

Last update on March 28, 2024

ORO Co., Ltd.

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<https://www.oro.com/en/ir/>

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

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

1. Basic Views **[Updated]**

The management philosophy of the ORO Group (hereinafter referred to as the "Group") is "With the commitment of all employees in creating what they can proudly present to the world (namely our organization with its products, and services), oRo's goal is to continue to deliver more happiness and joy to more people (coworkers, families, business partners, shareholders and society), and lead all our employees to self-fulfillment through our efforts to achieve this goal."

In pursuit of realizing this management philosophy, the Group has established the "ORO Group Activity Guidelines" to cultivate a corporate culture that conducts business activities with high ethical standards.

Our corporate governance is focused on the continuous enhancement of the company's value by establishing and maintaining an organizational structure that can swiftly adapt to changes in the social and economic environment.

The executive officers, appointed by the Board of Directors, implement the "ORO Group Activity Guidelines" to actualize corporate governance, ensuring that the guidelines are widely adopted and practiced by employees within the Group. The Board of Directors supports the principles of the "ORO Group Activity Guidelines" and the "Corporate Governance Code" established by the Financial Instruments Exchange. This support is manifested in building a transparent and flexible organization and system to fulfill our responsibilities towards shareholders and customers.

The internal control system is designed to ensure the proper conduct of the Group's business operations. All officers and employees within the Group are committed to upholding the propriety of business operations through the practice of the "ORO Group Activity Guidelines". The company's Board of Directors has laid down a fundamental policy for the internal control system and has developed a business execution framework, which is overseen by the Board of Directors. The Audit and Supervisory Committee, operating from an independent stance, audits the performance of duties by directors (excluding those who are not members of the Audit and Supervisory Committee), including assessing the development and operation of the internal control system.

Based on this foundational concept, the Board of Directors establishes a corporate governance structure and strives to strengthen corporate governance in alignment with the provisions of the Articles of Association approved by the General Meeting of Shareholders.

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

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

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

[Principle 1.4] The Company does not currently hold any shares as cross-shareholdings.

[Principle 1.7] All related party transactions shall be approved by the Board of Directors before execution, after obtaining legal advice from the Company's corporate attorney as necessary, in accordance with the regulations

of the Company's Board of Directors in order to ensure that, among others, such transactions do not damage the soundness of the management of the Group and are valid in the reasonable judgement of the Group, as well as that terms and conditions of such transactions are adequate when compared with other transactions with outside parties.

[Supplementary Principle 2.4.1]

1. Policies, goals, and status regarding ensuring diversity in the appointment and promotion of core human resources

The Company will create an environment that embraces diverse career paths and work styles so that people with diverse personalities can achieve self-fulfillment, thus enabling the Company to ensure and strengthen the growth potential of its business and the diversity of its organization.

The Company has set a target of increasing the proportion of women in managerial positions to 15% by 2027 (it is 7.9% as of December 2023). As part of our efforts to ensure diversity in the appointment of core human resources, we have promoted understanding of the current situation by conducting questionnaires and interviews to improve the environment.

2. Policies for human resource development and internal environment development to ensure diversity, and status thereof

In accordance with the human resources policy of the Group, the Company excludes decisions based on irrational matters unrelated to the individual's aptitude and ability and treat individuals appropriately throughout all corporate activities including recruitment, evaluation, personnel assignment, salary increases, and promotions.

As part of our efforts to develop human resources, the Company conducted training for middle management, career training for executive candidates for the purpose of developing executive candidates, and study sessions in the area of management accounting.

In terms of efforts to improve the internal environment, the Company has conducted educational activities to ensure diversity within the Company, promoted health management, introduced a selective three-day work week to realize diverse and flexible work styles, and created an environment that supports life events such as a childcare support work system.

Please refer to our Group Human Resources Policy posted on our website:

<https://www.oro.com/en/corporate/philosophy/>

[Principle 2.6] The Company has not adopted a corporate pension plan and so is not positioned as an asset owner of a corporate pension plan.

[Principle 3.1]

(i) The Company's Corporate Philosophy, Business Strategy, Policies, and other information are disclosed on its website and through financial results presentation materials and other methods.

(ii) The Company's basic views on corporate governance are based on each of the principles of the Code and are disclosed on its corporate governance report and annual securities report.

(iii) The policies and procedures employed by the Board of Directors for determining the compensation of senior management executives and directors are disclosed in the Corporate Governance Report and the Securities Report.

(iv) In the nomination of candidates for Directors and Executive Officers to be appointed from the candidates of Directors and contractual appointees, the company adopts a comprehensive evaluation of their personality, experience, capabilities, and insights to appoint suitable candidates capable of fulfilling their roles and responsibilities. The candidates for Executive Officers, selected from the Director candidates and contractual appointees, are proposed by the Representative Director, President, and CEO, and are decided upon by the Board of Directors after deliberation based on the recommendations from the Nomination and Compensation Committee.

(v) Detailed information about the backgrounds of Director candidates and the explanations regarding their selection or dismissal are provided in the notice of the shareholders' general meeting.

[Supplementary Principle 3.1.3]

1. The Company's initiatives on sustainability

The Company is committed in its corporate philosophy to creating what it can proudly present to the world and delivering more happiness and joy to more people. To realize this philosophy, we believe that it is important to build a sustainable society in alignment with achieving our own sustainable growth. We will contribute to building a sustainable society through corporate activities by combining our technologies and creativity.

Prior to this policy, the Company established the Sustainability Committee in August 2021. The committee identifies the Group's material issues (materiality), considers establishment of the targets related to the issues, formulation of specific measures and establishment and measurement of various KPIs, and formulates and

implements specific measures one by one.

Please refer to our website for details of the Group's sustainability policy and initiatives.

<https://www.oro.com/en/ir/sustainability/>

2. Investments in human capital and intellectual properties

The Group recognizes that human resources, the source of our continuous growth, are our most important resource and one of the key issues in achieving sustainable growth. In the information services industry to which the Group belongs, competition for human resources is becoming increasingly fierce. Under these circumstances, it is important for the Group's development to continuously recruit and retain excellent human resources.

To strengthen our human resources base, we will promote various measures, including promoting the advancement of women, creating an environment that accepts diverse career paths and work styles, education and training, improving training and personnel evaluation systems, and improving the work environment. As part of these efforts, we are promoting "Health & Productivity Management" so that employees can work in a healthy and energetic manner, and we are working to create an environment that accepts diverse work styles, including the introduction of a selective three-day work week. Please refer to our website for details.

<https://www.oro.com/ja/ir/sustainability/human-resources/>

3. Disclosure based on TCFD recommendations

The impact of climate change is becoming more intense year by year, which we believe will affect the growth of our business activities in the short, medium, and long term. The Group is committed to promoting businesses and activities that contribute to the realization of a sustainable society and the reduction of greenhouse gas emissions and environmental impact through businesses that utilize digital technology to improve "operational efficiency" and "marketing efficiency."

Based on these ideas, we have expressed our support for the TCFD recommendations in February 2023 and have been disclosing information in accordance with the TCFD recommendations. Please refer to our website for details.

<https://www.oro.com/ja/ir/sustainability/environment/>

[Supplementary Principle 4.1.1] The Board of Directors of the Company makes decisions on important management matters in accordance with the "Board of Directors Regulations" as well as the matters stipulated by laws and regulations and the Articles of Incorporation. Deliberations and decisions on matters other than those to be decided by the Board of Directors are delegated to the Company's management in accordance with the "Internal Regulations," "Approval Process Regulations," "Segregated Duties Regulations" and "Official Authority Regulations."

[Principle 4.9] The Company shall set the standard to determine the independence of Outside Directors, based on which the Company determines that its Outside Director is independent from the Company if such Outside Director meets the independence standard specified by the Financial Instruments Exchanges and does not fall under any of the following conditions.

1. A party whose major business partner is the Group (the Company and its subsidiaries; the same shall apply hereinafter) (*1), or an executive (*2) thereof;
2. A major business partner of the Group (*3), or an executive thereof;
3. A consultant, a professional in accounting or law who receives a significant amount (*4) of money or property from the Group other than remuneration for Directors or Audit & Supervisory Board Members (if such party is a body such as a corporation or an association, etc., a person who belongs to such body);
4. A party who receives a significant amount of donations from the Group, or an executive thereof;
5. A major creditor to the Group (*5), or an executive thereof;
6. A major shareholder of the Company (*6), or an executive thereof;
7. A close relative (*8) of an important person (*7) among those who fall under any of the above items from 1 to 6.

Notes:

*1. "A party whose major business partner is the Group" refers to a party whose transaction amount with the Group exceeded 2% of such party's annual consolidated revenue for any of the most recent three fiscal years.

*2. "An executive" refers to an executive director, executive officer, corporate officer, or other employee, etc. (including a person who held such position in the most recent three fiscal years).

*3. "Major business partner of the Group" refers to a party whose transaction amount with the Group exceeded 2% of the Group's annual consolidated revenue for any of the most recent three fiscal years.

*4. "Significant amount" refers to a case in which the amount exceeds 10 million yen per fiscal year in any of the most recent three fiscal years.

*5. "Major creditor to the Group" refers to a creditor from whom the Group owes an amount exceeding 2% of the consolidated total assets of the Group in any of the most recent three fiscal years.

*6. "Major shareholder of the Company" refers to a shareholder who holds 10% or more of the total voting rights of the Company.

*7. "Important person" refers to a person who holds an important position such as, among others, a director, executive officer, corporate officer, and an employee who is in the position of general manager or higher.

*8. "Close relative" refers to a spouse or a relative within the second degree of kinship.

[Supplementary Principle 4.10.1] The Company has established the Nomination and Remuneration Committee as an advisory body to the Board of Directors. In order to ensure the independence and objectivity of the Nomination and Remuneration Committee, a majority of its members are Independent Outside Directors, and the Chairperson is an Independent Outside Director. The Nomination and Remuneration Committee, in response to consultation by the Board of Directors, deliberate on the nominations of Director candidates, succession planning, director remuneration and other matters, and then reports the results to the Board of Directors.

[Supplementary Principle 4.11.1] Composition of the Company's Board of Directors reflects diversity in gender and other areas, as well as balance in knowledge, experience and ability. In order to ensure diversity and balance in knowledge, experience and abilities in the Board of Directors and to demonstrate its effectiveness, the number of its members shall be no more than six Directors (excluding Directors who are Audit and Supervisory Committee Members) and no more than four Directors who are Audit and Supervisory Committee Members. Considering the importance of the role of Outside Directors in the Board of Directors, the proportion of Independent Outside Directors shall account for, in principle, at least one-third of the total number of members in the Board of Directors.

[Supplementary Principle 4.11.2] The status of concurrent positions held by Directors of the Company is disclosed in its Business Report and Reference Materials for General Meeting of Shareholders.

[Supplementary Principle 4.11.3] The Company conducts an analysis and evaluation of the Board of Directors' effectiveness annually to enhance its functionality. The summary of the analysis and evaluation for the Board of Directors conducted in fiscal year ended December 31, 2023 is as follows. Currently, the company does not utilize third-party evaluations for the effectiveness analysis and believes that evaluations based on the directors' own opinions and discussions within the Board of Directors are effective.

1 Evaluation Method

An effectiveness questionnaire was administered to all directors, and the results were deliberated upon within the Board of Directors based on the feedback received.

<Questionnaire Items>

Frequency and duration of Board meetings, progress of discussions, differentiation of proposals, focusing discussions, and atmosphere conducive to free speech, quality and quantity of documentation provided, adequacy of information provided, explanation of proposals, time allotted for document review, information and understanding of operational status, discussions on governance, internal controls, risk management systems, discussions on the business environment, business strategy, management challenges, discussions on critical issues for sustainable growth, and shareholder returns, provision of training opportunities and financial support, individual directors' understanding of risks and preparation, and expressing opinions or raising issues.

2 Summary of Evaluation Results

The analysis and evaluation of effectiveness showed that out of 16 items, 13 received ratings of "fully appropriate" or "generally appropriate," confirming the formal effectiveness of the Board of Directors is being maintained. However, the areas of "discussion on the business environment, business strategy, management challenges" and "discussion on critical issues for sustainable growth" were still identified as needing improvement, highlighting the need for the Board of Directors to define their roles and responsibilities more clearly towards sustainable growth and long-term enhancement of corporate value.

3 Evaluation of Previous Year's Issue Resolution

As a response to the previous year's issues, the company has undertaken the following actions:

i) As part of "discussion on the business environment, business strategy, management challenges," discussions related to business strategies and policies during the strategic management meetings were reported and deliberated upon in the Board of Directors.

ii) To address the "frequency and content of risk management system reporting" issue, the frequency of

response plans and status reports from the Risk Management Committee was increased, and the Board of Directors discussed the appropriateness and effectiveness of risk evaluations and responses.

As a result of these evaluations, while improvements were noted in the "frequency and content of risk management system reporting," the "discussion on the business environment, business strategy, management challenges" still requires further improvement.

4 Future Responses to Issues

Considering these evaluations, the Board of Directors has decided to intensify efforts in the following areas for fiscal year ending December 31, 2024.

To enrich discussions on the business environment, management challenges, business strategies and policies based on those challenges, and critical issues for sustainable growth, including reflecting on actions and goals, in the areas of "discussion on the business environment, business strategy, management challenges" and "discussion on critical issues for sustainable growth."

[Supplementary Principle 4.14.2] To ensure that Directors of the Company fulfill their expected roles and responsibilities properly, the Company shall provide them, upon their assumption of office, with opportunities to gain knowledge about the Company's business, financials, organizations, etc., and to develop an understanding of the roles and responsibilities expected as Director. In addition, after their assumption of office, the Company shall provide them with opportunities to be kept updated on an ongoing basis.

[Principle 5.1]

(i) The Company has designated Directors in charge of IR and specified that said Directors shall manage all dialogues with shareholders. If a shareholder makes a request to engage in dialogue with the Company, either members of senior management, Directors including Directors who are Audit and Supervisory Committee shall, in principle, engage in dialogue with such shareholder within a reasonable range, upon taking into consideration the wishes of such shareholder and the main concern of the dialogue.

(ii) The Company has established an IR team under the Corporate Department, which, along with Directors in charge of IR, works in coordination with the accounting, legal, human resources departments, and various business divisions to actively promote constructive dialogue with shareholders.

(iii) As a measure to increase opportunities for dialogue with shareholders, the Company holds a financial results briefing presented by the top management itself twice a year, as well as corporate briefings for individual investors.

(iv) The Company shall report opinions and concerns ascertained during dialogues with shareholders to the members of senior management and the Board of Directors on a regular basis.

(v) When engaging in dialogue with shareholders, the Company shall ensure thorough information management in accordance with its insider trading regulations and shall not disclose undisclosed material information selectively to certain persons.

[Principle 5.2]

The Company recognizes the importance of continuously expanding corporate value and base our strategy on maintaining shareholder equity levels that allow for growth investments and risk tolerance. To realize this, we consider sales revenue, operating profit, and Return on Equity (ROE) attributable to owners of the parent as critical management indicators, setting and disclosing targets for these metrics. We aim to enhance these indicators and achieve our goals by developing high-profit businesses and establishing business models.

Regarding the cost of equity capital, through dialogues with investors and calculations based on our own Capital Asset Pricing Model (CAPM), we have estimated it to be approximately 10%. However, we perceive that the market's expected rate of return is actually higher than our estimated cost of equity.

Our company has set a mid-term ROE target of over 20%, a level we have maintained since fiscal year ended December 31, 2021. We intend to continue meeting this target through business growth and balance sheet optimization (growth investments and shareholder returns), thereby meeting market expectations and enhancing corporate value.

2. Capital Structure

Foreign Shareholding Ratio

20% or more and less than 30%

Status of Major Shareholders [Updated]

Name or Company Name	Number of Shares Owned	Percentage (%)
Atsushi Kawata	6,228,623	38.62
Yasuhisa Hino	2,909,977	18.05
NORTHERN TRUST CO.(AVFC) RE THE HIGHCLERE INTERNATIONAL INVESTORS SMALLER COMPANIES FUND	615,400	3.82
The Master Trust Bank of Japan, Ltd. (Trust Account)	550,300	3.41
BBH (LUX) FOR FIDELITY FUNDS-PACIFIC POOL	479,400	2.97
GOLDMAN SACHS INTERNATIONAL	333,357	2.07
THE BANK OF NEW YORK 133652	296,000	1.84
GOLDMAN, SACHS & CO. REG	265,300	1.65
CACEIS BANK/QUINTET LUXEMBOURG SUB AC / UCITS CUSTOMERS ACCOUNT	210,800	1.31
The Employee Shareholding Association of ORO Co., Ltd.	190,900	1.18

Name of Controlling Shareholder, if applicable (excluding Parent Company)

None

Name of Parent Company, if applicable

None

Supplementary Explanation

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3. Corporate Attributes **[Updated]**

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	December 31
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more and fewer than 1,000
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	Less than ¥10 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

Corporate Governance System	Company with Audit and Supervisory Committee
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Directors **[Updated]**

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Representative Director
Number of Directors	5
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) [Updated]

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoichi Maeda	From another company											
Yuki Imamura	Lawyer											
Saori Tanoue	CPA											

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. Person who executes business or a non-executive director of a parent company
- c. Person who executes business of a fellow subsidiary
- d. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e. Major client of the Company or a person who executes business for such client
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k. Other

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

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Reasons for Appointment
Yoichi Maeda	○	○	Mr. Yoichi Maeda has many years of extensive experience and a wide range of knowledge gained at business companies. The Company has elected him as Outside Director who is an Audit and Supervisory Committee Member as it expects that, with his experience and knowledge gained through his career, he will appropriately audit the Company's business management from an objective standpoint independent from executives. There is no personal, capital or business relationship or any other interest between the Company and Mr. Maeda. For the above reasons, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated him as an Independent Officer.

Yuki Imamura	○	○	Ms. Yuki Imamura is an attorney at law with practical experience in advertisement and knowledge and expertise in laws. The Company has elected her as Outside Director who is an Audit and Supervisory Committee Member as it expects that she will reflect her expertise in audits of the Company from an objective standpoint independent from executives. The Company has not entered into any continuing advisory agreement with Ms. Imamura. There is no personal, capital or business relationship or any other interest between the Company and Ms. Imamura or TMI Associates, to which she belongs. For the above reasons, the Company has determined that there is no risk of a conflict of interest with general shareholders and has designated her as an Independent Officer.
Saori Tanoue	○	○	Ms. Saori Tanoue has been appointed as an outside director serving on the Audit and Supervisory Committee. As a certified public accountant with specialized knowledge and experience in finance and accounting, the Company anticipates that based on her extensive experience and insights, she will conduct appropriate audits of the Company from an objective standpoint, independent of the executive team. There is no personal, financial, or transactional relationship, nor any other form of interest between the Company and KURADASHI. Co., Ltd., where Ms. Saori Tanoue serves as a full-time auditor. Consequently, she has been designated as an Independent Officer.

Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson **[Updated]**

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Not Appointed
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Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

The Company has not assigned any employees to support the performance of duties by the Audit and Supervisory Committee and shall hire such employee if the Audit and Supervisory Committee needs to do so. The appointment, transfer, evaluation, dismissal, and other treatment of employees to support the performance of duties by the Audit and Supervisory Committee require prior consultation and agreement with the Audit and Supervisory Committee. Employees to support the performance of duties by the Audit and Supervisory Committee are, when assisting the performance of duties by the Audit and Supervisory Committee, subject to instructions and orders of the Audit and Supervisory Committee and not of Directors (excluding Directors who

are Audit and Supervisory Committee Members). The Company thereby ensures the independence from Directors (excluding Directors who are Audit and Supervisory Committee Members) of the employees to support the performance of duties by the Audit and Supervisory Committee.

Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department
[Updated]

The Internal Audit Department regularly reports to the Audit and Supervisory Committee on the status of audits conducted based on the audit plan, the progress of key activity plan items, audit findings, and issues identified in internal control evaluations.

Full-time Audit and Supervisory Committee Members and the Internal Audit Department exchange information weekly, or as necessary for significant matters, discussing the audit plan, methodology, progress, and findings.

The Audit and Supervisory Committee, Internal Audit Department, and the accounting audit firm work together by regularly exchanging information on audit activities, coordinating through discussions on audit plans, findings, and other relevant topics.

Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation **[Updated]**

As of March 25, 2022, the Company established the Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors, with majority of its members being Independent Outside Directors. The Nomination and Remuneration Committee is composed of three members who are Independent Outside Director or Director, and is chaired by an Independent Outside Director. In order to enhance the transparency and objectivity of the decision-making process and to strengthen the monitoring and supervisory functions of management, the Nomination and Remuneration Committee is involved in the nomination and remuneration of Directors from a standpoint independent of management. The Nomination and Remuneration Committee deliberates on the fairness and appropriateness of director candidate nominations, succession planning, director remuneration, and others, and then reports to the Board of Directors for decision making.

During the fiscal year ended December 31, 2023, a total of 5 meetings were convened, with the attendance record for each Nomination and Remuneration Committee member as follows:

Yoichi Maeda attended 5/5 meetings.
Seiichi Suzuki attended 5/5 meetings.
Atsushi Kawata attended 5/5 meetings.

The average duration of each meeting for the fiscal year ended December 31, 2023 was approximately 1 hour. Throughout the year, various reports, deliberations, and resolutions were conducted, including:

Resolutions on:

Selection of the committee chair, activity plans, remuneration policies, preliminary proposals for director nominations, preliminary proposals for selecting the Representative Director, preliminary proposals for the appointment of delegated executive officers, preliminary proposals concerning the remuneration of directors and delegated executive officers, among others.

Deliberations on:

The structure of the Nomination and Remuneration Committee, the composition of the Board of Directors. The skills matrix for directors, procedures for nominating and appointing Audit and Supervisory Committee members, criteria for appointing and dismissing directors and Audit and Supervisory Committee members. Succession planning for the President, remuneration policies, the structure and levels of compensation, evaluation and compensation determination methods for directors and delegated executive officers, among other topics.

Matters Concerning Independent Directors **[Updated]**

Number of Independent Directors	3
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Other Matters Concerning Independent Directors

The Company designates all Outside Directors who meet the requirements for an Independent Officer as Independent Officers.

Incentives **[Updated]**

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of performance-linked compensation system, etc.
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Supplementary Explanation for Applicable Items **[Updated]**

Compensation, etc. of Directors (excluding members of the Audit and Supervisory Committee) includes "fixed compensation" in addition to "performance-linked compensation" and "share-based compensation" from the perspectives of reflecting business performance and sharing value with shareholders.

Performance-linked compensation is paid in cash as a short-term incentive and is determined by applying a predetermined percentage to the Group's consolidated operating profit for the previous fiscal year.

The metric for performance-linked compensation is consolidated operating profit, an important management index for the Company. The consolidated operating profit for fiscal 2022, used to calculate performance-linked compensation for fiscal 2023, was 2,286 million yen.

Share-based compensation involves the granting of restricted stock as a medium to long-term incentive. Following a resolution by the Board of Directors, within the total amount approved by the General Meeting of Shareholders for granting restricted shares, monetary compensation claims are awarded to eligible directors based on their positions. Eligible directors are then required to fully subscribe to the Company's ordinary

shares by contributing all such monetary compensation claims in kind.

The distribution ratio for the Representative Director, President and CEO is roughly 50% fixed compensation, 30% performance-linked compensation, and 20% share-based compensation, with a structure that increases performance linkage for higher positions.

Persons Eligible for Stock Options	-
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Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

There is no supplementary explanation since per Director remuneration, etc. totaling 100 million yen or more does not exist.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof **[Updated]**

The Company's Board of Directors has established a policy regarding the determination of individual compensation for officers (excluding Audit and Supervisory Committee members). The summary of this policy is as follows. In making resolutions on this matter, the Board consults with the Nomination and Compensation Committee and acts based on its recommendations.

The fundamental policy is to encourage short-term and long-term improvement in performance and corporate value, enabling the attraction of talent essential for sustainable growth. Compensation is based on the Company's key performance indicators, reflecting the individual's contribution to their duties, performance, and the company's overall situation, and takes into account the compensation levels of peer companies.

Directors' (excluding Audit and Supervisory Committee members) compensation consists of "fixed compensation" in addition to "performance-linked compensation" and "share-based compensation" to reflect performance and share value with shareholders.

Fixed compensation is paid in cash, according to amounts predefined for each position.

Performance-linked compensation, serving as a short-term incentive, is also paid in cash, based on the previous fiscal year's consolidated operating profit multiplied by a position-specific rate.

Share-based compensation, as a medium to long-term incentive, involves granting restricted shares. Following a resolution of the Board of Directors and approval by the Shareholders' Meeting for granting restricted shares, monetary compensation claims are awarded within the total approved amount to the target directors, each according to their position. These directors then subscribe to the company's ordinary shares through full payment of these claims in kind.

The amounts of individual compensation, etc., for directors (excluding Audit and Supervisory Committee members), are determined by the Board of Directors after receiving recommendations from the Nomination and Compensation Committee.

Compensation for directors who are Audit and Supervisory Committee members is composed solely of "fixed compensation," considering their independent role in overseeing the execution of duties by directors (excluding Audit and Supervisory Committee members).

The compensation for directors who are Audit and Supervisory Committee members is determined through deliberation among themselves.

Support System for Outside Directors

The Corporate Department provides support to Outside Directors. Before a Board of Directors meeting, it sends materials related to each agenda item to all officers including Outside Directors, and provide explanations in advance upon request from each officer.

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

■ Board of Directors

The Company's Board of Directors is composed of 5 members, including 3 outside directors, with the Representative Director serving as the chairperson. In addition to holding regular monthly Board meetings, extraordinary meetings are convened as needed. The Board discusses, resolves, and reports on legal matters as well as important issues related to management and business execution. Furthermore, the Board of Directors supervises the execution of duties by directors, incorporating the perspectives of the majority of outside directors. The Board maintains a system for creating, preserving, and managing documentation (including electronic records) related to the execution of directors' duties, in accordance with laws and internal regulations, including the "Document Management Regulations."

A total of 15 meetings were held during the fiscal year ended December 31, 2023, with individual directors' attendance as follows:

Atsushi Kawata attended 15/15 meetings.

Yasuhisa Hino attended 15/15 meetings.

Hiroshi Ikumoto attended 4/4 meetings.

Masanori Seimiya attended 4/4 meetings.

Kei Sakaguchi attended 3/4 meetings.

Yoichi Maeda attended 15/15 meetings.

Seiichi Suzuki attended 15/15 meetings.

Minoru Hirooka attended 15/15 meetings.

Yuki Imamura attended 15/15 meetings.

Hiroshi Ikumoto, Masanori Seimiya, and Kei Sakaguchi retired as of the conclusion of the 25th Annual General Meeting of Shareholders held on March 24, 2023.

The average duration of each meeting for the fiscal year ended December 31, 2023 was approximately one and a half hours. Throughout the year, the following reports, deliberations, and resolutions were made:

Report items:

Business execution reports, target progress reports, management strategy meeting reports, various committee reports (Sustainability, Nomination and Compensation, Risk Management), review of the management philosophy and code of conduct, internal audit reports, internal control system status reports, risk management system reports, compliance system reports, internal whistleblowing system reports, etc.

Resolution items:

Revisions to the basic policy on corporate governance and internal control systems, sustainability policy revisions, basic officer compensation policy revisions, executive management selection and dismissal policy revisions, director selection and dismissal criteria revisions, etc.

Deliberation items:

Management strategy and policy, management challenges and business risks, group internal whistleblowing system, evaluation of the Board of Directors' effectiveness, etc.

■ Audit and Supervisory Committee

The Audit and Supervisory Committee of the Company is comprised of 3 directors, all of whom are outside directors, with one of the outside directors serving as the chairman. The committee holds regular meetings once

a month, in addition to extraordinary meetings as necessary. In these meetings, reports on the audits conducted according to the audit policy, plan, and division of responsibilities determined by the Audit and Supervisory Committee are presented, followed by necessary discussions and resolutions.

To support the proper execution of the Audit and Supervisory Committee's duties, the following systems have been established:

(A) Regarding the support staff for the Audit and Supervisory Committee, their independence from directors, and ensuring the effectiveness of their instructions:

i) When needed by the Audit and Supervisory Committee, support staff are appointed to assist with the Committee's duties, with their selection being discussed by the Committee.

ii) To ensure the independence of the Audit and Supervisory Committee support staff from directors (excluding those who are Audit and Supervisory Committee members), any appointments, transfers, evaluations, and dismissals of the support staff are pre-discussed with and consented to by the Audit and Supervisory Committee.

iii) The support staff for the Audit and Supervisory Committee, in assisting with the Committee's duties, will follow the directives of the Committee and will not receive orders from directors (excluding those who are Audit and Supervisory Committee members).

(B) Systems for directors (excluding Audit and Supervisory Committee members) and employees to report to the Audit and Supervisory Committee:

i) The structure for the Company's directors (excluding those who are members of the Audit and Supervisory Committee) and employees to report to the Audit and Supervisory Committee includes:

(a) Audit and Supervisory Committee members have the authority to attend not only the Board of Directors meetings but also any other internal meetings as necessary, and to request reports.

(b) Directors (excluding those who are Audit and Supervisory Committee members) and employees are required to regularly report on the state of internal controls, among other topics, to the Audit and Supervisory Committee. Furthermore, the Internal Audit Department is obligated to routinely present its audit plans and findings.

(c) Should directors and employees become aware of any serious legal or regulatory violations, misconduct, or any situation that might significantly harm the Company, they must immediately report such incidents to the Audit and Supervisory Committee.

ii) The system for directors, corporate auditors, and employees of subsidiaries, or those who receive reports from them, to report to the Company's Audit and Supervisory Committee is as follows:

Directors, corporate auditors, and employees of subsidiaries are required to report the execution of tasks upon request by the Company's Audit and Supervisory Committee. Additionally, if they uncover any significant violations of laws, regulations, or the Articles of Incorporation, any misconduct, or any circumstances that could considerably damage the Company or its subsidiaries, they must immediately report these findings to the Company's Audit and Supervisory Committee.

(C) Systems to ensure that individuals reporting to the Audit and Supervisory Committee do not receive disadvantageous treatment because of their reports:

The Company prohibits any disadvantageous treatment of directors and employees who report to the Audit and Supervisory Committee based on the fact that they have made such reports.

(D) Policies related to expenses or debts arising from the execution of duties by Audit and Supervisory Committee members:

Procedures for claiming expenses incurred in the execution of Audit and Supervisory Committee members' duties are defined, and when a request for advance payment or reimbursement is made by an Audit and Supervisory Committee member, the Company will comply with such requests according to predetermined procedures, unless it is clearly deemed unnecessary for the execution of their duties.

(E) Systems to ensure the effective conduct of audits by the Audit and Supervisory Committee:

i) The Audit and Supervisory Committee invites experienced experts, such as those knowledgeable in corporate management and qualified accountants, to maintain independence from the President and directors (excluding those who are Audit and Supervisory Committee members).

ii) The Audit and Supervisory Committee holds regular meetings with the President for opinion and information exchange.

iii) The Audit and Supervisory Committee and the Internal Audit Office work closely together to create audit plans. The Committee may also instruct the Internal Audit Office to conduct investigations as necessary. The Internal Audit Office follows the directives of the Audit and Supervisory Committee and does not receive orders from the President in the performance of duties directed by the Committee.

iv) Appointments, transfers, evaluations, and dismissals of Internal Audit Office staff are pre-discussed and consented to by the Audit and Supervisory Committee.

A total of 14 meetings were held during the fiscal year ended December 31, 2023, with individual Audit and Supervisory Committee members' attendance as follows:

Yoichi Maeda attended 14/14 meetings
Seiichi Suzuki attended 14/14 meetings
Minoru Hirooka attended 14/14 meetings
Yuki Imamura attended 14/14 meetings

For the fiscal year ended December 31, 2023, each meeting lasted approximately one and a half hours on average. Throughout the year, a series of resolutions, reports, and deliberations/discussions were conducted as follows:

Resolutions items:

Audit reports, the selection of audit committee members, specific audit committee members, and chairpersons, the review and revision of Audit and Supervisory Committee-related regulations, the audit policy, audit plans, and allocation of duties, consent on the reappointment and remuneration of accounting auditors, determination of compensation amounts for Audit and Supervisory Committee members, and the establishment of selection criteria and cumulative term limits for Audit and Supervisory Committee members, among others.

Reports items:

Internal audit results and follow-up status reports (quarterly) and annual plans, monthly audit implementation status reports by full-time Audit and Supervisory Committee members, reports on the status of internal control establishment at overseas subsidiaries, Nomination and Remuneration Committee activity reports, reports on the internal use of generative AI and the formulation of usage guidelines, risk management committee and ISMS/PMS audit results reports, and evaluations for the reappointment of accounting auditors, among others.

Deliberations and discussions items:

Reports to the Board of Directors by the Audit and Supervisory Committee, strategies for compliance with the Corporate Governance Code, evaluation methods and audit reports on the establishment and operation of the internal control system including domestic and overseas subsidiaries, enhancements to the internal reporting system, necessary items for report to the Audit and Supervisory Committee, self-evaluation of the effectiveness of the Audit and Supervisory Committee, introduction of the executive officer system and composition of the Board of Directors, among others.

■Nomination and Compensation Committee

Please refer to this report for details on the [Voluntary Established Committee(s)].

■Accounting Auditor

The Company is audited by KPMG AZSA LLC, and there are no special interests between the Company and KPMG AZSA LLC or the employees of KPMG AZSA LLC engaged in the Company's audit. Additionally, the Company's Audit and Supervisory Committee and the Internal Audit Department regularly exchange information with the accounting auditors regarding the audit's content. During these exchanges, discussions about the audit results, evaluations of the internal control environment, and risk assessments identified by the auditors are held, aiming for close collaboration..

■Limited liability agreement

The Company's Article of Incorporation stipulates that under the provisions of Article 427, paragraph 1 of the Companies Act, the Company may enter into individual agreements with each Director who is not an Executive Director, etc. to limit his/her liabilities under Article 423, paragraph 1 of the said Act. Accordingly, the Company has entered into such agreements with Directors who are not Executive Directors, etc. The limit of liability for damages under the agreement will be the minimum liability amount stipulated by laws and

regulations. Such limitation of liability is limited to cases where the Director who is not an Executive Director has performed his/her duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System **[Updated]**

The Company's corporate governance is designed to continuously enhance corporate value by establishing and maintaining an organizational structure capable of swiftly responding to changes in the social and economic environment.

The Company has adopted an Audit and Supervisory Committee system to further strengthen the supervisory function of the Board of Directors by having Audit and Supervisory Committee members as members of the Board of Directors. At the same time, by adopting an Executive Officer System and establishing the Nomination and Compensation Committee as mentioned above, we have established a structure that fully exercises each of the management decision-making and supervision functions and the business execution function. On the basis of the above, we have adopted the current governance structure, which we believe is appropriate to realize sustainable enhancement of the Company's corporate value.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

[Updated]

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The Company sends out the notice of annual general meeting of shareholders earlier than three weeks on annual general meeting of shareholders so that shareholders may have sufficient time to consider the proposals.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company schedules the General Meeting of Shareholders avoiding the peak days so that a greater number of the shareholders can attend.
Electronic Exercise of Voting Rights	The Company has adopted the method of exercising voting rights via the Internet, starting with the annual general meeting of shareholders held on March 2022.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has been participating in the electronic voting platform from the annual general meeting of shareholders to be held on March 2022.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company provides the notice of the annual general meeting of shareholders in English, since the annual general meeting of shareholders held on March 2022.
Other	<p>Notices of convocation are published on our website prior to their dispatch, and notices of resolutions are also available on our website. https://www.oro.com/en/ir/library/ *Notice of Resolutions are Japanese only.</p> <p>The Company was held its 26th Annual General Meeting of Shareholders on March 22, 2024, as a virtual-only shareholder meeting without a physical location.</p>

2. Status of IR-related Activities **[Updated]**

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The “Disclosure Policy” is posted on the Company’s website. https://www.oro.com/en/ir/policy/	
Regular Investor Briefings held for Individual Investors	Regular briefing sessions are held. At the Annual General Meeting of Shareholders, we explain the latest business situation and the issues that need to be addressed in order to realize our corporate philosophy and achieve medium- and long-term growth. Since 2021, a video presentation of the annual financial results by the Representative Director, President and CEO has been available on YouTube. We also hold individual investor briefings several times a year, both online and offline.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We hold quarterly 1on1 meetings and strive to proactively communicate financial results, business details, and medium- to long-term growth strategies. In addition, we hold small meetings and online company briefings on an irregular basis.	Held
Regular Investor Briefings held for Overseas Investors	In addition to responding to analysts and institutional investors, we actively disclose information to overseas investors through one-on-one meetings every quarter and smaller meetings on an irregular basis. We also publish information in English on our IR website.	Held
Online Disclosure of IR Information	The summaries of consolidated financial results, timely disclosure materials, annual securities reports, and quarterly reports are posted on the Company’s website. https://www.oro.com/ja/ir/library/	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established an IR team in the Corporate Department.	

3. Status of Measures to Ensure Due Respect for Stakeholders **[Updated]**

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The Company's "Business Ethics" stipulates that the Company shall strictly prohibit any act that violates social norms and the principle of good faith in corporate activities and further strive to earn the trust of stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group has set a target to reduce greenhouse gas emissions (Scope 1 and 2) by 50% by 2030, with an interim goal of a 30% reduction by 2028, using 2021 as the base year. The majority of our Scope 3 emissions come from web advertising operations we manage on behalf of our clients in our Digital Transformation business, which are expected to increase as the business grows. Therefore, our emission reduction targets are limited to Scope 1 and 2 only. For information on our greenhouse gas emissions performance, please refer to our website at the link below: https://www.oro.com/en/ir/sustainability/environment/
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company's "Business Ethics" stipulates that the Company shall consider the timely and appropriate disclosure of corporate information to its stakeholders to be its important responsibility. It includes disclosure of corporate information as required by the Financial Instruments and Exchange Act, the Companies Act, other relevant laws and regulations, and the rules of stock exchanges. Furthermore, it specifies that in order to increase the transparency of corporate management and to have its corporate value properly evaluated, the Company shall establish a system of timely disclosure and strive to proactively disclose corporate information.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development **[Updated]**

All officers and employees within the Group ensure the propriety of business operations by practicing the "Group Activity Guidelines". The Board of Directors of the Company has established the following basic policy for the internal control system and has established a system for the conduct of business.

(I) Systems to ensure efficient business operations, including management strategy meetings and weekly reporting meetings

i) The Company separates decision-making and supervisory functions from business execution functions, aiming to enhance each function and optimize the Board of Directors. Under the supervision of the Board, which decides on the basic policy, executive officers within their authority make decisions and execute business tasks. The executive officers report on the execution status of business tasks at management strategy meetings and weekly reporting meetings according to the "Management Meeting Regulations."

The Corporate Strategy Meeting is chaired by the President and CEO and consists of eight members, including the President and CEO, the Senior Managing Executive Officer, the Managing Executive Officer, the Executive Officer and the Director who is a full-time member of the Audit and Supervisory Committee. The meeting is held once a month to deliberate and decide on management matters, including matters related to basic management policies and major actions, as well as matters related to proposals to be submitted to the Board of Directors.

The Weekly Report Meeting is held once a week and consists of the President and CEO, the Senior Managing Executive Officer, the Managing Executive Officer, the Executive Officers, the Directors who are full-time members of the Audit and Supervisory Committee and four executives of Group companies above a certain level, for a total of 12 members. In addition to decision-making based on authority, the Company also reports on the progress of business performance and other business matters to share information.

The Executive Officers clarify the goals and responsibilities of each division based on the management plan and analyze the difference between budget and actual results to achieve the desired performance targets.

ii) To speed up decision-making, the Company has established internal rules such as "Organization Rules", "Rules on Division of Duties" and "Rules on Administrative Authority" to clarify roles, authority and responsibilities.

iii) To ensure the reliability of financial reporting, the Company has established accounting rules and regulations and a "Basic Policy for the Development of Internal Control over Financial Reporting" to manage the risk of fraud and errors in financial reporting, develop, operate and evaluate prevention and control functions, and establish a system to correct any deficiencies. The Company has established a basic plan for company-wide internal control, general control over IT, and internal control over financial closing and reporting processes and business processes, and has established and implemented these controls. The effectiveness of these controls is subject to self-assessment by the department being assessed and independent evaluation by the Internal Audit function.

(II) Risk Management Committee

The Risk Management Committee, chaired by the President and CEO, is composed of the President and CEO, the Senior Managing Executive Officer, the Managing Executive Officer, a director who is a full-time member of the Audit and Supervisory Committee, and one employee of the Legal Department, for a total of 6 members. In accordance with the "Risk Management Regulations," which regulate basic matters of risk management, the committee meets regularly to analyze risks to the Group, report on the progress of risk response policies, and exchange information. If a risk materializes, the President and CEO convenes a meeting of the Risk Management Committee to discuss risk response and risk prevention measures. The Chairman of the Risk Management Committee reports regularly to the Board on the status of the Committee's activities.

The Risk Management Committee incorporates the information security management system and the personal information protection management system, implements security measures for information management, including personal information, and conducts training for officers and employees to ensure proper information management.

In the event of an unforeseen incident, the Company has established a task force under the direction of the President and CEO and, if necessary, in cooperation with outside professional organizations such as the Office of the General Counsel, etc., to take prompt and appropriate action to minimize the spread of loss, damage, etc. The Company recognizes that thorough compliance is essential to enhancing corporate value, and the Risk Management Committee has studied countermeasures and implemented the following measures.

i) The Company has established the "Corporate Code of Ethics", and in accordance with the Code, all officers and employees are required to act in accordance with laws and regulations and to conduct themselves with high ethical standards. In addition, as a measure to thoroughly promote and raise awareness of compliance, the Company holds training sessions for all officers and employees on the basics of compliance and information management essential to business operations, and conducts ongoing education and dissemination activities.

ii) The Company as a whole takes a firm stance against antisocial forces that threaten social order and sound business operations, including cooperation with related organizations, and rejects any relationship with antisocial forces. In addition, the Company will continue to promote the development of a system to eliminate antisocial forces in cooperation with the police, relevant organizations and professional organizations such as lawyers.

iii) In order to properly handle reports of violations of laws and regulations, the Company has established "Internal Reporting Regulations" and operates an internal reporting system based on these regulations for the purpose of early detection and correction of violations of laws and regulations, the Articles of Incorporation and other internal regulations, or actions that may lead to such violations.

(III) Internal Audit Department

To ensure the independence and objectivity of internal audits, the Internal Audit Department is directly managed by the President and composed of one dedicated personnel. It verifies, evaluates, and advises on the compliance and efficiency of the Group's organizational, systemic, and operational adherence to management policies, laws, regulations, and rules.

Through these efforts, we strive to prevent violations of laws and regulations, fraud and errors, provide accurate information, safeguard assets and improve business operations.

The Internal Audit Office conducts its audits based on an annual audit plan, which is created with the approval or directive of the Representative Director, President and CEO. It assesses the setup and operational status of internal controls, focusing on the effectiveness and efficiency of operations, the reliability of financial

reporting, compliance with laws and regulations, and the protection of company assets. Additionally, it advises on and recommends improvements for risk management, control measures, and the validity and efficiency of governance. Audit findings are consistently reported to the Representative Director, President and CEO, the Board of Directors, and the Audit and Supervisory Committee. The Internal Audit Office also engages in regular information exchanges with the audit firm.

Regular weekly meetings are held between the full-time Audit and Supervisory Committee members and the Internal Audit Office to share fundamental data on audit targets, discuss audit methods and outcomes, monitor audit progress, and review annual plans. Through appropriate discussions on audit results and plans, the Internal Audit Office, Audit and Supervisory Committee, and audit firm strive for cooperation.

(IV) Other Measures to Ensure the Appropriateness of Operations within the Group

- i) The Company shall establish the "oRo Group Policy", a system of principles including human resources policy and compliance policy for the Group to share and disseminate management principles among the Group and ensure the appropriateness of its operations.
- ii) Subsidiaries shall report to the Company and seek approval for matters to be discussed and approved or reported in accordance with the "Affiliate Management Regulations" and conduct regular business progress reports to share business management and crisis management information while ensuring the adequacy of their business execution systems.
- iii) Subsidiaries shall be subject to regular internal audits by the internal audit department of the Company, and the results of such audits shall be reported to the President and CEO, the Board of Directors and the Audit and Supervisory Committee of the Company.
- iv) Members of the Audit and Supervisory Committee selected by the Audit and Supervisory Committee shall visit subsidiaries as necessary to review the status of business operations.
- v) The Company shall dispatch its directors or employees as directors of subsidiaries as necessary and supervise the performance of duties by directors of subsidiaries through such directors or employees.
- vi) The Company shall establish an internal reporting system directly accessible to directors, corporate auditors and employees of subsidiaries, and detect and correct violations of laws, the Articles of Incorporation and other internal regulations or actions that may lead to such violations at an early stage.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company's "Business Ethics" stipulates as follows: "The Company shall sever any relationship with antisocial forces that threaten the order and security of civil society, and even in the case the Company receives unfair demands from such forces, the Company shall resolutely confront such forces without yielding to them." The Company has developed a system to eliminate antisocial forces by establishing "Rules for Measures Against Antisocial Forces" and "Manual for the Elimination of Antisocial Forces," and designating the Corporate Department and its General Manager as the department and person in charge of this matter.

Specifically, before conducting business with a new partner, the Company examines whether or not such partner has any relationship with antisocial forces by collecting information on such partner using multiple information services. The Company also regularly examines whether or not its existing business partners have any relationship with antisocial forces, as well as conducts such examination on all of its business partners at least once a year. In addition, when starting transactions with a new business partner, the Company concludes "Memorandum Regarding Elimination of Antisocial Forces" with such partner prior to the conclusion of contracts for orders and other transactions with them. The said memorandum includes a clause regarding the exclusion of organized crime syndicates that allows a contract to be terminated in the case that such partner is found to be an antisocial force.

The Company regularly provides all of its Directors and employees with opportunities to thoroughly understand the Company's rules for the elimination of antisocial forces in major training sessions and meetings for them.

To cooperate with external agencies, the Company has become the member of the Meguro District Special Violence Prevention Measures Council, and established a system to collect information and secure assistance from the Tokyo Metropolitan Police Department's Special Violence Prevention Measures Association (Tokubouren) and the local police department, etc.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

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2. Other Matters Concerning the Corporate Governance System

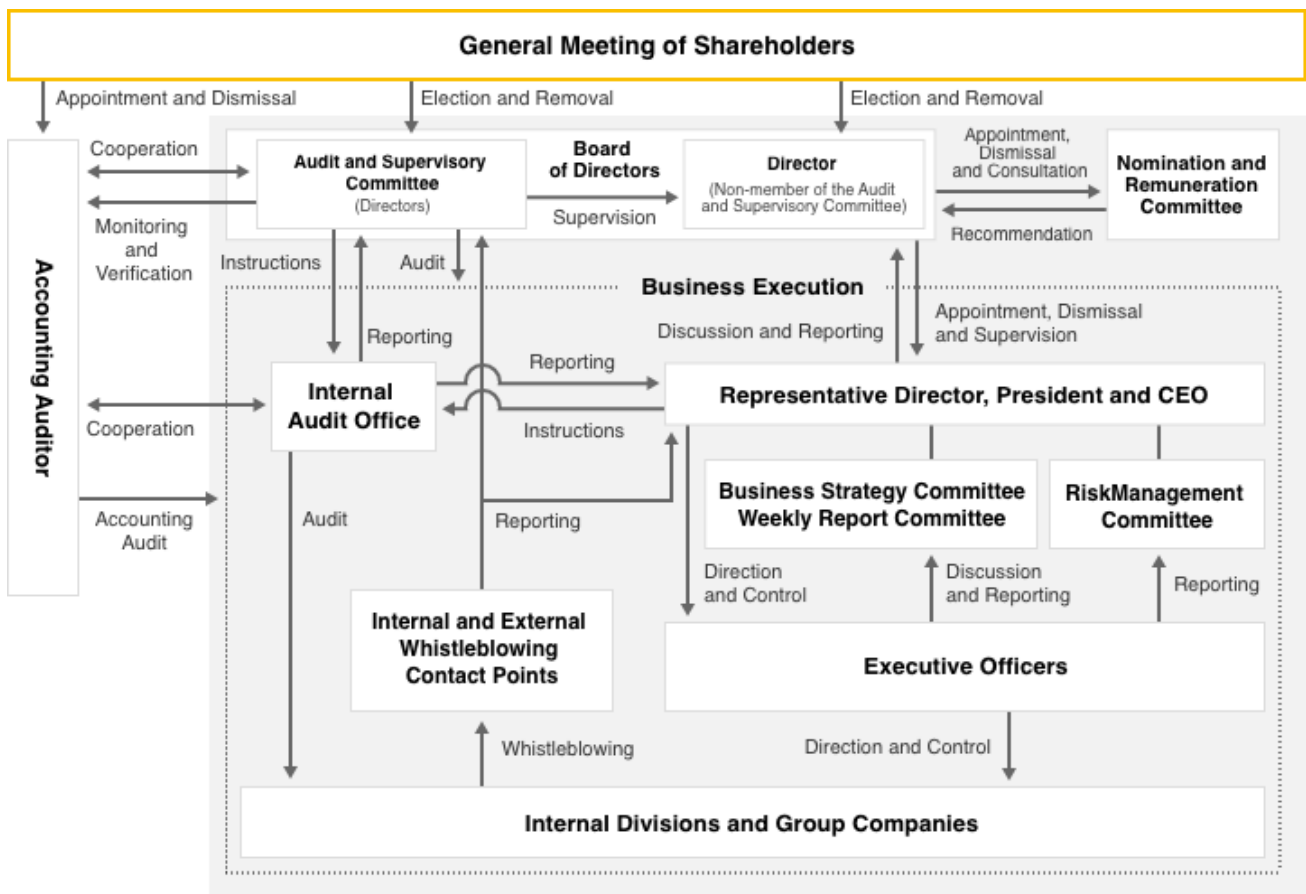
(1) Corporate governance system

Please refer to the “Diagram of Corporate Governance System (Reference Material)” below.

(2) Timely disclosure system

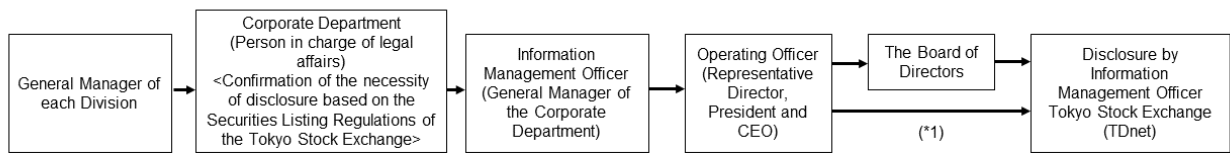
The Company regards efforts on proactive disclosure as part of corporate governance. The Company has designated the General Manager of the Corporate Department as Information Management Officer. Accordingly, the Corporate Department collects information reported by the Company’s Directors and employees in a timely manner, and any of such information that should be disclosed in accordance with the procedures described in the “Overview of Timely Disclosure System (Reference Material)” below shall be disclosed in a timely manner. In addition, the Company provides its Directors and employees with training to understand and become aware of the importance of timely disclosure as necessary, along with other training for the management of confidential and personal information.

[Diagram of Corporate Governance System (Reference Material)] [Updated]



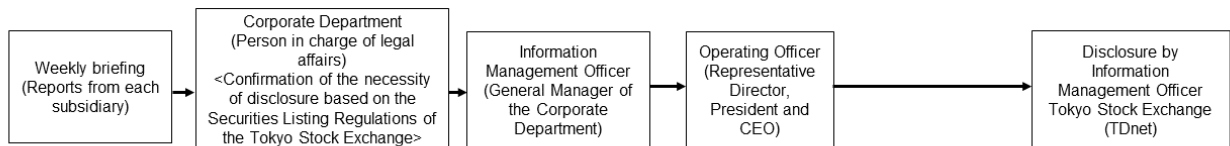
[Overview of Timely Disclosure System (Reference Material)]

< Information, etc. on decisions and financial results of the Group >



(*1) If information is disclosed without the prior approval of the Board of Directors, such information should be reported to the Board after the disclosure without delay.

< Information on decisions made by subsidiaries >



< Information on the facts related to the Group >

