

## Corporate Governance Report

### CORPORATE GOVERNANCE

**Last Update: June 24, 2022**

## **DTS CORPORATION**

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Securities code: 9682

<https://www.dts.co.jp/>

The corporate governance of DTS CORPORATION (the “Company”) is described below.

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

### **1. Basic Views**

The Company recognizes corporate governance as one of the most important management issues. The Company has established the following basic policy and is working aggressively to develop corporate governance and internal control systems in order to ensure fair and efficient shareholder-oriented management, establish highly transparent management, continuously improve corporate value, and build relationships of trust with our stakeholders.

#### **Basic Policy**

- (1) Ensuring shareholder rights and equality
  - We provide shareholders with the necessary information to enable them to exercise their rights in a timely and accurate manner, and strive to create an environment for exercising voting rights.
  - When shareholders attempt to exercise their rights, the Company responds in good faith in accordance with laws.
- (2) Cooperating appropriately with stakeholders other than shareholders
  - We commit to fulfilling our obligations and responsibilities to various stakeholders through the practice of our corporate philosophy, credos, code of conduct, and other relevant policies, and to building even stronger relationships of trust with them.
- (3) Ensuring appropriate information disclosure and transparency
  - We strive to enhance trust in the market by proactively disclosing information to shareholders and investors at the right time.
  - We aim to realize transparent management by communicating smoothly with stakeholders through information disclosure.
- (4) Responsibilities of the Board of Directors, etc.
  - We set goals for enhancing long-term corporate value based on our corporate philosophy and determine the direction of the Company that will give concrete shape to the strategies and measures designed to achieve those goals.
  - We continue to appoint Outside Directors to maintain and further improve the supervisory function of Directors in the execution of their duties.
- (5) Dialogue with shareholders
  - We seek to communicate constructively with shareholders and investors by actively providing them with information relating to the Company’s financial conditions, progress on initiatives, and other similar matters not only at the general meeting of shareholders but also at financial results presentation meetings and other IR activities.

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

### Supplementary Principle 3.1.3: Disclosure Based on the TCFD Recommendations or Similar Frameworks

The Company has established a medium-term management vision in its medium-term management plan and is seeking to create new value (social and economic value) to help realize a sustainable society through ESG initiatives. The Company has determined management policies and priority measures based on this medium-term management vision, the individual contents of which are published on the Company website in the shape of the medium-term management plan.

(Medium-term management plan: <https://www.dts.co.jp/ir/management/middle/>)

Updates on the implementation of each measure are described in the annual financial results presentation materials, and the Company illustrates and publishes its business strategies for creating social value and medium to long-term growth in the Integrated Report, along with corporate activities, including the initiatives to implement those strategies.

(Financial results presentation materials: <https://www.dts.co.jp/ir/finance/presentation/>)

(Integrated Report: <https://www.dts.co.jp/ir/library/report/>)

Recognizing that it is an important management issue to seek both the realization of a sustainable society and the continuous corporate growth, the Company newly established the "Sustainability Committee" in April 2022 in order to further strengthen environmental and social activities of the DTS Group.

Regarding the impact that climate-change risks and earnings opportunities might have on the business activities and profitability, among other factors, the Company is currently examining relevant information, analysis methods, and other similar things for its business. The Company will publish its future approach and plans in this area in our 2022 integrated report.

## Disclosure Based on the Principles of the Corporate Governance Code

### Principle 1.4: Cross-shareholdings

#### Cross-shareholding policy

The Company holds shares in its customers' and business partners' firms for the purpose of maintaining and developing medium to long-term business relationships and also for the purpose of collecting information in anticipation of future business alliances.

#### Verifying the suitability of cross-shareholdings

To verify the suitability of holding these cross-shareholdings, the Board of Directors examines and deliberates on the appropriateness of the purpose of each of the holdings every year. If any circumstances change in the future which lead us to determine that a cross-shareholding is no longer appropriate, we will review and reduce it.

#### Criteria for exercising voting rights pertaining to cross-shareholdings

With regard to exercising the voting rights pertaining to the shares it holds, the Company believes that exercising these voting rights appropriately will help improve the medium to long-term value and sustainable growth of the stock issuer. The Company thus strives to comprehensively assess the advantages and disadvantages of the agenda proposals based on the financial and non-financial conditions of the issuing company.

### Principle 1.7: Related Party Transactions

The Company's Rules for the Board of Directors stipulate that any transactions between related parties must be approved by the Board of Directors in advance and that a report shall be submitted to the Board of Directors after any transaction has taken place. In addition, each Director is required to report regularly on the concurrent appointment as officer at other companies and any transactions between related parties, among other matters, and to promptly report any changes in those circumstances so that we have a system in place that can constantly manage the latest information.

### Supplementary Principle 2.4.1: Appointing women, non-Japanese and mid-career professionals to middle managerial positions

The Company is working to promote the active participation of women through three target goals: boosting the ratios of women employees to 22%, women managerial candidates to 10%, and women managers to 6%. As of April 1, 2022, the Company's ratios of women employees, women managerial candidates, and women managers are 19.3%, 6.4%, and 3.6%, respectively.

With particular reference to promoting the active participation of women in the workplace, the Company is building more flexible working environments in terms of working hours and locations in order to eliminate the gender gap regarding employment continuity and workplace activities, which are major issues, and to maximize the abilities of each individual. The Company is also working on training all employees, creating opportunities for interaction, and developing and promoting women employees based on an analysis of their roles and business assignments. In fiscal 2022, promoting two women employees to general managers, the Company is continuously seeking to revitalize our whole organization and encourage corporate growth. These individual targets and results are disclosed in our integrated report.

(Integrated Report: <https://www.dts.co.jp/ir/library/report/>)

Furthermore, in order to grow the DTS Group, we believe we urgently need to foster and secure human resources with direct experience of business promotion in new fields, such as digital transformation (DX) in particular. The Company always bears in mind the need to ensure diversity and are striving to secure human resources who will help expand and promote our business.

Regarding non-Japanese or mid-career professionals, there is no special difference between candidates appointed as managers with reference to their nationality or when they were hired, and as of April 1, 2022, the ratio of mid-career professionals in managerial positions was 33.2%, and the number of non-Japanese manager was one. The Company will keep the present ratio of

mid-career professionals in managerial positions, and appoint non-Japanese managers, taking into account the ratio of non-Japanese employees in all employees.

#### **Principle 2.6: Roles of Corporate Pension Funds as Asset Owners**

In recognition of the fact that management of corporate pension affects the stable asset formation of employees and the Company's financial position, the Company works hard to assign and properly train human resources with the necessary qualities to ensure the department in charge is able to appropriately monitor the pension management organization.

The Company also regularly discusses the status of pension management with the financial institutions entrusted to manage the corporate pension assets, monitors management results on a monthly basis, and makes decisions each year on whether to continue the pension management package or not.

#### **Principle 3.1: Full Disclosure**

(i) The Company has formulated DTS Group WAY consisting of four elements, Philosophy, Vision, Credo, and Code of Conduct, and, in April 2022, renewed Vision toward 2030. For its details and the management strategy, etc., please refer to our website.

(Management philosophy: <https://www.dts.co.jp/corp/dtsway/>)

(Management strategy: <https://www.dts.co.jp/ir/management/middle/>)

(ii) The Company's basic approach to corporate governance is described in the Basic Views (I.1) section of this report.

(iii) The compensation of Directors who are not Audit and Supervisory Committee Members of the Company (excluding Outside Directors) consists of fixed compensation, performance-linked compensation, and stock-based compensation. Performance-linked compensation is paid in the form of a bonus. When determining the payment ratios, the ratio of fixed compensation (basic compensation) shall decrease the higher the position, and the ratios of performance-linked compensation (bonuses) and non-monetary compensation (stock-based compensation) shall increase the higher the position. The amount of compensation, etc. for officers and the calculation method thereof shall be determined upon the comprehensive consideration of past payment records and the Company's performance.

Performance-linked compensation shall be paid as a bonus, and shall be calculated by establishing an amount of consolidated ordinary profit as a standard, comparing it against the consolidated ordinary profit in the fiscal year in which the bonus is to be paid, and adding a degree of performance achievement compared with financial forecasts to a result obtained by multiplying the growth rate by the amount of the performance-linked standard. However, in the event that business performance deteriorated significantly, the bonus may not be paid. As non-monetary compensation, the Company has also introduced the restricted stock compensation plan for Directors who are not Audit and Supervisory Committee Members of the Company (excluding Outside Directors) for the purpose of giving incentives for continuously improving our corporate value and further sharing value with shareholders.

The role of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members is to supervise management or fulfill an auditing function from an independent standpoint. For this reason, they do not receive any performance-linked compensation (bonuses) or non-monetary compensation (stock-based compensation).

Director compensation, etc. is described in our Securities Report and can also be viewed on the Company's website. Please refer to the following site:

(Securities Report: <https://www.dts.co.jp/ir/library/securities/>) (Japanese only)

(iv) Regarding the nomination of candidates for Directors, the Company comprehensively examines and then selects candidates based on the knowledge gained through past experience, accurate decision-making and supervision, and expectations for their contribution to enhancing the Company's medium to long-term corporate value.

In determining Director compensation and nominating Director candidates, the Company has established a voluntary Advisory Committee that conducts appropriate deliberations, including consulting with the Board of Directors and receiving advice from Outside Directors before reporting back to the Board.

(v) An explanation of the selection and nomination of individual Directors is included in the separate sheet attached hereto entitled: Explanation of the Selection, Dismissal, and Nomination of Individual Candidates for Directors. Skills expected to be exercised and the skill matrix are included in the separate sheet attached hereto entitled: Skill Matrix.

For details, please refer to the Reference Documents for the General Meeting of Shareholders on the Company's website.

(Shareholders' Meeting Reference Documents: <https://www.dts.co.jp/ir/stock/meeting/>)

#### **Supplementary Principle 4.1.1: The Scope and Content of Matters Delegated to the Management**

The Company has established the Board of Directors as a supervisory body delegated by shareholders for decision-making and business execution, and the Management Council as a framework for business execution. The roles of the Board of Directors and the Management Council are stipulated in the Rules for the Board of Directors, the Rules for the Management Council, and the Rules Regarding the Authority to Execute Duties, all of which have been determined or reported by the Board of Directors.

In addition to matters stipulated by laws and regulations and the Company's Articles of Incorporation, the Board of Directors determines the management policies of the Company and the Group, as well as other matters that affect corporate value over the medium to long term.

The Management Council, chaired by the Representative Director and President and composed of members nominated by the Representative Director and President, serves as an organization that deliberates on important matters related to business execution by the Company and the Group, and also organizes and examines matters for discussion by the Board of Directors in advance in order to facilitate active questioning of issues in Board of Directors' meetings.

**Principle 4.9: Independence Standards and Qualification for Independent Outside Directors**

The Company notifies the Tokyo Stock Exchange of Outside Directors as Independent Outside Directors who meet the requirements for Independent Directors specified by the Tokyo Stock Exchange.

When appointing Independent Outside Directors, we refer to the requirements stipulated under the Companies Act and appoint candidates as Independent Outside Directors who are expected to be able to successfully supervise the decision-making of the Board of Directors, contribute to the sustainable growth of the Company, and help improve our medium to long-term corporate value.

**Supplementary principle 4.10.1: Appointing a Majority of Independent Outside Directors to Nomination and Compensation Committees**

For the Board of Directors of the Company, the Company has appointed seven Outside Directors accounting for a majority of 13 Directors, and registered all of them as Independent Outside Directors with Tokyo Stock Exchange. The Company has also established the Nomination and Compensation Committee under the Board of Directors, which comprises primarily Independent Outside Directors.

The Nomination and Compensation Committee is consulted by the Board of Directors before appropriately deliberating mainly by Outside Directors on Director compensation and the nomination of candidates for Director and reporting back to the Board.

The Board of Directors pays maximum heed to those reports when making final decisions on director compensation and the nomination of candidates for Director.

**Supplementary Principle 4.11.1: Board of Directors' Approach to Balance, Diversity, and Scale**

The Company currently appoints 13 Directors to ensure active deliberations and prompt decision-making. Seven of these Directors are Outside Directors tasked with helping improve medium to long-term corporate value, and the Company believes that the size of the Board is appropriate for effectively carrying out its functions.

The Company appoints Directors, including Outside Directors, who are familiar with the industry to which the Company belongs, business content and corporate functions, and who possess a reasonable level of management-related knowledge, experience, and capabilities.

The Company believes that all our Directors currently have the right background to generate the expected response to major management issues and make prompt and decisive decisions. We also believe that the composition of the Board is suitably balanced in view of the Company's size and type of business.

As described in Principle 3.1.(iv) with regards to appointment policies, the Company appoints Directors based on a comprehensive examination of candidates' respective knowledge, ability to conduct accurate decision-making and supervision, and expected ability to help improve our corporate value over the medium to long term.

The expected roles of each Director are described in the attachment to this report entitled: Explanation of the Selection and Nomination of Individual Candidates for Director, and skills expected to be exercised and the skills matrix are included in the attachment to this report entitled: Skills Matrix.

**Supplementary Principle 4.11.2: Concurrent Positions Held by Officers Including Outside Officers in Other Companies**

Directors and Corporate Auditors devote the required time and effort to appropriately fulfilling their assigned roles and responsibilities, and the Company believes that the number of concurrent positions sits within a reasonable range. Details of Company Directors and Corporate Auditors concurrent senior positions in other listed companies are disclosed in the Business Report and the Reference Documents for the General Meeting of Shareholders. For details, please refer to the Company's website.

(Business Report and Reference Documents for the General Meeting of Shareholders: <https://www.dts.co.jp/ir/stock/meeting/>)

**Supplementary Principle 4.11.3: Analysis and Evaluation of Board Effectiveness**

The Company conducts an analysis roughly twice a year of the composition of Directors, the status of proposal submissions, the frequency of meetings, the appropriateness of meeting times, and the quality of comments and remarks. Directors and Corporate Auditors actively speak out on the proposals raised, and the Board of Directors meets more frequently than is legally required and makes timely and appropriate decisions.

In addition, the Company has been analyzing and evaluating the effectiveness of the Board of Directors since fiscal 2018 with the aim of improving the functions of the Board and enhancing corporate value. The outline of that analysis is as follows:

(1) Method of implementation

Implementation period: October 2021

Evaluation method: Self-evaluation by all officers (10 Directors, four Corporate Auditors)

(2) Evaluation results

Regarding the evaluation results, the Company has confirmed that firm effectiveness of the Board of Directors is ensured after receiving positive evaluations from all officers, including such comments as "Very active discussions are held at the Board of Directors, and its effectiveness is high," and "Extensive discussions were held on the medium-term management plan and long-term vision."

(3) Actions based on evaluation results, etc.

The Company has decided to promote the following initiatives to further improve the effectiveness of the Board of Directors

- Ensuring time for discussions on important themes by organizing reported items
- Enhancement of discussions on ESG and sustainability

**Supplementary Principle 4.14.2: Officer Training Policy**

The Company regularly explains the legal obligations and responsibilities that Directors and Corporate Auditors must observe as corporate officers. In addition, each Director and Corporate Auditor participates in training and seminars run by external training organizations and industry groups when necessary and strives to acquire any necessary knowledge.

When an outside officer is appointed, the Company creates opportunities to explain in advance the industry to which the Company belongs, the financial and business status of the Company, and its internal control system, among other matters, to help newly appointed candidates fully comprehend the responsibilities of the Company and its officers.

**Principle 5.1: Policy for Constructive Dialogue with Shareholders**

The Company's policy on establishing and implementing systems to promote constructive dialogue with shareholders is as follows:

- (1) Dialogues with shareholders are administered by the ESG Promotion Department and supervised by the officer in charge.
- (2) The Company holds regular strategic meetings attended by senior management and heads of individual departments to share necessary information on IR activities along with progress reports on the operations and measures implemented by each department and Group company.
- (3) The Company holds quarterly financial results briefings for analysts and institutional investors as a means of promoting further dialogue outside of individual interviews.
- (4) Any opinions or results obtained through these dialogues with shareholders and institutional investors are reported to the Board of Directors and senior management, and the Company also formulates and pursues improvement initiatives when required based on the thoughts and opinions of shareholders and institutional investors.
- (5) In order to appropriately manage insider information, the Company establishes the Rules Relating to the Management of Insider Trading and strives to thoroughly manage all internal information. The Company also observes a quiet period spanning a fixed period of time prior to the announcement of our quarterly financial results until immediately after the announcement, during which the Company does not carry out any active IR activities and only provides information that has already been published.

**2. Capital Structure**

Foreign Shareholding Ratio

30% or more

**Status of Major Shareholders**

Name or Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,945,400	13.19
DTS Group Employee Shareholding Association	3,082,148	6.84
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,371,698	5.26
Custody Bank of Japan, Ltd. (Trust Account)	2,102,800	4.67
AVI GLOBAL TRUST PLC (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1,503,800	3.34
THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1,211,386	2.69
NTC Corporation	1,171,060	2.60
Kumiko Akiyama	1,120,800	2.49
Chitomu Kosaki	803,328	1.78
NTT DATA Corporation	771,100	1.71

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

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Name of Parent Company, if applicable

None

The information on major shareholders is correct as of March 31, 2022.

According to its Large Shareholding Report (Change Report) issued for public inspection dated December 22, 2020, Mizuho Bank, Ltd. and its joint holders owned a stake in the Company as of December 15, 2020 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of March 31, 2022, and the Company has not included Mizuho Bank, Ltd. in the list of major shareholders detailed above. For reference, the content of the Large Shareholding Report (Change Report) is as follows:

[Individual or Company name (number of shares held, percentage of total shares issued)]

Mizuho Bank, Ltd. (621 thousand shares, 1.23%)

Asset Management One Co., Ltd. (1,298 thousand shares, 2.57%)

(Total: 1,919 thousand shares, 3.80%)

According to its Large Shareholding Report (Change Report) issued for public inspection dated August 5, 2021, Acadian Asset Management LLC owned a stake in the Company as of July 30, 2021 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of March 31, 2022, and the Company has not included Acadian Asset Management LLC in the list of major shareholders detailed above. For reference, the content of the Large Shareholding Report (Change Report) is as follows:

[Individual or Company name (number of shares held, percentage of total shares issued)]

Acadian Asset Management LLC (1,749 thousand shares, 3.47%)

According to its Large Shareholding Report (Change Report) issued for public inspection dated November 5, 2021, Sumitomo Mitsui Trust Bank, Limited and its joint holders owned a stake in the Company as of October 29, 2021 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of March 31, 2022, and the Company has not included Sumitomo Mitsui Trust Bank, Limited in the list of major shareholders detailed above. For reference, the content of the Large Shareholding Report (Change Report) is as follows:

[Individual or Company name (number of shares held, percentage of total shares issued)]

Sumitomo Mitsui Trust Bank, Limited (531 thousand shares, 1.05%)

Sumitomo Mitsui Trust Asset Management Co., Ltd. (1,226 thousand shares, 2.43%)

Nikko Asset management Co., Ltd. (694 thousand shares, 1.38%)

(Total 2,451 thousand shares, 4.86%)

According to its Large Shareholding Report (Change Report) issued for public inspection dated February 15, 2022, Asset Value Investors Limited owned a stake in the Company as of February 14, 2022 as detailed below. However, the Company was not able to confirm the number of actual shares held by that investor as of March 31, 2022, and the Company has not included Asset Value Investors Limited in the list of major shareholders detailed above. For reference, the content of the Large Shareholding Report (Change Report) is as follows:

[Individual or Company name (number of shares held, percentage of total shares issued)]

Asset Value Investors Limited (4,489 thousand shares, 8.90%)

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

**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 Supervisory Committee
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	22 persons
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairperson (excluding those concurrently serving as President)
Number of Directors	13 persons
Election of Outside Directors	Elected
Number of Outside Directors	7 persons
Number of Independent Directors	7 persons

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Masayuki Hirata	From another company											
Shinya Shishido	From another company											
Shinichi Yamada	From another company					△			△			
Yumiko Masuda	From another company											
Kenji Yukimoto	CPA											
Taeko Ishii	Lawyer											
Yutaka Takei	From another company											

\*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.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- 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
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- 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)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other



Outside Directors' Relationship with the Company (2)

Name	Membership of Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masayuki Hirata		○	-----	<p>Masayuki Hirata has wide-ranging operational experience in the telecommunications industry and abundant experience and a high level of insight regarding corporate management. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as an Outside Director. In addition, Mr. Hirata satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Hirata, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, his independence is deemed to be ensured.</p>
Shinya Shishido		○	-----	<p>Shinya Shishido has abundant experience and a high level of insight as a manager in the housing loan industry and the real estate industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as an Outside Director. In addition, Mr. Shishido satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Shishido, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, his independence is deemed to be ensured.</p>

Shinichi Yamada		○	<p>Shinichi Yamada previously served as Representative Director and Executive Vice President of NTT DATA Corporation, which is one of our business partners. However, as it has already been ten years since he resigned from said company, and he has not been involved in execution of business of the company after his resignation, the Company has determined that his former position does not have any influence on his independence. NTT DATA Corporation and the Group had business transactions totaling less than ¥8.8 billion per year and less than 10% of net sales (consolidated results for the fiscal year ended March 31, 2021). Furthermore, Mr. Yamada previously served as Director of NTT TechnoCross Corporation (NTT Software Corporation and NTT-IT Corporation were merged into NTT TechnoCross Corporation), which is one of our business partners. However, as it has already been four years since he resigned from said company, and he has not been involved in execution of business of the company after his resignation, the Company has determined that his former position does not have any influence on his independence. NTT TechnoCross Corporation and the Group had business transactions totaling less than ¥40 million per year and less than 0.1% of net sales (consolidated results for the fiscal year ended March 31, 2021).</p>	<p>Shinichi Yamada has abundant experience and a high level of insight regarding the industry trends and corporate management in the IT industry. The Company expects that he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director. Therefore, the Company appointed him as an Outside Director. In addition, Mr. Yamada satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Yamada, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, his independence is deemed to be ensured.</p>
Yumiko Masuda		○	-----	<p>Yumiko Masuda has experience of management at many major foreign-owned IT firms. The Company believes that she will utilize her expertise on consumer/customer-oriented management and responses to customers, as well as extensive experience and advanced insight of diversity &amp; inclusion, in its management decisions. The Company also expects that she will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director, and therefore appointed her as an Outside Director. In addition, Ms. Masuda satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Ms. Masuda, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, her independence is deemed to be ensured.</p>

Kenji Yukimoto	○	○	-----	<p>Kenji Yukimoto is a certified public accountant who we appointed as an Outside Director who is an Audit and Supervisory Committee Member so that the Company audit structure could benefit from his knowledge, experience and insight in the fields of finance and accounting, in the expectation of his contribution to enhancement of the supervisory functions of business execution as well as provision of advice from a broader perspective. In addition, Mr. Yukimoto satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Yukimoto, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, his independence is deemed to be ensured.</p>
Taeko Ishii	○	○	-----	<p>Taeko Ishii is an attorney who we appointed as an Outside Director who is an Audit and Supervisory Committee Member so that the Company auditing structure could benefit from her extensive experience in and professional knowledge on legal and labor affairs, in the expectation of her contribution to enhancement of the supervisory functions of business execution as well as provision of advice from a broader perspective. In addition, Ms. Ishii satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Ms. Ishii, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, her independence is deemed to be ensured.</p>
Yutaka Takei	○	○	-----	<p>Yutaka Takei has an abundance of experience and a high level of insight as a manager of a trust bank, a securities transfer agent, and a retailing company that we wanted to apply to the Company audit structure so we appointed him as an Outside Director who is an Audit and Supervisory Committee Member, in the expectation of his contribution to enhancement of the supervisory functions of business execution as well as provision of advice from a broader perspective. In addition, Mr. Takei satisfies the requirements for independence as set forth by the Tokyo Stock Exchange. In comprehensive consideration of personal, capital and business relationships between the Company and Mr. Takei, it is judged that there is no risk of a conflict of interests with general shareholders. Therefore, his independence is deemed to be ensured.</p>

## Supervisory Committee

### Composition of Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed
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### Matters Concerning Independence of Said Directors and/or Employees from Executive Officers

Dedicated staff to assist with duties of the Audit and Supervisory Committee have been deployed within the General Administration Department in order to help the Audit and Supervisory Committee smoothly execute its duties. Such dedicated staff to assist with duties of the Audit and Supervisory Committee shall follow instructions and directions from the Audit and Supervisory Committee, not accepting those from Directors who are not Audit and Supervisory Committee Members. In addition, personnel changes and evaluation, etc. of such dedicated staff are carried out, respecting opinions of Audit and Supervisory Committee Members. In this way, the Company has ensured their independence from Executive Officers and the effectiveness of instructions to such dedicated staff from the Audit and Supervisory Committee.

### Status of Coordination between Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit and Supervisory Committee receives audit plans and reports on interim and year-end audit results from the Accounting Auditor and hear about and confirm the quality management system related to audits by the Accounting Auditor as needed. In addition, opinions are appropriately exchanged with the Accounting Auditor in order to enhance the coordination. The Company has established the Internal Audit Office as an internal audit department which performs internal audits from a standpoint independent from executive divisions. The Audit and Supervisory Committee receives reports on internal audit results from the Internal Audit Office on a regular basis, and strives to conduct audits efficiently and improve quality of audits by coordinating the audit plan and sharing other information. We have also introduced a system whereby the Internal Audit Office can make investigations under instructions of the Audit and Supervisory Committee if especially necessary.

## 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 Compensation Committee	6	0	2	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	6	0	2	4	0	0	Outside Director

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## Supplementary Explanation

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The voluntary Nomination and Compensation Committee comprises Directors, the majority of whom are Outside Directors. The Committee is consulted by the Board of Directors and seeks advice from Outside Directors before appropriately deliberating on Director compensation and the nomination of candidates for Director and reporting back to the Board.

## Matters Concerning Independent Directors

Number of Independent Directors	7 persons
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### Other Matters Concerning Independent Directors

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The Company notifies the Tokyo Stock Exchange when any Outside Director and Outside Corporate Auditor who meets the Exchange's requirements for independent officer has been appointed as an Independent Officer.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme / Other
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### Supplementary Explanation for Applicable Items

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The compensation of Directors who are not Audit and Supervisory Committee Members of the Company (excluding Outside Directors) consists of fixed compensation, performance-linked compensation, and stock-based compensation. Performance-linked compensation is paid in the form of a bonus. When determining the payment ratios, the ratio of fixed compensation (basic compensation) shall decrease the higher the position, and the ratios of performance-linked compensation (bonuses) and non-monetary compensation (stock-based compensation) shall increase the higher the position. The amount of compensation, etc. for Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) and the calculation method thereof shall be determined upon the comprehensive consideration of past payment records and the Company's performance.

The performance-linked compensation, which is provided as bonuses, is calculated by establishing an amount of consolidated ordinary profit as a standard, comparing it against the consolidated ordinary profit in the fiscal year in which the bonus is to be paid, and adding a degree of performance achievement compared with financial forecasts to a result obtained by multiplying the growth rate by the amount of the performance-linked standard. However, in the event that business performance deteriorated significantly, the bonus may not be paid.

In relation to the indicators for performance-linked compensation, the Company has adopted the consolidated ordinary profit as an indicator to ensure a medium- and long-term healthy earnings structure for the entire DTS Group, and the consolidated net sales, the consolidated profit, and an estimated value of ROE announced in public as indicators related to short-term business growth and improvement of corporate value. The Company has established internal rules on how to determine the specific amount of performance-linked compensation.

As non-monetary compensation, the Company has also introduced the restricted stock compensation plan for Directors who are not Audit and Supervisory Committee Members of the Company (excluding Outside Directors) for the purpose of giving incentives for continuously improving our corporate value and further sharing value with shareholders. The summary of the system is as follows:

- [Recipients] Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors)
- [Transfer-restricted period] 30 years from the payment date (the transfer restriction shall be lifted at time of resignation)
- [Total amount of monetary compensation claims] No more than 45 million yen per year
- [Upper limit of total number of common shares to be issued or disposed of] No more than 26,000 shares per year

Although determined in advance according to the position, the standard amount for the calculation is revised every year by evaluating corporate value (stock price) and a degree of achievement of the medium-term plan. The restricted share compensation system has been introduced also for Executive Officers of the Company.

The role of Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members is to supervise management or fulfill an auditing function from an independent standpoint. For this reason, they do not receive any performance-linked compensation (bonuses) or non-monetary compensation (stock-based compensation).

## Persons Eligible for Stock Options

### Supplementary Explanation for Applicable Items

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## Director Remuneration

### Status of Disclosure of Individual Directors' Remuneration

No Disclosure for any Directors

### Supplementary Explanation for Applicable Items

Director compensation, etc. is described in our Securities Report and can also be viewed on the Company's website. Please refer to the following website: (Securities reports: <https://www.dts.co.jp/ir/library/securities/>) (Japanese only)

### Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Established

### Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

- The amount of compensation, etc. for Directors who are not Audit and Supervisory Committee Members (excluding Outside Directors) and the calculation method thereof shall be determined upon the comprehensive consideration of past payment records and the Company's performance, and the compensation is composed of fixed compensation, performance-linked compensation, and non-monetary compensation. The compensation for Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) shall be the fixed compensation only.
- Performance-linked compensation shall be paid as a bonus, and shall be calculated by establishing an amount of consolidated ordinary profit as a standard, comparing it against the consolidated ordinary profit in the fiscal year in which the bonus is to be paid, and adding a degree of performance achievement compared with financial forecasts to a result obtained by multiplying the growth rate by the amount of the performance-linked standard. However, in the event that business performance deteriorated significantly, the bonus may not be paid.
- For non-monetary compensation, restricted shares shall be paid as the stock-based compensation, and shall be calculated based on a standard amount predetermined in accordance with position in order to appropriately function as an incentive to sustainably enhance the corporate value of the Company. The standard amount shall be revised every year by evaluating corporate value (stock price) and a degree of achievement of the medium-term plan.
- When determining the payment ratios of fixed compensation, performance-linked compensation, and non-monetary compensation, the ratio of basic compensation (fixed compensation) shall decrease the higher the position, and the ratios of bonus (performance-linked compensation) and stock-based compensation (non-monetary compensation) shall increase the higher the position.
- The timing for payment of compensation for Directors who are not Audit and Supervisory Committee Members shall be monthly for basic compensation and once a year for bonuses and the stock-based compensation (excluding Outside Directors).
- Determination of individual compensation, etc. for Directors who are not Audit and Supervisory Committee Members shall be delegated as follows.
  - (1) Delegated person  
Director and Chairman, however, if the position of Director and Chairman is vacant, Director and President.
  - (2) Delegated authority  
The amounts of basic compensation (fixed compensation), bonuses (performance-linked compensation) and stock-based compensation (non-monetary compensation) paid to each Director who is not an Audit and Supervisory Committee Member (excluding Outside Directors) shall be determined within an annual amount of the compensation limit approved at the General Meeting of Shareholders and within the maximum number of shares of common stock to be granted. Also, the amounts of basic compensation (fixed compensation) paid to each Outside Director (excluding Directors who are Audit and Supervisory Committee Members) shall be determined within an annual amount of the compensation limit approved at the General Meeting of Shareholders.
  - (3) Measures for the appropriate exercise of delegated authority  
Delegated persons in (1) above shall calculate individual compensation in accordance with content of reports of the Nomination and Compensation Committee (the majority of whose members are Independent Outside Directors).

## Support System for Outside Directors

The General Manager of General Administration Department supports and conveys information to Outside Directors who are not Audit and Supervisory Committee Members, while the Standing Audit and Supervisory Committee Members and the General Manager of General Administration Department do the same thing for Outside Directors who are Audit and Supervisory Committee Members.

## Statuses of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
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Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)

None

After Retiring as Representative Director and President, etc.

Other Related Matters

Although it is possible that the Company could establish a system for advisors, etc., the Company currently has no retired representative director and president who falls under the category.

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

The Company shifted to a company with Audit and Supervisory Committee, based on the resolution at the 50th Ordinary General Meeting of Shareholders held on June 23, 2022. It has adopted the system of a company with Audit and Supervisory Committee in order to facilitate quick decision-making, strengthen discussion at Board of Directors meetings, as well as to enhance supervisory functions of the Board of Directors and further improve corporate governance by including Audit and Supervisory Committee Members responsible for audits, etc. of business execution by Directors in the Board of Directors.

The Company's Board of Directors currently includes 13 Directors including two female Directors, seven of whom are Outside Directors. The Outside Directors play key roles particularly in relation to strengthening our management function based on the knowledge and experience acquired in their respective fields and strengthening the supervisory function of the Board's business execution. The Outside Directors are also appropriately involved in determining compensation for officers, etc. and nominating candidates for Director by, for example, providing a report to the Board of Directors as members of the Nomination and Compensation Committee.

Meanwhile, the Audit and Supervisory Committee has four members including one female member, three of whom are Outside Directors. Outside Directors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing Outside Directors. The Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.

The Company has also introduced an executive officer system, which is currently supported by 15 officers (three of whom serve concurrently as Directors). This system enables us to separate the supervisory functions of Board of Directors' decision-making and business execution from the Company's business execution functions and to establish a management system that facilitates prompt and appropriate business execution. In addition, the Company has established the Management Council to serve as an organization for the Representative Director and President to discuss policies and plans for business execution and other important matters.

The Company has also established a Risk Management Committee to appropriately manage various risks. The Committee regularly assesses risks and strives to identify and grasp problems, formulates and promotes risk response planning, and monitors the organization for risks.

<Board of Directors' Activity Status>

In fiscal 2021, the Company held 14 meetings of the Board of Directors to determine matters stipulated by laws, regulations, and other rules, as well as important management-related issues. In addition, the Board supervised business execution from the perspective of compliance with laws, regulations, and the Company's Articles of Incorporation, and ensuring the appropriateness of business operations.

<Auditing>

① Composition of Audit and Supervisory Committee

At the Ordinary General Meeting of Shareholders held on June 23, 2022, the amendments to the Articles of Incorporation for

the purpose of shifting to a company with Audit and Supervisory Committee, etc. were resolved. Accordingly, the Company shifted to a company with Audit and Supervisory Committee from a company with a Board of Corporate Auditors on the same date.

As of June 23, 2022, the Audit and Supervisory Committee of the Company is composed of four members including three part-time Audit and Supervisory Committee Members (Independent Outside Directors) and one standing Audit and Supervisory Committee Member. The Company will implement effective audits combining independence and advanced expertise of part-time Audit and Supervisory Committee Members and high-level information collection ability of a standing Audit and Supervisory Committee Member.

② Activity Status of Corporate Auditors and Board of Corporate Auditors

The Company shifted to a company with Audit and Supervisory Committee from a company with a Board of Corporate Auditors on June 23, 2022. This matter is described in "Activity Status of Corporate Auditors and Board of Corporate Auditors" before the change of organizational design.

The Board of Corporate Auditors of the Company is composed of four Corporate Auditors including three Outside Corporate Auditors. Each of three Outside Corporate Auditors is an expert of accounting, legal affairs, and corporate management and has experience thereof, and has significant knowledge on respective fields.

Corporate Auditors attend Board of Directors meetings and other important meetings. They also grasp the status of internal audit and compliance and confirm status of business execution in light of the policy of Corporate Auditor audit and division of work, etc. in an audit implementation plan. With regard to individual business execution, Corporate Auditors ask responsible Directors and division managers to report as necessary, and investigate and confirm its contents, etc. Through such activities, they appropriately audit business execution of Directors. Corporate Auditors exchanged opinions and information with the Accounting Auditor as necessary, receiving reports and explanations on status of its business execution and contents of audit, etc.

③ Status of Internal Audits

With regard to internal audits, the Internal Audit Office, which reports directly to the Representative Director and President, conducts regular audits based on an annual audit plan to evaluate the appropriateness and effectiveness of internal controls, and also conducts periodic audits when necessary. The Internal Audit Office will also exchange information with the Corporate Auditors and the Accounting Auditor when necessary in order to promote the smooth execution of Corporate Auditor audits and Accounting Auditor audits and improve their effectiveness and efficiency. The composition of internal audits is as follows:

- Composition of internal audits: 7 members from the Internal Audit Office

④ Status of Accounting Audits

- Accounting auditor : Ernst & Young ShinNihon LLC.
- Audit period : From March 2021 onward
- CPA who executed the audit : Shigeru Sekiguchi, Saori Nakata
- Composition of auxiliary auditing persons : 5 CPA, 3 people with accountancy qualifications, and 19 others

<Outline of Limited Liability Agreement>

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company enters into agreements with Directors (excluding Directors who are also Executive Officers) and Corporate Auditors to limit their liability stipulated in Article 423, Paragraph 1 of the Companies Act. Under the agreement, their liability is limited to one (1) million yen or the amount stipulated in Article 425, Paragraph 1 of the Companies Act, whichever is greater.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company shifted to a company with Audit and Supervisory Committee, based on the resolution at the 50th Ordinary General Meeting of Shareholders held on June 23, 2022. It has adopted the system of a company with Audit and Supervisory Committee in order to facilitate quick decision-making, strengthen discussion at Board of Directors meetings, as well as to enhance supervisory functions of the Board of Directors and further improve corporate governance by including Audit and Supervisory Committee Members responsible for audits, etc. of business execution by Directors in the Board of Directors.

The Company's Board of Directors currently includes 13 Directors including two female Directors, seven of whom are Outside Directors. The Outside Directors play key roles particularly in relation to strengthening our management function based on the knowledge and experience acquired in their respective fields and strengthening the supervisory function of the Board's business execution. The Outside Directors are also appropriately involved in determining compensation for officers, etc. and nominating candidates for Director by, for example, providing a report to the Board of Directors as members of the Nomination and Compensation Committee.

Meanwhile, the Audit and Supervisory Committee has four members including one female member, three of whom are Outside Directors. Outside Directors each play an important role in establishing an objective and fair audit system. The Company seeks to strengthen management accountability and improve management transparency by appointing Outside Directors. The Company believes that it has an appropriate system in place for securing the trust of shareholders, investors, and other stakeholders.



### III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	In principle, the Company dispatches the notification three business days before the statutory date.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company avoids peak days to enable many shareholders to attend.
Electronic Exercise of Voting Rights	The Company adopted a voting system that enables shareholders to exercise their votes by electromagnetic means from the 2003 General Meeting of Shareholders.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	It is possible to exercise voting rights using a voting platform designed for institutional investors and operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company publishes the Convocation Notice in English on the Company's website. (Shareholders' Meeting Reference Documents: <a href="https://www.dts.co.jp/ir/stock/meeting/">https://www.dts.co.jp/ir/stock/meeting/</a> )
Other	The Company publishes the Convocation Notice on the Company's website. The Company posts the following documents on the Company's website under Internet Disclosure Information on Convocation Notices in accordance with laws and regulations and the provisions of the Company's Articles of Incorporation: Framework for Ensuring Appropriate Business Operations; Overview of Operational Status of Framework for Ensuring Appropriate Business Operations; Consolidated Statement of Changes in Net Assets; Notes to the Consolidated Financial Statements; Non-consolidated Statement of Changes in Net Assets; and Notes to the Non-consolidated Financial Statements. (Shareholders' Meeting Reference Documents: <a href="https://www.dts.co.jp/ir/stock/meeting/">https://www.dts.co.jp/ir/stock/meeting/</a> )

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	IR Policy URL: <a href="https://www.dts.co.jp/ir/library/policy/">https://www.dts.co.jp/ir/library/policy/</a>	
Regular Investor Briefings held for Analysts and Institutional Investors	A financial results briefing for analysts and institutional investors is held every quarter, and the representative explains full year results and the first-half results.	Held
Regular Investor Briefings held for Overseas Investors	From time to time, we explain our business and financial circumstances to institutional investors in Europe, the United States, and other markets.	Held
Online Disclosure of IR Information	IR Information: <a href="https://www.dts.co.jp/ir/">https://www.dts.co.jp/ir/</a>	
Establishment of Department and/or Placement of a Manager in Charge of IR	Manager in charge of IR has been assigned in the ESG Promotion Department.	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	The matter is set out in the Company's Code of Conduct: (Code of Conduct: <a href="https://www.dts.co.jp/sustainability/governance/compliance/">https://www.dts.co.jp/sustainability/governance/compliance/</a> ) (Japanese only)
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The DTS Group promotes thorough consideration of the environment in its business activities, and strives to prevent pollution and promote resource-saving efforts in order to help realize a sustainable society that is friendly to both the environment and people and conserves resources and energy. After acquiring ISO 14001 certification for DTS in March 2006, the Group has been gradually expanding the range of certification. In March 2019, we acquired the same ISO 14001 certification for all Group companies in Japan, excluding special subsidiaries, and the Group companies in Japan are all working together to address climate change issues and reduce the environmental impact of our business. In response to climate change issues, the Company offers solutions to reduce environmental impacts in the field of building construction, and strive to help customers reduce the environmental impact of their own businesses.</p> <p>In terms of CSR activities, the Company has set up the ESG Promotion Department to promote ESG management across the Group. In addition to our traditional CSR activities, we intend to continue striving to solve social issues and achieve the SDGs targets through our business by pursuing DTS SDGs initiatives, sustainability initiatives, and other projects.</p> <p>The Company has published details of the above-mentioned environmental protection and CSR activities in the Integrated Report. (Integrated Report: <a href="https://www.dts.co.jp/ir/library/report/">https://www.dts.co.jp/ir/library/report/</a>)</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	The matter is set out in the Company's Code of Conduct: (Code of Conduct: <a href="https://www.dts.co.jp/sustainability/governance/compliance/">https://www.dts.co.jp/sustainability/governance/compliance/</a> ) (Japanese only)

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

The Company has formulated the following basic policy regarding the “development of systems necessary to ensure that the execution of the duties by the Directors complies with the laws and regulations and the articles of incorporation, and other systems necessary to ensure the properness of operations of a company and of operations of a group of entities consisting of the relevant company and its de facto subsidiary companies” and “matters necessary for the execution of duties of the Audit and Supervisory Committee” in accordance with Article 399-13, Paragraph 1, Item 1, (b) and (c) of the Companies Act and Article 110-4, Paragraph 1 and 2 of the Ordinance of Enforcement of the same Act:

#### Basic Views on Building the Company's Internal Control System

When establishing internal control systems, the Company shall seek to formulate and appropriately operate frameworks relating to the building of an internal control system based on the concept explained below, and strive to continuously improve those frameworks in response to changes in the environment to ensure that its internal control systems comply with laws and regulations and the Company's Articles of Incorporation, and ensure the appropriateness of business operations and the reliability of financial reporting.

- (1) The Board of Directors shall decide on policies and plans for the development of internal control systems and receive regular progress reports.
- (2) The Company shall seek to maintain and further improve the supervisory function of Directors in the execution of their duties by continuously appointing Outside Directors.
- (3) The Representative Director and President shall establish, operate, and improve the internal control system as the chief executive officer for business execution.
- (4) The Company shall establish an Internal Control Promotion Department to build, operate, and improve internal control systems.
- (5) The Company shall establish the Internal Audit Office as a department that conducts internal audits from a standpoint that is independent from business activities. The Internal Audit Office shall monitor the effective building of frameworks to help establish an internal control system and to point out any necessary improvements.
- (6) The Company shall implement appropriate initiatives designed to ensure the reliability of internal controls related to financial reporting based on the Financial Instruments and Exchange Act.

## Individual Frameworks Relating to the Internal Control System

1. A framework for ensuring that the execution of duties by Directors and employees of the Company complies with laws and regulations and the Articles of Incorporation
  - (1) The Company shall create a department to plan and manage compliance, and shall establish a compliance system.
  - (2) The Company shall determine the DTS Compliance Guide and continue to instruct officers and employees through training, among other ways, to view compliance from their respective standpoints as their own immediate issue and to conduct business operations accordingly.
  - (3) Based on the DTS Group Code of Conduct, the Company shall firmly eliminate ties to antisocial forces that pose a threat to the order and safety of civil society.
  - (4) The Company shall establish a helpline as a way for its employees and other related persons to consult and report any activities that they suspect may be in violation of laws and regulations.
  - (5) The Internal Audit Office shall create annual audit plans and conduct internal audits from a standpoint that is independent from Company business activities.
  - (6) The Company shall establish the necessary rules and systems to ensure reliable financial reporting.
2. A framework for storing and managing information pertaining to the execution of duties by Directors of the Company
  - (1) The Company shall stipulate in the Rules on the Management of Information Assets how documents related to the execution of duties by Directors (this includes electromagnetic records here and in all references below) and other important information should be handled, and establishes a system based on those rules to store those documents in an easily searchable format and enable them to be viewed when required by relevant parties.
  - (2) The Company shall establish an internal information system for the storage, management, and effective use of necessary information for the execution of duties by its officers and employees.
  - (3) With regard to information management, the Company shall establish a department to plan and manage information security and a system for information security. In addition, the Company shall establish basic policies and guidelines for protecting personal information.
3. Regulations and other frameworks for managing the risk of incurring losses at the Company
  - (1) The Company shall establish the Sustainability Committee that is chaired by the person responsible for overseeing sustainability efforts, who is appointed by the Representative Director and President following consultation of the Management Council. The Committee shall work to identify risks and opportunities for sustainability issues, and make a plan and assessment of the efforts.
  - (2) The Company shall establish the Risk Management Committee that is chaired by the person responsible for risk management, who is appointed by the Representative Director and President after consulting with the Management Council. The Committee shall work to systemize risks, identify problems, and formulate response plans for relevant departments and specific issues. The Company shall also conduct consistent monitoring to ascertain whether any risks have occurred.
  - (3) The Company shall establish emergency responses to deal with large-scale disasters, etc., and puts in place rules and systems to ensure business continuity.
  - (4) The Company shall establish the Project Promotion Committee that is chaired by the person responsible for project development, who is appointed by the Representative Director and President after consulting with the Management Council. The Committee shall seek to eliminate or reduce any factors that impede efficiency and increase the likelihood of achieving targets by deliberating on the advantages and disadvantages of accepting orders and determining service launch for projects that meet the prescribed criteria.
4. A framework to ensure that the execution of duties performed by Directors of the Company is carried out efficiently
  - (1) The Board of Directors shall determine the Rules Regarding the Authority to Execute Duties and ensure that the Representative Director and President and other Directors in charge of business execution execute business in accordance with those rules.
  - (2) Regarding the pursuit of business throughout the Company, specific measures that need to be implemented and efficient business operations shall be conducted according to business execution authority and decision-making rules under internal regulations.
  - (3) The Company shall set company-wide targets for both our executives and employees which it seeks to instill, and the Company shall also formulate medium-term management plans that cover a period of three business years and focus on those targets. Based on this medium-term management plan, the Company shall then set business targets and budgets in the form of short-term plans for individual business divisions for each year.
  - (4) The Company shall establish the Management Council as an organization designed to debate business execution policies, plans, and other important matters. The Company shall also provide monthly business corporate performance reports to the Management Council to help manage actual performance against the performance targets.
5. A framework for ensuring the appropriateness of operations in the Group, which comprises the Company and its subsidiary companies
  - (1) The Company shall establish the Subsidiary Companies' Management Department in order to ensure the appropriateness of business operations across the corporate group. The department shall offer guidance and advice to ensure that subsidiary companies develop appropriate internal control systems.
  - (2) Persons assigned as part-time officers of subsidiary companies shall provide guidance and advice in cooperation with the Subsidiary Companies' Management Department to ensure that subsidiary companies comply with laws and regulations and conduct appropriate business operations.

- (3) The Company shall hold group-wide meetings to facilitate information sharing across the Group and to ensure the appropriateness of business operations.
6. A framework for reporting matters pertaining to the execution of duties performed by Directors, etc. of subsidiary companies to the Company
  - (1) The Company shall determine the Rules Relating to the Management of Affiliated Companies with regards to subsidiary companies, which require those subsidiary companies to seek the Company's approval or to submit a report regarding specific matters prior to resolution by the Board of Directors. Any matters that fall under the prescribed standards will be placed on the agenda for discussion by the Board of Directors.
7. Regulations and other systems for managing the risk of incurring losses at subsidiary companies
  - (1) The Company's Risk Management Committee shall seek to gain a clear grasp of issues and planned responses by subsidiary companies, and shall receive periodic progress reports on those plans. The Committee shall also consistently monitor subsidiary companies for risks.
  - (2) Regarding projects at subsidiary companies that fall under the prescribed standards, the Company shall seek to eliminate or reduce any factors that impede efficiency and increase the likelihood of achieving targets by deliberating on the advantages and disadvantages of accepting orders and determining service launch in Project Promotion Committee meetings.
8. A framework for ensuring that the execution of duties performed by Directors of subsidiary companies is carried out efficiently
  - (1) The pursuit of business operations at subsidiary companies shall be in accordance with the rules on business execution authority and decision-making that are based on each companies' internal regulations. However, some specific matters shall be executed in accordance with the Company's Rules Relating to the Management of Affiliated Companies.
  - (2) The Company shall set targets which it seeks to instill across all employees of the Company and its subsidiary companies. The subsidiary companies shall formulate a medium-term management plan that covers a period of three business years and focuses on these targets. Based on the medium-term management plan, the subsidiary companies shall also set operational targets and budgets in the form of short-term plan, and shall submit regular progress reports to the Company.
9. A framework for ensuring that the execution of duties by Directors, etc. and employees of subsidiary companies complies with laws and regulations and the Articles of Incorporation
  - (1) The Company shall disseminate a DTS Compliance Guide across its subsidiary companies. The Company shall also give guidance and advice to its subsidiary companies.
  - (2) The Company shall establish a Group Helpline as a way for employees of subsidiary companies to consult and report any activities that they suspect may be in violation of laws and regulations.
10. Matters concerning employees who are required to assist with the duties of the Company's Audit and Supervisory Committee
  - (1) The Audit and Supervisory Committee may give instructions or directions to employees who assist with their duties with regards to items required for the execution of audits.
11. Matters concerning the independence of the employees referred to in item 10 above from the Directors who are not Audit and Supervisory Committee Members
  - (1) The Directors shall respect the opinions of the Audit and Supervisory Committee regarding personnel changes or performance evaluations, etc. of employees who are required to assist with the duties of the Audit and Supervisory Committee.
12. Matters relating to ensuring the effectiveness of the Audit and Supervisory Committee's instructions to employees assisting the Audit and Supervisory Committee
  - (1) Employees who have been given an instruction or direction by the Audit and Supervisory Committee when conducting audits cannot receive any instructions or directions from Directors who are not Audit and Supervisory Committee Members while they are executing those Audit and Supervisory Committee's duties.
13. A framework for Directors who are not Audit and Supervisory Committee Members and employees to report to the Audit and Supervisory Committee, and other frameworks relating to reporting to the Audit and Supervisory Committee
  - (1) Audit and Supervisory Committee Members appointed by the Audit and Supervisory Committee (hereinafter referred to as "Appointed Audit and Supervisory Committee Members") may attend important meetings, such as Board of Directors', Management Council, and Risk Management Committee meetings in order to fully grasp important decision-making processes and the status of business execution.
  - (2) Appointed Audit and Supervisory Committee Members may view important documents circulated for approval as well as other documentation and may request explanations from Directors who are not Audit and Supervisory Committee Members and employees when necessary.
  - (3) Directors who are not Audit and Supervisory Committee Members shall report the following matters to the Audit and Supervisory Committee as soon as they are discovered:
    - ① Matters that cause, or could cause, significant damage to the Company or a significant deterioration in trust in the Company
    - ② Matters that represent, or could represent, serious violations of laws, regulations, Articles of Incorporation, or internal regulations

- ③ Important compliance-related matters
  - ④ Other matters that pertain to ① to ③ above
- (4) Employees may report directly to the Audit and Supervisory Committee when they discover any serious facts relating to ① to ④ in the preceding paragraph.
14. A framework for ensuring that Directors or employees, etc. of subsidiary companies, or any people who receive reports from those Directors, employees, etc., convey those reports to the Company's Audit and Supervisory Committee
- (1) Appointed Audit and Supervisory Committee Members of the Company may attend business planning hearings, etc. with subsidiary companies.
  - (2) Appointed Audit and Supervisory Committee Members of the Company may view subsidiary companies' documents and request explanations from Directors, etc. of subsidiary companies if necessary.
  - (3) Directors or employees, etc. of subsidiary companies who have discovered any of the following matters or any persons who have received reports from those Directors or employees may report the matter directly to the Company's Audit and Supervisory Committee:
    - ① Matters that cause, or could cause, significant damage to the Company or a significant deterioration in trust in the Company.
    - ② Matters that represent, or could represent, serious violations of laws, regulations, Articles of Incorporation, or internal regulations
    - ③ Important compliance-related matters
    - ④ Other matters that pertain to ① to ③ above
15. A framework for ensuring that a person who conveyed a report to the Audit and Supervisory Committee is not treated disadvantageously for having conveyed the report
- (1) The Company shall establish the Rules Relating to the Operation of the Whistleblowing System, which clearly stipulate the obligation to protect and confidentiality of whistleblowers. The Company shall also create the necessary environment to ensure all employees can access and read these rules.
16. Procedures for prepayment or reimbursement of expenses arising from the execution of duties by Audit and Supervisory Committee Members (limited to those related to the execution of duties of the Audit and Supervisory Committee) and other items regarding policies pertaining to the processing of expenses or obligations arising from the execution of said duties
- (1) Any expenses expected to be incurred in the audit plan determined by the Audit and Supervisory Committee are budgeted for in advance. Any expenses required to respond to a sudden event may either be paid in advance or reimbursed.
17. Other frameworks for ensuring that audits by the Audit and Supervisory Committee are conducted effectively
- (1) The Audit and Supervisory Committee may hold meetings to exchange opinions with the Representative Directors or the Accounting Auditor whenever necessary.
  - (2) The Audit and Supervisory Committee may communicate and exchange information with the Directors and Corporate Auditors of subsidiary companies in order to perform their duties appropriately.
  - (3) The Audit and Supervisory Committee may receive advice on auditing operations from external experts, such as lawyers and certified public accountants, when necessary and at their own discretion.

### **Overview of Operational Progress of Framework for Ensuring Appropriate Business Operations**

The following is an outline of the operational progress made on the framework for ensuring the appropriateness of business operations for the current fiscal year:

- (1) Framework on Compliance with Laws and Regulations and the Articles of Incorporation
 

The Company and its subsidiary companies conduct compliance education and training for executives, employees, and partner company employees and take measures to raise compliance awareness. In addition, the Company has set up a common whistleblowing hotline for the Group and ensures that the hotline is operated appropriately.

Regarding the management of information deemed necessary for the execution of duties by officers and employees, the Company has established frameworks for information security and protecting personal information and has managed those systems appropriately in accordance with our Rules on the Management of Information Assets.
- (2) Risk Management Framework
 

The Company has established a Risk Management Committee to appropriately manage various risks. The Committee regularly assesses risk and strives to identify and grasp problems, formulates and promotes risk response planning, and regularly monitors for the emergence of any risks. The Risk Management Committee also confirms the status of risks and the implementation of response plans for important risks at Group companies, and helps Group companies improve their risk management systems.
- (3) The Execution of Duties by Directors
 

In fiscal 2021, the Company held 14 meetings of the Board of Directors to determine matters stipulated by laws and regulations, etc. as well as important management-related issues, and to supervise business execution from the perspective of compliance with laws and regulations, the Company's Articles of Incorporation, and the appropriateness of business operations. We have determined the Rules Relating to the Management of Affiliated Companies and response appropriately

to all matters relating to Group companies. The Company has introduced an executive officer system to separate the supervisory functions of Board of Directors' decision-making and business execution from the business execution functions, and to secure a management framework that facilitates prompt and appropriate business execution. The Company also held 33 meetings of the Management Council to discuss policies and plans and other important matters when the Representative Director and President execute duties based on the management policy determined by the Board of Directors.

(4) The Execution of Duties by Corporate Auditors

Corporate Auditors, including Outside Corporate Auditors, conduct audits based on audits plans determined in the Board of Corporate Auditors and attend important meetings such as the Board of Directors' and various committee meetings to obtain a clear grasp of the Directors' decision-making processes and the status of business execution. In fiscal 2021, the Board of Corporate Auditors convened 10 times, and held meetings twice each with the Representative Director and Chairman and the Representative Director and President, four times in total, to exchange views on important audit-related issues. The Company's Corporate Auditors also exchange opinions with Corporate Auditors and other members of Group companies and conduct audits of Group companies in cooperation with local auditing staff.

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

1. Basic Views on Eliminating Anti-Social Forces

The DTS Group Code of Conduct has established the following basic approach to eliminating antisocial forces:

- (1) The Company is determined to firmly eliminate ties with antisocial forces and organizations (*Sokaiya*, organized crime groups, etc.) that pose a threat to the order and safety of civil society as part of the Company's ethical corporate duty.
- (2) Driven by a basic premise to never give them money, never use them, never fear them, the Company strives to always maintain a crisis-management awareness and never gives antisocial forces and organizations the opportunity to take advantage.
- (3) If any problems with antisocial forces or organizations did arise, the Company refers to its predetermined prompt communication framework to ensure a systematic response in cooperation with the police, lawyers, and any other relevant persons.

2. How We are Striving to Eliminate Antisocial Forces

The Company has established the following system in order to eliminate antisocial forces:

- (1) Progress on Establishing a Response Management Department and Person in Charge of Preventing Unreasonable Demands  
Our General Administration Department serves as our response management department for the elimination of antisocial forces and our General Manager of General Administration Department is designated as the person in charge of preventing unreasonable demands.
- (2) Cooperation with External Specialist Organizations  
The Company is working with specialist organizations such as the Metropolitan Police Department, the Tokyo Center for Removal of Criminal Organizations, the Open Intelligence Associate, and the Tokyo Bar Association.
- (3) The Collection and Management of Information on Antisocial Forces  
The Company collects and stores information by closely exchanging information with external specialist organizations.
- (4) Progress on Preparing a Response Manual  
The DTS Compliance Guide, which is distributed to all employees, clearly lays out the Company's basic stance and specific responses to the elimination of antisocial forces, and provides guidance and education on the subject.
- (5) Training Activities  
The Company actively participates in workshops hosted by specialist organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

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### 2. Other Matters Concerning the Corporate Governance System

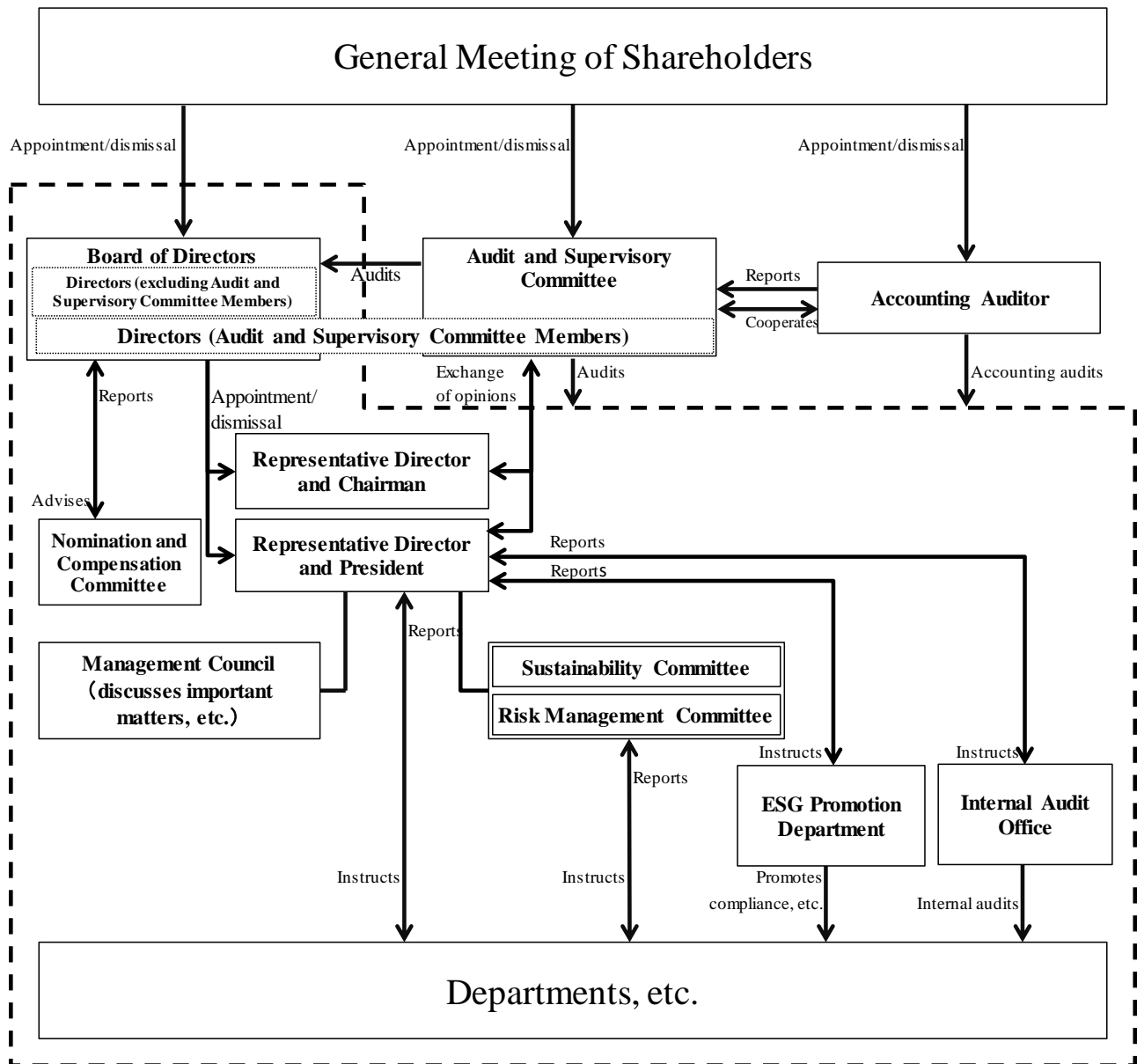
The Company strives to disclose information appropriately and fairly and to qualitatively improve its information disclosure by committing to greater transparency and fuller disclosure materials with regards to corporate information that is required to be disclosed in a timely manner under the Financial Instruments and Exchange Act and the Securities Listing Regulations stipulated by the Tokyo Stock Exchange, Inc. as well as any other company information that could have a significant impact on investment decisions.

The Company has established a system in which the Director in charge of our staffing departments is appointed as the officer in charge of information handling, any important company information is promptly and fully reported to the officer in charge of information handling, and that information is appropriately managed right up to the point of disclosure. The officer in charge of information handling confirms the content of any reported important information, examines the need and potential method for disclosing that information, and promptly reports his/her findings to the Company's Representative Director and President.

Important information that needs to be disclosed timely will be promptly disclosed following deliberation in the Management Council, which is made up primarily of Executive Officers, and approval by the Board of Directors. When required, the Board of Directors can meet in a timely manner to approve a disclosure. However, if some information or facts emerge that require a more urgent response, the Representative Director and President will approve disclosure and the matter will be reported to the Board of Directors at a later date.

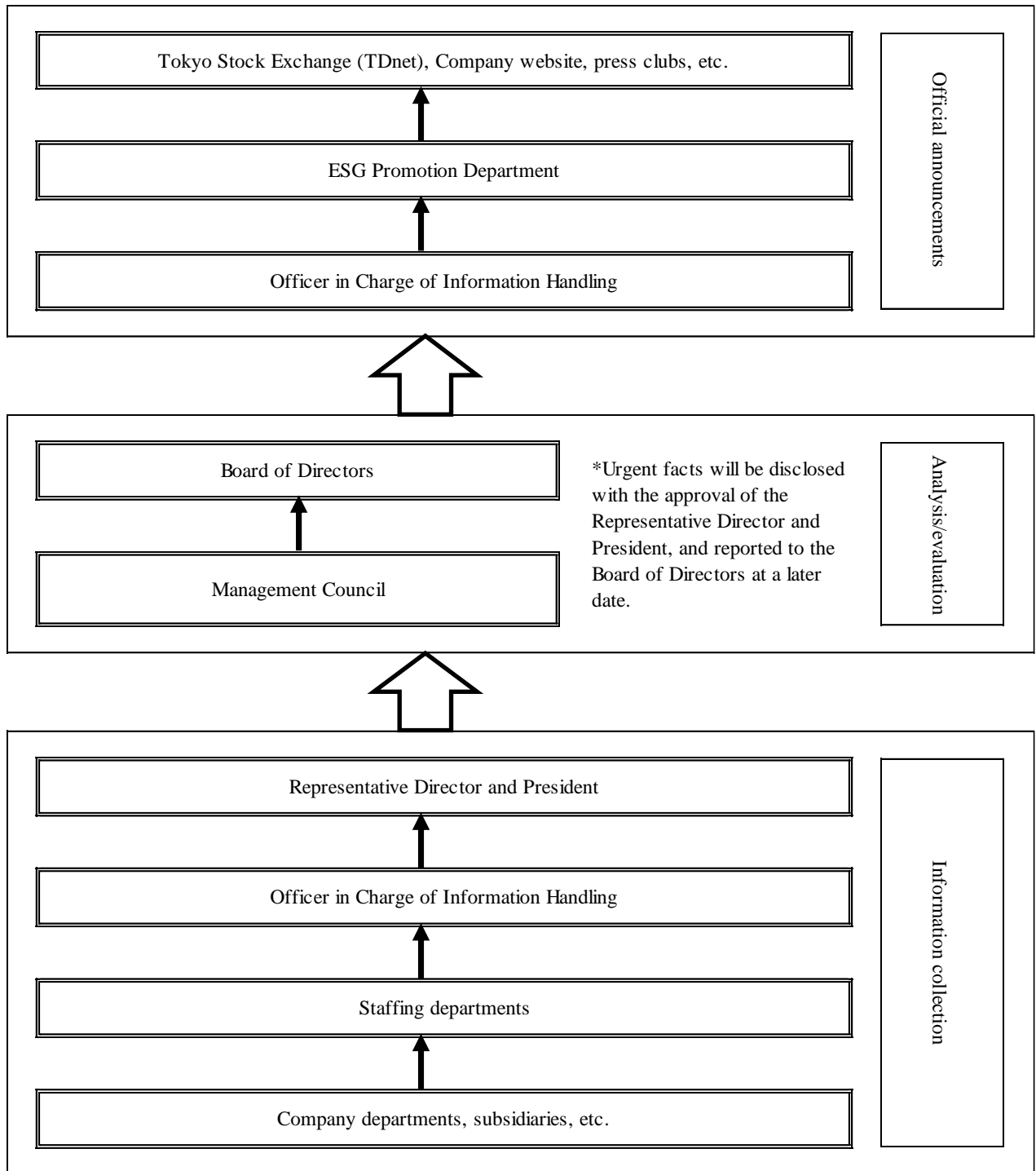
Regarding timely information disclosure, the ESG Promotion Department, under the direction of the officer in charge of information handling, discloses the information on the Tokyo Stock Exchange's TDnet, publishes it on the Company website, and distributes materials to relevant press clubs.

Corporate Governance Framework (schematic diagram)





**Overview of Timely Disclosure Framework (schematic diagram)**



**Explanation of the Selection and Nomination of Individual Candidates for Director or Corporate Auditor**

Name	Position	Reason for Selection	Concurrent Positions at other Listed Companies
Koichi Nishida	Representative Director and Chairman	Koichi Nishida has a wealth of experience in corporate management including organizational management in the financial sector of a major information and telecommunications company. He had led the overall management of the Group as Representative Director and President from fiscal 2010 to 2020, and worked on business expansion and management reform. He was reappointed as a Director because the Company expects he will leverage his abundant experience and achievements and play a role in supervising its business execution for promoting ESG management and creating new corporate value.	
Tomoaki Kitamura	Representative Director and President	Tomoaki Kitamura has a wealth of experience in technology/research & development and corporate management at a major information and telecommunications company and its group companies. He has been responsible for managing the Group as Director and Executive Vice President since 2020, and as Representative Director and President since 2021. He was reappointed as a Director because the Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution for promoting ESG management and creating new corporate value.	
Minoru Takeuchi	Director Managing Executive Officer	With his experience and track records in organizational management in the financial sector, as well as global development through management of Group companies outside Japan, Minoru Takeuchi has been responsible for the management of the Company. He was reappointed as a Director because the Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution.	
Isao Asami	Director Senior Executive Officer	With his experience and track records in organizational management in the built-in software and telecommunications sector as well as in staff divisions, Isao Asami has been responsible for the management of the Company. He was reappointed as a Director because the Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution.	
Hirotohi Kobayashi	Director Senior Executive Officer	With his experience and track records in organizational management in the industry and telecommunications sector as well as in staff divisions, Hirotohi Kobayashi has been responsible for the management of the Company. He was reappointed as a Director because the Company expects that he will leverage his experience and achievements to continue promoting the business of the Group and play a role in supervising its business execution.	
Masayuki Hirata	Outside Director Independent Officer	Masayuki Hirata has wide-ranging operational experience in the telecommunications industry and abundant experience and a high level of insight regarding corporate management. The Company reappointed him as an Outside Director because we expect he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director.	
Shinya Shishido	Outside Director Independent Officer	Shinya Shishido has abundant experience and a high level of insight as a manager in the housing loan industry and the real estate industry. The Company reappointed him as an Outside Director because we expect he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director.	Director, Takamatsu Corporation Co., Ltd.
Shinichi Yamada	Outside Director Independent Officer	Shinichi Yamada has abundant experience and a high level of insight regarding the industry trends and corporate management in the IT industry. The Company reappointed him as an Outside Director because we expect he will utilize this experience and insight in its management decisions and that he will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director.	
Yumiko Masuda	Outside Director Independent Officer	Yumiko Masuda has experience of management at many major foreign-owned IT firms. The Company believes that she will utilize her expertise on consumer/customer-oriented management and responses to customers, as well as extensive experience and advanced insight of diversity & inclusion, in its management decisions. The Company also expects that she will contribute to strengthening the supervisory functions of business execution and provide advice from a broader perspective as an Outside Director, and therefore appointed her as an Outside Director.	Outside Director, PC DEPOT CORPORATION

Name	Position	Reason for Selection	Concurrent Positions at other Listed Companies
Takao Sakamoto	Director Audit and Supervisory Committee Member	With his experience in company-wide staff divisions such as corporate planning and human resources divisions, as well as his experience and track records of managing Group companies, Takao Sakamoto was appointed as a Director who is an Audit and Supervisory Committee Member because the Company expects that he will leverage his experience in business execution at the Company to improve our audit structure.	
Kenji Yukimoto	Outside Director Independent Officer Audit and Supervisory Committee Member	Kenji Yukimoto is a certified public accountant who we appointed as an Outside Director who is an Audit and Supervisory Committee Member so that the Company audit structure could benefit from his extensive experience and professional knowledge in the fields of finance and accounting, in the expectation of his contribution to enhancement of the supervisory functions of business execution as well as provision of advice from a broader perspective.	
Taeko Ishii	Outside Director Independent Officer Audit and Supervisory Committee Member	Taeko Ishii is an attorney who we appointed as an Outside Director who is an Audit and Supervisory Committee Member so that the Company auditing structure could benefit from her extensive experience in and professional knowledge on legal and labor affairs, in the expectation of her contribution to enhancement of the supervisory functions of business execution as well as provision of advice from a broader perspective.	Outside Director, Sumitomo Metal Mining Co., Ltd. Outside Statutory Auditor, Dai Nippon Printing Co., Ltd.
Yutaka Takei	Outside Director Independent Officer Audit and Supervisory Committee Member	Yutaka Takei has an abundance of experience and a high level of insight as a manager of a trust bank, a securities transfer agent, and a retailing company that we wanted to apply to the Company audit structure so we appointed him as an Outside Director who is an Audit and Supervisory Committee Member, in the expectation of his contribution to enhancement of the supervisory functions of business execution as well as provision of advice from a broader perspective.	

### <Skills Matrix>

Toward achieving the Company's Long-Term Outlook (Vision 2030) and the Medium-Term Management Plan (FY2022 to FY2024), we identified skills that Directors are expected to demonstrate in light of the five key issues. These skills and the skills matrix are as follows:

#### ■ Key issues

Increase in the value of proposals; Combination of SI and digital technology; Expansion into new fields and the global market; Enhancement of ESG initiatives; and Reform of its management base

#### ■ Our stance on skills

Skills	Our stance on skills
Corporate management	To <u>enhance ESG initiatives</u> with an aim to become a company that practices sustainable management and grows together with a society, management experience and skills gained at listed companies are expected.
Internationality	To <u>expand into new fields and the global market</u> with an aim to capture new opportunities for business growth and revenue source, insight gained through experiencing overseas businesses and skills for future business development are expected.
Sales / Marketing	To <u>increase the value of proposals</u> through a broad range of proposal capabilities and solutions based on leading technologies, business experience and skills in sales and marketing fields are expected.
Development / R&D	To add on digital solution services to the SI business at which we excel with an aim to realize the <u>combination of SI and digital technology</u> , business experience and skills in development / R&D fields are expected.
Finance / Capital strategy	Besides accurate financial reporting, to strengthen the operations and <u>reform our management base</u> through continuous investments by taking the advantage of our solid financial base, business experience and skills in finance / capital strategy fields are expected.
Human resource development / D&I	To realize diversity and inclusion where employees share the joy of work and respect diversity with an aim to <u>enhance ESG initiatives</u> , business experience and skills in human resource development / D&I fields are expected.
Internal control / Risk management	To strengthen governance and to establish and practice risk management systems, as well as to <u>enhance ESG initiatives</u> , business experience and skills in internal control / risk management fields are expected.

#### ■ Skills Matrix

Name	Skills	Corporate management	Internationality	Sales / Marketing	Development / R&D	Finance / Capital strategy	Human resource development / D&I	Internal control / Risk management
Koichi Nishida		●		●	●	●		
Tomoaki Kitamura		●		●	●		●	
Minoru Takeuchi			●	●	●			
Isao Asami					●	●		●
Hirotohi Kobayashi				●	●			
Masayuki Hirata	Outside	●	●			●		●
	Independent							
Shinya Shishido	Outside	●		●			●	
	Independent							
Shinichi Yamada	Outside	●	●		●			
	Independent							
Yumiko Masuda	Outside		●	●			●	
	Independent							
Takao Sakamoto						●	●	●
	Audit and Supervisory Committee Member							
Kenji Yukimoto	Outside		●			●		●
	Independent							
	Audit and Supervisory Committee Member							
Taeko Ishii	Outside						●	●
	Independent							
	Audit and Supervisory Committee Member							
Yutaka Takei	Outside	●				●		●
	Independent							
	Audit and Supervisory Committee Member							

Note: A maximum of four items that are particularly expected to be performed are indicated as ● for each person. Not all expertise and experience are presented in the table.