

**TRANSLATION**

*This document is translated for reference purposes only from an original document submitted to the Tokyo Stock Exchange in Japanese. The original shall prevail in the event of any discrepancy between this translation and the Japanese original.*

## **CORPORATE GOVERNANCE REPORT**

Last update: June 23, 2022

**Gurunavi, Inc.**

Akio Sugihara, President and Representative Director

Inquiries: Legal & Compliance Department

Tel: +81-3-3500-9700

Securities code: 2440

<https://corporate.gnavi.co.jp/en/>

The status of Gurunavi, Inc.'s corporate governance is as follows.

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

#### **1. Basic Views**

Under the principle of prioritizing shareholders' interests, Gurunavi, Inc. (hereinafter, "Gurunavi" or the "Company") maintains a keen awareness of the management responsibility of directors and upholds basic policies to enhance its corporate governance in order to prevent irregularities, clarify decision-making processes, and ensure the logical implementation of operations.

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

##### **<Principle 2.4 Ensuring Diversity, Including Active Participation of Women>**

##### **Supplementary Principle 2-4 – 1**

Gurunavi established a diversity promotion department in 2015 in order to promote human resource development and establish internal environments that ensures diversity, and is working to create a corporate climate that allows diverse human resources, including women, persons with disabilities, and non-Japanese, to maximize the abilities they possess and to create environments in which they can play an active role.

Currently, Gurunavi has not set any measurable targets, as Gurunavi recognizes that the promotion of women, mid-career recruits, and non-Japanese employees in managerial positions has progressed to a certain extent. The status of ensuring diversity in the promotion of core workforce is as follows.

Regarding the promotion of women to core workforce, the ratio for women in managerial positions is 21% as of March 31, 2022. Gurunavi will continue to further support the advancement of women by expanding training and support tailored to career stages and life events, and programs to develop candidates for managerial positions.

Regarding promotion for mid-career recruits, these recruits account for the majority of total employees, and the company is actively advancing promotions of these recruits as they represent Gurunavi's core workforce, and many such human resources have been appointed to important positions such as executive officers, etc.

In addition, regarding non-Japanese employees, recruitment standards are the same as those for Japanese candidates, and they are actively working in important managerial positions according to their abilities.

Gurunavi will continue to foster a culture in which diverse human resources, not limited to women, can play an active role and create high value through the development of a flexible work environment that is not restricted by location or time.

Please refer to the following webpage for further information on our diversity promotion activities.

<https://corporate.gnavi.co.jp/profile/sustainability/diversity/> (Japanese version only)

## **<Principle 4.1 Roles and Responsibilities of the Board (1)>**

### **Supplementary Principle 4-1 – 2**

At present, a medium-term business plan has not been formulated. However, Gurunavi has formulated a medium-term business policy (March 2021 period – March 2023 period) under <Principle 3-1. Full Disclosure> hereunder, which has been posted on the Company's website.

[https://corporate.gnavi.co.jp/en/profile/mid\\_term/](https://corporate.gnavi.co.jp/en/profile/mid_term/)

Furthermore, regarding a medium-term business plan, once conditions reach a stage wherein the impact of Covid-19 on the business environment can be forecast, Gurunavi will formulate and disclose a new medium-term business plan or other specific targets in lieu of such plan.

### **Supplementary Principle 4-1 – 3**

Regarding a succession plan, etc. as indicated in <Principle 4-10. Use of Optional Approach> and Supplementary Principle 4-10 – 1 hereunder, this will be handled as an advisory item for the optional committee related to nomination and remuneration, which will be established in this fiscal year, and will subsequently be reported to the Board to Directors.

## **<Principle 4.2. Roles and Responsibilities of the Board (2)>**

### **Supplementary Principle 4-2 – 2**

Basic policies related to sustainability, investments in human capital/intellectual property, allocation of management resources beginning with these, and business portfolio related strategies, will be managed and supervised appropriately under a newly formulated medium business plan that includes these matters, as previously stated under Supplementary Principle 4-1– 2.

## **<Principle 4-8. Effective Use of Independent Outside Directors>**

### **Supplementary Principles 4-8 – 1 and 4-8 – 2**

While Gurunavi works towards achieving adequate coordination between the President & Representative Director, senior management, and independent outside directors, as indicated in <Principle 4-10. Use of Optional Approach> and Supplementary Principle 4-10 – 1 hereunder, an optional committee comprised mainly of independent outside directors will be established.

## **<Principle 4-10. Use of Optional Approach> and Supplementary Principle 4-10 – 1**

Gurunavi has not established an optional advisory committee at this time. However, regarding the appointment of director candidates and the determination of remuneration for directors, explanations are given to the independent directors, and appropriate advice is obtained prior to resolution by the Board of Directors. As the appropriate involvement and advice of the independent directors is obtained in this way, the Company sufficiently ensures the independence, objectivity, and accountability of the functions of the Board of Directors in relation to the appointment of director candidates and the determination of remuneration for directors. In order to reinforce the effectiveness of these measures, an optional committee that will deliberate on issues related to the appointment of director candidates and the determination of remuneration for directors, comprised of directors and others re-elected in the 33rd Ordinary General Shareholders Meeting to be held in 2022, will be established as an advisory body of the Board of Directors.

## **<Principle 5-2. Establishing and Disclosing Business Strategy and Business Plan>**

At present, Gurunavi has not formulated a medium-term business plan. However, once conditions reach a stage wherein the impact of Covid-19 on the business environment can be forecast, the Company will formulate and disclose a new medium-term business plan. In the formulation of said plan, specific numerical targets will be indicated wherever possible, with capital cost taken into consideration, and explanations will be included in relation to future business strategy and specific measures.

Furthermore, Gurunavi has formulated a medium-term business policy (March 2021 period – March 2023 period) under <Principle 3-1. Full Disclosure> hereunder, which has been posted on the Company's website.

[https://corporate.gnavi.co.jp/en/profile/mid\\_term/](https://corporate.gnavi.co.jp/en/profile/mid_term/)

### **Supplementary Principle 5-2 – 1**

The Company will also proceed with the formulation of business portfolio related basic policies, which will be included in the aforementioned medium-term business plan and disclosed accordingly.

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

#### **<Principle 1-4. Cross Shareholdings>**

The Gurunavi and its subsidiaries (hereinafter, “Gurunavi group”) makes investment decisions based on comprehensive considerations covering necessity for business activities, such as business alliances, and maintaining and strengthening business relations, etc. the advantages to be gained by the group through investment in such cross shareholdings, and risks associated with investment amounts and holdings, etc.

In addition, the department in charge will carefully examine suitability of cross-shareholdings retention, taking into consideration factors such as contribution to the company’s growth and business development, etc. and return on investment, and continued retention will be examined by the Board of Directors. Furthermore, where the suitability/rationality of retention is not considered appropriate, cross-shareholdings shall be suitably disposed.

Voting rights for cross shareholdings are exercised appropriately following careful examination of proposal content, by the department in charge of strategic investment, in order to determine whether the proposal will contribute to an increase in our shareholder value. Regardless of whether a proposal is put forward by the issuing company or by its shareholders, affirmative decisions will not be made in relation to proposals that impair our shareholder value.

#### **<Principle 1-7. Related Party Transactions>**

Gurunavi holds that directors engagement in competing transactions, conflict of interest transactions, or other transactions equivalent thereto, are subject to approval by the Board of Directors in accordance with laws and its Regulations of the Board of Directors. In addition, transaction results are disclosed in a timely and appropriate manner in accordance with applicable laws.

In addition, regarding transactions with major shareholders, companies in which the Chairman & Director of the Company serves as a director and companies in which a director of the Company executes the operations, the department in charge of compliance & risk management conducts careful examinations of terms and conditions of transactions, such as transaction price, and reasons for engaging in such transactions, etc. and the results and details of the transactions are regularly reported to an examination committee that includes an outside member of the Audit & Supervisory Board as a member.

Regarding related party transactions other than the above, the Company will appropriately disclose important facts in accordance with applicable laws.

#### **<Principle 2-6. Roles of Corporate Pension Funds as Asset owners>**

Gurunavi has not adopted a corporate pension plan, and consequently does not qualify as a corporate pension asset owner.

#### **<Principle 3-1. Full Disclosure>**

(1) Company objectives (e.g., business principles), business strategies, and business plans

Our social purpose is “Food: Satisfying People and Creating Connections.” This reflects our desire to continue to provide new value to the world and contribute to the realization of a better society by exploring all the possibility of food and connecting people, things and events all over the world through food, based on the spirit “Protecting and nurturing Japanese food culture” which has been with us since our founding.

We have positioned the three years from FY2020 to FY2022 as the foundation construction period for long-term improvement of corporate value. During this period, we will address the following two issues particularly in the field of restaurant sales promotion support services which is our core business: 1) Thoroughly create restaurant search and reservation services from the consumer's perspective, and improve the customer referral capability to restaurants. 2) Review sales measures and methods such as membership plans. Through these efforts, we will regain trustworthiness of both our customers, consumers and restaurants. In addition, we will improve our policy implementation capabilities by renewing our internal system and strengthening human resource strategy, and aim to steadily generate profits by continuously improving profitability. We aim to support the entire management of

restaurants not just sales promotion, and also work on examining and providing new value. The above content was posted on our website as a medium-term business policy.

[https://corporate.gnavi.co.jp/en/profile/mid\\_term/](https://corporate.gnavi.co.jp/en/profile/mid_term/)

## (2) Basic views and guidelines on corporate governance

Under the principle of prioritizing shareholders' interests, Gurunavi maintains a keen awareness of the management responsibility of directors, and upholds basic policies to enhance our corporate governance in order to prevent irregularities, clarify decision-making processes, and ensure the logical implementation of operations.

The Board of Directors is comprised of seven directors, including one representative director and five outside directors. In principle, it holds monthly meetings to make important management decisions and supervise the execution of duties by directors.

The Audit & Supervisory Board is comprised of four Audit & Supervisory Board Members (hereinafter, the "A&SBMs"), of which three are outside A&SBMs. In principle, it holds monthly meetings. Each A&SBM attends important meetings including board meetings and audits the execution of duties by directors.

Furthermore, three of the five outside directors and three outside A&SBMs mentioned above have been designated as independent directors/A&SBMs under the provisions of the Tokyo Stock Exchange (hereinafter, the "TSE"), and notification of such appointment has been submitted to the TSE.

In addition, we have reinforced our governance structures by introducing an executive officer system to separate oversight functions by the Board of Directors and business execution functions undertaken by executive officers. Moreover, in accordance with the basic policies determined by the resolution of the Board of Directors, the Executive Committee has been set up to deliberate on important issues related to management and exercise general controls over business execution and is comprised of the President & Representative Director and executive officers. The meetings of the Executive Committee are held regularly with the attendance of full-time A&SBM.

## (3) Basic policies and procedures regarding remuneration for directors

Basic policies and procedures related to remuneration for directors are given under [Director Remuneration] in "II Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management – 1. Matters related to Organizational Composition and Operation, etc." in this document.

## (4) Basic policies and procedures regarding the appointment/dismissal of senior management and the nomination of director and A&SBM candidates

In the appointment/dismissal of senior management and the appointment of director candidates, Gurunavi considers ability, experience, character and opinion, etc. to reach a comprehensive judgment on whether the individual possesses a full understanding of Gurunavi's corporate philosophy and the ability to put said philosophy into practice.

In view of roles such as management oversight and oversight functions, the selection of outside directors/A&SBMs involves the comprehensive consideration of attributes such as company management experience and specialist expertise, etc.

In addition, as the core business of Gurunavi is food, a woman's perspective is important, and the appointment of female senior management is also progressing.

In the event that a member of senior management commits an act of misconduct, undertakes actions that harm the company's reputation, or is deemed unsuitable for a senior management position, said individual shall be dismissed by resolution of the Board of Directors.

## (5) Explanation regarding the appointment/dismissal and nomination of individual directors and A&SBMs

Reasons for the nomination of individual director and A&SBM candidates are given in reference document, "Notice of Convocation of the General Meeting of Shareholders." In addition, reasons for the appointment of outside director/A&SBM are given under "[Directors] Relationship with the Company (2)" and "[A&SBMs] Relationship with the Company (2)" in "II Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management – 1. Matters related to Organizational Composition and Operation, etc." in this document.

### **Supplementary Principle 3-1 – 3**

#### **(1) Approach to Sustainability**

Please refer to Gurunavi's webpage for information on its sustainability initiatives.

<https://corporate.gnavi.co.jp/en/profile/sustainability/> (Scheduled to appear on July 5, 2022)

For example, soaring fuel and foodstuff costs could have an adverse impact on restaurant operations, which in turn could have an impact on our business performance. Gurunavi is therefore taking steps to disclose the impact of climate change-related risks and opportunities on its business activities and earnings, based on the framework of the TCFD (Task Force on Climate-related Financial Disclosures).

#### **(2) Investment in Human Capital and Intellectual Property**

Gurunavi promotes restaurant management reform using the two forces of "IT and humans," and undertakes an approach towards "evolution into a company that supports restaurant management," which supports the building of sustainable management models. Consequently, Gurunavi actively promotes the securing and development of human resources to support the promotion of these measures, as well as investment in systems to enable the construction of IT solutions such as digital platforms for the food service industry (Gurunavi PRO), and through the value provided by this fusion of "IT and humans," the Company guides businesses towards solutions for the diverse issues that restaurants should tackle, with the aim of working alongside the restaurants to achieve reconstruction and regrowth after the Covid-19 crisis.

### **<Principle 4-1. Roles and Responsibilities of the Board (1)>**

#### **Supplementary Principle 4-1 – 1**

The Board of Directors undertakes decisions on matters to be determined under applicable laws and the Articles of Incorporation of the Company, in accordance with the "Regulations of the Board of Directors." In addition, "Executive Committee Rules" have been formulated by resolution of the Board of Directors, and the Executive Committee, which is an optional decision-making agency established in accordance with said rules, undertakes deliberations, resolutions and establishment of direction in relation to execution plans for important individual business matters and other important business execution related matters, in accordance with criteria provided under said rules, and of the agenda items discussed by the Executive Committee, items deemed necessary are submitted for further deliberation by the Board of Directors.

In addition, Gurunavi has set forth the responsibilities and authority assigned to each position in relation to the execution of company business under the "Rules on Official Authority," which also set forth authority of final decision for matters that occur in the course of the company's business.

### **<Principle 4-8. Effective Use of Independent Outside Directors>**

Gurunavi has appointed three independent outside directors in order to reinforce the oversight functions of the Board of Directors through advice and oversight from objective and neutral perspectives.

### **<Principle 4-9. Independence Standards and Qualification for Independent Outside Directors>**

Gurunavi determines the independence of independent outside directors/A&SBMs in accordance with independence criteria set by the TSE. Furthermore, in relation to consultants, accounting or legal professionals who receive a "large amount" of money or other property benefit other than executive officer's remuneration from a listed company (when persons receiving said property benefit is an organization such as a corporation or an association, etc. this refers to persons belonging to said organization), for the most recent fiscal year, "large amount" refers to an amount no less than ¥10 million a year for an individual or, in the case of an organization such as a corporation or an association, etc. an amount greater than 2% of consolidated net sales or total income of the relevant organization.

### **<Principle 4-11. Preconditions for Securing the Effectiveness of the Board of Directors and the Audit & Supervisory Board>**

#### **Supplementary Principle 4-11 – 1**

In order to secure the balance of knowledge, experience, ability, and diversity within the Board of

Directors as a whole, for the appointment of directors, our policy is to appoint individuals possessing the ability to realize and apply Gurunavi's corporate philosophy, excellent management skills that will support sustainable growth, and highly capable individuals possessing an abundance of knowledge and experience in specialist fields, regardless of age, gender, or nationality.

Regarding views on the size of the Board of Directors as a whole, in consideration of future business development and an appropriately balanced outside director ratio, Gurunavi believes that the current size is appropriate.

Regarding currently appointed Directors, analyses have been conducted in the manner shown in "Directors' Skills Matrix" attached at the end of this document, and human resources have been appointed in accordance with the above policies.

Furthermore, regarding views on the size of the Board of Directors as a whole, in consideration of future business development and an appropriately balanced outside director ratio, Gurunavi believes that the current size is appropriate.

#### **Supplementary Principle 4-11 – 2**

Gurunavi annually discloses the status of major concurrent offices of candidate directors and candidate A&SBMs as well as directors and A&SBMs in the reference documents and the business report of the "Notice of Convocation of the General Meeting of Shareholders," and other disclosure documents such as securities reports, etc.

#### **Supplementary Principle 4-11 – 3**

As an approach taken to vitalize the Board of Directors, Gurunavi sets the schedule for meetings to be held over the course of a year in advance to improve attendance, with ample time set for these meetings to secure sufficient time for deliberations. In addition, advance notification of agenda items is implemented in order to enrich the content of deliberations. Furthermore, all directors and A&SBMs are required to complete questionnaire surveys implemented in relation to the operation of the Board of Directors once a year, in order to analyze and evaluate the effectiveness of the Board.

With the results showing that these approaches were given a consistent level of appraisal, we conclude that, as a Board of Directors, the Board of Directors of the company is functioning effectively. In addition, opinions on further improvements in the future were put forward, and approaches to improve effectiveness will continue.

#### **<Principle 4-14. Director and A&SBM Training>**

##### **Supplementary Principle 4-14 – 2**

To ensure that the directors and A&SBMs can fully perform the roles and duties demanded of them, Gurunavi provides training opportunities with external specialists in relation to the responsibilities of directors and corporate governance.

Even after appointment to office, continual training opportunities are provided in response to amendments to laws and changes to the company's business environment.

In addition, when appointing outside directors/A&SBMs, Gurunavi arranges opportunities to provide information such as an overview of Gurunavi's business and business principles, etc.

#### **<Principle 5-1. Policy for Constructive Dialogue with Shareholders>**

Gurunavi believes in the importance of deepening mutual understanding through constructive dialogue with one of our important stakeholder groups, the shareholders and investors, in order to improve corporate value. To this end, systems to promote dialogue with shareholders have been prepared, and Gurunavi actively sets up opportunities for dialogue with institutional investors and individual investors.

##### **Supplementary Principle 5-1 – 1**

The President and the relevant officers in charge, participate as appropriate when engaging in dialogue with shareholders and investors, in order to properly reflect the opinions, etc. of shareholders in management practice.

##### **Supplementary Principle 5-1 – 2**

(1) The President oversees all dialogue with shareholders.

- (2) The IR Group in charge of investor relations is established under the Corporate Planning Department, and frequently holds meetings, exchanges opinions and examines the contents when preparing disclosure materials in coordination with other departments related to accounting and finance, legal affairs, etc.
- (3) In addition to statutory disclosure and timely disclosure, Gurunavi implements active disclosure of information on Gurunavi group activities in order to contribute to constructive dialogue with shareholders and investors.  
Regarding approaches related to dialogue with institutional investors, Gurunavi deals with daily meetings with domestic and overseas institutional investors as well as holding briefing sessions, etc. covering matters such as overviews of Gurunavi group business strategies, performance and business status, and returns to shareholders, etc. To the fullest extent possible, the President and senior management members participate in direct dialogue with institutional investors, as opportunities for dialogue from long-term perspectives that look forward to improved corporate value facilitate the reflection of dialogue results in management practice.  
Regarding dialogue with individual investors, the company creates opportunities for dialogue that will serve to deepen understanding of Gurunavi group business content, by allocating ample time for questions after providing explanations on business report content and business strategies, etc. through video and slide presentations in General Shareholders Meetings, which provide valuable and important opportunities for dialogue.
- (4) The details of questions posed by institutional investors and their opinions, etc. are appropriately shared among senior management members, and applied in relation to future Gurunavi group management practice.
- (5) Gurunavi has established regulations related to information disclosure and the prevention of insider trading. Information disclosure is conducted promptly, fairly and accurately, with duty of confidentiality clearly stated in relation to important information, and Gurunavi implements regular educational sessions to ensure thorough compliance.

### Supplementary Principle 5-1 – 3

Gurunavi endeavors to identify shareholder ownership structure through the implementation of regular shareholder identification surveys, etc.

## 2. Capital Structure

Foreign stockholding ratio                      Less than 10%

### [Status of Major Shareholders]

Name/Company Name	Number of Shares Owned	Percentage (%)
Rakuten Group, Inc.	9,274,600	15.88
Hisao Taki	7,097,800	12.15
The Master Trust Bank of Japan, Ltd. (Trust account)	3,673,300	6.29
SMBCCP Investment Limited Partnership No. 1	3,400,000	5.82
SHIFT Inc.	2,257,300	3.87
Japan Traffic Culture Association	1,862,800	3.19
Akio Sugihara	1,271,883	2.18
Odakyu Electric Railway Co., Ltd.	1,128,500	1.93
Tokyo Metro Co., Ltd.	973,600	1.67
Hiroko Taki	847,000	1.45

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

### Supplementary Explanation

1. The above status of major shareholders is as of March 31, 2022.
2. Other than the above, there are 1,128,462 treasury stock shares. The above percentages have been calculated excluding treasury stock.

### 3. Corporate Attribute

Listed stock market and market section	Tokyo Stock Exchange/Prime Section
Fiscal year-end	March
Type of business	Services
Number of employees (consolidated) as of previous fiscal year-end	More than 1000
Net sales (consolidated) as of previous fiscal year-end	Over ¥10 billion and less than ¥100 billion
Number of consolidated subsidiaries as of previous fiscal year-end	Less than 10

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

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

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

### 1. Matters related to Organizational Composition and Operation, etc.

Organization Form	Company with Auditors
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#### **[Directors]**

Maximum number of directors stipulated in the Articles of Incorporation	15
Term of office of directors stipulated in the Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of directors	7
Status of appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Outside Directors designated as Independent Directors	3



### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Koichi Tsukihara	From another company								△			
Hidehiko Sato	Lawyer											
Hirohisa Fujiwara	From another company							○				
Kazunori Takeda	From another company							○	○			
Yui Ono	From another company							○	○			

\* Categories for “Relationship with the Company”

\* “○” when the director presently falls under 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 under or has recently fallen under the category, “▲” when a close relative of the director fell under the category in the past.

- Executive officer of a listed company or its subsidiary
- Executive officer or non-executive director of a listed company’s parent company
- Executive officer of a fellow subsidiary of a listed company
- A person whose major client or supplier is a listed company or is an executive officer thereof
- A person who is a major client or supplier of a listed company or an executive officer thereof
- Consultant, accounting or legal professional who receives a large amount of money or other property benefit other than executive officer’s remuneration
- A major shareholder of a listed company (if the relevant major shareholder is a legal entity, an executive officer of said legal entity)
- An executive officer of a client or supplier (not corresponding to d, e or f) of a listed company (himself/herself only)
- An executive officer of a company with which Outside Officers are mutually appointed (himself/herself only)
- An executive officer of a company that receives donations from a listed company (himself/herself only)
- Other

### Relationship with the Company (2)

Name	Independent Director	Supplementary explanation of the relationship	Reasons for appointment
Koichi Tsukihara	○	Within the past ten years, Koichi Tsukihara served as Representative Director of Sumitomo Mitsui Card Company, Limited. Transactions with the company relate to payment of electronic toll collection on expressways with an ETC card issued by the company, and are amounted to less than ¥10 million in a year. There is no impact on independence.	Koichi Tsukihara has been appointed as an outside director and at the same time designated as an independent outside director in order to utilize his abundance of experience and high-level insight as a business manager, in Gurunavi’s management practice, and for his potential to perform oversight functions from an independent standpoint as an outside director, without fear of any conflicts of interests with general shareholders.

Hidehiko Sato	○	—	Hidehiko Sato has experience as the Commissioner General of the National Police Agency and as a lawyer, and possesses specialist knowledge of legal matters. He has been appointed as an outside director and at the same time designated as an independent outside director, in order to utilize these attributes in Gurunavi's management practice from the perspectives of compliance and organizational operation, and for his potential to perform oversight functions from an independent standpoint as an outside director, without fear of any conflicts of interests with general shareholders.
Hirohisa Fujiwara	○	Hirohisa Fujiwara serves as Director and Managing Executive Officer of TOKYU CORPORATION. While there are currently transactions between Gurunavi and TOKYU CORPORATION corresponding to approximately ¥62 million in relation to the distribution of sales and operational expenses for the "LIVE JAPAN PERFECT GUIDE" tourism information services for overseas visitors, jointly operated by the two companies, there is no fear of any conflicts of interests with general shareholders, and no impact on independence.	Hirohisa Fujiwara has been appointed as an outside director and at the same time designated as an independent outside director, in order to utilize his experience and high-level insight, gained through his work in the proposal and promotion of financial strategies for the TOKYU CORPORATION, in Gurunavi's management practice, and for his potential to perform oversight functions from an independent standpoint as an outside director, without fear of any conflicts of interests with general shareholders.
Kazunori Takeda		Kazunori Takeda is currently engaged as an executive officer of Rakuten Group, Inc., Gurunavi's largest major shareholder. The two companies currently collaborate in relation to membership ID/points-services, sales of the products and services of the two companies, and the promotion of utilization, etc.	Kazunori Takeda has been appointed as an outside director in order to utilize his abundance of experience as a business manager and his high-level insight into consumer business, in Gurunavi's management practice.

Yui Ono		Yui Ono is currently engaged as an executive officer of Rakuten Group, Inc., Gurunavi's largest major shareholder. The two companies currently collaborate in relation to membership ID/points-services, sales of the products and services of the two companies, and the promotion of utilization, etc.	Yui Ono has been appointed as an outside director in order to utilize her high-level insight into e-commerce business including food-related business, in Gurunavi's management practice.
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Voluntary establishment of committee(s) corresponding to a nominating committee or a remuneration committee	Not established
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### [Audit & Supervisory Board Members]

Establishment of an Audit & Supervisory Board	Established
Maximum number of A&SBMs stipulated in the Articles of Incorporation	5
Number of A&SBMs	4

### Status of Cooperation between A&SBMs, Accounting Auditors, and Internal Audit Department

Along with regular meetings between A&SBMs, Accounting Auditors and the Audit Office concerning audit schedules, etc. information is exchanged as necessary to heighten cooperation.

Status of appointment of Outside A&SBMs	Appointed
Number of Outside A&SBMs	3
Number of Outside A&SBMs designated as Independent Directors	3

### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Taketeru Minaki	Lawyer														
Tadaaki Asanuma	From another company														
Yoshio Ishida	From another company										△				

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls under 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 under or has recently fallen under the category, "▲" when a close relative of the director fell under the category in the past.

a. Executive officer of a listed company or its subsidiary

b. Non-executive director or accounting advisor of a listed company or its subsidiaries

c. Executive officer or non-executive director of a listed company's parent company

d. Auditor of a listed company's parent company

e. Executive officer of a fellow subsidiary of a listed company

f. A person whose major client or supplier is a listed company or is an executive officer thereof

g. A person who is a major client or supplier of a listed company or an executive officer thereof

h. Consultant, accounting or legal professional who receives a large amount of money or other property benefit other than executive officer's remuneration

i. A major shareholder of a listed company (if the relevant major shareholder is a legal entity, an executive officer of said legal entity)

j. An executive officer of a client or supplier (not corresponding to f, g or h) of a listed company

(himself/herself only)

- k. An executive officer of a company with which Outside Officers are mutually appointed (himself/herself only)
- l. An executive officer of a company that receives donations from a listed company (himself/herself only)
- m. Other

#### Relationship with the Company (2)

Name	Independent Director	Supplementary explanation of the relationship	Reasons for appointment
Taketeru Minaki	○	—	Taketeru Minaki has been appointed as an outside A&SBM and at the same time designated as an independent outside A&SBM, in order to utilize his abundance of experience and broad insight as a lawyer in the strengthening of our audit structures as an outside A&SBM, and for his potential to oversee director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.
Tadaaki Asanuma	○	—	Tadaaki Asanuma possesses an abundance of experience and high-level insight as a business manager and also possesses extensive knowledge and experience in the field of tourism. He has been appointed as an outside A&SBM and at the same time designated as an independent outside A&SBM for his ability to offer expert advice and recommendations, and for his potential to oversee director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders. In the past, he served as an advisor to Gurunavi Research Institute, Inc. which is a subsidiary of the Company. The remuneration is below ¥ 10 million per year which is the Company's standard for independence, and we consider that there is no problem with independence.

Yoshio Ishida	○	Within the past ten years, Yoshio Ishida served as Vice Chairman and Director of East Japan Railway Company. While transactions with East Japan Railway Company relate to the personnel expenses for seconded employees, promotion business and the payment of Suica e-money system usage fees, total transaction amounts are as small as less than ¥10 million annually, and consequently, there is no impact on independence.	Yoshio Ishida possesses an abundance of experience and high-level insight as a business manager and also possesses extensive knowledge and experience in the field of the public transportation industry. He has been appointed as an outside A&SBM and at the same time designated as an independent outside A&SBM for his ability to offer expert advice and recommendations, and for his potential to oversee director's business execution from an independent standpoint without fear of any conflicts of interests with general shareholders.
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**[Independent Directors/A&SBMs]**

Number of Independent Directors/A&SBMs	6
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**Other matters relating to Independent Directors/A&SBMs**

All persons meeting the requirements for independent directors/A&SBMs have been designated as independent directors/A&SBMs.

**[Incentives]**

Status of implementation of incentive policies for directors	Performance-linked Remuneration, Other
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**Supplementary explanation for relevant items**

The remuneration of the Company's directors consists of "fixed basic remuneration," "short-term incentives" which are performance-linked remuneration, and "medium- to long-term incentives" which are stock-based remuneration, and details regarding the incentives are as follows.

- Short-term incentives are paid in cash once a year as an annual bonus to the executive directors of the Company. In determining the amount to be paid, the forecast figures for consolidated net profit published in the Summary of Financial Results are used as the basic index, since it is the most appropriate measure of the contribution to the Company's performance in each fiscal year, and determines the amount by taking into consideration and evaluating the director's position and the business performance/results of the business areas under said director's charge. In addition, depending on the company's performance in each fiscal year, the payment may not be made.
- As a "medium- to long-term incentives," a restricted stock compensation plan to the company's directors including outside directors (hereinafter, "applicable directors") is adopted with the objective of awarding of incentives aiming for the realization of mid- to long-term improvements in the company's business performance and increased corporate value and promoting further shared value with applicable directors and shareholders. The amount and number of shares to be granted shall be determined in consideration of the responsibilities of each applicable director, etc., and in comprehensive consideration of various performance indicators of the Company for each fiscal year and other qualitative factors, and shall be granted once a year during the term of office.

Recipients of Stock Options	Internal directors, employees of the Company
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**Supplementary explanation for relevant items**

Stock options have been granted to the directors and employees of the Company for the purpose of increasing the motivation for improving the business performance and increasing corporate value of the Company.

In 2018, the Company reviewed the executive compensation system and introduced a restricted stock compensation plan in place of the compensation for stock acquisition rights as a stock option for its directors. Since then, the Company has not issued any stock acquisition rights as a stock option to directors.

### [Director Remuneration]

Status of disclosure of individual directors' remuneration	No individual disclosure
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### Supplementary explanation for relevant items

Total amounts for each are disclosed separately for Directors and Outside Officers.

Existence of policy determining remuneration amounts and calculation method	Yes
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### Disclosure of policy on determining remuneration amounts and calculation method

#### 1. Amount of remuneration

The amount of remuneration, etc. for the fiscal year ending March 31, 2022 is as follows;

<Directors>

- Number of eligible officers: Five
- Total amount of remuneration: 168,894 thousand yen
- Total amount of remuneration by type:
  - Fixed basic remuneration: 142,008 thousand yen
  - Performance-linked remuneration: —
  - Stock-based remuneration: 26,886 thousand yen

<Outside directors of the above>

- Number of eligible officers: Three
- Total amount of remuneration: 18,000 thousand yen
- Total amount of remuneration by type:
  - Fixed basic remuneration: 18,000 thousand yen
  - Performance-linked remuneration: —
  - Stock-based remuneration: —

The number of directors as of the end of the fiscal year ended March 31, 2022 was seven, and the difference from the number of persons to be paid above is due to the existence of two directors who are not paid.

#### 2. Policy on determining the calculation method

##### (1) Basic policy

The remuneration, etc. of the Company's directors (hereinafter, the "Remuneration") shall be determined through objective procedures based on the basic policy rewarding contributions in accordance with the roles and responsibilities required of each director in light of the economic environment and market standards, on the premise that it will contribute to the acquisition of human resources who can put the corporate philosophy into practice and realize the enhancement of corporate value.

##### (2) Remuneration system and policy on determining the amount

The remuneration of the Company's directors consists of "fixed basic remuneration," "short-term incentives" which are performance-linked remuneration, and "medium- to long-term incentives" which are stock-based remuneration, and details regarding the incentives are as follows.

- Fixed basic remuneration is paid monthly in cash to each director in a fixed amount based on their responsibilities and other factors.
- Short-term incentives are paid in cash once a year as an annual bonus to the executive directors of the Company. In determining the amount to be paid, the forecast figures for consolidated net profit published in the Summary of Financial Results are used as the basic index, since it is the most appropriate measure of the contribution to the Company's performance in each fiscal year, and determines the amount by taking into consideration and

evaluating the director's position and the business performance/results of the business areas under said director's charge. In addition, depending on the company's performance in each fiscal year, the payment may not be made.

- As a "medium- to long-term incentives," a restricted stock compensation plan to the company's directors including outside directors (hereinafter, "applicable directors") is adopted with the objective of awarding of incentives aiming for the realization of mid- to long-term improvements in the company's business performance and increased corporate value and promoting further shared value with applicable directors and shareholders. The amount and number of shares to be granted shall be determined in consideration of the responsibilities of each applicable director, etc., and in comprehensive consideration of various performance indicators of the Company for each fiscal year and other qualitative factors, and shall be granted once a year during the term of office.

(3) Policy on the Composition of Remuneration

The ratio of fixed basic remuneration and medium- to long-term incentives shall be set at approximately 6:4 for executive directors. In the event that an annual bonus is paid, it shall be paid at a level that does not exceed the amount of the medium- to long-term incentive.

For directors who are not executive directors, from the perspective of expectations for opinions and suggestions from an objective standpoint and the exercise of appropriate supervisory functions, the Company shall basically pay only fixed base remuneration, but shall consider and determine the payment of medium- to long-term incentives as necessary.

(4) Policy on decision-making process

The President and Representative Director, who has been entrusted by the Board of Directors with the entire decision on the content of each Director's remuneration, shall decide the remuneration within the scope of the total amount resolved at the General Meeting of Shareholders, after hearing the opinions of Outside Directors.

**[Support System for Outside Directors/A&SBMs]**

In relation to outside directors and outside A&SBMs, Gurunavi guarantees opportunities to attend important meetings, and has established systems to support information-gathering activities.

This allows oversight or audit related information of outside directors or outside A&SBMs, internal audit related information, accounting audit related information and information related to internal control departments to be shared between outside directors, outside A&SBMs, accounting auditors and departments which are engaged in internal controls, with the aim of enabling the effective use of such information by all parties.

**[Status of Persons who have Resigned from Positions such as Representative Directors and Presidents, etc.]**

**Names, etc. of former Representative Director & Presidents, etc. currently serving as consultants or advisors, etc.**

Name	Position / Rank	Responsibilities	Working Arrangement/ Conditions (full-time, part-time, payment of remuneration, etc.)	Date of Resignation	Term of Office
—	—	—	—	—	—

Total number of former Representative Directors and Presidents, etc. currently serving as consultants/advisors, etc.	0
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**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

1. Status of business management organization and other systems related to decision-making execution, and oversight by Gurunavi

<Board of Directors>

- The Board of Directors is comprised of seven directors, including the representative director. Of these, five are outside directors, and the Board is comprised of six men and one woman.
- In principle, a meeting of the Board of Directors is convened once a month to make decisions on

important management related matters and supervise business executions.

<Audit & Supervisory Board>

- The Audit & Supervisory Board is comprised of four A&SBMs including one full-time A&SBM. Of these, three are outside A&SBMs, and the Board is comprised of four men.
- Each A&SBM attends important meetings including meetings of the Board of Directors, as well as the Audit & Supervisory Board meetings which are in principle convened once a month, and implements audits of the status of each director's execution of duties.
- Attributes such as ability, experience, character and insight, etc. are considered in the appointment/dismissal of senior management and the appointment of director candidates, to reach a comprehensive judgment on whether an individual possesses a full understanding of Gurunavi's corporate philosophy and the ability to put said philosophy into practice. In addition, as the core business of Gurunavi is food, a woman's perspective is important, and the appointment of female directors is also progressing. In view of roles such as management oversight and oversight functions, the selection of outside directors/A&SBMs involves the comprehensive consideration of attributes such as company management experience and specialist expertise, etc.
- In the event that a member of senior management commits an act of misconduct, undertakes actions that harm the company's reputation, or is deemed unsuitable for a senior management position, said individual shall be dismissed by resolution of the Board of Directors.
- Basic policies and procedures related to remuneration for directors are given under [Director Remuneration] in "II Status of Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management – 1. Matters related to Organizational Composition and Operation, etc." in this document.

<Executive Officer System>

- Gurunavi reinforces governance structures by introducing an executive officer system to separate oversight functions by the Board of Directors and business execution functions undertaken by executive officers.
- Twelve executive officers, eleven male and one female, are appointed from employees.

<Executive Committee>

- In accordance with the basic policies determined by resolution of the Board of Directors, the Executive Committee is set up to deliberate on important issues related to management and exercise general controls over business execution.
- The Executive Committee is comprised of the President & Representative Director and executive officers, and the meetings of the Executive Committee are held regularly with the attendance of the full-time A&SBM.

<Compliance & Risk Management Committee>

- Gurunavi establishes the Compliance & Risk Management Committee, which deliberates on important issues of compliance and reports the results to the Board of Directors.

<Internal Audit>

- Gurunavi's Audit Department, comprised of four officers, is in charge of internal audits.

<Accounting Audit>

- Name of audit corporation: KPMG AZSA LLC
- Continuous audit period: 23 years
- CPA performing audit: Kentaro Mikuriya, Auditing Accountant of designated LLC  
Yoshiaki Takeda, Auditing Accountant of designated LLC
- Composition of assistants related to auditing duties: seven CPAs, six other officers

2. Status of approaches to reinforce the functions of A&SBMs

Gurunavi aims to heighten audit effectiveness and reinforce the functions of A&SBMs by enhancing opportunities to gather business related information through A&SBMs' attendance in meetings such as the Executive Committee (convened on a regular basis), which serve as platforms for deliberation on important management related matters.

3. Status of execution of limited liability agreements

- In accordance with the provisions set forth in Article 426-1 of the Companies Act, Gurunavi has



set forth provisions in the Articles of Incorporation allowing directors (including former directors) and A&SBMs (including former A&SBMs) to be exempted from liability for damages due to neglect of duties, within the scope allowed by applicable laws and regulations, through a resolution of the Board of Directors, in order to enable directors and A&SBMs to fully perform the roles expected of them.

- In accordance with the provisions set forth in the Articles of Incorporation and Article 427- 1 of the Companies Act, Gurunavi and its directors (excluding those who are executive directors), and its A&SBMs have, in relation to cases that correspond to the requirements of laws and regulations, executed agreements that limit liability for damages as stipulated in Article 423-1 of said Act. The amount of liability under said agreements is the total of amounts stipulated by laws and regulations.
- In addition, the Company has executed an agreement with KPMG AZSA LLC in relation to audits conducted in accordance with the Companies Act and the Financial Instruments and Exchange Act. At the same time, an agreement that limits liability stipulated in Article 423- 1 of the Companies Act was executed in accordance with the provisions set forth in the Articles of Incorporation and Article 427-1 of said Act. Furthermore, the amount of liability under said agreement is set at ¥86 million or the amount determined under applicable laws and regulations, whichever is the higher.

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

With the addition to Gurunavi's senior management of the current President & Representative Director, appointed from a major shareholder and the current Chairman and Director, a major shareholder, the company endeavors to improve corporate value through the implementation of management practice that applies its corporate philosophies with the perspectives of shareholders taken into consideration. We believe that, depending on the approaches taken to improve corporate value, the interests of general shareholders are also protected. However, from the perspective of general shareholders, there is a possibility that concerns may arise over damage to general shareholders' interests due to a bias towards major shareholders' interests. Consequently, in order to eliminate such concerns, the outside A&SBMs who comprise Gurunavi's Audit & Supervisory Board are in principle, independent outside A&SBMs, and along with this, three independent directors, who are outside directors, are appointed to the Board in order to impose controls on business execution in general from a background of exercise of voting rights at meetings of the Board of Directors and oversight validity, thereby fully protecting the interests of general shareholders.

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

### **1. Measures to ensure General Shareholders Meetings and Smooth Exercise of Voting Rights**

	Supplementary Explanation
Early notification of General Shareholders Meetings	Notification is sent in advance of the date stipulated by law.
Scheduling GSMs avoiding the peak day	To allow many shareholders to attend, Gurunavi avoids holding GSMs on peak days.
Allowing electronic exercise of voting rights	Shareholders can exercise voting rights electronically via the internet by accessing the "e-vote" exercise of voting rights website specified by Gurunavi, operated by IR Japan, Inc., using PCs, smartphones or mobile phones.
Participation in electronic voting platforms and other approaches to improving environments for institutional investors to exercise their voting rights	In cases where advance applications are received for the utilization of the electronic voting platform for institutional investors operated by ICJ Inc., said platform can be used as a means of exercising voting rights in the company's General Shareholders Meeting.
Providing convocation notice (summary) in English	An English language convocation notice will be prepared and posted on our website and on the electronic voting platform for institutional investors.

Other	<ul style="list-style-type: none"> <li>- The convocation notice of the General Shareholders Meeting will be disclosed on our website as well as stock exchanges.</li> <li>- Immediately after the General Shareholders Meeting, a movie explaining the business report given in the General Shareholders Meeting will be usually posted on our website for general distribution.</li> </ul>
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## 2. Status of IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and publication of disclosure policy	The disclosure policy is published on the company's website. <a href="https://corporate.gnavi.co.jp/en/ir/management/disclosure.html">https://corporate.gnavi.co.jp/en/ir/management/disclosure.html</a>	
Regular investor briefings for analysts and institutional investors	Quarterly financial results briefings are held four times a year. Presentation materials are posted on the company website. In addition, a video of the presentation at the briefings are also provided on the company website for a certain period for general distribution.	Yes
Posting of IR materials on the website	Information such as the summary of financial results, timely disclosure documents, IR calendar, and content for individual investors, etc. is posted on the website.	
Establishment of department (personnel) in charge of investor relations	The IR Group established under the Corporate Planning Department is in charge.	

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

	Supplementary Explanation
Stipulation of internal rules for respecting the position of stakeholders	Details are stipulated in the corporate philosophy and compliance guidelines in order to earn the trust of the people involved with Gurunavi and to fulfil social responsibilities.

## IV. Matters related to the Internal Control System

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

#### A. Basic views

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, Gurunavi is developing the system outlined below (hereinafter, "internal controls") to ensure the propriety of business conducted by Gurunavi and its subsidiaries.

1. A system that ensures that the execution of duties undertaken by the directors, the personnel who execute the business (hereinafter, "directors, etc.") and employees of the company and its subsidiaries comply with laws and Articles of Incorporation.
  - (1) Gurunavi has established basic policies related to compliance for the Gurunavi group, and through repeated transmission of the spirit of these basic policies by the President & Representative Director to all Gurunavi group companies, their directors and employees, Gurunavi has thoroughly

entrenched compliance with laws and its Articles of Incorporation and compliance with social ethics as the prerequisites for corporate activities.

- (2) Gurunavi has appointed an officer in charge of compliance & risk management and has also established the Compliance & Risk Management department, which works to develop compliance structures and an understanding of issues for the whole Gurunavi group.

In addition, a Compliance & Risk Management Committee has been set up with the President & Representative Director as the committee chairman and the officer in charge of compliance & risk management as the vice-chairman. This committee deliberates on important issues of compliance and reports the results to the Board of Directors.

- (3) Gurunavi has established a system whereby all Gurunavi group directors and employees can immediately forward reports to the Compliance & Risk Management department when they encounter a compliance related issue.

Gurunavi has established Compliance Consultation Desk Operation Rules, and has established a consultation desk that allows all Gurunavi group personnel to report directly to the Compliance & Risk Management Department or an external agency.

Upon receiving a report or notification, the Compliance & Risk Management department examines the details, and following discussions concerning the prevention of recurrence with the department in charge, makes decisions on the issue and implements measures to prevent recurrence across the whole Gurunavi group.

- (4) Gurunavi has set forth, "Gurunavi will not have any relations whatsoever with antisocial forces" within the basic policy for compliance, and based on this policy, Gurunavi group uphold the severance of ties with antisocial forces that threaten the order and safety of civil society, and stands resolutely against unreasonable demands, etc.
- (5) Gurunavi has established an internal control reporting system in order to ensure the reliability of financial reports created in accordance with the Financial Instruments and Exchange Act, and this system is operated and evaluated.
- (6) For the executives and personnel of the Gurunavi group, training sessions related to compliance with laws, etc. are conducted more than once a year by Gurunavi's personnel in charge of compliance, with the aim of entrenching thorough compliance awareness.
- (7) In accordance with audit plans based on its Internal Audit Rules and its Affiliate Management Rules, internal audit departments implement internal audits of Gurunavi's subsidiaries.

## 2. Systems for the storage and management of information concerning execution of duties by directors of the company

- (1) Gurunavi has established Management Rules of Management Information for information concerning the execution of duties by Directors.

- (2) The following documents (including electronic records), together with related materials, shall be stored and managed appropriately in accordance with the Management Rules of Management Information.

- Minutes of General Shareholders Meetings
- Minutes of meetings of the Board of Directors
- Financial statements
- Annexed detailed statements of financial statements
- Managerial approval documents
- Other documents and reports, etc. specified by the President & Representative Director

## 3. Rules and other systems for managing risk of loss concerning of the company and its subsidiaries

- (1) The officer in charge of compliance & risk management, appointed in accordance with the aforementioned 1 (2), establishes the basic risk management rules for the whole Gurunavi group. These rules determine the responsible department for each risk category, provide comprehensive/overall risk management for the whole Gurunavi group, and clarify the risk management system.

- (2) The Compliance & Risk Management department, established in accordance with the aforementioned 1 (2), oversees risk management related affairs for the whole Gurunavi group.

- (3) Gurunavi's internal audit department undertakes internal audits on status of risk management across the whole Gurunavi group.

- (4) The Compliance & Risk Management Committee, established in accordance with the aforementioned 1 (2), deliberates on important risk management issues, and on receiving the results of the aforementioned internal audits, conducts reviews on the progress status of risk management across the whole Gurunavi group.
- (5) In preparation for the occurrence of unforeseen circumstances or crises, Gurunavi has defined Basic Crisis Management Rules and Large-scale Disaster Response Procedures for the whole Gurunavi group, and ensured that these rules and procedures are widely disseminated among the directors and employees of each company in the Gurunavi group.

4. Systems to ensure the effective execution of duties by the directors of the company and its subsidiaries

In accordance with scale or circumstances, etc. each Gurunavi group company uses the following management control systems, as necessary, in order to improve the effectiveness of execution of duties by its directors, etc.

- 1) Formulation of rules on decision-making such as Rules on Official Authority, Rules on Division of Duties, Rules for Managerial Approval, etc.
- 2) Establishment of an Executive Committee comprised of the President & Representative Director, and other executive officers.
- 3) Setting of budgets and implementation of monthly and quarterly performance management by the Boards of Directors of each Gurunavi group company.
- 4) Implementation of monthly performance reviews and measures for improvement by the Boards of Directors of each Gurunavi group company.

5. System for ensuring appropriate conduct of business within the corporate group consisting of the company and its subsidiaries

- (1) With the aim of establishing internal controls for the whole Gurunavi group, the Gurunavi group has designated the Gurunavi Compliance & Risk Management department as the department responsible for the internal controls for the whole Gurunavi group, and have established systems that include discussion on internal controls, information sharing, and systems that enable the efficient transmission of instructions and requests, etc. between Gurunavi and its subsidiaries.
- (2) Gurunavi's directors and the presidents of Gurunavi's subsidiaries bear the responsibility and authority concerning the establishment and operation of internal controls that ensure the propriety of operations in each department.
- (3) Gurunavi's internal audit department implements internal audits for each Gurunavi group company. The results are reported to the Compliance & Risk Management department and the officer in charge of compliance & risk management, and where necessary, the Compliance & Risk Management department provides guidance on measures to improve internal controls, and support and advice on the implementation of such measures, to Gurunavi's directors and the presidents of its subsidiaries.
- (4) The directors, etc. of Gurunavi's subsidiaries report to Gurunavi without delay on matters concerning the subsidiary's acquisition of Gurunavi's prior approval in relation to important matters, and the subsidiary's operating results, financial status and other important information, as defined under Gurunavi Affiliate Management Rules.

6. Matters regarding employees in cases where the company's A&SBMs request the placement of employees to assist in their duties, and matters regarding the independence of such employees from the directors of the company, and matters regarding ensuring the issuance of effective instructions to such employees by the company's A&SBMs.

- (1) Gurunavi has established an Audit & Supervisory Board Secretariat to assist in the duties of the A&SBMs and the Audit & Supervisory Board. Personnel attached to this secretariat provide assistance under the sole instruction of the A&SBMs and the Audit & Supervisory Board.
- (2) When A&SBMs/Audit & Supervisory Board requires assistance in their duties, they may designate personnel attached to the Audit Department to serve as assistants to undertake duties in relation to a specific audit for a fixed period. (hereinafter, "Audit Assistant," including personnel specified in (1))
- (3) Gurunavi's directors shall instruct the Audit Assistant to follow the orders issued by A&SBMs/Audit & Supervisory Board and must give due consideration to the other tasks of said

Audit Assistant, in order to enable the assistant to execute assigned duties.

- (4) Regarding matters related to the employment terms of the Audit Assistant, such as dismissal, transfer, evaluation, pay and other remuneration, etc. Gurunavi's directors must first consult the Audit & Supervisory Board or the A&SBM responsible for designating the individual an Audit Assistant.
  - (5) Gurunavi's directors shall define the specific operational details for (1) through (4) following discussion with the Audit & Supervisory Board, and shall be required to announce such details together with the details of each item, within Gurunavi.
7. Systems for directors, etc. and employees of the company and its subsidiaries to report to the Audit & Supervisory Board, and other systems related to reporting to the Audit & Supervisory Board
- (1) In accordance with rules related to reporting to the Audit & Supervisory Board, the directors of Gurunavi report the following matters, etc. related to the Gurunavi group etc. to the Audit & Supervisory Board. However, such reports may be omitted for meetings attended by the full-time A&SBM(s) or an A&SBM designated by the full-time A&SBM.
    - 1) Important matters deliberated by the Executive Committee
    - 2) Matters that may cause significant damage to the Company
    - 3) Important matters related to internal audits
    - 4) Matters related to serious violations of laws and its Articles of Incorporation
    - 5) Other important matters related to compliance & risk management
  - (2) If the executive officers/personnel of each Gurunavi group company discover any important facts related to items 2), 4) and 5) in above (1), they may report the matter to the A&SBM directly or via the compliance & risk management related consultation desk in 1. (3).
  - (3) Persons receiving reports from the directors, A&SBMs, executive officers or personnel who execute the business of Gurunavi's subsidiaries, concerning matters corresponding to items 2), 3), 4) or 5) in above (1) that have occurred in their companies, must report the details to the A&SBMs or the Audit & Supervisory Board.
  - (4) To ensure that personnel tendering a report pursuant to above (2) or (3) are not subsequently treated in a disadvantageous manner due to said report, measures to protect the reporting party will be implemented in accordance with Compliance Consultation Desk Operation Rules.
8. Matters regarding policies for procedures for the advance payment or reimbursement of expenses arising from the execution of duties of the A&SBMs and the handling of other expenses or obligations incurred through the execution of such duties.
- (1) When an A&SBM submits a request to Gurunavi for advance payment of expenses in relation to the execution of duties, in accordance with Article 388 of the Companies Act, Gurunavi shall immediately process the relevant expenses or obligations, except in cases where Gurunavi deems the expenses or obligations related to said request to be unnecessary for the execution of duties by said A&SBM.
  - (2) When the A&SBM seeks to independently appoint an external expert (lawyer, certified public accountant, etc.) as an advisor, Gurunavi shall bear the expenses, except in cases where Gurunavi deems such appointment unnecessary for the execution of duties by said A&SBM.
9. Other systems to ensure the effective implementation of audits by the A&SBMs
- (1) A&SBM(s) conduct regular exchanges of opinions with the President & Representative Director along with the Audit Department's internal audit reports. In addition, forums for regular discussions with the officer in charge of compliance & risk management are arranged in order to achieve mutual understanding and to confirm that there are no omissions in reports, etc. submitted to the Audit & Supervisory Board.
  - (2) A&SBM(s) attend the Compliance & Risk Management Committee in order to reflect opinions from an audit perspective.
- B. Development status
1. As given in "A. Basic views" above.
  2. Other specific development status items
    - (1) Establishing compliance guidelines

Gurunavi has established compliance guidelines in order to earn the trust of the people involved with Gurunavi and to fulfil its social responsibilities.

(2) Establishment of consultation desks

Internal and external compliance consultation desks have been established, allowing personnel to report directly when any issues are discovered. Furthermore, upon receiving a report or notification, the Compliance & Risk Management department examines the details, and following discussions concerning the prevention of recurrence with the department in charge, makes decisions on the issue and implements companywide measures to prevent recurrence. In a similar manner, an external Sexual Harassment Consultation Desk has been established.

Furthermore, Consultation Desk Usage Guides have been posted on groupware, and personnel are educated in the appropriate use of these consultation desks.

Reference: Please see “Organizational diagram” at the end of this document.

## **2. Basic Views on Eliminating Antisocial Forces and Status of Development**

### **1. Basic views on eliminating antisocial forces**

Gurunavi has set forth specific items as compliance guidelines in order to fulfil its social responsibilities when undertaking corporate activities. These include a declaration by Gurunavi stating, “Gurunavi will not have any relations whatsoever with antisocial forces,” with which Gurunavi upholds the severance of ties with antisocial forces that threaten the order and safety of civil society, and stands resolutely against unreasonable demands, etc.

### **2. Status of development towards eliminating antisocial forces**

As shown below, Gurunavi has adopted systems that do not yield to unreasonable demands by antisocial forces, and that eliminate antisocial forces.

(1) Establishment status of a General Response department and appointment of officers in charge of responses

Gurunavi has adopted a system of not yielding to unreasonable demands by antisocial forces, by designating the General Affairs Section as the General Response department, appointing officers in charge of responses, and by holding discussions with the Compliance & Risk Management department as necessary, when undertaking responses.

(2) Status of cooperation with specialized external agencies

Gurunavi has established a system whereby, in the unlikely event of an unreasonable intervention by antisocial forces, either direct or indirect, such as unreasonable demands, etc. Gurunavi will respond appropriately by cooperating with the relevant government agencies such as the police, and corporate attorneys.

(3) Status of information gathering/management in relation to antisocial forces

The General Affairs Section and the Compliance & Risk Management department gather/manage information from related external agencies, etc. and use these materials to confirm the identity of antisocial forces.

(4) Status of response manual development

With the declaration in the compliance guidelines on the severance of any relations with antisocial forces, Gurunavi established Antisocial Force Countermeasure Rules that set forth specific responses for when an unreasonable demand, etc. by antisocial forces actually occurs.

(5) Status of training activity implementation

Compliance guidelines are posted on the Company’s website to enable all executive officers and all personnel to maintain a constant awareness of the guidelines. Moreover, compliance training is implemented on joining the company and at regular intervals, and educational activities on the elimination of antisocial forces are conducted.

(6) Checks on business partners

To ensure that antisocial forces cannot become business partners, investigations into relations with antisocial forces are always implemented prior to any new transactions.

## **V. Other**

### **1. Adoption of Anti-takeover Measures**

Adoption of anti-takeover measures	Not adopted
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#### **Supplementary explanation for relevant items**

No items concerning anti-takeover have been set forth.

### **2. Other Matters concerning the Corporate Governance System**

The status of internal systems for the timely disclosure of Gurunavi's information is as follows.

#### **1. Basic policy on timely disclosure**

Gurunavi strictly adheres to laws such as the Companies Act and the Financial Instruments and Exchange Act, etc. and disclosure related regulations set forth by stock exchanges, and constantly upholds a basic policy of conducting prompt, accurate and fair disclosure of company information from the perspective of investors.

#### **2. Internal controls on timely disclosure**

Regarding internal controls for timely disclosure, with the basic policy in mind, Corporate Division Manager is designated as the officer in charge of information handling, and the IR Group is designated as the department in charge. The examination meeting is set up for the purpose of confirming laws and regulations concerning disclosure of company information, examining disclosure policies, and confirming the accuracy of disclosed materials.

#### **3. Timely disclosure procedures**

##### **(1) Information on important decisions**

Regarding decisions made by Gurunavi and its subsidiaries, the Corporate Planning Department undertakes checks and reviews to ascertain the presence of any important matters subject to timely disclosure or any conditions corresponding to immateriality standards. Where disclosure is necessary, disclosure materials are prepared by the Corporate Planning Department, and upon approval by the officer in charge of information handling and the President & Representative Director, said materials are disclosed immediately after decisions on such matters have been passed.

##### **(2) Information on important occurrences**

Officers in charge of each department immediately report the details of occurrences in Gurunavi and its subsidiaries to the Corporate Planning Department. Upon receiving such reports, the Corporate Planning Department submits a report on the occurrence to the officer in charge of information handling, and at the same time, conducts checks and reviews to ascertain the presence of any important matters subject to timely disclosure or any conditions corresponding to immateriality standards. Where disclosure is necessary, disclosure materials are prepared by the IR Group, and immediately disclosed upon approval by the officer in charge of information handling and the President & Representative Director.

##### **(3) Information on settlements**

Regarding information on financial statements, information gathered from each company within the Gurunavi Group is used as the basis upon which related departments work together to prepare disclosure materials under the supervision of the Accounting and Finance Group of the Administration Department, and after careful examination of contents by the examination meeting, these materials are immediately disclosed upon approval by the officer in charge of information handling and the President & Representative Director.

#### **4. Timely disclosure method**

Company information to be disclosed is immediately disclosed via TDnet and EDINET, with disclosure materials also distributed to news media. In addition, Gurunavi also endeavors to provide prompt, accurate, and fair information to shareholders and investors, etc. by posting published company information on the Gurunavi website, etc.

**Directors' Skills Matrix (as of June 2022)**

	Hisao Taki	Akio Sugihara	Koichi Tsukihara	Hidehiko Sato	Hirohisa Fujiwara	Kazunori Takeda	Yui Ono
Management	○	○	○		○	○	
Finance/ Accounting			○		○		
Admin./Public Investment	○			○			
Marketing/Sales	○	○				○	○
Legal/Risk Management			○	○			
HR Development/ Recruitment/Labor		○	○				
Technology system		○	○		○		
Internationality/ Diversity	○				○	○	○

**Reference: Organizational Diagram**

Last update: June 23, 2022

