

Corporate Governance Report

Last Update: June 28, 2022

ITFOR Inc.

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Securities Code: 4743

<https://ir.itfor.co.jp/english/>

The corporate governance of ITFOR Inc. (the “Company”) is described below.

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

1. Basic Views [Updated]

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.

Based on this basic approach, we have established the Company Group’s “Basic Policy on Corporate Governance” and aim to continuously improve the corporate value of the Company Group by ensuring the effectiveness and continuous enhancement of corporate governance.

<Website for Basic Policy on Corporate Governance and Corporate Governance>

<https://ir.itfor.co.jp/english/management/governance.html>

[Reasons for Non-compliance with the Principles of the Corporate Governance Code] [Updated]

[Supplementary Principle 3-1-3. Initiatives, etc., for Sustainability]

1. Sustainability initiatives

In the Company’s three-year medium-term management plan, “NEXT STAGE 2023 –HENCA SINCA SOZO–,” which started in FY2021, the Company set out sustainability promotion as contributing to regional revitalization and promoting ESG management. The Company has established the “Sustainability Promotion Committee,” with the President and Representative Director serving as the Chairperson responsible for promoting sustainability and the three General Managers serving as deputy chairpersons, and carries out sustainability initiatives.

The Sustainability Promotion Committee has engaged in repeated discussions whose perspectives encompassed the environment surrounding the Company, the status of social issues, SDGs which are global common goals, and more. The Company has decided on the following five priority initiatives (materialities): “reducing the burden on the environment,” “contributing to society through ‘regional revitalization,’” “improving productivity and enhancing added value through the promotion of digital transformation,” “strengthening the management foundation,” and “deepening human resources.”

The Company has deliberated on KPI settings and measures for each of these materialities, and is taking concrete initiatives through its business activities.

<Website for Sustainability Initiatives>

<https://www.itfor.co.jp/en/sustainability/>

2. Investing in human capital

The Company is working to promote the active participation and development of its human capital and developing rewarding working environment and systems with the aim of enabling every one of its employees, with their diverse values and backgrounds, to live up to their full potential.

Details regarding the initiatives and its progress are disclosed on the Company's website.

<https://www.itfor.co.jp/en/sustainability/hrm/>

3. Investing in intellectual property

The results of research and development have been announced as necessary in press releases, etc., as well as posted on the Company's website.

<https://www.itfor.co.jp/en/news/>

4. Response to climate change and disclosure in accordance with the TCFD framework

The Company collects and analyzes necessary data regarding the risks and revenue opportunities associated with climate change, its impact on the business activities of the Company, and other matters.

The Company deliberates on how to enrich both the quality and volume of its disclosure in accordance with frameworks such as the TCFD and is preparing to make disclosures.

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

[Principle 1-4. Strategic Shareholdings]

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.

Regularly each year, the Board of Directors verifies the economic rationality of individual strategic shareholdings, based mainly on whether they meet their holding purposes, and the Company shall reduce the holding of shares that are judged to be inappropriate.

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. In FY2022, the Company intends to continue its strategic shareholdings of 14 issues of its business partners.

(Article 6 of the Basic Policy on Corporate Governance)

[Principle 1-7. Transactions between Related Parties]

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.

The Company conducts investigations each fiscal year to determine the existence of related parties and transactions with related parties.

(Article 8 of the Basic Policy on Corporate Governance)

[Supplementary Principle 2-4-1. Ensuring Internal Diversity Including Active Participation of Women]

In an effort to achieve its corporate philosophy, "We provide inspiration and innovation for a future of smiles through our 'ability to be close to people'," the Company is making efforts to promote the active participation and development of its human resources and provide a rewarding working environment and systems, by respecting all forms of diversity including the active participation of women and the individuality of employees, with an aim to enable every one of its employees who uphold diverse values and come from diverse backgrounds to demonstrate their potential to the maximum extent.

(1) Status of ensuring diversity

The Company has always practiced merit-based appointment that focuses on abilities and achievements, regardless of gender, age, and nationality.

The Company recognizes the importance of paying respect to diverse perspectives and values to achieve sustained growth and the increase of corporate value, and actively recruits talent with different experiences and skills, while promoting the establishment of workplaces where diverse talent can actively participate.

Furthermore, the Company provides new employment opportunities to retirees through the post-retirement re-employment system, which contributes to hand down the experience and professional expertise accumulated over many years in various fields to younger employees.

(i) Appointment of female managers

The Company has set a goal of raising the percentage of female managers to 8.0% by FY2023.

The percentage of female managers has changed as follows:

- As of March 31, 2021: 5.8% (6.8% for the Company Group as a whole)
- As of March 31, 2022: 4.2% (5.5% for the Company Group as a whole)

(ii) Appointment of foreign national and mid-career recruit managers

Given that the Company's business base is in Japan, the percentage of foreign national managers is currently 0.0%. Going forward, the Company intends to appoint foreign national managers in stages as appropriate.

In addition, the percentage of managers who were mid-career recruits has changed as follows, and the Company intends to maintain these levels.

- As of March 31, 2021: 43.3% (50.0% for the Company Group as a whole)
- As of March 31, 2022: 38.9% (45.9% for the Company Group as a whole)

(2) The policies for human resources development and for the improvement of the working environment aimed at ensuring diversity

(i) Policy for human resources development

The Company's employees are irreplaceable precious human resources. The Company believes that it is able to build and maintain a long-term relationship of trust with its customers and thus increase its corporate value due to the autonomous collaboration and mutual enhancement between the employees with diverse experience, skills, and attributes.

Based on this concept of employees being important management resources, the Company positions the development of human resources as an important issue. In order to address this issue, the Company provides training opportunities, such as level-specific training programs including the training for new employees, OJT training at each Department, harassment-prevention training for all employees, managerial training for newly appointed managers, and third-party seminars, as necessary.

The Company is also working to establish a system where employees can consider their own career paths with a full understanding of internal work of the Company.

(ii) Policy for the improvement of the working environment

Based on the belief that having employees embrace rewarding challenges will lead to the growth of the organization, the Company strives to provide a working environment in which employees can demonstrate their various capabilities and have opportunities to engage in challenging work.

(iii) Current status

- Recruitment of new graduates
 - FY2020: 22, including 15 male and 7 female employees
 - FY2021: 23, including 15 male and 8 female employees
 - FY2022: 31, including 24 male and 7 female employees
- Mid-career recruits
 - FY2020: 39, including 29 male and 10 female employees
 - FY2021: 12, including 9 male and 3 female employees

- Ratio of paid vacation usage for FY2021: 78%
- Adoption of a flex-time system, shift of remote working to a permanent system
- Conduction of an employee engagement survey, and consideration and implementation of an action plan based on the results thereof

[Principle 2-6. Roles as Asset Owner of Corporate Pension Funds]

The Company has not adopted a defined benefit-type corporate pension plan, and thus this principle does not apply.

[Principle 3-1. Full Information Disclosure]

(i) Aims of the Company (e.g., corporate philosophy), management strategies, and management plans

The Company wishes to contribute to the creation of a society that provides inspiration and innovation for a future of smiles by using its expertise in systems (IT) and operations (BPO), developed through the years, to provide support not only to companies but the people within them through various stages of their lives. Led by this desire, the Company revised its corporate philosophy in December 2021 and formulated its purpose statement, which encapsulates the importance of its place in society.

<Corporate philosophy>

Provide inspiration and innovation for a future of smiles through our ‘ability to be close to people’

<Purpose statement (the importance of the Company’s place in society)>

Through social contribution by regional revitalization, we will contribute to the development of a sustainable future by providing surprises for all people and businesses.

<Management strategies and management plans>

Details regarding the third medium-term management plan, which began in FY2021, are disclosed on the Company’s website.

<https://ir.itfor.co.jp/english//management/plan.html>

(ii) The Company Group’s basic views and basic policy on corporate governance

See “1. Basic Views” under “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information” of this report.

The Company has established and disclosed the “Basic Policy on Corporate Governance” with the objective of sincerely meeting the expectations of its shareholders, employees, customers, business partners, and the community, achieving sustainable growth of the Company Group, and increasing its corporate value over the medium to long term. (Established on December 27, 2021)

(iii) Policies and procedures on determining the remuneration of senior management and Directors by the Board of Directors

See “1. Organizational Composition and Operation” under “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this report.

(iv) Policies and procedures on the election/dismissal of senior management and the nomination of candidates for Director in the Board of Directors

See “2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” under “II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management” of this report.

(v) Explanations with respect to the individual elections/dismissals and nominations in the election/dismissal of senior management and the nomination of candidates for Director in the Board of Directors

When nominating candidates for Directors or Directors serving as Audit & Supervisory Board Members, this is indicated in the Reference Documents for the General Meeting of Shareholders in the convocation notice of the General Meeting of Shareholders, and the convocation notice of the General Meeting of Shareholders is posted on the Company's website.

<https://ir.itfor.co.jp/english/stock/meeting.html>

In the event when the Board of Directors reaches a decision to dismiss a member of senior management, such decisions are disclosed through timely disclosures, etc., based on the rules specified by the Tokyo Stock Exchange.

[Supplementary Principle 4-1-1. The Outline of the Scope of Delegation to Management]

The matters to be discussed and resolved by the Board of Directors of the Company are set forth in the Board of Directors Regulations based on their monetary materiality and other factors, in addition to matters set forth in laws, regulations, and the Articles of Incorporation.

Furthermore, the Company has adopted a system that delegates a part of the important business execution authority to the Business Executive Committee, which is chaired by the President and Representative Director, to engage in prompt management decisions and business execution.

[Principle 4-9. Independence Standards and Qualifications for Independent Outside Directors]

The Board of Directors of the Company has set forth the following criteria (1) through (3) when electing Independent Outside Directors, to enhance the supervision function over management and strengthen the corporate governance structure.

(1) An Independent Outside Director must currently not be an executive of the Company, its subsidiaries, or affiliates of the Company. In addition, an Independent Outside Director must not have been an executive of the Company, its subsidiaries, or affiliates of the Company during the last 10 years.

(2) An Independent Outside Director must currently not be a party whose major client or supplier is the Company or an executive thereof, or a major client or supplier of the Company or an executive thereof.

(3) An Independent Outside Director must not be a consultant, an accounting or legal specialist, an accounting auditor, or a counterparty to an advisory contract, currently receiving a large amount of cash or other property from the Company aside from the compensation as a Director (if the entity receiving the stated assets is a corporation, union or other organization, then any person belonging to said organization).

In selecting the candidates, the Board of Directors of the Company also fully examines whether the candidate holds the qualifications that will allow the candidate to fulfill his/her roles and responsibilities as an Independent Outside Director, such as whether the candidate is expected to contribute to the frank, active, and constructive discussions of the Board, in addition to whether a candidate complies with these criteria of independence.

[Supplementary Principle 4-10-1. Nomination and Compensation Committee]

See "1. Organizational Composition and Operation" under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" of this report.

[Supplementary Principle 4-11-1. Views on the Balance of Knowledge, Experience, and Capability; Diversity and Scale of the Board of Directors; and the Combination of Skills, etc., of the Directors]

The Company believes that in order for the Board of Directors to recognize its fiduciary responsibilities to the shareholders and fulfill its obligation to achieve the sustainable growth and increase of corporate value over the medium to long term of the Company Group, the Board of Directors as a whole should maintain the diversity that includes a balance of knowledge, experience, capability, gender, and high level of expertise. As such, 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.

Candidates for Independent Outside Directors are selected from persons who meet the criteria for independence specified by the Tokyo Stock Exchange, and are capable of supervising management from a wide perspective and providing appropriate advice based on their background and relationship with the Company, and also possess excellent character and insight.

- Currently, there are no foreign national Directors; however, given that many of the Directors and Outside Directors are internationally-minded and have abundant business experience overseas, including those with experience of overseas postings and working with overseas vendors, the diversity of the Board of Directors is assured.
- A skill matrix that summarizes the skills and experiences of each Director and Outside Director is shown on the last page of this report.

[Supplementary Principle 4-11-2. Status of Concurrent Positions Held by the Directors]

The Company discloses each year the significant concurrent executive positions held by each Director at other companies in the Notice of the General Meeting of Shareholders and on its website, etc., after deliberations regarding such positions at the Board of Directors.

<https://ir.itfor.co.jp/english/management/company.html>

[Supplementary Principle 4-11-3. Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

The Company conducts a self-evaluation and analysis of the effectiveness of the Board of Directors each year, with the aim of improving the functions of the Board of Directors and increasing corporate value. To ensure the objectivity and transparency of the self-evaluation and analysis, the Company enlists third-party organizations for support and employs the method of conducting questionnaires on each Director regarding matters such as the composition and operation of the Board of Directors.

The analysis and evaluation results from the questionnaire for FY2021 indicated that the Board of Directors was functioning appropriately in general, in terms of its operations, decision-making, and supervision. The Company has judged that "the effectiveness of the Board of Directors is ensured."

A summary of the FY2021 evaluation results of the effectiveness of the Board of Directors of the Company has been disclosed on the Company's website.

<https://pdf.irpocket.com/C4743/JZk2/mVio/Jk6Q.pdf>

[Supplementary Principle 4-14-2. Policy for Training of Directors]

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.

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.

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

(Article 19 of the Basic Policy on Corporate Governance)

[Principle 5-1. Policy for 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.

(Article 21 of the Basic Policy on Corporate Governance)

Specifically, it promotes constructive dialogue with shareholders through the following measures:

- (i) The President and Representative Director supervises the overall dialogue with shareholders and endeavors to realize constructive dialogue with shareholders.
- (ii) 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.
- (iii) 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.
- (iv) 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.
- (v) 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.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders] [Updated]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	3,771,400	13.61
Custody Bank of Japan, Ltd. (Trust account)	1,696,096	6.12
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Re-trust Portion / BROTHER INDUSTRIES, LTD. Retirement Benefit Trust Account)	1,420,000	5.12
ITFOR Employee Shareholding Association	968,200	3.49
KIA FUND 136	611,300	2.21
Meiji Yasuda Life Insurance Company	551,400	1.99
The Bank of Yokohama, Ltd.	500,000	1.80
RBC ISB LUX NON RES/DOM RATE -UCITS CLIENTS ACCOUNT-MIG	395,800	1.43
Kiyoshi Higashikawa	366,400	1.32
Eishi Murakami	361,000	1.30

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

Supplementary Explanation [Updated]

(Notes)

- The shares owned by Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank Re-trust Portion / BROTHER INDUSTRIES, LTD. Retirement Benefit Trust Account) refer to the Company's shares that were owned by BROTHER INDUSTRIES, LTD. and entrusted to Sumitomo Mitsui Trust Bank, Limited, which were then re-trusted to Custody Bank of Japan, Ltd., and related voting rights are retained by BROTHER INDUSTRIES, LTD.
- The Company holds 1,719,913 shares of treasury stock, which is excluded from the above-stated major shareholders. Company shares of 123,796 shares held by Custody Bank of Japan, Ltd. as trust property for the stock remuneration plan are not included in treasury stock.

3. Corporate Attributes

Listed Stock Market and Market Section [Updated]	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	From 500 to less than 1,000
Net Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Makoto Sato	From another company												○
Daisuke Koizumi	From another company												○
Waka Abe	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;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A 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, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/audit & supervisory board member

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

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

i. Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) [Updated]

Name	Audit & Supervisory Board Members	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Makoto Sato	○	○	—	Mr. Makoto Sato has abundant experience and deep insight as a certified public accountant, certified public tax accountant, and management consultant, and is capable of supervising the fairness and transparency of management from an objective and neutral standpoint. The Company has also judged that Mr. Sato poses no risk of conflicts of interest with general shareholders.
Daisuke Koizumi	○	○	—	Mr. Daisuke Koizumi has abundant experience as a corporate manager and deep insight as a certified public accountant and certified public tax accountant, and is capable of supervising the fairness and transparency of management from an objective and neutral standpoint. The Company has also judged that Mr. Koizumi poses no risk of conflicts of interest with general shareholders.
Waka Abe		○	—	Ms. Waka Abe has experience and insight in launching new businesses overseas and serving as a Director of a business corporation. Accordingly, the Company expects that she will make contributions to strengthening the supervisory functions of the Company's management by, for example, making strict and fair judgment about the appropriateness of decision-making by the Board of Directors of the Company.

[Audit & Supervisory Board]

Board Members' Composition and Attributes of Chairperson

	All Board Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit & Supervisory Board	3	1	1	2	Internal Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Board	Not Appointed
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Reason for Adopting the Current System

The Audit & Supervisory Board cooperates with the Internal Audit Office to conduct audits. Accordingly, the Company has not appointed employees to assist the Audit & Supervisory Board in its duties.

Cooperation among Audit & Supervisory Board, Accounting Auditors and Internal Audit Divisions

The Audit & Supervisory Board Members, the Internal Audit Office, and the Accounting Auditor confer with each other as necessary, and conduct reports on the status of internal control and exchange opinions on other matters.

[Voluntary Establishment of Nomination/Remuneration Committee]

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

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	Nomination and Compensation Committee	Nomination and Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Internal Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

The Company has established the Nomination and Compensation Committee as an optional advisory body to the Board of Directors to strengthen the fairness, transparency, and objectivity of the procedures relating to the nomination and remuneration of Directors and enhance corporate governance.

- Composition

The members of the Nomination and Compensation Committee comprise three or more Directors selected by resolution of the Board of Directors, the majority of which shall be Independent Outside Directors (i.e., those registered as Independent Directors with Tokyo Stock Exchange, Inc., among the Outside Directors).

In addition, the Chairperson shall be selected from the Independent Outside Directors by resolution of the Nomination and Compensation Committee.

- Roles and Responsibilities

In response to inquiries by the Board of Directors, the Nomination and Compensation Committee shall deliberate the following matters and report them to the Board of Directors.

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|---|
| <p>(1) Matters concerning the election/dismissal of Directors (matters to be resolved by the General Meeting of Shareholders)</p> <p>(2) Matters concerning the selection/dismissal of Representative Directors</p> <p>(3) Matters concerning the selection/dismissal of Directors with special titles</p> <p>(4) Matters concerning the remuneration, etc. of Directors</p> <p>(5) Matters concerning the maximum amount of remuneration to Directors (matters to be resolved by the General Meeting of Shareholders)</p> <p>(6) Matters concerning succession planning (including training)</p> <p>(7) Other important matters related to management deemed necessary by the Board of Directors</p> |
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[Independent Directors]

Number of Independent Directors	3
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Matters relating to Independent Directors

All eligible Outside Directors are registered as Independent Directors.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration / Stock Options
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Supplementary Explanation [Updated]

[Performance-linked stock remuneration plan]
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The Company has introduced a performance-linked stock remuneration plan for the Directors of the Company (excluding Directors serving as Audit & Supervisory Board Members and Outside Directors) through resolution of the Board of Directors meeting held on May 13, 2021 and the 62nd Annual General Meeting of Shareholders held on June 18, 2021.

This plan was introduced to motivate Directors to contribute to enhancing medium- to long-term performance and value of the Company by clarifying the linkage between the remuneration for Directors and the Company's performance and equity value, as well as to share the benefits and risks of stock price fluctuations with shareholders.

(i) Overview of the stock remuneration plan

In the stock remuneration plan, a trust created through monetary funding by the Company (hereinafter, the "Trust") is used to acquire the Company shares, which are delivered through the Trust to each Director in accordance with the number of points that have been granted to the Director.

As a general rule, the Company shares are delivered to the Director at the point of the Director's resignation. Directors shall not, without exception, exercise voting rights of the Company shares within account of the Trust.

(ii) Total number and amount of shares delivered to Directors

As of March 31, 2022, Sumitomo Mitsui Trust Bank, Limited (Trust account) holds 123,796 shares.

(iii) Persons who qualify for beneficiary rights and other rights under the stock grant plan

Directors who have resigned and who satisfy the requirements for beneficiaries stipulated in the Stock Grant Rules.

See Proposal 3 of the Reference Documents for the General Meeting of Shareholders of the Notice of the 62nd Annual General Meeting of Shareholders for the details. The Notice can be found on the Company's website.

<https://ir.itfor.co.jp/english/stock/meeting.html>

Recipients of Stock Options	Internal Directors / Employee
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Supplementary Explanation [Updated]

[Stock options]

Based on the stipulations in Articles 236, 238, and 239 of the Companies Act, the Company has issued stock acquisition rights as stock options to the Company's Directors, Executive Officers, and employees through resolutions of the Board of Directors meeting held on May 11, 2017 and the 58th Annual General Meeting of Shareholders held on June 21, 2017.

The recipients of stock options shall be the Company's Directors (excluding Directors serving as Audit & Supervisory Board Members), Executive Officers, and employees.

The status of stock acquisition rights as of March 31, 2022 is indicated in the "Securities Report for the 63rd Fiscal Year (April 1, 2021 to March 31, 2022)."

The securities report can be found on the Company's website.

<https://ir.itfor.co.jp/library/report.html> (Japanese only)

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation [Updated]

The aim of the remuneration of officers of the Company is to secure, retain, and motivate outstanding talent in management in order to achieve sustainable growth and the medium- to long-term increase of corporate value of the Company and the Company Group. To that end, the Company's basic policy is to determine remuneration through a transparent and objective process that maintains an appropriate link between remuneration and performance and in which remuneration functions as a sound incentive.

[Remuneration system]

The remuneration of the officers of the Company is composed of basic remuneration and performance-linked remuneration, which are deliberated and determined by the Board of Directors based on comparisons with peers or with other companies of comparable size, as well as the Company's financial situation and the individual's degree of contribution.

Furthermore, in order to increase the independence and objectivity of the functions of the Board of Directors, the Company has established a Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors.

Variable remuneration such as performance-linked remuneration is not suitable for Outside Directors and Directors and Audit & Supervisory Board Members, so only "basic remuneration" is paid to them.

(i) Basic remuneration

A fixed amount of basic remuneration is paid to Directors based on their individual positions and responsibilities. The amount of remuneration for Directors serving as Audit & Supervisory Board Members is decided through discussion of each Audit & Supervisory Board Member.

(ii) Performance-linked remuneration

Performance-linked remuneration comprises monthly remuneration, which is incentive remuneration that varies depending on short-term performance, tax-qualified stock options (non-monetary remuneration, etc.), which are medium- to long-term incentive remuneration, and performance-linked stock remuneration (non-monetary remuneration).

Monthly remuneration is paid at an amount calculated according to the degree of achievement of the targets for net income attributable to owners of the parent for each fiscal year.

Policy on Determining Remuneration Amounts
and Calculation Methods [Updated]

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

In deciding the amount of remuneration for each Director (excluding Directors serving as Audit & Supervisory Board Members), the Board of Directors requests deliberation by the Nomination and Compensation Committee and decides the amount, taking the results of deliberation by the Nomination and Compensation Committee into due consideration.

Directors are paid the amount of basic remuneration determined by the Board of Directors based on the Director's position and responsibilities.

The Board of Directors shall consult with the Nomination and Compensation Committee on deciding the specific details of monthly performance-linked remuneration.

The content of such authority is as follows: With regard to performance-linked remuneration for each Executive Director, the Nomination and Compensation Committee confirms the reasonableness and appropriateness of the evaluations of the results and the degree of contribution for each Director's individual performance indicators submitted by the Representative Director, and then enters these performance indicators into the calculation framework decided on by the Board of Directors to determine the amount of remuneration for each individual.

With regard to stock remuneration, points are granted to each Director based on the Stock Grant Rules decided on by the Board of Directors. When the designated conditions are met, Company shares are granted to the Director using the designated method for delivering Company shares to Directors.

The Nomination and Compensation Committee is composed of three Outside Directors and two Representative Directors and is chaired by an Outside Director.

The activities of the Nomination and Compensation Committee consist of deliberation regarding candidates for Directors, evaluation of each Director and deliberation regarding the amount of remuneration to be paid to each individual, the revision of regulations such as Director Regulations, and the reporting of these results to the Board of Directors.

[Total amount of remuneration, etc. for each category of officer, total amount by type of remuneration, etc., and number of recipients]

(Note) The total amount of remuneration, etc. by individual is omitted, as no officer received ¥100 million or more.

- (i) Directors (excluding Directors serving as Audit & Supervisory Board Members and Outside Directors)
 - Number of recipients: 6
 - Total amount of remuneration, etc.: ¥189,409 thousand
 - Breakdown: Fixed remuneration: ¥83,070 thousand, Performance-linked remuneration: ¥71,910 thousand, Stock options: ¥2,921 thousand, Retirement benefits: ¥31,508 thousand
- (ii) Directors (excluding Directors serving as Audit & Supervisory Board Members)
 - Number of recipients: 1
 - Total amount of remuneration, etc.: ¥3,600 thousand
 - Breakdown: Fixed remuneration: ¥3,600 thousand
- (iii) Directors serving as Audit & Supervisory Board Members (excluding Outside Directors)
 - Number of recipients: 2
 - Total amount of remuneration, etc.: ¥13,680 thousand
 - Breakdown: Fixed remuneration: ¥13,680 thousand
- (iv) Outside officers
 - Number of recipients: 2
 - Total amount of remuneration, etc.: ¥9,480 thousand
 - Breakdown: Fixed remuneration: ¥9,480 thousand

[Supporting System for Outside Directors]

Outside Directors do not have dedicated staff at their disposal, but are assisted by the General Affairs Department.

In addition, employees who have been assigned to assist Outside Directors in performing their duties as Audit & Supervisory Board Members shall be under the command and control of the Audit & Supervisory Board when assisting in such duties, as stated in the description of “Matters Related to the Internal Control System.”

The Company has implemented the use of paperless documents for the Board of Directors and the Business Executive Committee, and documents are distributed in advance using the Company’s internal network system. In addition, for agendas requiring explanations in advance, explanations of the agenda are offered prior to the holding of the meetings of the Board of Directors or the Business Executive Committee.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

- The Company has selected the system of a company with an Audit & Supervisory Board as its organizational design under the Companies Act.
- The Articles of Incorporation stipulate that the number of Directors (excluding Directors serving as Audit & Supervisory Board Members) shall be not more than 20. Currently, there are five Directors, of whom one is an Outside Director.
In addition, the Articles of Incorporation stipulate that the number of Directors serving as Audit & Supervisory Board Members shall be not more than five. Currently, there are three Directors serving as Audit & Supervisory Board Members, of whom two are Outside Directors.
- 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.
- To increase the transparency and objectivity of procedures in relation to nomination and remuneration, etc., of Directors, the Company has established the Nomination and Compensation Committee as an optional advisory body to the Board of Directors, with a majority of its members consisting of Independent Outside Directors.

[Board of Directors]

The Board of Directors 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. In order to fulfil these responsibilities, the Board of Directors 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.

The 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.

[Audit & Supervisory Board]

The Audit & Supervisory Board is a statutory organ that performs supervisory functions together with the Board of Directors and audits the execution of duties by the Directors. The 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.

In addition, to enable the Outside Directors to strengthen their ability to gather information, the Audit & Supervisory Board ensures its cooperation with the Outside Directors and also cooperates fully with the Accounting Auditor and the internal audit division.

Furthermore, recognizing the responsibilities of the Accounting Auditor to shareholders and investors, the 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.

[Business Executive Committee]

The Business Executive Committee of the Company flexibly makes decisions on basic matters and important matters related to business execution to further strengthen the functions of the Board of Directors and improve management efficiency.

The Committee meets twice a month in principle, and comprises Directors and Executive Officers.

[Sustainability Promotion Committee]

To advance and expand initiatives toward sustainability, the President and Representative Director serves as the Chairperson and the General Managers of each department serve as the deputy chairpersons of the Sustainability Promotion Committee. The activities of the Committee shall be reported to the Board of Directors at each meeting, and instructions shall be given as necessary. Decisions made by the Committee will be directed to each of our departments and group companies, which work together as a group to achieve sustainability.

- Procedures for Election of Directors

The Nomination and Compensation 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. Furthermore, the reasons for the election of candidates for Director are disclosed in the Notice of the General Meeting of Shareholders.

- 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 Compensation 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 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.

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the current system with the aim of ensuring the transparency of the decision-making process and strengthening the supervision function of the Board of Directors by having the Directors serving as Audit & Supervisory Board Members, the majority of whom are Outside Directors, participate in management. At the same time, the Company has judged that delegating all or part of decisions regarding the execution of important business to Directors, in accordance with laws, regulations, and the Articles of Incorporation, will enable the Company to make prompt management decisions.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Notice of the 63rd Annual General Meeting of Shareholders (held on June 17, 2022) was sent out on June 1, 2022, before the statutory date. In addition, the Notice was posted on TDnet and the Company's website on May 26, 2022. https://ir.itfor.co.jp/english/stock/meeting.html
Scheduling Annual General Meeting of Shareholders Avoiding the Peak Day	Each year, the Company makes every effort to have as many shareholders as possible attend the meeting by scheduling the meetings on off-peak days.
Allowing Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights via the Internet.
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Environment for Exercising Voting Rights for Institutional Investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Providing Convocation Notice (Summary) in English	Starting from the 63rd Annual General Meeting of Shareholders (held on June 17, 2022), an English language version of the Notice has been created. It was voluntarily disclosed on TDnet on June 1 and posted on the Company's website. https://ir.itfor.co.jp/english/stock/meeting.html
Other	Starting from the Annual General Meeting of Shareholders held in June 2021, the Company used cloud-based services for the virtual general meeting of shareholders and allowed online participation of the General Meeting of Shareholders (viewing of the live streaming), and received questions in advance through the advance question form. In addition, the Company posts the resolutions passed in the General Meeting of Shareholders on the Company's website. https://ir.itfor.co.jp/english/stock/meeting.html

2. IR Activities [Updated]

	Supplementary Explanations	Explanations by the Representative
Preparation and Publication of Disclosure Policy	<p>The Company upholds the “appropriate disclosure of information” as part of its Corporate Code of Conduct. The Company maintains and ensures the continuity of transparent management and appropriately discloses corporate information, not only as a means of complying with laws and regulations, but also as a way to gain the trust of its customers, shareholders, and investors.</p> <p>With respect to information disclosure, the Company provides timely and appropriate disclosures, in accordance with the Financial Instruments and Exchange Act and the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (the Timely Disclosure Rules) stipulated by the Tokyo Stock Exchange.</p> <p>The Company also aims to actively provide disclosures of additional information that does not fall under the Timely Disclosure Rules in order to meet investors’ needs.</p> <p>Information disclosures are promptly offered to the press as well as posted on the Company’s website. For details, see the Company’s website. https://ir.itfor.co.jp/management/policy.html (Japanese only)</p>	
Regular Investor Briefings for Individual Investors	<p>The Company participated in the Premium Bridge Salon* held on March 26, 2022 for the first time. The Company plans to continue to take part in and hold regular IR seminars for individual investors.</p> <p>*Premium Bridge Salon is an IR seminar for individual investors held by Investment Bridge Co, Ltd.</p> <p>Videos of briefings and seminars can be viewed on the Company website. https://ir.itfor.co.jp/individual/movie.html (Japanese only)</p>	Provided
Regular Investor Briefings for Analysts and Institutional Investors	<p>The Company holds briefings on the financial results for institutional investors and analysts twice each year. These briefings are conducted by the President, and videos of the briefings as well as the presentation materials used are posted on the Company’s website. https://ir.itfor.co.jp/english/library/documents.html</p>	Provided
Posting of IR Materials on Website	<p>Various IR materials are posted on the Company’s website. https://ir.itfor.co.jp/english/</p>	

	<ul style="list-style-type: none"> - Management Policies, such as Corporate Governance, the Corporate Code of Conduct, the status of CSR, and IR Policy - Financial information such as status of profit/loss, the status of assets, dividends history, and major indicators history - Shareholder reports, financial results, annual securities reports, information on general meetings of shareholders, briefing materials for financial results, disclosure information including materials related to financial results and stock information, share price information, shareholder return information, IR calendar, electronic notices, and information including various IR links, etc. 	
Establishment of Department and/or Manager in Charge of IR	<p>The Corporate Planning Department oversees IR functions.</p> <p>The Director and General Manager of the Administration Department is the officer in charge of IR, and the General Manager of the Corporate Planning Department is the Chief IR Liaison Officer.</p>	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Corporate Code of Conduct stipulates the appropriate disclosure of information.
Implementation of Environmental Activities, CSR Activities etc.	<p>Based on its recognition of the importance of issues surrounding sustainability, the Company is actively and positively pushing forward initiatives for the realization of a sustainable society.</p> <p>In December 2021, the Company formulated a Sustainability Policy and has posted the details of its activities on the Company's website.</p> <p>https://www.itfor.co.jp/en/sustainability/</p>

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development [Updated]

The system to ensure the appropriateness of business (internal control system) resolved by the Board of Directors of the Company is as follows:

1. System to ensure that the execution of duties by the Directors and employees of the Company and its subsidiaries is in conformity with laws and regulations and the Articles of Incorporation

(1) The Company shall establish the “Compliance and Risk Management Committee” as an organization to oversee the Company Group’s compliance, as a whole.

(2) To thoroughly enforce compliance with laws and regulations and the Articles of Incorporation among the Directors and employees of the Company and its subsidiaries, the Compliance and Risk Management Committee shall conduct periodic in-house education on compliance, and also manage and supervise the implementation status of compliance, and establish a system to report such activities to the Board of Directors and the Audit & Supervisory Board, as necessary.

(3) To promote compliance, instructions shall be given through training and other methods, based on the compliance regulations, to ensure that the Directors and employees of the Company and its subsidiaries take individual ownership of the problem of compliance, and engage in business operations accordingly.

2. System for the storage and management of information related to the Directors’ execution of duties, and system for reporting matters related to the execution of duties by the Directors of subsidiaries to the Company
Information related to the Directors’ execution of duties shall be appropriately stored and managed in a readily accessible form, in accordance with the provisions of the document management regulations. In addition, at the subsidiaries, matters to be approved by and reported to the Company’s Board of Directors or the Business Executive Committee shall be set forth in the affiliate management regulations and the authority regulations.

3. Regulations and other systems concerning management of the risk of loss for the Company and its subsidiaries

(1) The Company shall establish the “Compliance and Risk Management Committee” as an organization to oversee risk management in general, as well as an “Emergency Response Headquarters” headed by the President, to oversee risk management in times of emergency for the Company and its subsidiaries.

(2) In normal times, the Company shall make efforts to mitigate risks associated with information security, the environment, occupational health, product safety, quality, etc. through risk analysis based on the risk management regulations.

(3) The Company shall establish the “Security Committee,” “Environment Committee,” and “Quality and Safety Committee” under the “Compliance and Risk Management Committee,” to analyze operational risks from their respective specialized standpoints and report to the “Compliance and Risk Management Committee.” The Company shall also conduct in-house training and other methods to firmly establish risk management.

4. System for ensuring that the Directors of the Company and its subsidiaries perform their duties efficiently

(1) In accordance with the provisions of laws and regulations and the Articles of Incorporation, the Company shall convene a meeting of the Board of Directors once per month, in principle, or whenever necessary, regarding important matters related to the management of the Company and its subsidiaries, in order to resolve such matters upon conducting the necessary and appropriate discussions and deliberations, and to supervise the execution of the duties of the Directors.

(2) To further strengthen the functions of the Board of Directors and improve management efficiency, the Company shall convene meetings of the Business Executive Committee each month, as appropriate, with the attendance of all Directors and Executive Officers, in order to flexibly make decisions on basic matters and important matters related to business execution.

(3) Directors (excluding Directors and Audit & Supervisory Board Members) shall establish organizational structures with clearly defined responsibilities and authorities under their chain of command, in accordance with the division of duties regulations and the authority regulations, and respond to important issues promptly and flexibly.

5. System to ensure the appropriateness of business conducted by the corporate group comprising the Company and its subsidiaries

(1) The Company shall assign a person in charge of compliance to each subsidiary, while the “Compliance and Risk Management Committee” shall carry out management and supervision of compliance of the Company Group, in general.

(2) The Company shall manage, instruct, and audit the subsidiaries, in accordance with the affiliate management regulations, and conduct periodic reports and discussions in order to understand their business status.

(3) The Company’s Directors (excluding Directors and Audit & Supervisory Board Members) shall serve concurrently as Directors of the subsidiaries, in order to improve the business efficiency of the entire Group and enhance the risk management system, by means such as securing opportunities to report on important issues and responses to newly-recognized risks, as necessary, at the management meetings of each of its subsidiaries.

6. Items concerning Directors and employees who assist in the duties of the Audit & Supervisory Board of the Company, items concerning the independence of such Directors and employees from other Directors (excluding Directors and Audit & Supervisory Board Members), and items concerning ensuring the effectiveness of instructions given to such Directors and employees by the Audit & Supervisory Board

(1) When deemed necessary by the Audit & Supervisory Board, employees shall be assigned to assist in its duties, and such assignments shall be made with reference to the opinions of the Audit & Supervisory Board.

(2) Personnel matters (transfers, evaluations, disciplinary actions, etc.) of employees assigned to assist in the duties of the Audit & Supervisory Board shall be deliberated in advance by the Audit & Supervisory Board and the Human Resources Division.

(3) When assisting in the duties of the Audit & Supervisory Board, employees who have been assigned to such duties shall be under the command and control of the Audit & Supervisory Board.

7. System for reporting to the Audit & Supervisory Board and system to ensure that individuals who have reported to the Audit & Supervisory Board are not disadvantageously treated as a result of such reports
When requested by the Audit & Supervisory Board, Directors and employees of the Company and its subsidiaries shall attend the meetings of the Audit & Supervisory Board and provide explanations regarding relevant matters. Furthermore, Directors and employees of the Company and its subsidiaries shall report without delay to the Audit & Supervisory Board Members, not only regarding matters provided for by laws and regulations, but also when facts that could cause significant damage to the Company or its subsidiaries are discovered or reported.

The Company and its subsidiaries shall establish rules to the effect that individuals who have made reports to the Audit & Supervisory Board Members shall not be treated unfairly due to such reports, and ensure that such rules are enforced.

8. Items concerning procedures for advance payment or reimbursement of costs incurred in relation to execution of the duties of Audit & Supervisory Board Members (limited to those related to execution of the duties of the Audit & Supervisory Board) and other policies on the treatment of costs and debts arising from execution of such duties

Audit & Supervisory Board Members may request the Company for advance payment or reimbursement of costs incurred, and the payment of debt to creditors borne in relation to the execution of duties. The Directors (excluding Directors and Audit & Supervisory Board Members) shall settle said costs or debts without delay, except in cases where any doubt arises regarding whether or not said costs or debts were necessary for the execution of duties by Audit & Supervisory Board Members, and shall ensure that sufficient audits are not hindered.

9. Other systems to ensure that the Audit & Supervisory Board's audits are executed effectively

The Audit & Supervisory Board may attend relevant meetings and freely access various materials in order to acquire the information necessary for audits. The Audit & Supervisory Board shall make efforts to exchange information with the Accounting Auditor, the corporate attorneys, and the Corporate Auditors of each subsidiary, and collaborate to ensure the effectiveness of the audits of the Company and its subsidiaries.

10. System for ensuring the reliability of financial reporting

In order to ensure the reliability of the Company's financial reporting, the Company shall establish a system in which internal control with respect to financial reporting as stipulated in the Financial Instruments and Exchange Act functions effectively, directed by the President and Representative Director.

11. Status of development of the risk management system

The Company has established the "Compliance and Risk Management Committee" as an organization to oversee risk management in general. The Compliance and Risk Management Committee analyzes and works to reduce risk. The "Emergency Response Headquarters," headed by the President, oversees risk management in times of emergency in order to respond quickly and appropriately in the event of disasters, etc.

The "Security Committee," which has been established under the "Compliance and Risk Management Committee," oversees risk management regarding important information, customer information, etc., and overall information leakage measures.

12. Liability limitation agreements with Directors (excluding Executive Directors, etc.)

The Company has stipulated in its Articles of Incorporation that it may enter into liability limitation agreements with Directors (excluding Executive Directors, etc.), in accordance with Article 427, Paragraph 1 of the Companies Act, to limit their liability for damages to the amount stipulated by laws and regulations as provided in Article 423, Paragraph 1 of the same Act, so that they may fully perform their expected roles. Currently, the Company has entered into such liability limitation agreements with all of the Company's non-executive directors.

13. Overview of directors and officers liability insurance contracts providing coverage to officers, etc.

The Company has entered into a directors and officers liability insurance contract as provided in Article 430-3, Paragraph 1 of the Companies Act with an insurance company. In the event that a claim for damages is brought by a shareholder, third party, or other party, the insurance contract covers liability such as compensation for damages and litigation expenses that shall be borne by the insured. The insured under the insurance contract is Directors of the Company, and the premiums are fully borne by the Company.

14. System to ensure the appropriateness of business of the Company's subsidiaries

The Company has assigned a person in charge of compliance to each subsidiary, and has adopted a system in which the "Compliance and Risk Management Committee" oversees and promotes the compliance of the Company Group in general. At least one of the Directors of every subsidiary is concurrently a Director of the Company and ascertains the status of management mainly by attending Board of Directors meetings. Once per month, these Director(s) report on the status of management, etc. for their subsidiaries at the Company's Business Executive Committee meetings.

The Company has created a system in which the Directors serving as Audit & Supervisory Board Members work closely with the Accounting Auditor to effectively and appropriately supervise and audit each subsidiary.

15. Policy for constructive dialogue with shareholders

In order to build a foundation for constructive dialog with shareholders, the Company upholds the "appropriate disclosure of information" as part of its Corporate Code of Conduct. The Company maintains and ensures the continuity of transparent management and appropriately discloses corporate information, not only as a means of complying with laws and regulations, but also as a way to gain the trust of its customers, shareholders, and investors.

16. Transactions between related parties

In order to protect the interests of shareholders, the Company has defined, in the Board of Directors Regulations, transactions between Directors and the Company as matters to be discussed and resolved by the Board of Directors, and the Board of Directors provides appropriate supervision.

2. Basic Views on Eliminating Anti-Social Forces

The Company has established the "Basic Policy on the Exclusion of Anti-social Forces" as follows, and has set up a system to maintain a resolute stance against anti-social forces.

<Basic Policy on the Exclusion of Anti-social Forces>

1. The Company is fully aware of the importance of severing all ties with anti-social forces that threaten the social order and the sound business operations of corporations, from the perspectives of social responsibility, compliance, and corporate defense, and rejects all ties with such forces and provides no benefit to them.

2. The Company shall steadfastly refuse all unjust demands by anti-social forces. Furthermore, the Company shall address such unjust demands as an organization, and take a resolute stand.

3. The Company shall always strive to strengthen its collaboration with outside specialist organizations such as the police, so that it will be able to receive appropriate advice and cooperation in the event that it receives an unjust demand from anti-social forces.

<Development of a System for the Exclusion of Anti-social Forces>

The Company has established the following systems to sever any and all ties with anti-social forces.

- Appointment of a manager in charge of preventing unjust demands, and collaboration with corporate attorneys, local police stations, and Public Interest Incorporated Association Special Anti-violence Countermeasures Federation of the Metropolitan Police Department (Tokubouren)
- Membership in Tokubouren and gathering of information through the Tokubouren newsletters and Tokubouren news, and through participation in workshops sponsored by Tokubouren

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures [Updated]	Not adopted
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Supplementary Explanation [Updated]

Since the adoption of anti-takeover measures at the Company's 47th Annual General Meeting of Shareholders held on June 23, 2006, with the intent of protecting corporate value and the common interests of shareholders, the Company has made ongoing changes to the contents of the measures as necessary. However, in accordance with the resolution of the Company's Board of Directors meeting held on May 12, 2022, the anti-takeover measures were discontinued and abolished as of the conclusion of the Company's 63rd Annual General Meeting of Shareholders.

The Company will work to ensure and enhance the Company Group's corporate value and 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 purchase large amounts 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 ensuring and enhancing the Company's corporate value and the common interests of shareholders.

(Article 7 of the Basic Policy on Corporate Governance)

2. Other Matters Concerning to Corporate Governance System

[Overview of the Timely Disclosure System]

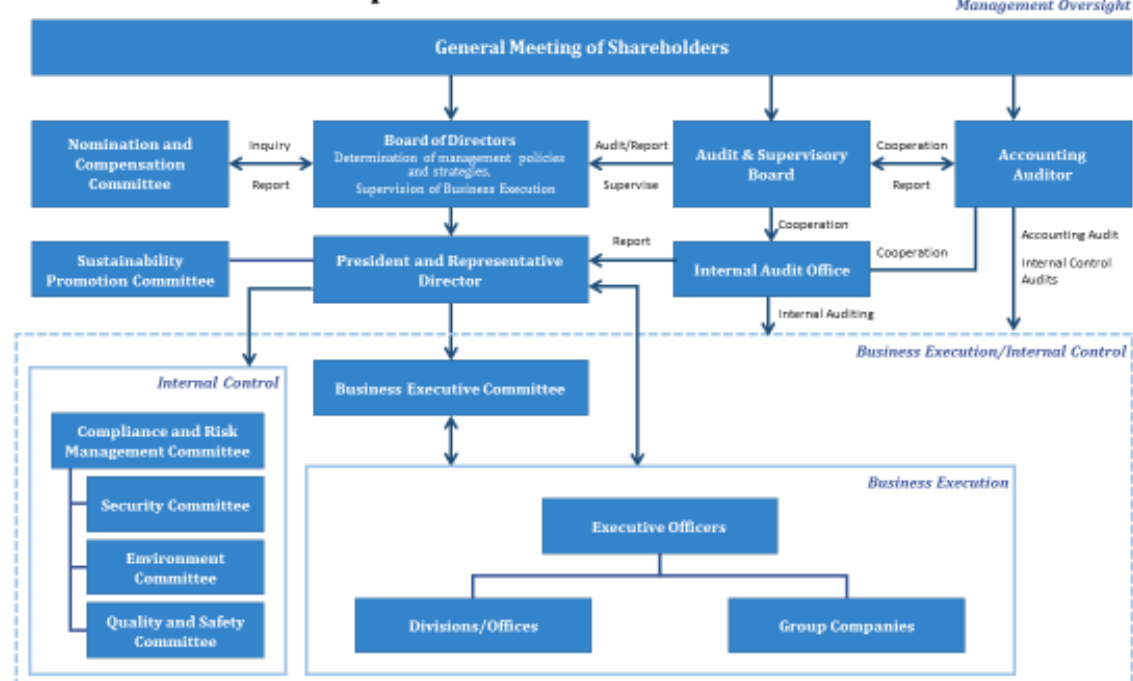
The Company is making efforts toward timely, appropriate, and fair disclosures of information concerning the Company Group, under the "Disclosure Policy."

With respect to the timely disclosure of important management information, the Company announces such information through the Tokyo Stock Exchange and the Company's website, etc., upon deliberation and approval by the Board of Directors. In addition, with respect to information for which disclosure is not necessarily required by laws, regulations, and the rules of the Tokyo Stock Exchange, the Company provides proactive disclosures as necessary, upon carefully considering its impact on investors and other stakeholders.

The internal system for timely disclosures consists of the Corporate Planning Department, which is the dedicated department for timely disclosures. When timely disclosures are necessary, the Corporate Planning Department prepares the timely disclosure materials in accordance with internal rules, in close coordination with the relevant departments including the Accounting Department, the Legal & Intellectual Property Department, and the General Affairs Department. The materials are promptly disclosed in a timely manner upon receiving the approval of the Board of Directors.

With respect to timely disclosure items concerning financial results, the General Manager of the Administration Department bears the responsibility for preparing such materials. The materials are prepared by the departments in charge of accounting and other relevant departments based on the relevant information gathered from each Group company, and are promptly disclosed upon receiving the approval of the Board of Directors.

Corporate Governance Structure



Skills Matrix

Name	Position	Management Experience	ESG/ Sustainability	Marketing and Business Strategy	IT and Infrastructure Technology	Industry Knowledge	Internationalism and Diversity	Legal and Risk Management	Financial Accounting/ MBA
Tsunenori Sato	President and Representative Director	○	○	○	○		○		
Koji Sakata	Senior Managing Executive Officer and Representative Director, General Manager, Technology Development Headquarters	○		○	○	○			○
Hiroataka Oeda	Director and Executive Officer, General Manager, Corporate Strategy Headquarters	○	○	○		○		○	
Katsuo Nakayama	Director and Executive Officer, General Manager, Administration Headquarters	○	○			○		○	○
Waka Abe	Outside Director	○	○	○			○		
Masahito Motoyama	Director and Full-time Audit & Supervisory Board Member	○		○		○		○	
Makoto Sato	Outside Director and Audit & Supervisory Board Member		○			○		○	○
Daisuke Koizumi	Outside Director and Audit & Supervisory Board Member	○	○				○	○	

The list indicates up to five areas of expectations for each director.
The list does not represent all of the knowledge and experience possessed by each director.