to the Board of Directors, with a majority of its members consisting of Independent Outside Directors. The Committee conducts deliberations in response to inquiries from the Board of Directors and makes recommendations to the Board of Directors.

Article 13. Roles and Responsibilities of the Board of Directors

1. The Board of Directors of the Company recognizes its fiduciary responsibilities to the shareholders and is responsible for the sustainable growth and increase of corporate value over the medium to long term of the Company Group.
2. In order to fulfil the responsibilities referred to in the preceding paragraph, the Board of Directors of the Company establishes the aims of the Company and makes the best decisions for the Company with respect to management strategies, management plans and execution of other important business of the Company, based on its assessment of the risks faced by the Company.
3. The Company's Board of Directors develops an environment that supports appropriate risk taking and provides highly effective supervision of the execution of business by the Directors from an independent and objective standpoint. The remuneration of Directors is designed to provide a sound incentive for the sustainable growth of the Company Group, and the remuneration of Independent Outside Directors is determined as a fixed monthly amount system.
4. In addition to providing supervision to enable timely and accurate disclosure of information, the Company's Board of Directors appropriately develops the Company's internal control and risk management systems.

5. The Company's Board of Directors recognizes the responsibilities of the Accounting Auditor to shareholders and investors, and strives to provide an audit environment enabling high-quality audits through measures such as ensuring opportunities for interviews with management, Audit & Supervisory Board Members and other departments necessary for audits, as well as sufficient time for audits.
6. Authority with respect to matters that do not fall under the scope of decisions to be made by the Board of Directors is transferred to the Business Executive Committee, Directors and Executive Officers to promote the agile execution of duties.

Article 14. Roles and Responsibilities of the Audit & Supervisory Board

1. Recognizing its fiduciary responsibilities to shareholders, the Company's Audit & Supervisory Board performs supervisory functions together with the Board of Directors and executes its duties properly as a statutory organ that audits the execution of duties by the Directors. In this manner, it contributes to the sustainable growth and increase of corporate value over the medium to long term of the Company Group.
2. The Company's Audit & Supervisory Board monitors and verifies the status of establishment and operation of the Company Group's internal control system in accordance with the audit policy and audit plans developed at the beginning of the fiscal year. It also plays a positive and active role in the deliberations of the Company's Board of Directors by utilizing information based on its auditing activities.
3. To enable the Outside Directors to strengthen their ability to gather information, the Company's Audit & Supervisory Board ensures its cooperation with the Outside Directors and also cooperates fully with the Accounting Auditor and the internal audit division.
4. Recognizing the responsibilities of the Accounting Auditor to shareholders and investors, the Company's Audit & Supervisory Board establishes criteria for the appropriate selection and evaluation of the Accounting Auditor and takes appropriate measures for ensuring proper audits, such as confirming whether the Accounting Auditor has expertise and independence.

Article 15. Roles and Responsibilities of the Directors

1. Recognizing their fiduciary responsibilities to the shareholders, the Company's Directors collect necessary and sufficient information for the execution of their duties and actively express their opinions and engage in discussions at the Company's Board of Directors.
2. The Company's Directors fulfill their duties as Directors by understanding laws and regulations, the Company's Articles of Incorporation, the Board of Directors Regulations and other internal regulations, and executing their duties to the best of their abilities.

Article 16. Roles and Responsibilities of the Independent Outside Directors

Based on their own knowledge and from the standpoint of seeking to promote the sustainable growth and increase of corporate value over the medium to long term of the Company Group, the Company's Independent Outside Directors fulfill the functions of providing appropriate advice, supervising management and supervising conflicts of interest, and appropriately reflect the opinions of stakeholders at the Board of Directors.

Article 17. Criteria and Procedures for Election of Directors

1. The Directors of the Company are persons who are physically and mentally healthy with excellent character and insight, and also have a wealth of business experience, a high level of management ability and the ability to fulfill the duties of their position. Candidates for Director are selected from persons who are familiar with and have knowledge of the Company's business, persons who have knowledge of finance, accounting and legal affairs, and persons who have experience as a corporate manager. The Company strives to provide overall balance among Directors by ensuring gender and other forms of diversity. In addition, the Company selects as candidates for Independent Outside Director persons who satisfy the criteria for independence specified by the Tokyo Stock Exchange, and are able to supervise management from a broader perspective and provide appropriate advice, and have excellent character and insight, based on their background and relationship with the Company. (=> transfer from Article 13, Paragraph 4)
2. The Nomination and Remuneration Committee deliberates on the selection of candidates for Director, and election of Directors is determined by the Board of Directors based on the results of such deliberations. The Company shall obtain the consent of the Audit & Supervisory Board to the election of candidates for Director serving as Audit & Supervisory Board Member.
3. The reasons for the election of candidates for Director are disclosed in the convocation notice of the General Meeting of Shareholders.

Article 18. Criteria and Procedures for Dismissal of Directors (including Representative Directors)

The Company has specified the criteria set forth below for dismissal of Directors (including Representative Directors). In cases where facts falling under the criteria for dismissal are found, a meeting of the Nomination and Remuneration Committee will be held immediately. Based on the results of the deliberation by the Committee, the Board of Directors will decide on convocation of a General Meeting of Shareholders to dismiss the relevant Director. The reasons for the dismissal will be disclosed in the convocation notice of the General Meeting of Shareholders.

- (1) When there has been conduct inappropriate for a Director, such as conduct that is offensive to public order and morality;
- (2) When there has been a violation of laws and regulations, the Articles of Incorporation or other internal regulations of the Company Group; or
- (3) When it has become difficult for a Director to continue to fulfill his or her duties due to health reasons.

Article 19. Training of Directors

1. The Company provides the Directors with opportunities to acquire knowledge necessary for fulfilling their respective roles and duties. It also encourages the Directors to participate in training and other activities for that purpose and bears the costs of such training and activities.
2. The Company provides opportunities for newly elected internal Directors to deepen their understanding of laws and regulations necessary for fulfilling their required duties, as well as compliance and corporate governance, promptly after they take office. It also provides newly elected Outside Directors with sufficient explanations of the Company Group's business details, financial status, management strategies and other information.

3. The Company strives to support the continuing acquisition of knowledge by Directors, even after they have assumed office, and it conducts training as necessary for deepening their understanding of the knowledge and other matters required for management.

Article 20. Operation and Evaluation of the Board of Directors

1. The Company's Board of Directors strives to foster a culture that respects free and constructive discussion and exchange of opinions, including the raising of issues by Outside Directors. In order to stimulate deliberations, it does not limit the number of items to be discussed or the amount of time for discussions.
2. Each year, the Company's Board of Directors evaluates and analyzes the effectiveness of the Board, discloses a summary of the results in an appropriate manner, and makes the necessary improvements.

Chapter 6. Dialogue with Shareholders

Article 21. Constructive Dialogue with Shareholders

To contribute to sustainable growth and increase of corporate value over the medium to long term, the Company engages in constructive dialogue with shareholders, based on the General Meeting of Shareholders and various other opportunities. Also, the Company pays appropriate attention to the voices and opinions of shareholders through dialogue and strives to explain the Company's management policies in an easy-to-understand manner. Specifically, it promotes constructive dialogue with shareholders through the following measures:

- (1) The President and Representative Director supervises the overall dialogue with shareholders and endeavors to realize constructive dialogue with shareholders.
- (2) The Director in charge of administration exercises total control over IR activities. A dedicated department in charge of IR supports smooth IR activities and dialogue with shareholders in close cooperation with relevant internal departments.
- (3) In addition to responding to day-to-day inquiries from shareholders and individual investors and individual meetings with institutional investors, the Company holds small meetings for analysts and briefings on financial results, and it is working to enhance the means of dialogue through measures such as posting information on briefings and other matters on the Company's website.
- (4) The opinions of shareholders and other information obtained through dialogue with shareholders are shared within the Company through reporting to the Board of Directors and other measures, and efforts are made to utilize them in future management.
- (5) In dialogue with shareholders, the Company appropriately manages insider information in line with the Rules on Management of Internal Information and Insider Trading to ensure fairness in information disclosure.

Established: December 27, 2021

Revised: June 28, 2022