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UT Group Co., Ltd.

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<https://www.ut-g.co.jp/english>

Corporate governance of UT Group Co., Ltd.

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

1. Basic Views

UT Group Co., Ltd. ("UT Group" or "the Company") has redefined its corporate philosophy to make its aim and values more easily understood by people who newly join the Company. Consistent with this, corporate governance has been identified as one of the most important aspects of management. In order to continuously strengthen governance in response to the Corporate Governance Code, the Basic Policy on Corporate Governance (effective April 1, 2021) has been newly defined by a resolution of the Board of Directors in its meeting held on March 29, 2021, and has been published on the Company website. To assure the effectiveness of corporate governance based on this policy, Basic Policy on Compliance, Basic Policy on Risk Management, and Basic Policy on Information Security have been adopted.

The content of the Basic Policy on Corporate Governance is summarized as follows:

- Shareholders' rights

UT Group respects the rights of its shareholders and strives to ensure equality of shareholders, and to create an environment in which shareholders can exercise their rights appropriately.

- Collaboration with stakeholders

UT Group strives to promote sustainable corporate value by working properly with its employees, clients, business partners and all other stakeholders.

- Proper disclosure of information and ensuring transparency

In order to gain the trust of its shareholders and other stakeholders, UT Group actively discloses information with high transparency and strives to disclose information in an integrated manner so as to clearly communicate its vision and its management strategy intended to contribute to realization of the vision.

- Responsibilities of the Board of Directors, etc.

In order to achieve sustained improvement of corporate value which has high growth potential, consistent with the mission "Create vigorous workplaces empowering workers," UT Group's Board of Directors delegates its executive authority to executive officers, who are instructed to make speedy decisions, in a fair manner and in the best possible way, while providing effective oversight functions as its major role in management supervision.

The composition of the Board of Directors is not limited to the internal structure of the organization. Half of the Directors are independent, their number and share of Board positions intended to assure that the Board performs effective supervisory functions, while also making it possible for the Board to discuss various matters from a wide range of perspectives with the benefit of the effects of diversity in terms of knowledge of related fields, capability, industry experience, age, and gender.

In order to make decisions in appointing directors as well as executive officers who are responsible for business execution, and to determine their remuneration, reliance is made on an advisory committee of which a majority of its members are outside experts so as to ensure transparency. In addition, UT Group has developed a remuneration system that reflects an arrangement that is balanced from the perspectives of short- and medium-to-long-term, an arrangement believed to support risk-taking for growth. The Company has also established a system to manage risk. The system and its operation are consistently supervised.

- Dialogue with shareholders

As an important aspect of its relation with shareholders UT Group strives to disclose management direction and strategy for improving medium- to long-term corporate value, and to engage in constructive dialogue with shareholders. The Company seeks to establish a proper structure to enable it and to get a good picture of the shareholder structure.

- Ethical standards and corporate culture

UT Group provides intangible social infrastructure that supports employment and production activities and, based on its awareness of social responsibility as expressed by being engaged with each worker, the Company strives to foster a corporate culture that contributes to a sustainable society by adhering to local laws and regulations, as well as international norms, including human rights.

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

Updated

【Supplementary Principle 5-2-1 Disclosure of Policy on Business Portfolio】

UT Group announced the Fourth Medium-Term Business Plan in May 2020. The Company is currently considering the formulation of a basic policy on its business portfolio in consideration of this plan, and plans to announce the policy in the next fiscal year and to disclose the status of the review of the business portfolio based on the basic policy.

【Principle 1-4 Cross-shareholdings】

UT Group has a policy of not holding shares of individual companies for the purpose of cross shareholdings.

【Principle 1-7 Related Party Transactions】

UT Group has stipulated rules concerning transaction between the Company and Directors or major shareholders in order to prevent the transactions from harming the shared interests of the Company and its shareholders. Such transactions including competing transactions and conflict-of-interest transactions with its Directors, or transactions with other companies, are explicitly stated as matters to be resolved by the Board of Directors, in accordance with the “Rules on Transaction Control of Related Insiders” and the “Rules for the Board of Directors”. The relevant Director(s) in such a case shall be excluded as a related party of special interest from a quorum of the decision-making persons dealing with the matter.

The status of such individual transactions shall be reported to the Board of Directors and be monitored, based on the Rules on Transaction Control of Related Insiders, while the Audit & Supervisory Board shall audit the matter based on the Audit Standards of Audit & Supervisory Board Members. In addition, a framework for control of transactions of related parties has been devised and an annual survey is conducted to check if there has been any transaction between related parties.

【Supplementary Principle 2-4-1 Ensuring Diversity on Promotion of Core Personnel】

Under the mission of "Creating vigorous workplaces empowering workers," UT Group has been promoting an environment in which diverse personnel work vigorously, regardless of their nationality, academic background or age. The ratio of female managers currently stands at 10.5%, but the Company aims to reach 15% by the beginning of fiscal year ending March 2026. In the Diversity Promotion Activities, the Company will promote workstyle reform and institutional and culture reforms, particularly in business divisions with a low proportion of women.

【Principle 2-6 Roles as Asset Owners of the Corporate Pension Plan】

Although UT Group has not introduced the fund-type and contract-type fixed benefit pension and welfare pension funds as a system, the Company plans to introduce a corporate-type defined contribution pension fund on October 1, 2021, and will provide educational opportunities to employees through training and e-learning to promote stable asset formation for employees.

【Principle 3-1 Full Disclosure】

- (i) The Company’s Mission, Vision, Values, and Medium-Term Business Plan are disclosed on its website.
- (ii) The Basic Views on Corporate Governance are published in the Company’s website, Corporate Governance Report, and Securities Report.
- (iii) Remuneration of Directors is published in the Securities Report.
- (iv) Based on the policy of choosing as directors those who are anticipated to contribute to the Group’s sustainable growth and enhancement of medium- to long-term corporate value, director candidates are selected by the Nomination and Remuneration Committee, an advisory body attached to the Board of Directors, with consideration given to ensuring balance in ability and knowledge of the overall Board, and are appointed by the Board. Concerning candidates for auditors, the Nomination and Remuneration Committee selects candidates who can contribute to maintenance and enhancement of the Company’s sound management and social credibility and can do neutral, objective auditing, and upon agreement by the Audit & Supervisory Board, the Board of Directors decides who shall be Audit & Supervisory Board members. Concerning External Directors and External Audit & Supervisory Board Members, using the Tokyo Stock Exchange’s standards related to independence for reference, candidates who are believed to ensure sufficient independence are elected, with consideration given to their experience and relationship with the Company. Concerning dismissal of Directors and Audit & Supervisory Board Members, procedures for dismissal shall be begun for those whose misconduct or material facts in violation of laws and regulations or the Articles of Incorporation have been detected; those who are recognized as falling far short of the selection standards; those who have significantly damaged corporate value by neglect of duties; and those who are deemed to be difficult to appropriately carry out duties. Procedures for dismissal of Directors and Audit & Supervisory Board Members shall be resolved by the Board of Directors, upon fair, rigorous discussions by the Nomination and Remuneration Committee, and be decided at the General Meeting of Shareholders.
- (v) Reasons for election of director candidates and auditor candidates are disclosed in the Notice of the General Meeting of Shareholders. Dismissal of Directors and Audit & Supervisory Board Members shall also be disclosed in the Notice of the General Meeting of Shareholders or other documents, as needed.

【Supplementary Principle 3-1-3 Efforts on Sustainability】

Concerning sustainability issues and responses, UT Group has discussed them at the business execution organization and at the Board of Directors meetings while holding interviews with stakeholders, has identified important issues (Materiality) to be addressed as priorities, and has established measures to address these issues as a “Basic Policy on Sustainability.”

[UT Group Materiality]

●Workers’ potential to be broadened

We respect and are engaged with each worker and continue to create an environment where workers can vigorously work.

●Continued strengthening of business base

We continue to lead the staffing industry from the perspective of workers, without being constrained by legacy customs.

●Fair and transparent organizational controls

We foster a corporate culture that respects each individual, and maintain an open and fair corporate attitude.

- Appropriate environmental considerations

We recognize our impact on the natural environment and appropriately control it.

(<https://www.ut-g.co.jp/sustainability/>)

【Supplementary Principle 4-1-1 Outline of the Scope of Delegation to the Management】

UT Group has separated the decision-making and overseeing function of management and the execution of operations by establishing both the Board of Directors as a decision-making and overseeing body of management and the Management Committee as a system for execution of operations based on the Board's decision-making. The Board of Directors discusses and makes decisions on matters stipulated in laws and the Articles of Incorporation and significant matters related to the Company and its subsidiaries. In addition, the Company has adopted an Executive Officer System whereby Executive Officers carry out business execution according to the Rules on Authority of Duties on significant matters of business execution resolved by the Board of Directors. In the Management Committee, the status of execution and issues involving important matters concerning execution of duties are reported, and specific execution methods are resolved with regard to policies concerning matters discussed at the Board of Directors and basic management policies resolved at the Board of Directors. The Rules on Authority of Duties clearly specify the authority of the Board of Directors, President, Management Committee, and other bodies.

【Principle 4-9 Independence Standards and Qualification of Independent External Directors】

UT Group does not specifically set forth independence standards and policies for External Directors and External Audit & Supervisory Board Members. However, independent directors and auditors are selected based on the standards provided by the Tokyo Stock Exchange. Individuals who can serve in roles and execute duties of contributing to the Company's sustainable growth and enhancement of its medium- to long-term corporate value, who have professional knowledge needed in corporate management, who can be expected to make candid, active, and constructive contributions to discussions by the Board of Directors, and who are fully qualified, are selected as candidates for independent external director posts.

【Supplementary Principle 4-10-1 Authority and Roles of the Nomination and Remuneration Committee】

UT Group is a company with the Audit & Supervisory Board, and the Board of Directors consists of seven members, four of whom are independent outside directors. Independent outside directors have reached a majority of the Board of Directors, and they use their high expertise and rich experience to express their opinions on important matters through deliberations by the Board of Directors and provide advice where necessary.

In order to ensure the objectivity and transparency of the procedures for nominating candidates for directors, and to strengthen the accountability of the Board of Directors, the Nomination and Remuneration Committee has been established as an advisory body of the Board of Directors, to obtain appropriate involvement and advice from independent outside directors.

【Supplementary Principle 4-11-1 Basic Views on the Overall balance of knowledge, experience and skills and the diversity and scope of the Board of Directors】

In order to realize the Fourth Medium-Term Business Plan, UT Group has identified the skills and other attributed to be held as a whole by the Board of Directors and has developed a skills matrix that shows the key skills, careers, and expertise of each director. The Nomination and Remuneration Committee selects candidates for directors in consideration of the number of directors and skills of each director, depending on the Company's status and business environment. Please refer to the Company's website for the skills matrix.

(<https://www.ut-g.co.jp/ir/management/governance/>)

Refer to "Principle 3-1 (iii) to (v)" concerning UT Group's views on the balance of knowledge, experience, and skills of the Board as a whole, and diversity, as well as policies and procedures for selection of directors.

【Supplementary Principle 4-11-2 Concurrent Positions of Directors and Audit & Supervisory Board Members】

The status of concurrent positions held by Directors and Audit & Supervisory Board Members is disclosed in the Securities Report and the Notice of the General Meeting of Shareholders every year.

At present, three out of four External Directors concurrently hold a position of director of other listed companies. The two External Directors concurrently are directors of two other listed companies while the one External Director concurrently holds a position of director of another listed company. Three External Audit & Supervisory Board Members do not concurrently hold position of director of another listed company.

The number of companies where the Directors hold concurrent position is considered reasonable and the Directors and Audit & Supervisory Board Members are believed to have sufficient time and energy to appropriately carry out expected roles and duties.

【Supplementary Principle 4-11-3 Overall Analysis and Evaluation of the Effectiveness of the Board of Directors】

UT Group conducts analysis and evaluation of the effectiveness of the Board of Directors since September 2021 to strengthen the function of the Board of Directors. For 2021, with advice from an external organization, questionnaire concerning "Management and organization of the Board of Directors", "Management strategy and business strategy", "Corporate ethics and risk management", "Performance monitoring, and evaluation and compensation of management" and "Dialogue with shareholders" was implemented to all directors and all audit & supervisory board members. (Answers were given directly to the said external organization, maintaining anonymity)

The evaluation was summarized and analyzed based on the advice of the said external organization.

As a summary of the results of the analysis and evaluation, we confirmed that effectiveness of the Board is generally ensured, based on the following reasons as the result of the questionnaire.

- The composition of the Board was evaluated as appropriate due to the appointment of a female outside director and the resulting increased diversity of the Board.
- The selection of agenda items for Board of Directors meetings and the allocation of matters for resolution and matters to be delegated to the business executive side were evaluated as appropriate.
- The Company has been achieving sustained growth through the effective functioning of its strategy to develop business centered on advancement in the skills and careers of technical employees.
- The Company's agile efforts to respond to changes in the external environment, such as the rise of social demands on sustainability, was appreciated.
- The Company properly responds to external requests concerning corporate ethics and shares the status of risk assessment, and that internal auditing is functioning effectively.
- The performance evaluation of each director and each executive officer by the Nomination and Compensation Committee was evaluated to be appropriate.
- Dialogue with shareholders and others is undertaken in a timely and appropriate manner and that the contents are properly reported to the Board of Directors.

To further strengthen the effectiveness of the Board of Directors, we will deepen discussions on medium- to long-term management plans, risk management, and sustainability, and will continue efforts to strengthen the function of supervising the post-investment reviews and discussions of acquired companies. Please refer to the Company's website for the results of the evaluation of the effectiveness. (<https://www.ut-g.co.jp/news/>)

【Supplementary Principle 4-14-2 Policy on Directors and Audit & Supervisory Board Members Training】

UT Group's Directors and Audit & Supervisory Board Members constantly and actively acquire and learn information concerning the Company's financial conditions, compliance with laws and regulations, corporate governance, and other matters. The Company has External Directors and External Audit & Supervisory Board Members who have expert knowledge in legal, accounting, and tax affairs. They share their knowledge on laws and regulations, and other relevant matters at the Board of Directors meetings and other occasions, when appropriate. Audit & Supervisory Board Members receive training to enhance the level of auditing, such as training by the Japan Audit & Supervisory Board Members Associations, as a part of their carrying out of appropriate auditing duties.

【Principle 5-1 Policy on Constructive Dialogues with Shareholders】

UT Group's IR activities are mainly performed by the unit in charge of IR in the Management Reformation Division. Every quarter a video of the financial result presentation by President & Representative Director is uploaded on the website. The Company also attends conferences hosted by securities companies and welcomes one-on-one meetings. Information on business plans and operating conditions is proactively disclosed on the Company's website.

The division in charge of IR reports details of dialogues with shareholders and investors to the Board of Directors, when appropriate, in order for the information to be available for use in operations and management. The IR Policy, with its basic policy being to provide prompt information disclosure with transparency, fairness, and consistency, has been officially determined and is disclosed on the corporate website.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[\[Status of Major Shareholders\]](#)

Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Yoichi Wakayama	9,031,178	22.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,534,700	11.23
Custody Bank of Japan, Ltd. (Trust E Account)	2,836,700	7.03
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	1,845,500	4.57
Custody Bank of Japan, Ltd. (Trust Account)	1,572,600	3.90
THE BANK OF NEW YORK MELLON SA / NV10	950,000	2.35
Lei Hau' oli Co., Ltd.	908,600	2.25
Copernicus Co., Ltd.	908,600	2.25
THE BANK OF NEW YORK MELLON 140044	813,493	2.02
JP MORGAN CHASE BANK 385632	777,434	1.93

Controlling Shareholder (except for Parent Company)	_____
Parent Company	N/A

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	First Section of Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Service
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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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 Members
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President & Representative Director
Number of Directors	7
Appointment of External Directors	Yes
Number of External Directors	4
Number of Independent External Directors	4

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (●)										
		a	b	c	d	e	f	g	h	i	j	k
Noboru Hachimine	From another company								○			
Tetsuro Yoshimatsu	From another company											
Taisuke Igaki	Lawyer								○			
Hiroko Sasaki	From another company								○			

Categories for "Relationship with the Company"

- "○" when the director presently is in or recently became associated with the category;
"△" when the director was in the category in the past
- "●" when a close relative of the director presently is in or recently became associated with the category;

“▲” when a close relative of the director was in the category in the past

- a. Executive of the Company or one of its subsidiaries
- b. Executive or non-executive director of the parent company of the Company
- c. Executive of another 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 listed 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/auditor
- 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 external directors/auditors 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. Other

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Noboru Hachimine	○	Mr. Noboru Hachimine is the Representative Director and Chairman of Digital Shift Co., Ltd. UT Group has paid Digital Shift a commission fee for education related business, but the percentage of transactions for the fiscal year ended March 2021 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group.	Mr. Noboru Hachimine is a founder of DIGITAL HOLDINGS, Inc. and has supported growth of many IT companies in the rapidly-changing IT industry. UT Group has elected him based on the judgment that his experience will be useful to management of the Company which aims at innovation and growth of the personnel service industry. While UT Group has transactions with Digital Shift Co., Ltd., where he concurrently has a position, as stated on the left, Digital Shift and UT Group have no special interest relationship. As Mr. Noboru Hachimine satisfies standards for independence set forth by the Tokyo Stock Exchange, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Director.
Tetsuro Yoshimatsu	○	—	Mr. Tetsuro Yoshimatsu is a founder of istyle Inc. and has expanded its business in media, retail, distribution, and personnel areas, under the vision of “consumer-centered market creation.” UT Group has elected him as his experience is anticipated to be useful to growth of the Company which defines dispatched workers as its clients. As Mr. Tetsuro Yoshimatsu satisfies standards for independence, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Director.
Taisuke Igaki	○	Mr. Taisuke Igaki is an outside director of en Japan Inc., Ltd. While UT Group has paid the company advertising posting fees related to job offers, the percentage of transactions for the fiscal year ended March 2021 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group. Mr. Igaki is also a corporate employee lawyer at Nishimura & Asahi LPC. UT Group has paid the firm a commission fee related to legal counseling, etc., but the percentage of transactions for the fiscal year ended March 2021 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group.	Mr. Taisuke Igaki, as a lawyer, has abundant knowledge and experience on overall corporate legal affairs. He makes use of his extensive experience in general legal matters, including cross-border deals, M&As, business restructuring and lawsuits., and actively provides advice and recommendations from the standpoint of compliance and corporate governance within the Company. The Company has elected him based on the judgment that his experience will be useful to the Company's growth and risk management. While UT Group has transactions with en Japan Inc. and Nishimura & Asahi LPC, where he concurrently has a position, as stated on the left, the firm and UT Group have no special interest relationship. As Mr. Taisuke Igaki satisfies standards for independence set forth by the Tokyo Stock Exchange, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Officer.

Hiroko Sasaki	○	Ms. Hiroko Sasaki is the Representative Director, President and CEO of Lyxis Co., Ltd. UT Group has paid Lyxis a commission fee for education related business, but the percentage of transactions for the fiscal year ended March 2021 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group.	Ms. Hiroko Sasaki is a founder of ChangeWAVE CO., Ltd. and has been engaged in services to help innovate companies, organizations, and individuals from the viewpoint of personnel development, by making use of her experience in management reform of many companies. UT Group has elected her, anticipating that her experience will be useful for UT Group to realize the vision "Becoming the company with a future workstyle platform." While UT Group has transactions with Lyxis Co., Ltd., where she concurrently has a position, as stated on the left, Lyxis and UT Group have no special interest relationship. As Ms. Hiroko Sasaki satisfies standards for independence set forth by the Tokyo Stock Exchange, and she has no concerns of conflict of interest with general shareholders, the Company designated her as an Independent Director.
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Voluntary Establishment of Committee(s), Composition, and Attributes of Chairperson Updated

	Committee's Name	All Committee Members	Full-time Members	Internal Directors	External Directors	External Experts	Others	Chair-person
Committee Corresponding to Nomination Committee	Nomination and Remuneration Committee	5	0	2	2	1	0	External Experts
Committee Corresponding to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	2	1	0	External Experts

Supplementary Explanation

Although the Company is not a company with committees prescribed in the Corporate Law, it has established a voluntary Nomination and Remuneration Committee as an advisory body of the Board of Directors. The Committee aims to ensure the transparency and objectivity of the procedures for nomination of candidates for directors and audit & supervisory board members and their remuneration, and to strengthen the accountability of the Board of Directors. The Nomination and Remuneration Committee is chaired by an outside lawyer, and consists of two internal directors, two outside directors, and one external expert.

[Audit & Supervisory Board Members]

Establishment of the Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Audit & Supervisory Board Members and the Internal Audit Division exchange opinions every week. Specifically, the Internal Audit Division reports the results of the audit conducted in the previous week and Audit & Supervisory Board Members give opinions on the audit results and priority audit matters. Through the exchange, they share the same understanding on the audit themes and audit matters. Audit & Supervisory Board Members and Accounting Auditors also have regular meetings, exchange information as necessary, and conduct efficient auditing.

Appointment of External Audit & Supervisory Board Members	Appointed
Number of External Audit & Supervisory Board Members	3
Number of External Audit & Supervisory Board Members Designated as an Independent Auditor	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (●)													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Riichiro Komatsu	From another company														
Hirokazu Mizukami	From another company														
Hiroyuki Yoshida	Certified public accountant											△			

Categories for "Relationship with the Company"

- "○" when the director presently is in or recently became associated with the category;
 - "△" when the director was in the category in the past
 - "●" when a close relative of the director presently is in or recently became associated with the category;
 - "▲" when a close relative of the director was in the category in the past
- a. Executive of the Company or its subsidiary
 - b. Non-executive director or accounting advisor of the Company or one of its subsidiaries
 - c. Non-executive director or executive of the parent company of the Company
 - d. Audit & Supervisory Board Member of the parent company of the Company
 - e. Executive of another subsidiary company of the Company
 - f. A party whose major client or supplier is the Company or an executive thereof
 - g. Major client or supplier of the Company or an executive thereof
 - h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an auditor
 - i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
 - j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the auditor himself/herself only)
 - k. Executive of a company, between which and the Company outside directors/auditor are mutually appointed (the auditor himself/herself only)
 - l. Executive of a company or organization that receives a donation from the Company (the auditor himself/herself only)
 - m. Others

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Riichiro Komatsu	○	—	After serving many years in the banking business, Mr. Riichiro Komatsu was assigned to a position of a representative director and senior managing director of KOSAIDO Co., Ltd. The Company has elected him, anticipating that he will audit overall management of the Company and provide effective advice. He has been serving as External Audit & Supervisory Board Member of the Company for three years. As Mr. Riichiro Komatsu satisfies standards for independence, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Audit & Supervisory Board Member.
Hirokazu Mizukami	○	—	The Company has elected Mr. Hirokazu Mizukami, anticipating that he will provide appropriate, useful opinions concerning legality, soundness, and transparency of the Company's management execution, thanks to his many years of experience in financial institutions and abundant knowledge. He has been serving as External Audit & Supervisory Board Member of the Company for 12 years. As Mr. Hirokazu Mizukami satisfies standards for independence, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Audit & Supervisory Board Member.
Hiroyuki Yoshida	○	Mr. Hiroyuki Yoshida was a member of Hongo Tsuji Tax & Consulting until October 2018. UT Group has paid the firm a commission fee related to tax, etc., and the percentage of transactions over a one-year period was less than 1% of the total consolidated cost of sales and SG&A expenses.	The Company has elected Mr. Hiroyuki Yoshida, anticipating that he has professional knowledge in accounting and a wide range of experience, and he will provide appropriate and useful opinions on the Company's management execution, and perform duties appropriately. He has been serving as an External Audit & Supervisory Board Member of the Company for six years. He was a member of Hongo Tsuji Tax & Consulting but left the firm 2 years and 8 months ago. While UT Group had transactions with Hongo Tsuji Tax & Consulting, where he concurrently had a position, as stated on the left, the firm and UT Group have no special interest relationship. As Mr. Hiroyuki Yoshida satisfies standards for independence set forth by the Tokyo Stock Exchange, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Audit & Supervisory Board Member.

[Independent Directors and Audit & Supervisory Board Members]

Number of Independent Directors and Audit & Supervisory Board Members

7

Matters relating to Independent Directors and Audit & Supervisory Board Members

UT Group designated all External Directors and Audit & Supervisory Board Members of the Company who satisfy standards for Independent Directors and Audit & Supervisory Board Members as Independent Directors and Audit & Supervisory Board Members.

[Incentives]

Implementation Status of Measures Involving the Provision of Incentives to Directors

Introduction of Performance-based Remuneration and the Stock Option Program

Supplementary Explanation

[Overview of the Performance-based Remuneration System]

UT Group has introduced a performance-based remuneration system, which is described later in this report in the "Director Remuneration" section, "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

[Outline of the stock option system]

At the meeting of the Board of Directors held on May 20, 2020, the Board of Directors resolved to issue stock acquisition rights for a fee to directors, executive officers and employees of the Company and its subsidiaries.

As of May 31, 2021, the number of stock acquisition rights is 80,592, and the class, content and number of shares to be issued upon exercise of stock acquisition rights are 8 common shares. The amount to be paid upon exercise of the stock acquisition rights is 1,859 yen per share, and the period to exercise stock acquisition rights is from May 1, 2021 to April 30, 2028. The issue price of the shares shall be 1,859 yen upon exercise of the stock acquisition rights.

Please refer to the Securities Report for details. The conditions for the exercise of stock acquisition rights are as follows:

1. Stock Acquisition Rights holders may exercise the Stock Acquisition Rights in each fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2027, provided they meet one of the conditions listed in each of the following items:
 - (1) If the EBITDA is 15 billion yen or higher in any fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2024
 - (2) If the EBITDA is 20 billion yen or higher in any fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2025
 - (3) If the EBITDA is 30 billion yen or higher in any fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2027

EBITDA as stated above is the sum of the operating profit of the Company's consolidated income statement, which has been audited, as stated in the Securities Report submitted by the Company and the depreciation costs (including goodwill amortization costs) stated in the consolidated cash flow statement of the Report. In determining the amount of EBITDA, the amount of operating profit in the consolidated statements (or profit/loss statements if the consolidated financial statements have not been prepared) stated in the Company's Securities Report plus depreciation costs (including goodwill amortization costs) on the Company's consolidated cash flow statements shall be used for reference. If stock remuneration expenses which are related to the stock acquisition rights are generated, it shall be excluded from the calculation of EBITDA. The amount of EBITDA that is applicable from the time the relevant Securities Report is submitted shall be applied. In addition, in the event that there is a significant change in the concept of numerical values to be referenced due to the application of international financial reporting standards, etc., the Company shall, to a reasonable extent, establish indicators to be referenced separately by the Board of Directors.

2. The stock acquisition rights holders shall, even at the time of the exercise of the stock acquisition rights, are required to be directors, corporate auditors, executive officers or employees of the Company or its affiliates (which refer to related companies as stipulated in the rules of the terms, style, and preparation method of the Company's financial statements and other documents). However, this shall not apply if the Company's Board of Directors has approved the holders who retire due to expiration of their term of office or reaching mandatory retirement age or other legitimate reasons.

3. If the stock acquisition rights holder has died (only if the holder meets the requirements set forth in (2) above), only one of the heirs of the holder (hereinafter referred to as the "successor of the rights") may exercise all succeeded stock acquisition rights in a lump during the exercise period of the stock acquisition rights. In the event that the successor of the rights has died, the successor of the successor may not further succeed to acquisition of the stock acquisition rights. The requirements set forth in (2) above do not apply to successors of rights.

4. If the total number of issued shares of the Company exceeds the number of authorized shares at that time by exercising the Stock Acquisition Rights, the exercise of such Stock Acquisition Rights may not be performed.

5. No less than one (1) exercise of each Stock Acquisition right is permitted.

Recipients of Stock Options

Internal directors, Employees, Directors of subsidiaries, Employees of subsidiaries, and Others

Supplementary Explanation

In pursuit of expanding the Company's medium- to long-term corporate value and with the objective of strongly elevating motivation and morale of directors and employees of the Company and its subsidiaries and strengthen their commitment to growth in business performance, the Company has issued stock acquisition rights to directors, executive officers, and employees of the Company and its subsidiaries in exchange for cash consideration. The number of recipients of Stock Options was 64 as of May 31, 2021.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration

Individual Directors' Remuneration are not disclosed.

Supplementary Explanation

The amount of remuneration in total and by type, and the number of recipients

Category	Total remuneration (million yen)	Basic remuneration (million yen)	Performance-based remuneration	Non-monetary remuneration	Number of recipients
Directors (excl. External Directors)	144	144	--	--	3
Audit & Supervisory Board Members (excl. External Audit & Supervisory Board Members)	10	10	--	--	1
External Directors/Audit & Supervisory Board Members	68	68	--	--	6

1. The First General Meeting of Shareholders, held on June 23, 2008, resolved that the upper limits of the total amounts of remuneration for Directors and Audit & Supervisory Board Members were to be set at 500 million yen and 100 million yen respectively.

2. The decision policy for remuneration of Directors and Audit & Supervisory Board Members is determined by the Company's Executive Remuneration regulations, except for matters otherwise provided by laws and regulations or the Articles of Incorporation. The general framework has been resolved at the general meeting of shareholders. The allocation method for director remuneration has been discussed and decided by the Board of Directors, and that for auditor remuneration, by the Audit & Supervisory Board.

Reason why the Board of Directors has determined that the individual remuneration and other remuneration of directors for the fiscal year ended March 31, 2021 was in line with the policy:

The amount of remuneration for Directors (excluding outside directors) for the fiscal year ended March 31, 2021 was decided by Yoichi Wakayama, President & Representative Director of the Company, prior to the policy resolution of February 10, 2021. The amount of remuneration is determined based on the performance evaluation of the individual, and the Board of Directors judges that Yoichi Wakayama, President & Representative Director, is the appropriate person to perform the performance evaluation of the directors, as he has a comprehensive view of the overall business. The Board therefore leaves the decision on the individual's performance and amount of remuneration to Yoichi Wakayama.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

UT Group's Board of Directors resolved at the meeting held on February 10, 2021 to adopt a policy regarding the amount of remuneration, etc. of officers, and the method of calculation, as follows.

1. Basic Policy

The remuneration of directors of the Company shall consist of basic, performance-based, and non-monetary remuneration based on the rating table set forth in the rule, in accordance with the Rules of Remuneration of Directors and Audit & Supervisory Board Members. The monetary remuneration of directors consists of basic remuneration as fixed remuneration and performance-related remuneration. The monetary remuneration of outside directors shall be only basic remuneration from the viewpoint of maintaining independence and objectivity. Non-monetary remuneration shall be paid as appropriate based on the resolution of the General Meeting of Shareholders.

2. Policy concerning the determination of the amount and timing or conditions of the granting of the basic

remuneration for individual director

The basic remuneration shall be a fixed monetary remuneration subject to the execution of the business. The amount of basic remuneration shall be determined within the scope of the resolution of the general meeting of shareholders, based on the ratings of each director set forth by the President & Representative Director based on the performance evaluation of the previous fiscal year, and based on the baseline amount.

3. Policy concerning the performance indicators relating to performance-based remuneration, the amount or calculation method of performance-based remuneration, and the determination of the timing or conditions of granting remuneration

Performance-based remuneration is a cash remuneration based on an indicator of the status of the profits set forth in Article 34, Paragraph 1, Item 3 of Japan's Corporation Tax Act. Provided that the internal goals set forth at the beginning of the fiscal year are achieved, the amount is determined according to the following method and paid in June each year.

- (1) The maximum amount of performance-based remuneration is 3% (omitting fractions of less than one yen) of "net profit attributable to owners of the parent" for the consolidated fiscal year (hereinafter referred to as "consolidated net profit").
- (2) From the total amount calculated by (1), the allocation method will be determined according to the individual achievement of the performance of the directors.
- (3) Performance-based remuneration shall not be paid when the externally-announced budget is not met or when the consolidated net profit does not meet the level specified at the beginning of the fiscal year. In the event that a scandal by an officer subject to remuneration is discovered, the performance-based remuneration for the period during which the scandal occurred shall be refunded. If a scandal is discovered prior to the payment, the performance-based remuneration shall not be paid for the period during which the scandal occurred.

4. Policy regarding the determination of non-monetary remuneration and the method for calculating the amount or number of non-monetary remuneration

Non-monetary remuneration shall be determined by a resolution of a general meeting of shareholders, and, if necessary, the Board of Directors shall resolve adoption of a policy concerning the decision on the contents of individual remuneration, etc. of the Directors based on the said policy, and shall be paid in accordance with the necessary procedures.

5. Policy concerning the determination of the ratios of basic remuneration, performance-based remuneration, and non-monetary remuneration in relation to the individual remuneration of directors

The ratios of remuneration by type shall be determined by taking into account the position and responsibilities of the individuals, trends of other companies of similar business size as the Company, and the monetary amount of each type of remuneration.

6. Matters relating to decisions concerning the individual remuneration, etc. of Directors

Concerning the amount of remuneration for individual directors, the President & Representative Director shall be delegated, in whole or in part, to determine the specific details, based on the resolution of the Board of Directors.

[Supporting System for External Directors (External Audit & Supervisory Board Members)]

Concerning important meetings such as of the Board of Directors and of the Audit & Supervisory Board, relevant documents are sent in advance to External Directors and External Audit & Supervisory Board Members in order to enable them to fully deliberate on important matters at the meetings.

There is no dedicated staff who support External Directors and External Audit & Supervisory Board Members but those in relevant departments support them whenever necessary.

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

1. Board of Directors

The Company appoints external directors who shall contribute to the Group's achievement of sustainable growth and medium- to long-term increase in corporate value and have no vested interest in the Company. The Board of Directors is comprised of seven Directors, including four External Directors. The Board of Directors is chaired by President & Representative Director and has the authority to decide execution of operation of the Company and its Group, and to supervise execution of duties by directors. With the aim of clarifying the responsibilities of directors and establishing a structure with an agile board of directors, the term of office for directors has been set as one year. The Board of Directors oversees the Company's management by holding a regular meeting once a month as well as extraordinary meetings on an as-needed basis.

2. Audit & Supervisory Board

The Company continues to adopt the Corporate Audit & Supervisory Board Member System as it believes that management execution is sufficiently supervised by the enhanced auditor system. The Company has four Audit & Supervisory Board Members, of whom three are External Audit & Supervisory Board Members. The Audit & Supervisory Board supervises the concept of corporate governance and the status of its management, and audits everyday management activities including execution by Directors.

Audit & Supervisory Board Members attend the Board of Directors meetings, request business reports from Directors, Officers, employees and accounting auditors, and exercise the auditing authority given lawfully to them to inspect operations and assets. In addition, the Full-time Audit & Supervisory Board Members engage in effective monitoring by attending the Management Committee and other important meetings and inspecting workplaces. Furthermore, the UT Group Audit & Supervisory Board Members Network Meeting has been established for monitoring the audit status of the Group Companies

and information exchange for effective functioning of governance of the entire Group.

3. Nomination and Remuneration Committee

The Company has established a Nomination and Remuneration Committee as a voluntary advisory entity serving the Board of Directors, with the aim of ensuring transparency and objectivity in the procedure to designate candidates for positions of director or auditor as well as remuneration of Directors, and of enhancing accountability of the Board of Directors. The Nomination and Remuneration Committee, chaired by an outside lawyer, designates persons who shall contribute to the Group's sustainable growth and medium- to long-term increase in corporate value and refers the candidates to the Board of Directors.

4. Compliance Risk Management Conference

The UT Group Compliance Risk Management Conference, chaired by the lead person in charge of the compliance division and with participation by an outside lawyer among others, is held once a month as an advisory entity serving the Board of Directors. The Conference discusses compliance policy and action plans of the Company and its Group, studies requirements for ensuring legal compliance and fair execution of duties, does research on violation of laws, regulations, and internal rules, and establishes recurrence prevention measures. In addition, the Conference identifies types of risks of the Company and its Group to be controlled, controls and evaluates these risks, calls for measures to prevent risk occurrence, and, in the event of risk occurrence, to minimize loss and establish recurrence prevention measures.

5. IT Investment Committee

The Company has established an IT Investment Committee as an advisory entity serving the Board of Directors, with the two aims of determining and discussing rationality of IT investments of the Company and its group companies from an immediate- and medium-term operational perspective, and of making of decisions on them. The IT Investment Committee, chaired by the President & Representative Director, is comprised of outside IT experts and Full-time Directors. Discussions include studying of IT system solutions for management issues, appropriateness of investment decisions, and post-investment checking of effects.

6. Management Committee

The Management Committee, which is chaired by the President & Representative Director and is comprised of Full-time Directors and Executive Officers, is held based on an annual schedule. In the Committee, the status of execution and issues of importance concerning execution of duties by Executive Officers are reported, and specific execution methods are resolved with regard to policies for matters discussed by the Board of Directors and basic management policies resolved at the Board of Directors meetings. The Company's subsidiaries are managed and controlled by concurrently assigning the Company's Executive Officers as Directors of the Company's Group Companies and by making the subsidiaries' important matters, including business strategy and business plans, which are based on the Company Group Policy, require prior approval of the Company at the Management Committee and other places.

7. Governance Council

The Company holds a Governance Council meeting, in principle semiannually, with the aim of comprehensively checking and improving supervision by the Board of Directors, auditing by Audit & Supervisory Board Members, internal audits, etc., and enhancing governance. The Governance Council, chaired by a Full-time Audit & Supervisory Board Member, is comprised of External Directors and Internal and External Audit & Supervisory Board Members, who share information concerning corporate governance, exchange opinions, and submit proposals to the Board of Directors, as advisable or needed.

8. Internal Audit Division

The Internal Audit Division, which is positioned under the direct control of the President & Representative Director, examines and evaluates compliance and efficiency of the status of corporate organization establishment and business management of the entire Group, based on the internal control plan, and reports the results to President & Representative Director and Audit & Supervisory Board Members. The Internal Audit Division also cooperates with Audit & Supervisory Board Members to audit effectiveness of governance and the internal control system of the entire Group.

9. Executive Officer System

The Company has adopted an Executive Officer System in order to separate business supervisory functions and business execution functions. The Company enhances business supervisory functions by granting a part of the Board of Directors' decision-making authority of business execution to Executive Officers. In order to promote agile business execution by Executive Officers, put the authority system and decision-making rules in proper place, and establish internal check functions, the division of duties and divided matters of the organization are regularly reviewed, clarifying the authority and responsible person of each unit.

10. Accounting Audit

The Company has concluded an accounting audit agreement with GYOSEI & CO.

The names of certified public accountants who performed the accounting audit duties, and the breakdown of assistance for the audit duties are as follows:

(1) Name of certified public accountants who performed the duties

Designated Limited Liability Partner & Engagement Partner: Akira Mishima

Designated Limited Liability Partner & Engagement Partner: Nobufumi Yoshida

(2) Assistants for the audit duties of the Company comprise seven certified public accountants and five assistants who passed the CPA examination.

3. Reasons for Adoption of the Current Corporate Governance System

By appointing four External Directors among seven Directors, the Company strives to augment independence of the Board of

Directors and transparency and objectivity of management, enhance business supervisory functions, and maintain and improve corporate governance. The Company has also adopted an Executive Officer System to further enhance business supervisory functions and business execution functions by granting a part of the Board of Directors' decision-making authority of business execution to Executive Officers and making clear of the scope of responsibilities of each Executive Officer, in order to make more swift management judgments. In addition, the Company continues to adopt the Audit & Supervisory Board Member System as it believes that management execution is sufficiently supervised by the enhanced auditor system. The Audit & Supervisory Board, which is composed of three independent External Audit & Supervisory Board Members with professional advanced knowledge and one Internal Audit & Supervisory Board Member, is deemed to contribute to enhancing the corporate governance system. The Company believes that its corporate governance system sufficiently functions through the operation of these systems.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Shareholder Meeting	The notice is dispatched prior to the day of the Annual General Meeting of Shareholders to ensure sufficient time for shareholders to review the matters.
Scheduling the Annual General Meeting of Shareholders to Avoid the Peak Day	The Meeting is held on a Saturday, avoiding the peak day and facilitating attendance by many shareholders.
Allowing Electronic Exercise of Voting Rights	The Company has adopted a system for exercising voting rights via the Internet starting.
Measures to Improve the Voting Environment of Institutional Investors Such as Participation in Electronic Voting Platform	The Company has been utilizing the electronic voting platform for institutional investors operated by Investors Communications Japan, Inc. (ICJ).
Providing Convocation Notice (Summary) in English	The convocation notice in English is posted on the Company's website and on the website of the Tokyo Stock Exchange.

2. IR Activities

	Supplementary Explanation	Presentation made by the representative
Preparation and Publication of Disclosure Policy	The Company has established its IR Policy and has posted it on the website. The Company is pledged to provide information to shareholders in a timely manner, based on transparency, fairness, and consistency. It also aggressively and fairly discloses information which is considered useful for shareholders, investors, and other stakeholders in understanding the Company.	
Regular Investor Briefings for Analysts and Institutional Investors	In principle, at the time of interim and year-end financial account settlements, the Company holds financial results briefings for analysts and institutional investors, and the President & Representative Director explains business strategies in addition to financial results. In case of other quarterly financial results, a video of the financial result presentation by the President & Representative Director is uploaded on the website. A briefing is also conducted as needed when the Company announces a medium-term business plan or other new business plans.	Yes
Regular Investor Briefings for Overseas Investors	The Company participates in conferences hosted by securities companies and the President & Representative Director attends and makes presentations on business strategy. The Company also receives one-on-one visits by overseas investors.	Yes
Posting of IR Materials on Website	The IR information, including the Summary of Financial Statements, Financial Results Briefing Material, Securities Report, and Reports to Shareholders, are posted on the Company's website.	
Establishment of Department (staff) in Charge of IR	The IR Section of the Communication Strategy Unit is responsible for corporate communication with the Executive Officer in charge of IR and dedicated staff.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the UT Group Compliance Code of Conduct to ensure due respect for stakeholders. It strives to realize sound, transparent corporate management.
Implementation of Environmental Activities, CSR Activities etc.	With the aim of realizing the Company's mission, "Create vigorous workplaces empowering workers," the Company has established its Basic Sustainability Policy and strives to help create a sustainable society. The Company also established the Basic Environmental Policy on April 1, 2021 and intends to be engaged in business activities in consideration of the environment.
Development of Policies on Information Provision to Stakeholders	Based on the belief that obtaining trust from stakeholders and society is essential for the continuation and expansion of its business, the Company's "Basic Policy on Corporate Governance" stipulates that it discloses highly transparent information and communicates appropriately. In addition, the Company has established the "Basic Policy on Stakeholder Engagement" and is working on communication activities and appropriate collaboration with stakeholders.

IV. Matters Related to the Internal Control System

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

To establish a system to ensure appropriate operations based on Japan's Companies Act and Ordinance for Enforcement of the Companies Act, formation of the Basic Policy on Internal Control System has been resolved by the Board of Directors. This is one way the Board of Directors strives to continually review and improve the internal control system and establish a more appropriate, efficient system. Details of the "Basic Policy on Internal Control System" are as follows:

- System to ensure execution of duties by Directors and employees of the Company in conformity with laws and regulations and the Articles of Incorporation of the Company
 - Important matters concerning execution of business that may affect the Company and its entire Group are identified and discussed at the Board of Directors meeting. The President & Representative Director reports the status of business execution of the Company and matters deemed important to the Board of Directors. In addition, External Directors are selected to maintain and enhance supervisory functions concerning execution of duties by Directors.
 - The UT Group Compliance Risk Management Conference, chaired by the lead person in charge of the compliance division and with participation by an outside lawyer among others, has been established as an advisory entity serving the Board of Directors. The Conference discusses compliance policy and action plans of the Company and its Group, studies matters needed to ensure legal compliance and fair execution of duties, does research on violation of laws, regulations, and internal rules, and establishes recurrence prevention measures.
 - The UT Group Action Guidelines and the UT Group Compliance Code of Conduct stipulate appropriate actions to comply with laws and regulations, social norms, internal rules and other rules to be taken. The Company strives to make directors and employees of the Group to be well aware of this and comply with it.
 - Concerning promotion of compliance, the Company has established the UT Group Compliance Manual. Officers and employees of the Company and its Group Companies attend seminars and other events and are instructed to perform duties and management by taking compliance as one of their own issues in their respective position.
 - A whistle-blower system has been established to enable consulting on possible or actual organizational or individual legal violations or fraudulent acts and to appropriately handle the information. By making use of the system, the Company endeavors to prevent scandals caused by fraudulent and other acts, detect problems early, and become more agile in improving its ability to govern itself.
 - The Internal Audit Division has been established to examine, evaluate, and report the status of corporate organization establishment and compliance, effectiveness and efficiency of business management to maintain and improve internal control.
- System to ensure the preservation and management of information related to execution of duties by Directors
 - The minutes of the Board of Directors meetings and related materials are properly preserved and managed in accordance with laws and regulations as well as the Company's Document Management Regulations and Board of Directors Regulations.
 - Concerning information management and periods of retention, the Information Security Management Regulations and the UT Group Compliance Manual have been established to put in place a system to retain and manage information.
- Regulations and other organizational structures to manage risk of losses
 - The UT Group Compliance Risk Management Conference determines the types of risks of the Company and its Group to be managed, controls and evaluates these risks, takes steps to prevent risk occurrence, and, in the event of risk occurrence, minimizes loss and establishes recurrence prevention measures.
 - In case of an emergency, the Company takes prompt, appropriate action in accordance with the Rules on Emergency Response, which aims at minimizing damage. An emergency headquarters, led by the President & Representative Director, will be in charge of crisis management.

4. System to ensure efficient execution of duties by Directors of the Company
 - (1) A regular Board of Directors meeting is held once a month and an extraordinary Board of Directors meeting is held as needed; all are to decide on important matters and supervise the execution of duties by Directors among other activities. The term of office for Directors has been set as one year in order to cope with the rapidly-changing management environment in an agile manner.
 - (2) The Company has defined resolution matters and reporting matters of the Board of Directors meeting in the Board of Directors Regulations, and responsibility and authority of each organization and each job position concerning execution of duties in the Job Position Authority Regulations.
 - (3) The Company has also adopted an Executive Officer System to separate business supervisory functions and business execution functions and improve effectiveness of the Board of Directors by granting a part of the Board of Directors' decision-making authority of business execution to Executive Officers.
 - (4) In the Management Committee, which is chaired by the President & Representative Director and is comprised of Full-time Directors and Executive Officers, important matters concerning execution are discussed.

5. System to ensure appropriate operations of a corporate group that consists of the Company and its subsidiaries
 - (1) As a holding company that controls the business of its Group, the Company appropriately exercises rights of shareholders to its subsidiaries from the perspective of maximizing corporate value of its Group. The Company also regularly receives reporting from its subsidiaries on their status of management, execution of duties, and financial position, in accordance with the "Management Regulations of Subsidiaries and Affiliates," and the Management Committee confirms whether Directors of Group Companies efficiently execute their duties.
 - (2) With regard to management of the Company's subsidiaries, Directors of the Company's Group Companies who concurrently serve as the Company's Executive Officers, or Directors of the Company's Group Companies who are elected by the Company ensure that the Company's prior approval is required for the subsidiaries' important matters, including business strategy and business plans, which is based on the Company Group Policy. In principle, a subsidiary of the Company's subsidiary is managed and controlled through the subsidiary.
 - (3) The UT Group Compliance Risk Management Conference is in charge of and promotes compliance of the entire Company Group, and the Company's Internal Audit Division audits its subsidiaries in accordance with the Management Regulations of Subsidiaries and Affiliates and the Internal Audit Regulations and from the perspective of matching with laws and regulations, the Articles of Incorporation, internal rules, and other rules.
 - (4) The UT Group Action Guidelines, Group Compliance Code of Conduct, and UT Group Compliance Manual have been adopted by the entire Company Group. The Company strives to make directors and employees of the Group Companies to be well aware of taking appropriate actions in compliance with laws and regulations, social norms, internal rules and other rules.

6. Matters concerning the employee in the event that Audit & Supervisory Board Members request him or her to assist in their auditing duties; matters concerning independence of the employee from Directors; and matters concerning securing effectiveness of instructions by Audit & Supervisory Board Members to the employee
 - (1) Upon resolution by the Audit & Supervisory Board and at the request for assistance by Audit & Supervisory Board Members, an employee who performs accounting audit duties assistances will be selected and be dedicated to performing assistance to Audit & Supervisory Board Members. With regard to nomination of personnel, Directors exchange opinions with Audit & Supervisory Board Members and obtain their agreement.
 - (2) Directors do not have the authority to issue orders to the employee who performs assistance. The employee follows orders from Audit & Supervisory Board Members.
 - (3) Disciplinary action to the employee who performs assistance needs to be agreed by Audit & Supervisory Board Members.

7. System for Directors and employees of the Company and its Group Companies to report to Audit & Supervisory Board Members
 - (1) In order to understand important decision-making processes and the status of execution of duties, Full-time Audit & Supervisory Board Members attend important meetings, including the Board of Directors meetings and the UT Group Compliance Risk Management Conference, inspect major requests for approval and other important documents concerning execution of duties, and request explanation to Directors and employees as needed.
 - (2) Audit & Supervisory Board Members collaborate with the Auditing Company by receiving briefings on accounting audit details and exchanging information.
 - (3) Audit & Supervisory Board Members can request reporting on execution of duties to Directors and employees of the Company's subsidiaries, who in turn shall promptly respond to the request. The Company makes Directors and employees of the Company's subsidiaries to be well aware of this point. In case they detect a violation to laws and regulations or its possibility, they promptly report it to Audit & Supervisory Board Members.
 - (4) Concerning information on the whistle-blower system common to the Company and its Group Companies, departments in charge regularly report to Audit & Supervisory Board Members.
 - (5) The Company prohibits any party from treating the whistle blower to Audit & Supervisory Board Members in any manner disadvantageous on the grounds of the whistle-blowing disclosure and seeks that Directors and employees be well aware of this point.

8. Policy on procedures for advance payment or redemption of expenses arising from performance of duties of the Audit & Supervisory Board Members and other settlement of expenses or debts arising from performance of such duties

Directors cooperate with audit by Audit & Supervisory Board Members and budget a certain amount for the payment of expenses and other costs arising from the performance of duties of Audit & Supervisory Board Members.

9. Other arrangements to ensure that audits by Audit & Supervisory Board Members are conducted effectively
 - (1) Audit & Supervisory Board Members audit execution of duties by Directors and Executive Officers. They also attend the Board of Directors meetings, Management Committee, and other important meetings, and provide their opinions as needed.
 - (2) Audit & Supervisory Board Members audit based on laws and regulations, the Articles of Incorporation, the Audit & Supervisory Board Members' Auditing Standards, and other internal rules and according to the audit plan.

- (3) Audit & Supervisory Board Members regularly exchange information and collaborate with the Auditing Company and the Internal Audit Division, and have regular meetings with the President & Representative Director.
10. System to ensure credibility in financial reporting
 - (1) In order to ensure appropriate accounting treatment and improve credibility in financial reporting, the Company has adopted diverse types of regulations concerning accounting operations, has assigned a Officer in charge concerning information disclosure, and strives to put in place an internal control system concerning financial reporting and to enhance its effectiveness.
 - (2) Audit & Supervisory Board Members conduct audits concerning financial reporting internal control, in accordance with the Audit Performance Standard Concerning Internal Control System.
 - (3) In case that Audit & Supervisory Board Members determine that the financial reporting internal control does not address significant risks, they discuss the matter in the Audit & Supervisory Board meeting as needed, point it out to Officers in charge of finance in a timely and appropriate manner, and ask for improvement as is deemed necessary.

2. Basic Views on Eliminating Anti-Social Forces

As a part of systems to ensure appropriateness of operation, the Company's basic views on eliminating anti-social forces are clearly stated as follows and the systems are established as described:

1. Basic views on eliminating anti-social forces

As a basic policy, the Company Group is determined to stand against anti-social forces that threaten civil society and eliminate any relationship with them. The Group prohibits all Directors and employees to use anti-social forces and any individual or group that is related to them, and to be related with them in any way, including provision of money and cooperation.

2. Arrangements for eliminating anti-social forces

- (1) The Company has adopted the UT Group Compliance Manual, which calls for elimination of any relationship with anti-social forces and strives to make Directors and employees of the Group to be well aware of and comply with it.
- (2) The Company and its Group Companies have stipulated in the Standard on Eliminating Anti-Social Forces and the Detailed Rules on Investigating and Eliminating Anti-Social Forces measures needed to eliminate anti-social forces from all activities including contracts exchanged by the Company and its Group Companies.
- (3) In case that the Company is contacted by anti-social forces, the Company's department in charge is prepared to deal with it in cooperation with police and lawyers.

V. Other

1. Adoption of Anti-Takeover Measures

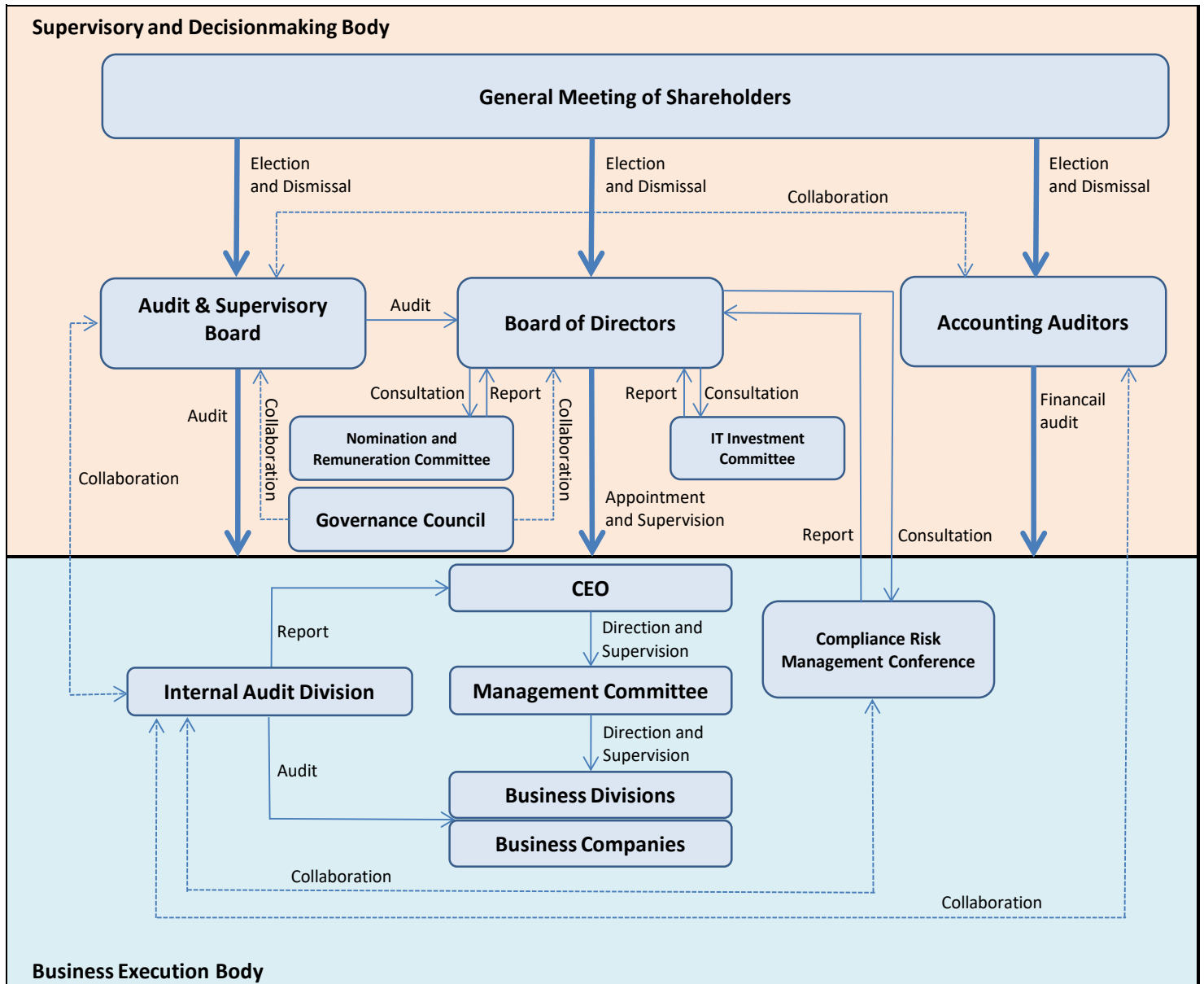
Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

Corporate Governance System



Outline of the Timely Disclosure Structure

