

Our corporate governance is as detailed below.

### Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information

#### 1. Basic Approach Updated

(Purpose of our Group Activities and our Corporate Governance System)

1. The purpose of our Group's business activities is to increase our corporate value and common shareholder interests through sustainable growth, which we achieve by outlining basic management policies and strategies based on our Group Corporate Philosophy that the executives and employees of all our Group companies work as one to implement. Through our success at achieving sustainable growth, we are able to contribute to industry development in Japan and overseas, and make contributions towards a more prosperous society.
2. As a holding company, we oversee strategic planning and operations management functions for the entire Group to ensure that our Group appropriately fulfills our social responsibilities. Furthermore, as a listed company, we have established a corporate governance system centered on our Board of Directors to fulfill our responsibilities to shareholders by ensuring self-discipline and accountability in relation to the management of Group operations.

(Basic Approach to Corporate Governance)

The Company shall continuously endeavor to enhance and strengthen corporate governance based on the following recognition

- Corporate governance is the foundation for the realization of the Group's management philosophy, sustainable growth, and medium- to long-term enhancement of corporate value.
- Corporate governance is essential to earn the trust of all stakeholders, including shareholders, investors, local communities, business partners, and employees, and to ensure the fairness and transparency of the Company's decision-making.

#### 1. Relationship with Shareholders

- Treat each shareholder with equality based on each shareholder's equity stake, and shall not provide any special benefits, including profits from assets, to any particular shareholder.
- Set up an environment in which the will of shareholders is reflected to the maximum extent possible in the General Meeting of Shareholders, the highest decision-making body of the Company.
- From the perspective of shareholders, investors, and other stakeholders, proactively disclose not only financial information, but also non-financial information including initiatives to address sustainability issues, investments in human capital and intellectual property, and other information.
- Conduct investor relations activities proactively based on the belief that constructive dialogue with investors, including shareholders, will contribute to the Company's sustainable growth and enhancement of corporate value over the medium to long term.

#### 2. Corporate Governance System

- The Company adopts a company with Audit & Supervisory Committee system under the Companies Act in order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to Executive Directors, and to facilitate strategic and in-depth discussions at the Board of Directors meetings.
- The Company establishes and utilizes the Nomination and Compensation Committee to obtain appropriate involvement and advice from Outside Directors with respect to nomination and compensation of the Company's Directors and senior management of the Group, and further enhance the governance function by strengthening objectivity and accountability in such nomination and compensation decisions.
- The Company adopts an executive officer system that allocates executive authority and responsibility for day-to-day business execution to Executive Officers in order to ensure flexible and efficient business operations.
- The Company has and regularly holds the Independent Officer Committee by the Chief Independent Outside Director for the purpose of enabling Independent Outside Directors to gather information on the agenda of the Board of Directors and other matters related to the management of the Group, and to exchange opinions and share awareness among Independent Outside Directors.
- The Board of Directors of the Company monitors the effective operation of the internal control system in accordance with the Basic Policy on Internal Control System established by a resolution of the Board of Directors, and ensures appropriateness of business execution of the entire Group.

The Group's basic approach to corporate governance is outlined in the TechnoPro Group's "Corporate Governance Guidelines," which can be reviewed on our website.

<https://www.technoproholdings.com/en/ir/governance/guideline.html>

In this report, the Company's subsidiaries are referred to as the "Group Companies." The Company and the Group Companies are collectively referred to as "we," the "TechnoPro Group" or the "Group."

#### [Reasons for not implementing the principles of the Corporate Governance Code] Updated

This report is based on the Corporate Governance Code as revised in June 2021.

The Company's basic policy is to comply with all the principles of the Corporate Governance Code. If the Company does not implement

or is considering implementing any of the principles, the Company shall explain the reasons and direction of such implementation to its shareholders and other stakeholders.

**[Disclosure in accordance with the principles of the Corporate Governance Code]** Updated

**[Principle 1-4 Interlocking Shareholding]**

The basic policy of the Company and its group companies is to not engage in pure investments. Investments in companies other than consolidated subsidiaries, including cross-shareholdings, are limited to the purposes of creating business opportunities and building and reinforcing collaborative relationships. The Group engages in such investments in accordance with the following policy.

1. Investment Decisions

- Decisions on new investments are based on their contribution to increases in the TechnoPro Group's corporate value, for the purpose of holding and from the perspective of medium- to long-term economic rationality.

2. Monitoring

- During the period in which it holds investments, the Group shall conduct periodic assessments with respect to whether the purpose of holding is being fit as well as the rationality and necessity of holding the investments from multiple perspectives, such as changes in economic advantages and disadvantages (benefits and risks) observed after acquisition, mainly factoring in capital costs. Based on these assessments, the Group shall examine annually whether or not it is appropriate to continue holding investments at meetings of the Board of Directors. In particular, the Company shall disclose the results of relevant examinations in a timely fashion.
- If, as a result of the above verification, it is not appropriate to continue to hold the shares, the Company will dispose of or reduce the number of such shares, etc.

3. Exercise of Voting Rights

- In exercising its voting rights, in principle the Group decides whether to vote for or against proposals based on whether such proposals are in line with the Group's investment purposes and whether they enhance the corporate value of the investee, rather than abstaining from voting or giving the investee carte blanche.

The Company shall periodically shall examine the terms and conditions for transactions with shareholders that own the Company's stock for strategical reasons (owners of cross-held shares), from the standpoint of economic rationality, and strive to secure mutual profits for the Company and shareholders. Revisions to the terms and conditions shall not be implemented for purposes such as preventing the owners of cross-held shares from selling the Company's stock.

**[Principle 1-7 Related Party Transactions]**

To protect shareholder interests, we work to prevent Group executives and employees from using their position to conduct transactions that are counter to the interests of the Group and our shareholders.

When a Director engages in a competing transaction or a conflict of interest transaction, or when the Company engages in a transaction with a related party such as its executives or major shareholders, the Company shall obtain the approval of the Board of Directors after confirming that the transaction will not damage value for the Group and its shareholders based on the rationality of the transaction and the appropriateness of the terms of the transaction. Conflict of interest transactions by Directors (excluding those who are Audit & Supervisory Committee Members) shall be approved by the Audit & Supervisory Committee prior to approval by the Board of Directors.

Specifically, the following procedures are outlined in and managed in accordance with "Related Party Transaction Management Regulations."

1. Prior Confirmation of Related Parties

- Require that Directors, Auditors and Executive Officer of each Group Companies submit information related to any personal conflicts of interest (at time of appointment and in the event of any changes)
- Prepare and maintain a "List of Related Parties Regarding Directors and Officers" based on the information reported, and keep it up-to-date by periodically confirming whether the contents have changed.

2. Determination and Approval of Related Parties

- Credit checks in accordance with the "Credit Management Regulations" of each Group company and investigations of suppliers in accordance with the "Purchasing Management Regulations" to confirm whether or not the contracts, transactions, etc. in question are related-party transactions.
- Determination of importance of recognized related-party transactions, amount and necessity, etc. by the General Manager of the Accounting Department
- Approval by Board of Directors of relevant company for related-party transactions deemed to be important

3. Reporting regarding Related Parties

- Directors of the Company and officers and employees of the Group who are designated by the General Manager of the Accounting Department of the Company shall submit a "Written Confirmation Regarding Related Parties" at the time of the Company's consolidated settlement of accounts.

**[Principle 2-3, Supplementary Principle 3-1 (3) Initiatives on Sustainability, Investments in Human Capital and Intellectual Properties, and Responses to Climate Change, etc.]**

1. Sustainability Initiatives

The Company has established the Basic Sustainability Policy through a resolution of the Board of Directors. Our sustainability initiatives are outlined in this report under "III. Status of Policies Concerning Shareholders and other Parties with Interests – 3. Status of Initiatives related to Respecting the Position of Stakeholders [Promote environmental conservation activities, CSR activities, etc.]" and "III. Status of Policies Concerning Shareholders and other Parties with Interests – 3. Status of Initiatives related to Respecting the Position of

Stakeholders [Creation of policies related to information sharing for stakeholders].”

## 2. Investment in Human Capital and Investment in Intellectual Property, etc.

Our ongoing “Evolution 2026” medium-term management plan articulates, as the pillars of our growth strategy, the direction for the growth and evolution of our Core Businesses (engineer staffing business, contracting services), as well as the expansion of our Solution Business, Engineer Education Business, and DX Promotion Business. To achieve this growth strategy, we must transform the capabilities of the TechnoPro Group through investments in human capital and intellectual property.

### 2-1. Investment in Human Capital

The shortage of engineers, particularly in Japan, is expected to continue. The TechnoPro Group implements reskilling and upskilling programs, especially for grooming talents who will be responsible for digital transformation. We hire talented people regardless of gender, age, nationality, etc., and offer various training programs. We also operate a talent management system to be effective of targeting employees for training and of improving training programs, thereby realizing an effective PDCA cycle for training. We intend for monetization our expertise in human resources development in the form of Engineer Education Business and DX Promotion Business, which we formulated under “Evolution 2026” medium-term management plan.

### 2-2. Investment in Intellectual Property

In conducting our Solution Business, we identify and focus on solution services and digital elemental technologies, in which technology, presales know-how, and tools and accelerators we are investing. In particular, the TechnoPro Group strives to absorb expertise we lack through alliances and to obtain intellectual property through acquisitions of overseas entities operating in the markets where digital transformation has advanced.

### 2-3. Specific Initiatives and Investments in Human Capital and Intellectual Property

- We established training facilities in 55 major cities across Japan to provide access to the up-to-date technical and business skills training
- We operate a training environment without time and location restrictions, using webinars, e-learning, video, and distance learning
- We collaborate with start-ups and companies with advanced technologies to expand our customer base and enhance the skills of our engineers to improve our capacity to create value
- We support group engineers in acquiring trending technologies and qualifications through partnership agreements with global IT vendors
- We collaborate with university laboratories to create new solutions by fusing the research capabilities of academia with the real-world technological capabilities cultivated by the TechnoPro Group
- We acquire digital services companies with track-records, to strengthen our digital value chain

## 3. Impact of Climate Change-related Risks and Opportunities on Business Activities and Earnings

The climate change is one of the important social issues the global society is facing. We have determined, in the “TechnoPro Group Environmental Policy,” the climate change as one of the environmental agendas the TechnoPro Group should prioritize to address, and set medium-term targets for CO<sub>2</sub> emissions and the number of environment-related engineers as KPIs for materiality. Furthermore, we have been engaged in fulfilling corporate social responsibility, upon recognition of its importance, which gives impacts on both the social and environmental, as well as economic aspects in our business activities.

In June 2022, we announced our support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and simultaneously joined the TCFD Consortium. We will promote information disclosure based on the TCFD framework (Governance, Strategy, Risk Management, and Metrics and Targets) so that we can communicate even better with a wide range of stakeholders, including shareholders and investors.

Regarding the financial impact on business, the impact on operating profit in 2030 is estimated by each measurable item, based on the climate change scenarios. The Group is mainly engaged in the domestic engineer staffing business, including design and engineering, research and development, and data analysis for the manufacturing industry, information technology industry, pharmaceutical industry, research institutes, and government agencies, as well as construction management for construction, civil engineering, facilities, etc. for the construction industry. Thus, we do not need to possess our own premises, production facilities, etc. in our operations, differently from the high-risk sectors as defined by TCFD. As a result, we consider the climate change risks for our financials to be insignificant.

Refer to our website for the disclosure of information based on the TCFD recommendations.

<https://www.technoproholdings.com/en/csr/guideline/tcfd.html>

## **[Principle 2-4, Supplementary Principle 2-4 (1) Ensuring Diversity, Including the Activation of Females, Foreigners and Mid-Career Hires' Roles]**

To achieve DEI (Diversity, Equity, Fairness, and Inclusion), we have formulated and carried out the “TechnoPro Group Code of Conduct,” which stipulates that we strive to achieve organizational vitality and improve corporate value by leveraging a wide range of talents, esteeming the diversity of each employee in terms of individuality, personality, and values, as well as gender, age, nationality, etc., and that we also strive to create opportunities for a diverse range of talents to play an active role, by ensuring each employee to have an equal opportunity in terms of employment, assignment, promotion, wage, evaluation, training, etc., regardless of gender, age, nationality, etc. In so doing, we enhance mutual respect for individuality and encourage our employees having diverse experiences, values and backgrounds to maximize their abilities as professionals, aiming to create better results by bringing together different ideas and abilities as one team.

### 1. Promotion of Female to Active and Managerial Positions

As part of our efforts to create a workplace where female employees can maximize their potential, we have established various systems to support the balance between childcare and work, including childcare leave, childcare and nursing leave, shortened working hours, flexible working hours, and telework systems, to create an environment where female can easily continue working after childbirth.

In addition, with the aim of promoting men’s participation in childcare, we have joined the “Ikubosu Kigyo Domei (Alliance of Companies that Work as “Ikubosu”),” which is led by Fathering Japan, a specified nonprofit corporation.

As of June 30, 2022, the percentage of female employees in the consolidated workforce was 20.4%, and for the full year ended June 30, 2022, female accounted for 24.3% of new hires in Japan: as a breakdown, 20.7% for new graduates and 25.3% for mid-career hires. In addition, the percentage of female employees in managerial positions in Japan (career-track positions) was 7.9% as of June 30, 2022, and three of our 12 directors are female (25.0%) at the publication of this report. The Group has set the following goals for activating female’s roles and promoting their managerial positions.

- Consolidated female employee ratio target : 20.0% by the end of June 2026 (maintain at least 20.0%.)

- Target ratio of female to new hires in Japan : 30.0% by the fiscal year ending June 30, 2026
- Target ratio of female in management positions in Japan: 10.0% by the end of June 2026

## 2. Promotion of Foreign Nationals to Active and Managerial Positions

We actively hire foreign nationals who wish to work in Japan not only by recruiting foreign nationals residing in Japan, but also by utilizing recruitment channels of overseas group companies, collaborating with overseas universities and the Japan International Cooperation Agency (JICA), and so on. To support foreign employees working in Japan for the first time, we help them learn Japanese language, culture, and customs through affiliated foreign language schools, set up a multilingual inquiry desk, and prepare various regulations and explanatory materials in multiple languages.

The ratio of foreign national employees to total domestic employees as of the end of June 2022 is 3.9% and the percentage of foreign national employees in management positions in Japan (career-track positions) is 2.1%. The Group's long-term goal is to increase the percentage of foreign nationals in management positions in Japan (career-track positions).

## 3. Promotion of Mid-Career Hires to Active and Managerial Positions

The Group's Core Business, engineers staffing, is a business model that requires flexible responses to the technical and talent needs of many customers, making it essential to hire people with diverse backgrounds and work experience. We hire approximately 3,000 mid-career engineers every year. The ratio of mid-career hires to new hires in Japan (career-track positions) for the fiscal year ended June 30, 2022 is 78.7%, and the ratio of mid-career hires to managers in Japan (career-track positions) as of June 30, 2022 is 84.5%. The Group aims to maintain the current level of the ratio of mid-career hires to management positions in Japan (career-track positions).

Refer to our website for various figures related to women, foreigners, mid-career hires, and other human resources.

<https://www.technoproholdings.com/en/csr/databook.html>

Refer to the Value Creation Process in the Integrated Report for more information on our value creation efforts.

[https://www.technoproholdings.com/en/ir/ir\\_library/integrated\\_report.html](https://www.technoproholdings.com/en/ir/ir_library/integrated_report.html)

### [Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

The Group does not have a corporate pension fund set forth in the Corporate Governance Code. Instead, the Company and its major subsidiaries have introduced a defined contribution corporate pension plan to achieve mitigation of financial risk in the future and balanced financial position, while also assisting stable asset building by employees in line with their life planning. In addition to providing e-learning as part of initial training for new-graduate hires, we established a dedicated defined contribution pension plan section on the employee portal to provide important information viewable at any time to promote correct understanding and management of the plan. This information includes the system structure and rules, basic knowledge regarding asset management, and various procedures (on-boarding, separation, etc.). We also provide information on important topics such as system revisions through online seminars.

### [Principle 3-1 Enhancement of Information Disclosure]

#### 1. Management Philosophy

The Company has established and published the TechnoPro Group Purpose and Value as its management philosophy. Through the realization of this philosophy, we aim to achieve sustainable growth, improve long-term corporate value, and increase long-term common interests of our shareholders. At the same time, we aim to achieve ideal corporate governance in order to promote long-term stock holding by our shareholders.

(Group Corporate Philosophy)

○ Purpose

Driving the Power of Technology and Talent  
to Co-create Value Together with our Customers  
for a Sustainable Society

○ Value

Technology is the driver that brings transformation to business, lives, and society.

– The challenges and needs of customers and society are diversifying, as dynamic changes occur faster than ever –

We provide solutions to unlimited challenges our customers face by:

- Delivering optimal service and solution through our talent, trained and nurtured well regardless of gender, age, and nationality.
- Working squarely on new, evolving domains and honing our capabilities thoroughly.
- Always meeting our customers' expectations as value-creation partners.

We continue to maximize the potential of engineers and researchers by:

- Providing the conditions and programs to encourage learning and skill development.
- Creating opportunities to not only hone their expertise but also to switch or acquire new skills.
- Supporting our talent through technology evolutions and environmental changes to stay active.

We contribute to building a sustainable society by:

- Solving the challenges of our customers and society as we connect people to technology, and bridge Japan to the world, across various industries and technology domains.
- Promoting a diverse array of talent through continuous enhancement of capabilities.
- Delivering results that have social impact through our business activities.

#### 2. Medium-Term Management Plan

We, with an accurate understanding of its capital costs, draft and disclose a medium-term management plan and other important management strategies, including our basic policies related to profit plans and capital strategy as well as goals related to profitability and capital efficiency, to provide a plain, clear, and logical explanation to shareholders regarding our specific policies on the business portfolio transformation and the distribution of management resources necessary to achieve our goals.

We outlined "Evolution 2026," our Group medium-term management plan for the period from the fiscal year ended June 2022 to the fiscal year ending June 30, 2026. This plan is published on our company website.

### 3. Basic Approach to and Basic Policies Concerning Corporate Governance

Our basic approach to and basic policies concerning corporate governance are outlined in this report under “I. Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information - 1. Basic Approach.”

### 4. Policies and Procedures for Decisions on Management Level/Director Compensation by the Board of Directors

The Board of Directors establishes the Nomination and Compensation Committee as an advisory body and consults on matters related to nominations and compensations (determination policies on remuneration, remuneration systems and individual remuneration amounts, etc.) for the Company Directors (with the exception of Directors who are Audit & Supervisory Committee Members, whose nomination are limited to such Directors) and the other Group senior management (which means the Company's Executive Officers, Directors and Executive Officers of the Group Companies). The Committee seeks to strengthen the objectivity and accountability of the decision-making process for such nomination and remuneration.

The Nomination and Compensation Committee shall deliberate the following in advance, which shall be then determined by resolution of the Board of Directors, with maximum respect for the content of the aforementioned deliberations: the basic policies, guidelines, rules and procedures, etc., necessary for the determination of executive compensation; evaluation indicators for performance-linked compensation, etc.; matters relating to individual director compensation, etc..

Details are indicated in this report under “II. Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision 1. Matters Concerning Institutional Structure, Group Management, etc. [Related to director compensation] Details of disclosure concerning compensation amounts and policies on determining calculation methods.”

### 5. Policies and Procedures for when the Board of Directors will Appoint or Dismiss Senior Management Members and Nominate Director Candidates

#### 5-1. Standards for Appointment of Directors

Our “Standards and Procedures for Appointment and Dismissal of Directors” require for the nomination of all directors that candidates fulfill all requirements as stipulated by law and as outlined in our Articles of Incorporation, that candidates do not apply to circumstances for removal from consideration as outlined in the “Executive Regulations,” and that candidates are not currently nor at any point in the past have ever been involved with an antisocial force. Additionally, it is assumed that candidates fulfill the following requirements.

#### 5-1-1. Prerequisites for All Directors

- All such individuals must possess the qualities and abilities to contribute to the enhancement of the Group's sustainable medium- to long-term corporate value, based on an understanding of the Group Corporate Philosophy (the TechnoPro Group Purpose), management strategy, and business characteristics.
- Of superior character, knowledge, and insight, law-abiding and of high moral character
- Ability to make objective judgments, logical thinking, insight and foresight, and contribute to improving the quality of board discussions and presenting new issues.

#### 5-1-2. Common Requirements for Outside Director

- Such individuals must possess the capacity to gain an overall understanding of the entire Group, and to ascertain the essential issues and risks thereof.
- Such individuals must be able to express problem-solving oriented opinions and advices and provide appropriate supervision from an objective, independent, and diverse perspective.

#### 5-1-3. Requirements for Outside Director (excluding Audit & Supervisory Committee Member)

- Such individuals must be those who can be counted on for objective business oversight and managerial decisions from a practical point of view based on extensive experience in corporate management and field of expertise, and for providing advice and support to facilitate sustainable growth of the Group.

#### 5-1-4. Requirements for Outside Director (Audit & Supervisory Committee Member)

- Such individuals must be counted on to audit the Directors' execution performance of their duties from a fair and unbiased standpoint and contribute to the improvement of management soundness and transparency.
- Such individuals must be able to supervise and audit management from a neutral and objective perspective based on extensive experience in corporate management and field of expertise.

#### 5-1-5. Requirements for Executive Director

- Such individuals must be well-informed regarding industry trends and relevant regulations affecting the Group and the business model of the Group, and must have extensive practical experience in respective specialized fields, through study and research.
- Such individuals must be counted on to drive and control business in a dynamic manner with effective strategic execution and organizational management skills and appropriate judgment from a company-wide perspective.
- Such individuals must themselves practice thoroughness in the basics and adaptability to change, and have the qualities to serve as role models for the Group employees.

#### 5-1-6. Requirements for Audit & Supervisory Committee Member (excluding Outside Director)

- Such individuals must be well-informed regarding the organization, business pursuits and operating processes of the Group, and must be capable of performing objective business oversight and highly effective audits involving the proper collection of information from within the Group.

#### 5-1-7. Requirements for Non-Executive Director (Director and Chairman)

- Such individuals must possess the same or similar qualities and abilities as those required of Outside Directors (excluding those who are Audit & Supervisory Committee Members), as well as a wide range of knowledge and experience in business execution of the Group, in order to provide appropriate supervision and support.

#### 5-2. Dismissal Standards for Directors

The Company shall take the prescribed procedures for the dismissal of the Director if he/she meets any of the following conditions.



- The Director commits a serious act against laws and regulations, the Articles of Incorporation, or public order and morals due to malicious intent or gross negligence.
- The Director has maliciously or grossly negligently failed to perform his/her duties, and has significantly damaged the corporate value of the Group.
- It becomes difficult for the Director to continue his/her duties due to health conditions.
- The Director falls under any of the disqualification grounds for Directors stipulated by laws and regulations.
- The Director does not possess the qualities required by the “Selection Standards for Directors” in 5-1 above.

### 5-3. Reappointment of Directors

The Company shall consider the following points when reappointing Directors.

- Contribution during term of office is considered sufficient in light of the Selection Standards for Appointment of Directors aforementioned in 5-1 and the requirements stipulated in the standards are fulfilled at the time of reappointment.
- Useful comments at board meetings during term of office that contribute to business growth, management improvement, legal compliance, risk management, etc.
- Attendance rate at Board of Directors meetings during term of office must be 75% or more.
- No inappropriate behavior as a Director during term of office.
- Concurrent positions at other companies outside the Group at the time of reappointment are not expected to interfere with the performance of duties at the Company.
- For Outside Directors, the maximum total number of years in office (including the number of years served as an Outside Audit & Supervisory Board Member) shall be 10 years, as a guideline. However, if there are reasons or circumstances that require reappointment beyond 10 years, the Nomination and Compensation Committee and the Board of Directors may reappoint the Outside Director after due deliberation, in which case the reasons and circumstances shall be explained to shareholders and other stakeholders.
- If an Executive Director has been under-performing for three consecutive terms, his/her reappointment shall be subject to careful and thorough deliberation.

### 5-4. Procedures for Appointment and Dismissal of Directors

The Board of Directors shall deliberately resolve the proposal to the General Meeting of Shareholders, in relation to the appointment or dismissal of a Director, in accordance with the policy for the constitution of the Board of Directors and the constitution of the Audit & Supervisory Committee, and the Standards for Appointment of Directors aforementioned in 5-1; such board resolution shall be procured after the deliberate discussion of the Nomination and Compensation Committee and the prior consent of the Audit & Supervisory Committee. Furthermore, in case that the Audit & Supervisory Committee forms an opinion on a director candidate (except for a member of Audit & Supervisory Committee), such opinion shall be reflected in the board resolution and, when approved as necessary, the Audit & Supervisory Committee shall state such opinion at the General Meeting of Shareholders.

## **[Supplementary Principle 4-1 (1) Scope of Delegating Authority to Management]**

### 1. Roles and Responsibilities of the Board of Directors

In light of the responsibilities and accountability as the shareholders’ trustee, the Board of Directors is responsible for the Groups’ sustainable growth and for continuous improvements to medium- to long-term corporate value and common shareholder interests. The Board of Directors aims to fulfill these responsibilities by creating an ideal corporate governance structure to support the realization of our Corporate Philosophy and serves in a supervisory role for all business activities to ensure fairness and transparency while also conducting ideal decision-making, including making decisions on a basic management policy and other vital matters, nominating senior management personnel and deciding on compensation, and establishing and supervising an enterprise risk management system. Furthermore, the Board of Directors shall include a medium-term management plan and fiscal budget in the basic management policy and focus on conducting strategic and constructive deliberations related to specific management strategies and policies related to the allocation of management resources, including human resources and intellectual assets, and our business portfolio aimed achieving said plans and targets aimed achieving said plans and targets. The Board of Directors supervises management strategy implementation by utilizing the Internal Audit Department as necessary, and in the event that the company fails to achieve the goals outlined in a medium-term business plan or fiscal budget, the Board of Directors shall sufficiently analyze and validate said factors, provide an explanation to shareholders, and take appropriate measures to reflect those results into plans for the upcoming fiscal year. In addition, the Board of Directors supervises the implementation of timely, accurate information disclosure and conducts the appropriate management of potential conflicts of interest between the Company and related parties, including supervisory and management personnel, and majority shareholders.

### 2. Scope of Delegating Authority to Management

The Board of Directors shall ensure Group’s agility to execute business operations and shall ensure sufficient deliberation time at Board of Directors’ meetings for important matters. Furthermore, to strengthen supervisory functions for general operations, excluding matters stipulated by the Companies Act, relevant laws, or the Articles of Incorporation, matters entrusted to the Board of Directors via a resolution by the General Meeting of Shareholders, and matters outlined above in 1. Roles and Responsibilities of the Board of Directors, the Board of Directors may defer matters related to operating decisions to Executive Directors and Executive Officers. The Board of Directors shall establish appropriate internal controls and a risk management system within the Group to ensure the practicality of the decision-making process for entrusted matters.

## **[Supplementary Principle 4-3 (2), 4-3 (3) Standards and Procedures for Appointment and Dismissal of CEO and Succession Plans]**

The Company considers the appointment and dismissal of a chief executive officer (hereinafter referred to as “CEO”) to be the most important strategic decision from the perspective of the Company’s sustainable growth and enhancement of corporate value on a medium- to long-term basis, and based on such understanding, has established the “Standards and Procedures for Appointment and Dismissal of CEO” as set forth below, with the aim of selecting the most eligible person as CEO, whether internally or externally, and establishing procedures for objective, timely and transparent appointments and dismissals.

In accordance with the appointment procedure set forth in “Standards and Procedures for Appointment and Dismissal of CEO,” the CEO succession was executed as of July 1, 2021 at the start of the new medium-term management plan.

### 1. Appointment Standards for CEO

The Company has established the “Core Requirements” for a CEO, in particular, as the appointment standards for a CEO, based on the prerequisite that the relevant CEO shall meet the requirements (“Prerequisites’ for All Directors” and “Requirements for Executive Directors”) in the Section 1. Standards for Appointment of Directors in the “Standards and Procedures for Appointment and Dismissal of Directors.”

[Core Requirements for a CEO]

- Presence in terms of dignity and quality as the highest ranking member of the top management.
- Absence of any health problem mentally or physically.
- Excellent exercise of leadership.
- Excellent capability of responding to change.
- Ability to make reasonable decisions and willingness to take responsibility for decisions made.
- Willingness to develop human resources and promote talented people proactively.
- Ability to undertake management from a global perspective.
- Possibility of exercising excellent management ability based on a great deal of experience and achievements in the management of a previous company or companies (if a CEO is selected from external qualified candidates).

2. Appointment Procedures for a CEO

- The Nomination and Compensation Committee, shall submit a proposal to the Board of Directors after selecting the CEO candidate.
- If a CEO candidate is selected internally, the Nomination and Compensation Committee shall select such candidate from among internal qualified candidates through deliberations, including the implementation of individual interviews as necessary, while simultaneously taking into consideration overall evaluations from the perspective of the requirements in the abovementioned <Core Requirements for a CEO> and attendance in training programs based on plans for the development of human resources, among other factors.
- If no candidate is available internally, the Nomination and Compensation Committee shall select a CEO candidate externally from among qualified candidates.
- The Board of Directors shall conduct deliberations on a candidate submitted by the Nomination and Compensation Committee and determine the next CEO. In doing so, the chairperson of the Nomination and Compensation Committee shall provide a detailed explanation on the selection, including reasons for choosing the relevant candidate (if a CEO is selected from among external candidates, reasons for such selection shall be presented).
- The Nomination and Compensation Committee shall determine a tentative successor in an emergency plan by September 30 of every year in the case of an unexpected incident occurring to a CEO, subject to deliberations based on the evaluation of such a successor by members of the Nomination and Compensation Committee. The selection (cancellation and replacement) of a tentative successor is implemented every year.

3. Dismissal Standards for a CEO

The Company has established “Underperformance” and “Applicable factors that make a CEO unsuitable to assume the highest ranking management position” as dismissal standards for CEO.

3-1. Underperformance

- The Group remains unprofitable for three consecutive years in terms of consolidated operating income.

3-2. Applicable Factors that Make a CEO Unsuitable to Assume the Highest Ranking Management Position.

- If the CEO’s health conditions are too poor to discharge his/her duties as a CEO.
- If any matter that applies mutatis mutandis as reason for the disqualification of Directors specified in Article 331 of the Companies Act.
- If the Company’s credibility is considered to be damaged and the smooth operation of businesses is affected due to the CEO’s behavior or words, findings of any misconduct/occurrence of losses and damages for which the CEO should be responsible, or other factors.

4. Reappointment of CEO

Each year, the Nomination and Compensation Committee shall explicitly raise the question of CEO’s reappointment as an agenda item and thoroughly deliberate on it. The Board of Directors shall make a decision on the appropriateness of reappointing the CEO based on the report of the Nomination and Compensation Committee, and may decide to replace the CEO at an appropriate time, even if the dismissal standards in 3. above are not met.

5. Dismissal Procedures for CEO

- Deliberations and necessary surveys pertaining to the applicability or non-applicability of factors in the abovementioned “Applicable Factors that Make a CEO Unsuitable to Assume the Highest Ranking Management Position” of the 3. Dismissal Standards for a CEO shall be made through the Independent Officer Committee comprising all Independent Outside Directors of the Company. If the dismissal of CEO is decided to be appropriate at the Independent Officer Committee, the chairperson (chief Independent Outside Director) shall submit a proposal for the dismissal of CEO to the Board of Directors.
- If the “Underperformance” in the abovementioned Dismissal Standards for a CEO or any fact considered to be reason for dismissal without the need for deliberation by the Independent Officer Committee is identified, the Board of Directors shall resolve to dismiss the CEO unconditionally.

**[Supplementary Principle 4-3 (4) Enterprise Risk Management]**

The Company establishes the ERM Committee chaired by the President, Representative Director and CEO to develop systems of enterprise risk management (hereinafter referred to as “ERM”), which is an appropriate risk management framework for the Group as a whole.

We have established our basic policy on ERM as follows;

- We improve the formulation of the TechnoPro Group’s business goals and strategies, as well as operational decision-making in each area, by integrating risk management practices throughout the organization and linking strategies more closely to risks.
- We conduct a comprehensive assessment of the identified risks and establishes a risk response policy based on our risk appetite

- We emphasize compliance at our business operations.

In addition, The ERM Committee is chaired by the President, Representative Director and CEO and vice-chaired by the Managing Director and CFO, and consists of full-time Directors, a Director who is full-time Audit & Supervisory Committee Member, the head of each risk management division, and other members appointed by the chairperson. The purpose of the ERM Committee is to make decisions on important issues related to our basic policy on ERM and the development and operation of the system. Through the formulation and monitoring of the ERM plan, the ERM committee comprehensively evaluates the risks related to strategy, markets, competition, operations, compliance, J-SOX, etc., and formulates and monitors response policies.

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

For a summary of the TechnoPro “Independence Standards for Outside Directors” refers to “II Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision – 1. Matters Concerning Institutional Structure, Group Management, etc. [Related to independent officers] Other matters related to independent officers.”

**[Supplementary Principle 4-10 (1) Use of Optional Approach, Nomination and Compensation Committee]**

We have established the Nomination and Compensation Committee as an advisory body to the Board of Directors in order to strengthen the objectivity and accountability regarding decisions on nomination and compensation of the Company Directors (with the exception of Directors who are Audit & Supervisory Committee Members, whose nomination are limited to such Directors) and the other Group senior management (which means the Company’s Executive Officers, Directors and Executive Officers of the Company’s subsidiaries) of the Group Companies. Our basic approach regarding the independence of the composition of members, authority, role of the Nomination and Compensation Committee members are outlined in this report under “I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information - 1. Basic Approach [Disclosure in accordance with the principles of the Corporate Governance Code] [Principle 3-1 Enhancement of Information Disclosure] <4. Policies and Procedures for Decisions on Management Level/Director Compensation by the Board of Directors>, <5. Policies and Procedures for when the Board of Directors will Appoint or Dismiss Senior Management Members and Nominate Director Candidates>, and “II Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision - 1. Matters concerning Institutional Structure, Group Management, etc. [Optional Committees].”

**[Supplementary Principle 4-11 (1) Policy and Procedures Concerning Nomination of Directors]**

The maximum number of members of the Board of Directors is prescribed under the Articles of Incorporation. Also, the Board of Directors shall in principle set its optimal size and composition based on the following items from the perspective of an effective and stable operation of the Board.

- The Board of Directors consists of Executive Directors who are primarily responsible for business execution and Non-Executive Directors who are primarily responsible for supervising business execution.
- Among Non-Executive Directors, Outside Directors shall, in principle, be Independent Outside Directors who satisfy the requirements set forth in “Independence Standards for Outside Directors.”
- The Company shall keep the ratio of Independent Outside Directors on the Board of Directors at least one-third, with aiming to achieving a majority or more.
- In appointing Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members, the Company shall take into consideration the skills, knowledge, experience, abilities, and areas of expertise of each member of the Board of Directors and the Audit & Supervisory Committee, as well as diversity, including gender, internationality, work experience, age, and other factors, so that the Board of Directors as a whole can fulfill its fiduciary responsibility to the shareholders.
- While taking into consideration the continuity and stability of the Board of Directors, the Company shall endeavor to ensure that its composition is aligned with the direction of the Group’s management, the management strategies and plans, and the progress of the transformation of its business model, by utilizing the skill matrix of the Board of Directors.
- At least one of the Independent Outside Directors (excluding those who are Audit & Supervisory Committee Members) shall have management experience at other companies.

Refer to the Skill Matrix, which is included in the Notice of Convocation of the General Meeting of Shareholders of the Company. [https://www.technoproholdings.com/en/ir/share/general\\_meeting.html](https://www.technoproholdings.com/en/ir/share/general_meeting.html)

Our policy and procedures concerning the Nomination of Directors is outlined in “I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information – 1. Basic Approach [Disclosure in accordance with the principles of the Corporate Governance Code] [Principle 3-1 Enhancement of Information Disclosure] <5. Policies and Procedures for when the Board of Directors will Appoint or Dismiss Senior Management Members and Nominate Director Candidates>.”

**[Supplementary Principle 4-11 (2) Status of Directors/Audit & Supervisory Board Members with Managerial Duties at Other Companies]**

Our policy on Directors with managerial duties at other companies is as outlined below.

- It is preferable that the Company’s Directors do not simultaneously serve as executives (director, audit & supervisory board member, executive officer, etc.) of more than three listed companies, in addition to their role at the Group, given that they are expected to devote sufficient time and effort required to fulfill their respective roles and responsibilities.
- When a Director receives a request from another company or organization to serve in an executive position, regardless of whether or not said company is listed, the Director must provide notification to the Board of Directors.
- The Board of Directors shall periodically confirm the status of concurrent positions held by Directors. The Company shall disclose the status in an appropriate manner.

Furthermore, each year we provide disclosure on Director candidates as well as the status of Directors and managers with important managerial duties via Convocation Notice of Annual General Meeting of Shareholders reference materials, business reports, and other disclosure documents. Refer to the Notice of Convocation of the General Meeting of Shareholders on our website.

[https://www.technoproholdings.com/en/ir/share/general\\_meeting.html](https://www.technoproholdings.com/en/ir/share/general_meeting.html)



## **[Supplementary Principle 4-11 (3) Analyzing and Evaluating Overall Efficacy of the Board of Directors]**

The Board of Directors of the Company conducted an analysis and evaluation of its effectiveness for the fiscal year ended June 2022 based on the Corporate Governance Code of the Tokyo Stock Exchange and the TechnoPro Group Corporate Governance Guidelines.

### 1. Procedure and Process of the Analysis and Evaluation

This is the seventh year that our Board of Directors has conducted an annual analysis and evaluation of the effectiveness of the Board of Directors and disclosed a summary of the results, with the fiscal year ending June 30, 2016 being the initial period covered. Analysis and evaluation methods are as follows.

#### 1-1. Evaluation method

Self-evaluation questionnaire (registered form)

#### 1-2. Evaluators

All Directors and Audit & Supervisory Board Members

#### 1-3. Questionnaire Items Evaluated (Major topics)

- Size and composition of the Board of Directors
- Operation of Board of Director meetings
- Information and support provided to Outside Directors and/or Outside Audit & Supervisory Board Members
- Board member roles and responsibilities
- Relationships with shareholders, investors, and other stakeholders
- Individual contributions (as Director and/or Audit & Supervisory Board Member)
- Nomination and Compensation Committee operations

#### 1-4. Collection of Opinions and Proposals

The questionnaire included standard evaluation topics, as well as space requesting comments related to board strengths and areas for improvement. The directors and members of the Audit & Supervisory Board were also asked to provide candid opinions and suggestions.

#### 1-5. Analysis Method

Based upon the results of the self-evaluation questionnaire, discussions are held in the meeting of the Board of Directors, with its effectiveness confirmed at issues identified.

Prior to conducting the analysis and evaluation of the effectiveness for the fiscal year ended June 2022, the TechnoPro Holdings, Inc. Board of Directors discussed once again the need for revising the evaluation method in question during the regular meeting of the Board held in March 2022. As a result, the answers of the self-evaluation questionnaires submitted by directors and members of the Audit & Supervisory Board, the analysis of evaluation results, and identified issues were reported at the July 2022 regular meeting of the Board of Directors in the same manner as before. At the same time, an active and frank discussion was held regarding initiatives to improve the effectiveness of the Board of Directors in the future.

## 2. Analysis and Evaluation Results

As a result of the evaluation and analysis in 1, above, the Board of Directors has concluded that the Board performs its roles and responsibilities appropriately and effectively overall. In particular, the following were identified as highly rated initiatives for the fiscal year ending June 30, 2022, as well as strengths that should be maintained by the Company's Board of Directors.

### 2-1. Highly Evaluated Initiatives for the Period, Particular Strengths to be Maintained

- Where the fiscal year ended June 2022 was the first year of the current medium-term management plan ("Plan"), progress reports on the Plan in general, as well as other business reports on important individual themes related to the Plan, such as the new personnel system for engineers and researchers, the IT medium-term plan, Engineer Education Business, overseas subsidiary PMI were conducted appropriately at the Board of Directors meetings, and necessary verifications and discussions were also conducted. Further, the management team built common understanding of the basic policies of the Plan, and the system for supervision and monitoring of operation divisions by the Board of Directors was in place.
- Important themes deliberated by the Nomination and Compensation Committee that strengthen corporate governance structure, such as the revision of institutional design, the total tenure of outside directors, the succession plan for key positions other than the CEO were reported and discussed at the Board of Directors meetings, thereby progress has been made in the implementation of appropriate supervision of the Nomination and Compensation Committee by the Board of Directors.
- A revision of criteria for the agenda of the Board of Directors meetings was implemented after providing sufficient time for discussion by the Board of Directors, the aim of which is to reduce the number of agenda items from the viewpoint of enhancing strategic discussions and to resolve TechnoPro Group governance issues.
- Through appropriate conduct from an objective standpoint at the board meetings, the chairperson, who is the non-executive Director and Chairman, has continued to foster an atmosphere in which participants can express themselves freely from their own professional viewpoints, thereby constructive and fruitful discussions were made.

### 2-2. Issues to Address, etc.

The Board has acknowledged the necessity of following initiatives and considerations, as areas in which the Board recognizes room for improvement of Board of Director effectiveness, or issues to be addressed.

- Conduct business reports on important management matters selected and scheduled in advance, including progress of the Plan and business reports from each operating company, thereby ensuring effective verification and necessary discussion at the Board of Directors.
- Carry out substantive discussions on the development and operation of the internal control system and risk management framework in full cooperation with the Company's outside accounting auditor and the Internal Audit Department.
- In PMI reviews of acquired companies, verify how each acquisition contributes to the corporate value improvement of the Company and to the achievement of the Plan, in addition to discussions on matters related to the status of achievement of the initial aims of the acquisition, risks, and other issues.
- Continue discussions on succession plan for key positions other than the CEO and the development for the Group's leadership personnel. Consider how to involve the Board of Directors appropriately in the search and selection process for successors, etc.

### 3. Future Initiatives

In the context of this Analysis and Evaluation of the Effectiveness of the Board of Directors, the Board of Directors will strive for greater board effectiveness, aiming for best practices in corporate governance and further growth in corporate value by reviewing and reporting in a focused way to Section 2. Analysis and Evaluation Results 2-2. Issues to Address, above.

At the 17th General Meeting of Shareholders held on September 29, 2022, the Company's proposal to make a transition from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee (the "Transition") was approved as proposed.

The Transition will strengthen the audit and supervisory functions of the Board of Directors through the Audit & Supervisory Committee, and allow the Board of Directors to broadly delegate the authority to make business execution decisions to Directors. We believe this system will further accelerate management decision-making and execution under the appropriate supervision by the Board of Directors. After the Transition, the ratio of Outside Directors on the Company's Board of Directors will increase from 44.4% (four of nine directors) to 50.0% (six of 12 directors). The ratio of non-executive Directors will increase from 55.6% (five of nine directors) to 66.7% (eight of 12 directors), further strengthening corporate governance.

### 4. Progress and Improvement Items in the Previous Period

For reference, items that have advanced and improved up until the period under review are shown below:

#### <Fiscal Year Ended June 2022>

- Conducted monitoring of the progress of the new medium-term management plan
- Implemented the revision of criteria for the agenda of the Board of Directors meetings
- Considered measures to further enhance the functions of the Board of Directors and determined a policy for reviewing the institutional design of the Board of Directors
- Shared matters deliberated by the Nomination and Compensation Committee and provided appropriate supervision of the Committee by the Board of Directors.
- Appointed one female Outside Director with extensive knowledge in the IT field, further promoted the diversity in the Board of Directors

#### <Fiscal Year Ended June 2021>

- Deepened strategic discussions through deliberating on formulation of the medium-term management plan
- Executed CEO succession through the objective process
- Discussed the executive compensation system that has higher linkage to the performance and promotes value sharing with shareholders
- Appointed one female Outside Audit & Supervisory Board Member, further promoted diversity in the Board of Directors and Audit & Supervisory Board
- Implemented electronic signature on board meetings minutes

#### <Fiscal Year Ended June 2020>

- Established cost of capital as a reference in business management, strategy reviews, investment decisions, etc.
- Updated cash flow simulations assuming worsening business conditions
- Created a skills matrix for the Board of Directors and the Audit & Supervisory Board
- Began discussions to revise director compensation plans
- Endeavored in prior expansions of agenda items, improved board meeting minutes reflecting details of deliberations

#### <Fiscal Year Ended June 2019>

- Decided upon "Standards and Procedures for Appointment and Dismissal of CEO"
- Carried out more in-depth discussions and sharing of important company issues and strategies, etc. (work style reform in Japan and improvements to employee satisfaction, global strategies, business process innovation, etc.)
- Reports on performance of acquired subsidiaries and investees, and discussions on usage of cost of capital as KPI

#### <Fiscal Year Ended June 2018>

- Limited attendees in principle to Directors and Audit & Supervisory Board Members in order to conduct more in-depth discussions on management issues and strategies, etc.
- Shared and explained agenda items before meetings with not only Outside Directors, but also Executive Directors, and Audit & Supervisory Board Members
- Annual agenda of business reports and discussion topics set in advance
- Introduced an online systems allowing Outside Directors and Outside Audit & Supervisory Board Members to view materials and minutes, etc.
- Ensured cooperation with not only the Audit & Supervisory Board, but also the Board of Directors and accounting auditor (Implemented reporting by outside accounting auditor)

#### <Fiscal Year Ended June 2017>

- Number of female Outside Directors increased by one, ensuring diversity in the composition of the Board of Directors
- Multiple discussions by the Board of Directors into the process of formulating a new medium-term management plan
- Regular prior explanations of Board of Director agenda items to Outside Directors
- Start of discussions in the Nomination and Compensation Committee addressing the process for nominating a successor to the CEO.

### **[Supplementary Principle 4-14 (2) Training Policy for Directors/Audit & Supervisory Board Members]**

We outline "Training Policy for Directors" to ensure Directors fulfill their legal responsibilities and the duties entrusted by shareholders. This policy is as outlined below.

1. Newly appointed Directors (including Outside Directors; the same applies hereinafter) are provided explanations concerning the following matters within approximately two months of appointment, by the CEO or a Director and/or an Executive Officer of the Company or the Company's subsidiary appointed by the CEO.

- Trends in the Group's business and environment.
- The Group's history, management philosophy and business overview
- The Group's management strategies, medium- to long-term business plan, budget plan

- The Group's managing status and financial health
  - The Group's corporate governance system, internal control policies and organizational operation structure
  - Other important matters pertaining to the Group
2. Depending on the experience and knowledge of the newly appointed director, the Company will provide or arrange training opportunities and support the costs of the training in the following areas.
    - Finance/accounting, corporate finance
    - Laws and regulations related to Companies Act, corporate governance
    - Compliance
    - Other content the CEO have deemed to be a requirement
  3. In particular, persons who are promoted from within the Company to the position of Executive Director will be provided training opportunities to develop their skills and qualifications, in addition to provide explanations, as necessary, on each of the matters under paragraph 1, training opportunities as noted in paragraph 2. The Company will provide support for expenses related to training.
    - Business management conceptualization from the perspective of Company-wide and Group-wide management
    - More advanced leadership and implementation skills
  4. Additionally, the Company will provide appropriate training opportunities during the term of appointment for the Director to constantly update the knowledge used in his/her respective role. The Company will provide support for expenses related to training.
  5. Training opportunities noted in paragraphs 2. to 4. refer to those designated by the CEO.

### [Principle 5-1 Policy Concerning Constructive Communication with Shareholders]

In addition to the General Meeting of Shareholders, we conduct constructive communication with shareholders to the extent and via means deemed appropriate. We outline the following as a basic policy concerning system and initiatives to promote constructive communication with shareholders.

- The Company conducts investor relations activities proactively based on the belief that constructive dialogue with investors, including shareholders, will contribute to the Company's sustainable growth and enhancement of corporate value over the medium to long term.
- Communication with shareholders and investors is handled by the Communication and IR Office of Management Planning Department, which is overseen by the CFO, and conducts appropriate information sharing and exchanging opinions with related departments from a professional standpoint to enhance communication with shareholders and investors.
- The CFO and CEO plays a central role in dialogue with shareholders and investors. In consideration of the wishes and objectives of shareholders and investors, the COO and other Directors (including Outside Directors and Directors who are Audit & Supervisory Committee Members) may engage in actual dialogue to the extent deemed reasonable by the Company.
- The Company enhances the means of communication with shareholders and investors by holding regular investor conferences in addition to one-on-one meetings.
- The Company considers whether or not to take action as necessary to opinions and requests received during communication with shareholders and investors, which are to be reported appropriately to the Board of Directors.
- The Company endeavors to enhance communication with its shareholders based on the results of periodic surveys of shareholder ownership structure.
- The Company ensures to comply with laws, regulations, and related rules, and to manage insider information appropriately, during communication with shareholders and investors.

Furthermore, in the medium-term management plan, the Company shall present its business strategy and financial plan, as well as profitability, capital efficiency, and other targets, and explain to its shareholders and other stakeholders in an easy-to-understand, logical, and clear manner how it will review its business portfolio, allocate management resources.

We have outlined a "Disclosure Policy" that encompasses our basic approach concerning IR activities and information disclosure and the framework of our information disclosure controls. This information is available on our website via the following URL.

[https://www.technoproholdings.com/en/ir/management/disclosure\\_policy.html](https://www.technoproholdings.com/en/ir/management/disclosure_policy.html)

For details on our IR activities, etc., refer to "III. Status of Policies Concerning Shareholders and other Parties with Interests – 2. Status of IR Activities."

## 2. Capital Structure

Percentage of foreign-held stock	30% or more
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### [Status of major shareholders] Updated

Name or title	Number of retained shares	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	19,048,300	17.68
SSBTC CLIENT OMNIBUS ACCOUNT	9,083,335	8.43
Custody Bank of Japan, Ltd. (Trust Account)	4,552,200	4.22
JP MORGAN CHASE BANK 385635	4,377,664	4.06
THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	4,190,389	3.88
THE BANK OF NEW YORK MELLON SA/NV 10	3,345,841	3.10

STATE STREET BANK AND TRUST COMPANY 50500	2,949,646	2.73
JP MORGAN CHASE BANK 380072	2,336,000	2.16
SMBC Nikko Securities Inc.	2,151,462	1.99
THE BANK OF NEW YORK MELLON 140044	2,147,594	1.99

<b>Controlling shareholders (excluding parent company)</b>	-----
<b>Parent company</b>	None

**Supplemental information** Updated

- The abovementioned status of major shareholders is indicated based on the shareholder ledger as of the end of June 2022.
- The percentage of shareholding is calculated by excluding the number of treasury shares.
- The revised Report on Large-Volume Shareholders provided for public record dated July 8, 2022 indicates that two-company partnership of T. Rowe Price Japan, Inc. and T. Rowe Price Associates, Inc. holds 9,769,739 (9.01%) of our shares as of June 21, 2022, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of June 30, 2022.
- The revised Report on Large-Volume Shareholders provided for public record dated July 22, 2022 indicates that two-company partnership of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. holds 6,847,800 (6.32%) of our shares as of June 15, 2022, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of June 30, 2022.

### 3. Corporate Attributes

<b>Listed exchange and market segment</b> <span style="background-color: orange; color: white; padding: 2px;">Updated</span>	Tokyo Stock Exchange, Prime Market
<b>End of fiscal year</b>	June
<b>Industry type</b>	Service industry
<b>Number of employees (consolidated) as of the end of the most recent fiscal year</b>	1000 or more
<b>Net sales (consolidated) during the most recent fiscal year</b>	From 100 billion yen to less than 1 trillion yen
<b>Number of consolidated subsidiaries as of the end of the most recent fiscal year</b>	From 10 companies to less than 50

### 4. Guidelines concerning Measures to Protect Minority Shareholders during Transactions with Controlling Shareholders

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### 5. Other Special Matters with Potential to Greatly Impact Corporate Governance

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## // Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision

### 1. Matters concerning Institutional Structure, Group Management, etc.

<b>Organization format</b>	Company with Audit & Supervisory Committee
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#### [Related to directors]

<b>Number of directors as outlined in Articles of Incorporation</b>	20
<b>Term of directors as outlined in Articles of Incorporation</b>	1 year
<b>Board of Directors chairperson</b>	Chairman (except the case concurrently serves as president)
<b>Number of directors</b> <span style="background-color: #FFD700; padding: 2px;">Updated</span>	12
<b>Status of appointment of outside directors</b>	Appointed
<b>Number of outside directors</b> <span style="background-color: #FFD700; padding: 2px;">Updated</span>	6
<b>Number designated as independent officers among outside directors</b> <span style="background-color: #FFD700; padding: 2px;">Updated</span>	6

#### Relationship with company (1) Updated

Name	Attributes	Relationship with company (*)										
		a	b	C	d	e	f	g	h	i	j	k
Tsunehiro Watabe	Person from other companies											
Kazuhiko Yamada	Attorney											
Harumi Sakamoto	Person from other companies											
Shoko Takase	Person from other companies											
Mitsutoshi Takao	Person from other companies											
Rumiko Tanabe	Certified public accountant											

\* Answer choices regarding relationship with company

\* Select "○" if "current/recently" applies to the person for any of the categories, select "△" if "in the past" applies.

\* Select "●" if "current/recently" applies to a family member for any of the categories, select "▲" if "in the past" applies.

- a. Executive officer of a listed company or other subsidiary
- b. Executive officer or non-executive director of the parent company of a listed company
- c. Executive officer of the sibling company of a listed company
- d. A person conducting major transactions with a listed company or an executive officer of said company
- e. A major business partner or an executive officer of a listed company
- f. Consultant, accounting expert, or legal expert receiving significant cash or other assets other than director's compensation from a listed company
- g. Major shareholder of a listed company (if said major shareholder is a company, then an executive officer of said company)
- h. Executive officer (individual only) of a business partner of a listed company (when not applicable to either d, e, or f)
- i. Executive officer (individual only) of a company in a relationship of mutual outside director appointments
- j. Executive officer (individual only) of an organization receiving charitable donations from a listed company
- k. Other



Name	Audit and Supervisory Committee Member	Independent director	Supplemental information concerning conformity items	Reason for appointment
Tsunehiro Watabe		○	No special items to report.	Mr. Tsunehiro Watabe has extensive experience and expansive knowledge as a manager of banks, foreign-affiliated financial institutions, and other corporations. Since his appointment as Outside Director of the Company in April 2012, he has actively provided opinions and advice on the overall management of the Group at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. In addition, he has contributed to the strengthening of management functions by providing necessary and appropriate advice in the deliberation of appointment and remuneration of officers, and other proposals as a member of the Nomination and Compensation Committee. For the above reasons, Mr. Watabe has been appointed as Outside Director. In addition, the Company has designated him as Independent Officer because he fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.
Kazuhiko Yamada		○	No special items to report.	Mr. Kazuhiko Yamada has extensive experience and knowledge as an attorney particularly in the fields of corporate acquisitions, corporate restructuring, equity practice, etc., the Companies Act, and the Financial Instruments and Exchange Act. Moreover, since his appointment as Outside Director of the Company in September 2015, he has provided opinions and advice particularly with respect to strengthening corporate governance practices at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. In addition, he has contributed to the strengthening of management functions by providing necessary and appropriate advice in the deliberation of appointment and remuneration of officers, and other proposals as a member of the Nomination and Compensation Committee. For the above reasons, Mr. Yamada has been appointed as Outside Director. In addition, the Company has designated him as Independent Officer because he fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.
Harumi Sakamoto		○	No special items to report.	Ms. Harumi Sakamoto has extensive experience and expansive knowledge which she has gained acting as a government administrator involved in Trade and Industry Policy and as a corporate manager and representative of various organizations. She also has a high degree of expertise gained through the experience as an Outside Director of several listed companies. Since her appointment as Outside Director of the Company in September 2016, she has actively provided opinions and advice on the overall management of the Group at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. For the above reasons, Ms. Sakamoto has been appointed as Outside Director. In addition, the Company has designated her as Independent Officer because she fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.

Shoko Takase	○	○	No special items to report.	<p>Ms. Shoko Takase has experience as a corporate manager of a global IT company, a wealth of achievements in realizing customers' transformation which utilizes IT technology, and expansive knowledge regarding customer and technology trends. Since her appointment as Outside Director of the Company in September 2021, with the aim of expanding the solution business focusing on the digital area under the medium-term management plan, she has provided effective recommendations and advice actively at the Board of Directors meetings from a practical perspective, and has also provided proper oversight by objectively assessing business matters affecting the Company. For the above reasons, Ms. Takase has been appointed as Outside Director. In addition, the Company has designated her as Independent Officer because she fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.</p>
Mitsutoshi Takao	○	○	No special items to report.	<p>Mr. Mitsutoshi Mitsutoshi Takao possesses knowledge of general management, including finance and accounting, as well as extensive experience in the management of a major listed company. Based on them, since his appointment as Outside Audit &amp; Supervisory Board Member of the Company in April 2014, he has appropriately performed the duties of an Outside Audit &amp; Supervisory Board Member, including actively expressing useful opinions at meetings of the Board of Directors, the Audit &amp; Supervisory Board and others. In addition, he has contributed to strengthening management functions by providing necessary and appropriate advice in the deliberation of appointment, remuneration, and other proposals as the chairperson of the Nomination and Compensation Committee. He also has a high degree of expertise and professional knowledge gained through serving as Outside Director who is an Audit &amp; Supervisory Committee Member of another listed company. For the above reasons, Mr. Takao has been appointed as Outside Director who is an Audit &amp; Supervisory Committee Member. In addition, the Company has designated him as Independent Officer because he fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.</p>
Rumiko Tanabe	○	○	No special items to report.	<p>Ms. Rumiko Tanabe possesses wide-ranging knowledge in finance, accounts, overall audit, corporate governance, etc., accumulated through her experience in financial accounting operations in listed enterprises and auditing subsidiaries in addition to her professional expertise as a certified public accountant. Since her appointment as Outside Audit &amp; Supervisory Board Member in September 2020, she has exercised her duties as Outside Audit &amp; Supervisory Board Member appropriately by stating effective opinions at the Board of Directors and the Audit &amp; Supervisory Board, etc. She also has a high degree of expertise and professional knowledge gained through serving as Audit &amp; Supervisory Board Member of another company. For the above reasons, Ms. Tanabe has been appointed as Outside Director who is an Audit &amp; Supervisory Committee Member. In addition, the Company has designated her as Independent Officer because she fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.</p>

## [Audit & Supervisory Committee]

### Composition of Committee Members and Attributes of the Chairperson Updated

	All committee members (people)	Full-time committee members (people)	Inside directors (people)	Outside directors (people)	Council chair (Chairperson)
<b>Audit &amp; Supervisory Committee</b>	3	1	1	2	Outside director
<b>Existence or non-existence of directors and employees to assist the Audit &amp; Supervisory Committee in its duties</b> <span style="float: right;">Updated</span>	Yes				

### Matters Concerning the Independence of the relevant Directors and the Employees Mentioned from Executive Director Updated

The Company shall establish the Audit & Supervisory Committee Office and the Auditor Office, with appropriate staffing of employees, to exclusively assist the Audit & Supervisory Committee and the Auditors of the Group in carrying out their duties. The Group Directors shall cooperate in organizing the proper audit environment to ensure the effectiveness of audits by the Audit & Supervisory Committee, Audit & Supervisory Committee Members, and Auditors of the Group. In addition, employees belonging to the Audit & Supervisory Committee Office and Auditor Office shall not assume the positions of other departments and shall not be directed by any person other than the Audit & Supervisory Committee or the Auditors of each Group company. Personnel matters related to said employees, including department transfers, performance evaluations, and rewards and penalties, shall require the consent of the Audit & Supervisory Committee or the Auditors of each Group company.

### Cooperation of Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Department Updated

The Audit & Supervisory Committee endeavors to develop systems for enhancing the effectiveness of audits, including a system for reporting from the Group's executives and employees to Audit & Supervisory Committee Members, and ensuring coordination with the Internal Audit Department, external accounting auditors, and Auditors of the Group. The Board of Directors and the Audit & Supervisory Committee secure sufficient time to ensure high-quality audits; provide external accounting auditors access to management, including the CEO and the CFO; and secure substantial coordination between external accounting auditors and the Audit & Supervisory Committee Members, Outside Directors, and the Internal Audit Department. The Company ensures coordination between the Internal Audit Department and Directors by establishing a system whereby the Internal Audit Department can report directly to the Board of Directors and the Audit & Supervisory Committee as appropriate, in order for the Board of Directors and the Committee to fulfill their functions. The System, to report to the Audit & Supervisory Committee, its members and the Auditors, for the Directors (excluding those who are Audit & Supervisory Committee Members) and employees of the Company, as well as Directors, the Auditors and employees of the Group, or the individuals reported by them, is as follows.

- The Company's Audit & Supervisory Committee Members shall attend important meetings and committee meetings of the Group.
- The Group Directors (excluding those who are Audit Committee Members) and employees shall have regularly meeting with the Audit & Supervisory Committee, its members and the Auditors of each Group company to ensure mutual understanding.
- The Company shall establish the structure in which the Audit & Supervisory Committee, its members and the Auditors of the Group companies can gather information directly through approval documents or other important documents, regular reports from the Company's Internal Audit Department, internal reporting, reports from executives and employees of the Group, etc.

## [Optional Committees]

Existence or non-existence of a voluntary committee equivalent to a nominating committee or compensation committee

Yes

### Status of establishment of any committee, composition of members, and attributes of the chair (chairperson)

	Committee Name	All committee members (people)	Full-time committee members (people)	Inside directors (people)	Outside directors (people)	Knowledgeable people outside the community (people)	Other (people)	Chairperson
Any committee equivalent to a nominating committee	Nomination and Compensation Committee	3	0	0	3	0	0	Outside Director
A voluntary committee equivalent to the Compensation Committee	Nomination and Compensation Committee	3	0	0	3	0	0	Outside Director

### Supplemental Explanation Updated

The Company has established the Nomination and Compensation Committee, which consists solely of Independent Outside Directors, as an advisory body to the Board of Directors in order to strengthen objectivity and accountability in determining the nomination and compensation, etc. (including the policy for determining compensation, etc., the compensation system and specific compensation amounts) of the Company's directors (for directors who are Audit Committee members, this refers only to their nomination) and the Company's group management executives (meaning the Company's Executive Officers, group company directors, and executive officers).

The Nomination and Compensation Committee meets from time to time to deliberate on matters that the Board of Directors or the President, Representative Director and CEO consults on, share information on such matters, and report back to the Board of Directors as the Nomination and Compensation Committee.

#### [Nomination and Compensation Committee Structure]

Chair	Independent Outside Director	Mitsutoshi Takao
Member	Independent Outside Director	Tsunehiro Watabe
Member	Independent Outside Director	Kazuhiko Yamada

#### [Activities of the Nomination and Compensation Committee]

The Committee has held six meetings in the fiscal year ended June 2022 with the participation of all committee members, deliberated matters concerning personnel affairs of officers of the Company and the Group Companies, remuneration of officers (including individual personnel affairs and remuneration amount, the policy for determining remuneration, and a stock-based remuneration system), review of the organizational design, and succession of key positions, among other things.

## [Related to independent officers]

Number of independent officers

Updated

6

### Other matters related to independent officers

The Company has established the "Independence Standards for Outside Directors" (hereinafter referred to as "the Standards") as set forth below, with the aim of clarifying criteria for designating Outside Directors of the Company as Independent Officers.

1. The Company deems an Outside Director or a candidate for Outside Director as independent from the Company if he or she meets the requirements for Independent Officer as stipulated in the Companies Act and the Financial Instruments and Exchange Act, and if he or she is subject to none of the following items.
  - (1) The individual is currently or recently\*1 (the same applies hereinafter) affiliated with the Group
  - (2) The individual is currently or recently affiliated with a business partner of which the Group accounts for at least 2% of the business partner's prior fiscal year consolidated net sales, or a business partner that accounts for at least 2% of the Company's prior fiscal year consolidated net sales.
  - (3) Individual or person working for a company/organization possessing or who recently possessed not less than 10% of the Company's total issued shares as of the end of the previous fiscal year
  - (4) Person currently or recently employed at a company/organization for which the Group owns not less than 10% of said company/organization's total issued shares as of the end of the previous fiscal year.
  - (5) Person currently or recently employed at an auditing firm that conducts the Group's legally mandated audits

- (6) Person currently or recently employed at a financial institution that plays a vital role in the Group's capital procurement and upon which the Group is reliant to an irreplaceable extent
- (7) Person who currently is or recently was a consultant, legal expert, accounting expert, or tax expert who has received direct compensation other than director's compensation from the Group exceeding 10 million yen during any single fiscal year over the last 3 fiscal years (if the party receiving said compensation is a corporation, group, or other organization, then a person employed by said organization)
- (8) Person who currently is or recently was the chairman or an executive officer of an organization that has received charitable contributions or support from the Group exceeding 10 million yen during any single fiscal year over the last 3 fiscal years
- (9) Executive officer of a company with whom the Group has mutually dispatched directors or auditors to the other company
- (10) A relative within the second degree of kinship or a cohabiting family member of a person applicable to any of the above (excluding non-vital persons\*2).

(Notes)

\*1: "Recently" shall refer to a period of less than three years from the time of holding the position as Director.

\*2: "Vital" assumes an important employee, such as a company or business partner director, executive officer, or auditor, or accounting auditor or attorney working at an accounting firm or legal office.

- 2. Even if applicable to any of the definitions set forth in Paragraph 1, the person in question may be designated as an Independent Officer based on the judgment of the Board of Directors following a review by the Nomination and Compensation Committee.
- 3. Notwithstanding the conditions set forth in Paragraph 1, Independent Officers must not have circumstances that can be rationally deemed to prevent the execution of duties as an independent outside director.
- 4. Independent Officers must work to ensure they maintain these standards throughout the term of their appointment and must report immediately if they no longer maintain independence as defined in these standards.

### [Related to incentives]

#### Implementation status of policies related to allocation of incentives to directors

Incorporation of performance linked compensation system

#### Supplemental information concerning relevant items

Updated

The "Basic Policies and Procedures for Determining Executive Compensation" established by the Company stipulate that the compensation to Executive Directors is structured so as to increase the motivation of said Directors to achieve short-term performance targets and improve medium- to long-term corporate value, as well as to increase an awareness of shared values with shareholders. Specifically, the compensation consists of basic fixed base salary (monetary), year-end bonus for a single fiscal year (monetary, performance linked, etc.) as a short-term incentive, and stock compensation (non-monetary, performance linked, etc.) as a medium- to long-term incentive. For details, refer to "[Related to director compensation] – Details of disclosure concerning compensation amounts and policies on determining calculation methods" described later in this report.

- 1. The Company pays cash bonus to executive directors as short-term performance-linked compensation, which serves as a short-term incentive. This bonus amount is based on single-year consolidated earnings.
- 2. The Company has introduced a "performance-based stock compensation plan (Performance Share Units System, "the Plan")," which serves as a medium- and long-term incentive. At the 16th general shareholders' meeting held on September 29, 2021, the Company's shareholders resolved to implement the plan as a measure to revise the Company's executive compensation structure (excluding outside directors) with the aim of providing incentives for achievement of performance targets stated in the medium-term management plan "Evolution 2026" announced August 10, 2021, and sustained improvement in medium- and long-term Company value, as well as the creation of greater shared value between Directors and shareholders. Based on the goals outlined above, the total amount of the compensation for the eligible period (five fiscal years from the fiscal year beginning July 1, 2021 to the fiscal year beginning July 1, 2025) is to be not more than 800 million yen and 800 thousand shares, which we consider to be an appropriate amount, paid separately from existing compensation plans, etc. The grant of performance-linked restricted stock to Executive Directors, which was resolved at the 17th Annual General Meeting of Shareholders, is a procedural measure in accordance with the Company's transition to a company with an Audit & Supervisory Committee. The details of the remuneration amount pertaining to the Plan are substantially the same as what was approved at the 16th Annual General Meeting of Shareholders held on September 29, 2021.

#### Persons applicable to receive allocation of stock options

#### Supplemental information concerning relevant items

### [Related to director compensation]

#### (Individual director compensation) Status of disclosure

Individual compensation not disclosed



## Supplemental information concerning relevant items

Disclosure concerning compensation for the fiscal year ended June 2022 as stipulated by law was provided in our business report and annual securities report. Total compensation to Directors and Audit & Supervisory Board Members during the relevant fiscal year was 391 million yen.

**Established policy on determining compensation value and calculation method**

Updated

Yes

## Details of disclosure concerning compensation amounts and policies on determining calculation methods

In determining compensation for the Company's Directors (excluding those who are Audit & Supervisory Committee Members; the same shall apply hereinafter), the "Policy for Determining Individual Director Compensation (Excluding Directors who are Audit & Supervisory Committee Members)" stipulates as follows.

### 1. Basic Compensation Policy

#### 1-1. General Approach

- Reasonableness of the amount of compensation for which the Company shall be held accountable and responsible to stakeholders including shareholders.
- Reasonableness of the amount of compensation as an incentive for the accomplishment of management policies and the enhancement of corporate earnings and shareholder value.
- Effectiveness of compensation as a means to drive efforts for not only achieving the short-term results but also consistently increasing corporate and shareholder value.
- Reasonableness of the amount of compensation as consideration for the execution of duties, as well as in terms of whether the amount is at a justifiable level to recruit/promote, to motivate and to retain talented personnel.

#### 1-2. Executive Directors

- Compensation for Executive Directors shall be structured so as to increase the motivation of said directors to achieve short-term performance targets and improve medium- to long-term corporate value, as well as to increase an awareness of shared values with shareholders.
- Compensation of Executive Directors shall consist of basic fixed base salary (monetary), year-end bonus for a single fiscal year (monetary, performance linked, etc.) as a short-term incentive, and stock compensation (non-monetary, performance linked, etc.) as a medium- to long-term incentive.

#### 1-3. Non-Executive Directors (Director and Chairman, and Outside Directors; the same shall apply herein after)

- Remuneration for Non-Executive Directors (excluding those who are Audit & Supervisory Committee Members; the same shall apply hereinafter) shall consist of fixed base salary (monetary) only, in light of their position of supervising and advising management based on a high degree of objectivity and independence.

### 2. Policy for Determining Amount and Calculation Methods of Fixed Base Salaries (Monetary Compensation)

#### 2-1. Executive Directors

- Base salary for each individual Executive Director shall be at a level appropriate to his or her responsibilities. Such compensation shall be determined by position, with the President and Representative Director at the top, in consideration of the nature of his or her duties and responsibilities.
- Base salaries for Executive Directors shall be determined on an annual basis and paid in equal monthly installments.

#### 2-2. Non-Executive Directors

- Base salary for each individual Non-Executive Director shall be at a level appropriate to his or her responsibilities, and shall be determined on a case-by-case basis, taking into consideration such factors as status as full-time or part-time and individual responsibilities.
- Base salaries for Non-Executive Directors shall be determined on an annual basis and paid in equal monthly installments.

### 3. Policy for Determining Performance Indicators, Amount and Calculation Methods Regarding Year-End Bonuses (Monetary, Performance Linked Compensation, etc.) for Executive Directors

- A year-end bonus, which is short-term performance-linked compensation, shall be paid to Executive Directors for the purpose of incentivizing them to achieve targets established for a single fiscal year. Policy for determination of performance indicators, amount and calculation method regarding year-end bonuses for Executive Directors is outlined in the TechnoPro Group's "Policy for Determining Individual Director Compensation (Excluding Directors who are Audit & Supervisory Committee Members)" which can be reviewed on our website.

[https://www.technoproholdings.com/en/ir/governance/reward\\_ind.html](https://www.technoproholdings.com/en/ir/governance/reward_ind.html)

### 4. Policy for Determining Performance Indicators, Details, Amount or Number and Calculation Methods Regarding Stock Compensation for Executive Directors

- Stock compensation shall be provided to Executive Directors for the purpose of incentivizing them to achieve performance targets established in the medium-term management plan, as well as to enhance corporate value sustainably and to encourage greater sharing of value with shareholders.
- Specifically, the Company shall adopt a performance-linked restricted stock compensation plan (performance share units).
- In principle, stock compensation will be linked to the rate of achievement of performance targets established in the medium-term management plan as an evaluation indicator. Performance indicators to be used as evaluation indicators shall be determined in accordance with the business importance of each item in the medium-term management plan.

5. Policy for Determining Proportions of Fixed Base Salary, Year-End Bonus and Stock Compensation
  - The Company policy regarding composition of compensation for Executive Directors shall reflect higher proportions of year-end bonuses (short-term incentives) and stock compensation (medium- to long-term incentives). The purpose of this policy is to further strengthen the linkage of performance with medium- to long-term corporate growth and corporate value, as well as to encourage greater sharing of value with shareholders.
  - For Executive Directors, the ratio of fixed base salary, year-end bonus, and stock compensation to the annual remuneration shall be generally equal to the following respective ratios when the targets are achieved, in principle: Base salary to year-end bonus to stock compensation = 45-47 : 22-26 : 26-33.
  - Compensation, etc. for Non-Executive Directors shall consist of fixed base salaries only, as described above.
6. Procedures for Determining Individual Director Compensation
  - To ensure the appropriateness of director compensation and strengthen the objectivity and the accountability of the decision-making processes thereof, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors and that consists entirely of Independent Outside Directors (including Directors who are Audit & Supervisory Committee Members). The Nomination and Compensation Committee shall deliberate the following in advance, which shall be then determined by resolution of the Board of Directors, with maximum respect for the content of the aforementioned deliberations: the basic policies, guidelines, rules and procedures, etc., necessary for the determination of executive compensation; evaluation indicators and other items for performance-linked compensation; matters relating to individual director compensation.
  - The Nomination and Compensation Committee shall deliberate on the following in advance, which shall then be determined by resolution of the Board of Directors, with maximum respect for the content of the aforementioned deliberations and within the range of amount and details of compensation as resolved at the General Meeting of Shareholders: the amount of basic compensation and year-end bonuses for each individual Director; the individual amount of stock compensation.
7. Other
  - There is no retirement bonus system for Directors and Audit & Supervisory Board Members of the Group. However, this may not be the case in the event of special circumstances, including when a subsidiary joining the Group via corporate acquisition has an existing retirement allowance system and when such a system is deemed necessary. Refer to “Basic Policy and Procedures for Determining Executive Compensation” posted on the Company’s website. (<https://www.technoproholdings.com/ir/governance/reward.html>)
  - The Company shall provide disclosure in an appropriate manner of this basic compensation policy, the “Policy for Determining Individual Director Compensation (Excluding Directors who are Audit & Supervisory Committee Members),” and remuneration amounts paid to Directors.

## [Support system for outside directors] Updated

- The General Affairs Department and the Audit & Supervisory Committee Office serves as liaison and coordination points for Outside Directors (excluding those who are Audit & Supervisory Committee Members) and for Outside Directors who are Audit & Supervisory Committee Members, respectively, and provide necessary support and information in cooperation with the relevant departments.
- The Board of Directors, the Audit & Supervisory Committee, the Independent Officer Committee, and the Nomination and Compensation Committee may, as necessary, invite the attendance of officers and employees of the Group, and request reports, explanations, or opinions in addition to the prescribed attendees and committee members.
- In order to promote active discussions at the Board of Directors meetings, materials related to agenda items are to be distributed well in advance of the meeting date, taking into consideration the preparation time of those attending the meeting. Opportunities for advance explanations are to be provided depending on the content and importance of agenda items.

## 2. Matters concerning Functions, including Business Execution, Audits and Supervisory Tasks, Nomination, Decisions on Compensation, etc. (summary of current corporate governance structure) Updated

### 1. Corporate Governance System Overview

#### 1-1. Management and Business Execution Structure

The Company has introduced an executive officer system to strengthen functions by assigning authority and responsibility for day-to-day business execution to Executive Officers while assigning strategic decision-making and supervisory functions to Directors. We have also established and operate the Group Management Committee as an organization to discuss and deliberate important matters in business execution, to manage the progress of the business performance of the Company and the Group Companies, and to share necessary information, work in close cooperation, and adjust strategies across the Group in a flexible manner. In addition, the Company has established committees such as the ERM Committee, the Compliance Committee, and the Sustainability Committee to pursue matters that should be addressed from a cross-organizational perspective.

#### 1-2. Management Monitoring and Supervision System

The Company has appointed a number of Outside Directors for the purpose of receiving appropriate advice and proposals from an objective standpoint and from an external perspective, as well as to strengthen the supervisory function of the Board of Directors. In addition, the Nomination and Compensation Committee, an advisory body to the Board of Directors, is chaired by an Outside Director to ensure the appropriateness and transparency of the nomination and compensation of Directors and Executive Officers of the Company and the Group Companies. In order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to Executive Directors, and to facilitate strategic and in-depth discussions at Board of Directors meetings, we have adopted the “Company with Audit & Supervisory Committee System” as an organizational design under the Companies Act.

### 2. Organizational Overview

We have established the General Meeting of Shareholders, the Board of Directors, Audit & Supervisory Committee, and the Accounting Auditor as organizations under the Companies Act. The outline of each organization is as follows.

#### 2-1. Board of Directors

The Board of Directors is chaired by Yasuji Nishio, Director and Chairman, and consists of 12 members, six of whom are full-time Directors

(Yasuji Nishio, Takeshi Yagi, Gaku Shimaoka, Koichiro Asai, Toshihiro Hagiwara, Hitoshi Madarame) and six of whom are Outside Directors (Tsunehiro Watabe, Kazuhiko Yamada, Harumi Sakamoto, Shoko Takase, Mitsutoshi Takao, Rumiko Tanabe). Of the Company's Executive Directors, four are full-time Directors (Takeshi Yagi, Gaku Shimaoka, Koichiro Asai, Toshihiro Hagiwara), excluding Yasuji Nishio and Hitoshi Madarame. In addition to the regular monthly meetings, extraordinary meetings of the Board of Directors are held as necessary. In addition to exercising a supervisory function over management and ensuring fairness and transparency in management, the Board of Directors determines basic management policies and other important business decisions, evaluates and formulates measures related to material risks, and determines the nomination and compensation of management personnel. In this way, the Board engages in making the best possible decisions for the Company.

To improve the overall functioning of the Board of Directors, the Company, in principle, conducts an analysis and evaluation of the effectiveness of the Board of Directors once a year, and discloses a summary of the results.

#### 2-2. Audit & Supervisory Committee

The Company established an Audit & Supervisory Committee, chaired by Hitoshi Madarame, Director and full-time Member of the Audit & Supervisory Committee. The Audit & Supervisory Committee consists of three members, of which one is a full-time Director and Audit & Supervisory Committee Member (Hitoshi Madarame) and two are Outside Directors who are Audit & Supervisory Committee Members (Mitsutoshi Takao, Rumiko Tanabe). In addition to the regular monthly meetings of the Audit & Supervisory Committee, extraordinary meetings are held as necessary to discuss audit policies and important audit-related matters.

Effective September 29, 2022, the Company transitioned from a company with an Audit & Supervisory Board to a company with an Audit & Supervisory Committee. During the fiscal year ended June 30, 2022, prior to the transition to the new organizational structure, the Audit & Supervisory Board held extraordinary meetings as necessary in addition to the regular monthly meetings, for a total of 16 meetings, with the average time required per meeting being approximately two hours. Due to medical treatments, Audit & Supervisory Board Member Akira Mikami was unable to attend the Audit & Supervisory Board meetings after January 2022.

#### 2-3. Nomination and Compensation Committee (held provisionally as necessary)

The Nomination and Compensation Committee is chaired by Mitsutoshi Takao, Independent Outside Director and consists of three Independent Outside Directors (Mitsutoshi Takao, Tsunehiro Watabe, Kazuhiko Yamada). The Nomination and Compensation Committee deliberated matters regarding the nomination and compensation of Directors, and Executive Officers of the Company and the Group Companies, providing opinions, reports, advice, and recommendations to the Board of Directors.

During the fiscal year ended June 2022, the Nomination and Compensation Committee held 6 meetings, which were attended by all members and deliberated matters concerning personnel affairs of officers of the Company and the Group Companies, remuneration of officers (including individual personnel affairs and remuneration amount, the policy for determining remuneration, and a stock-based remuneration system), review of the organizational design, and succession of key positions, among other things.

#### 2-4. Independent Officer Committee (in principle, held twice a year)

Independent Officer Committee is chaired by Tsunehiro Watabe, Chief Independent Outside Director and consists of six Outside Directors: (Tsunehiro Watabe, Kazuhiko Yamada, Harumi Sakamoto, Shoko Takase, Mitsutoshi Takao, Rumiko Tanabe). In response to the requirements of the Corporate Governance Code, which encourages the use of Independent Officers, and as an effort to strengthen governance contributing to medium- to long-term profitability, the Company pursues the exchange of information, understanding, and opinions between Independent Outside Directors to enhance governance functions further.

During the fiscal year ended June 2022, the Independent Officer Committee meetings were held twice with the participation of all Independent Officers, except for Outside Audit & Supervisory Board Member Mikami, who was recuperating from illness. As Mr. Mikami is expected to continue medical treatments for some time, he has not been appointed as a Director who is an Audit & Supervisory Committee Member.

### 3. Business execution organizations

#### 3-1. Group Management Committee (in principle, meets weekly)

The Group Management Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, and consists of Executive Directors, Executive Officers, and Representative Directors of the Group Companies. The Group Management Committee has been established and operates as an organization to discuss and deliberate important matters in business execution, to manage the progress of the business performance of the Company and the Group Companies, and to share necessary information, work in close cooperation, and adjust strategies across the Group in a flexible manner. The Director who is a full-time Audit & Supervisory Committee Member attends meetings to gain an understanding of important decision-making processes and the status of business execution, expressing opinions as necessary.

#### 3-2. ERM Committee (in principle, meets semiannually)

The ERM Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, vice-chaired by Toshihiro Hagiwara, Managing Director and CFO, and consists of full-time Directors. The ERM Committee makes decisions on important issues related to our basic policy on ERM and the development and operation of the system. Through the formulation and progress management of the ERM plan, the ERM Committee comprehensively evaluates risks related to strategy, markets, competition, operations, compliance, J-SOX, etc., and formulates and monitors response policies.

The Board of Directors receives regular reports on matters to be discussed by the ERM Committee, and if there are any agenda items to be discussed by the Board of Directors, the Board of Directors shall discuss them.

#### 3-3. Compliance Committee (in principle, meets monthly)

The Compliance Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, and consists of the general managers of the CSR Promotion Department, the Internal Audit Department, the Human Resources Department, the Business Systems Development Department, the Communication & IR Office, the Audit & Supervisory Committee Office, and persons in charge of risk management at the Group Companies as designated by the committee chair. The Compliance Committee examines measures to improve and sustain compliance within the Group, formulates, implements and manages the progress of the annual compliance plan, and reports to the ERM Committee as necessary.

#### 3-4. Sustainability Committee (in principle, meets semiannually)

The Sustainability Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, and consists of full-time Directors, and Group executives and employees appointed by the committee chair. The Committee is responsible for decision-making regarding development, implementation and operation, etc. of important matters to achieve the Group's Sustainability Policy. More specifically, the

Committee deliberates on the establishment, revision, and abolition of sustainability-related rules, matters related to important Group issues, and matters related to responses to external evaluation bodies.

The Board of Directors receives regular reports on matters to be discussed by the Sustainability Committee, and if there are any agenda items to be discussed by the Board of Directors, the Board of Directors shall discuss them.

The Sustainability Policy of the TechnoPro Group is to achieve sustainable business growth and increase corporate value through creating shared value with our stakeholders, including executives, employees, customers, and society, based on our engineers, technical capabilities, and business models, and through the establishment of and operations built on a solid management foundation. As a result, we will contribute to the sustainable development and prosperity of economies, industries, and societies around the world, as well as to the preservation of the global environment. For the “TechnoPro Group Sustainability Policy,” please refer to “III Implementation Status of Measures Concerning Shareholders and Other Stakeholders, 3. Initiatives Concerning Respect for Stakeholders’ Position, [Environmental Conservation Activities, CSR Activities, etc.]” in this report.

Furthermore, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the provisions of the its Articles of Incorporation, the Company concludes contracts limiting liability as defined under Article 423, Paragraph 1 of said law with Directors (excluding Executive Directors). The limit on damage liability set forth in these contracts shall be the liability limit prescribed 5 million yen or in Article 425, Paragraph 1 of the Companies Act, whichever is higher. Furthermore, the limit to liability shall be recognized only when the execution of duties by the Director (excluding those who are Audit & Supervisory Committee Members) resulting in liability was conducted in good faith and did not constitute gross negligence.

### 3. Reason for Selecting Current Corporate Governance System Updated

- The Company adopts a company with Audit & Supervisory Committee system under the Companies Act in order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to Executive Directors, and to facilitate strategic and in-depth discussions at the Board of Directors meetings.
- The Company establishes and utilizes the Nomination and Compensation Committee to obtain appropriate involvement and advice from Outside Directors with respect to nomination and compensation of the Company’s Directors and senior management of the Group, and further enhance the governance function by strengthening objectivity and accountability in such nomination and compensation decisions.
- The Company adopts an executive officer system that allocates executive authority and responsibility for day-to-day business execution to Executive Officers in order to ensure flexible and efficient business operations.
- The Company has and regularly holds the Independent Officer Committee for the purpose of enabling Independent Outside Directors to gather information on the agenda of the Board of Directors and other matters related to the management of the Group, and to exchange opinions and share awareness among Independent Outside Directors.
- The Board of Directors of the Company monitors the effective operation of the internal control system in accordance with the “Basic Policy Concerning Internal Control System” established by a resolution of the Board of Directors, and ensures appropriateness of business execution of the entire Group.

## /// Status of Policies Concerning Shareholders and other Parties with Interests

### 1. Status of Initiatives related to Improving the Substance of General Meeting of Shareholders and optimizing the Process of Exercising Voting Rights

	Supplemental information
Early delivery of General Meeting of Shareholders' convening notice	As a general rule, we send out the notice of convocation of the General Meeting of Shareholders at least three weeks prior to the date of the General Meeting of Shareholders.
Setting dates for the General Meeting of Shareholders that avoids peak periods	Although our fiscal year concludes in June and we hold the General Meeting of Shareholders in September, we set dates that are not concurrent with the General Meeting of Shareholders for other companies to the extent possible.
Exercising voting rights via electronic methods	We enable the exercising of voting rights via electronic methods.
Participation in electronic voting platform and other initiatives to improve the voting environment for institutional investors	We participate in the electronic voting platform in order to create an environment in which all shareholders, not just those attending the General Meeting of Shareholders, can exercise their voting rights appropriately.
Provision of convocation notice (summary) in English	We provide an English version of our convocation notice (summary).
Other	In order to ensure that shareholders have sufficient time to review the proposals of the General Meeting of Shareholders and exercise their voting rights appropriately, we send out the convocation notice, reference materials at the earliest opportunity, and publish them on our website during the period between the Board of Directors' resolution to convene the meeting and the dispatch of the convocation notice.

### 2. Status of IR Activities

	Supplemental information	Explanation provided directly by representative
Creation/publication of disclosure policy	We publish our disclosure policy on our website.	
Holding regular conferences for individual investors	We proactively attend conferences for individual investors held by securities companies and others to help investors better understand our company. After the financial results briefings for institutional investors and analysts, which are held four times a year for each quarter, the video, transcript of the briefing, and record of Q&A session are promptly posted on our website. Additionally, the CEO himself appears on a radio program periodically to create opportunity for providing information about current situation, business environment, and future plans.	Yes
Holding regular conferences for analysts and institutional investors	We host four quarterly financial results briefings in each fiscal year. For the fiscal year ended June 30, 2022, we have held all four briefings in the forms of webinars due to the spread of the new coronavirus infection. We also regularly hold individual and group meetings with institutional investors and analysts.	Yes
Holding regular conferences for overseas investors	In addition to overseas IR, we provide presentations at conferences and webinars hosted by domestic and overseas securities firms. We also regularly hold individual and group meetings with overseas institutional investors and analysts. We proactively disclose information that we consider necessary to be disclosed in English (news releases, financial statements, securities reports (excerpts), corporate	Yes



	governance reports, integrated reports, etc.) on our website in English.
<b>Publication of IR materials on website</b>	In addition to the regular publication of monthly materials, we also publish financial and IR materials such as financial information, timely disclosure materials, press releases, securities reports and quarterly reports, General Meeting of Shareholders materials, earnings conference materials, and materials related to our medium-term management plan, ESG Related Information, etc.
<b>Establishment of IR department (manager)</b>	The Communication and IR Office of the Management Planning Department, which is overseen by the CFO, is responsible for IR activities.

### 3. Status of Initiatives related to Respecting the Position of Stakeholders Updated

	Supplemental information
<b>Internal regulations for respecting the position of stakeholders</b>	<p>As a corporate group trusted by society, we establish the “TechnoPro Group Code of Conduct” by a resolution of the Board of Directors to foster good relationships with stakeholders and to pursue realization of sustainable societies, practicing corporate behavior in accordance with this Code of Conduct. The Code states the basic stance as a group on environmental conservation addressing climate change issues, respect for human rights and diversity, consideration for employee health and working environment, fair and appropriate transactions with business partners, and proper handling of information and assets etc. The “TechnoPro Group Code of Conduct” can be viewed at our website.  <a href="https://www.technoproholdings.com/en/ir/management/code_of_conduct.html">https://www.technoproholdings.com/en/ir/management/code_of_conduct.html</a></p> <p>We also have outlined the “6 Promises of TechnoPro Group Employees” as rules of conduct for the behavior of our executives and employees, and are striving to realize “TechnoPro Group Code of Conduct” through the practice and penetration of these promises.</p> <p><b>[TechnoPro Group Six Core Commitments]</b></p> <ol style="list-style-type: none"> <li>1. Act with initiative and accountability <ul style="list-style-type: none"> <li>• We work with the end goal in mind, selecting the best course of action.</li> </ul> </li> <li>2. Strive to improve expertise and skills <ul style="list-style-type: none"> <li>• We aspire to greatness in our profession, learning new skills and knowledge every day.</li> </ul> </li> <li>3. Communicate effectively and act with sincerity <ul style="list-style-type: none"> <li>• We treat everyone with respect, building relationships of understanding and trust.</li> </ul> </li> <li>4. Be an ultimate professional and a trusted team player <ul style="list-style-type: none"> <li>• We work with other entities, incorporating various ideas and insights for superb results.</li> </ul> </li> <li>5. Act with insight and speed for the success of others <ul style="list-style-type: none"> <li>• We monitor trends in markets and technology, anticipating needs and offering superior solutions.</li> </ul> </li> <li>6. Be perfect in legal and ethical compliance <ul style="list-style-type: none"> <li>• We inspire trust and confidence through perfect compliance with labor laws, information security statutes and practices, and ethics rules governing business in general and in our industry in particular.</li> </ul> </li> </ol> <p>The Board of Directors periodically checks the status of the implementation of the above behavioral standard in the Group.</p>
<b>Promote environmental conservation activities, CSR activities, etc.</b>	<p>Based on the recognition that addressing sustainability issues is an important management agenda that not only reduces risks but also leads to profit-earning opportunities for the Group, the Company establishes the “TechnoPro Group Sustainability Policy” by a resolution of the Board of Directors and in pursuit of sustainable growth that integrates business with consideration for environment (Environment), solving social issues (Social) and commitment to governance (Governance), and holds the Sustainability Committee chaired by the President, Representative Director and CEO.</p> <p>The Sustainability Committee reviews and makes decisions on policies, initiatives and operation of important matters related to sustainability, and the Company endeavors to actively and proactively address these issues throughout the entire Group.</p> <p>The Board of Directors receives regular reports on matters to be discussed by the</p>

Sustainability Committee, and if there are any agenda items to be discussed by the Board of Directors, the Board of Directors shall discuss them.

#### **[TechnoPro Group Sustainability Policy]**

The TechnoPro Group will achieve sustainable business growth and increase corporate value through creating shared value with all our stakeholders, including executives, employees, customers, and society, based on our engineers, technical capabilities, and business models, and through the establishment of and operations built on a solid management foundation. As a result, we will contribute to the sustainable development and prosperity of economies, industries, and societies around the world, as well as to the preservation of the global environment.

- We will identify important management issues (materialities) that have a significant impact not only on the Group, but also on our stakeholders, that should be addressed on a priority basis. We will strive to create and expand our positive impacts and reduce our negative impacts on economies, industries, societies, and the environment.
- We will address and solve sustainability issues through our business activities, striving to capture new business opportunities that arise in the process.
- We will strive to enhance corporate value and trust by incorporating the feedback we obtain from all our stakeholders through dialogue and proactive information disclosure into our corporate activities.
- We will strive to build a sustainable value chain through the development of fair and honest corporate activities.
- We will formulate appropriate action plans to address sustainability issues, reflecting in these plans the United Nations Global Compact and other international principles and standards.
- We will educate and enlighten our executives and employees to raise awareness of sustainability issues and materialities, as well as to improve the knowledge necessary to implement measures regarding these issues and materialities in our business activities.

Furthermore, in environmental conservation, we have established the following "TechnoPro Group Environmental Policy," aiming to make proactive contributions to the preservation of the environment through implementing these.

#### **[TechnoPro Group Environmental Policy]**

The TechnoPro Group has established the Environmental Policies of TechnoPro Group as a guideline for group-wide efforts in environmental conservation and in fulfilling our environmental responsibilities. This policy is based on the belief that conserving the irreplaceable global environment for future generations is consistent with the pursuit of the TechnoPro Group Purpose, our group corporate philosophy.

##### **1. Basic Concepts Related to Environmental Protection**

- Recognizing that addressing global environmental issues is a common challenge throughout the world, including our executives, employees, customers, business partners, investors, and local communities,:
  - (1) we are committed to reducing the environmental impact of our business activities, and
  - (2) we aim to develop and disseminate services that utilize our technology and human resources to reduce environmental impact.

##### **2. Areas of Environmental Importance**

- Guided by the TechnoPro Group Code of Conduct and the environmental principles of the United Nations Global Compact, we strive to reduce our environmental impact, particularly in the development and delivery of our services, defining areas of particular importance (Areas of Environmental Importance).
- These Areas of Environmental Importance are reviewed in accordance with changes in international norms, social conditions, and business activities.

##### **<Areas of Environmental Importance>**

###### **(1) Climate Change**

Reduce greenhouse gas emissions and mitigate the negative impacts of climate change

###### **(2) Sustainable Resource Usage**

Engage in efficient energy usage, waste reduction, and the creation of recycling-oriented societies

###### **(3) Prevent Pollution and Conserve the Environment**

Conduct the appropriate treatment of pollutants and hazardous waste, consider the natural environment, and preserve biodiversity

##### **3. Comply With Environmental Laws and Regulations**

- In pursuing our business activities, we comply with and respond to social norms, laws, rules, and regulations related to environmental protection, international

**Promote environmental conservation activities, CSR activities, etc.**

**Promote environmental conservation activities, CSR activities, etc.**

initiatives, and environment-related agreements to which TechnoPro Group companies have agreed.

**4. Conducting Environmental Management**

- We will establish and operate an environmental management system. Further, we will regularly evaluate progress toward targets, the implementation of environment-related activities, and risks and opportunities. In this way, we will strive for continuous improvement in reducing our environmental impact and achieving higher levels of environmental performance.

**5. Provide Education, Raise Awareness, and Engage in Community Contribution Activities**

- We sponsor educational and awareness-raising activities to ensure executives and employees understand and practice activities based on this policy.
- We ask business partners to conduct environmentally friendly business activities to the greatest extent reasonable.
- We support community contribution activities related to environmental protection.

**6. Practice Appropriate Information Disclosure and Communication**

- We disclose information related to our environmental initiatives and services in an appropriate manner to improve our credibility with society. We also emphasize dialogue with our stakeholders.

In addition, our “Social Contribution Policy” defines the objectives and priority areas of our social contribution activities.

**[Social Contribution Policy]**

The TechnoPro Group, as a good corporate citizen, will play a role in solving social issues and contribute to the realization of a prosperous society and its sustainable development, in addition to creating social value through its business activities. The “Social Contribution Policy” is hereby established to clarify the objectives, principles, and areas of focus of our social contribution activities.

**1. Objectives and Principles**

- The purpose of TechnoPro Group’s social contribution activities is to build a relationship of trust with our stakeholders and, based on that relationship of trust, to create a virtuous cycle that leads to increased corporate value by leveraging our strengths in “technology” and “talent.”
- The TechnoPro Group places importance on the following principles when selecting social contribution activities for it to engage in.

Public Interest: Contributing to solving issues in the international and local communities

Transparency: Maintain transparency in decision-making and activities

Accountability: Be accountable to stakeholders in terms of the relevance to business activities and the significance and effectiveness of activities

**2. Focus Areas**

- The TechnoPro Group will focus its social contribution activities on the following areas that are highly compatible with its business strategy, based on its Purpose and materialities.

**(1) Development of the Next Generation**

Activities to nurture potential future engineers and researchers by utilizing our accumulated technical capabilities, knowledge, training know-how.

**(2) Creation of Opportunities for Diverse Human Resources**

Activities related to the creation and support of international and regional foundations, where engineers and researchers can improve their skills and play more active roles, regardless of gender, age, nationality, disability, or other attributes.

**(3) Coexistence with Local Communities**

Activities that contribute to harmony with local communities and sustainable development by identifying needs and issues in each domestic and overseas region in which we operate and contributing to solving them.

Specific examples of environmental conservation activities and social contribution activities are as follows. Furthermore, we identify materialities and strive to improve in these areas, measured by numerical targets. The status of these activities is described in our website and annual integrated report.

<https://www.technoproholdings.com/en/csr/materiality.html>

- Planning and operation of TechnoPro Kids School, which teaches the joy of science to kindergarten and elementary school children, fostering a love of science among our youth

- Participation as a collaborative partner in the Kagaku-no-Koshien Junior (national science competition for junior high school students) and the Kagaku-no-Koshien (national science competition for high school students), both organized by the Japan Science and Technology Agency (JST).
- Endorsement and support for the activities of Waffle, an NPO that promotes the advancement of women in the fields of science and mathematics (especially software programming)
- Planning and operation of the Future Creating School, which encourages high school students to be active in and choose studies in the liberal arts and sciences
- Participation in activities to deliver picture books to children in Asia with Shanti Volunteer Association
- Support for the environmental conservation activities of the World Wide Fund Japan (WWF Japan)
- Participation in disaster recovery volunteer activities, cleanup activities, and tree planting activities in various parts of Japan
- Activities to calculate and reduce greenhouse gas emissions

We believe ensuring the accurate understanding and evaluation of the Group by all our stakeholders, including shareholders, business partners, and employees, is vital to our company. In addition to legally mandated disclosures, we work to disseminate Group information by publishing information on our website and hosting conferences.

Specifically, in the “TechnoPro Group Corporate Governance Guidelines,” we outline the following concerning information disclosure and transparency.

- The Company establishes the “Disclosure Policy” and the Disclosure Committee, and disclose information in a timely and appropriate manner in compliance with laws, related rules and regulations.
- From the perspective of shareholders, investors, and other stakeholders, the Company shall proactively disclose not only financial information, but also non-financial information including initiatives to address sustainability issues, investments in human capital and intellectual property, and other information. The Company will also collect and analyze necessary data on the impact of climate change-related risks and opportunities on the Group business activities and earnings, and enhance the quality and quantity of disclosure based on the TCFD (Task Force on Climate-related Financial Disclosure), an internationally established disclosure framework, or an equivalent framework.
- We shall disclose and provide disclosure documents in English for the information deemed necessary.

### Creation of policies related to information sharing for stakeholders

#### **[Basic Policy on Capital and Financial Strategies]**

- The Company implements an appropriate capital management from the perspective of maintaining financial soundness and capital efficiency, based on an understanding of its own cost of capital.
- The Company endeavors to allocate free cash flow in a balanced manner between investment in growth and shareholder returns in order to enhance corporate value over the medium to long term.
- The Company sets a target for return on equity (ROE) as one of its key management indicators, and focuses not only on sustainable growth in earnings per share (EPS), but also on creating value by ensuring that return on invested capital (ROIC) exceeds the cost of capital, with the aim of building an optimal capital structure that is appropriate for the Group's business structure and its changes.
- The Company, based on the understanding that the interests of existing shareholders may be materially affected in the event of a capital increase through the issuance of new shares, third-party allotment or convertible bonds, a takeover bid, or in the event of any other change in control or major dilution, shall appropriately disclose such information and the policy of the Board of Directors and take the necessary steps.
- In principle, the Company shall not introduce so-called anti-takeover measures that would forcibly dilute the shares of an acquirer.
- The Company shall explain to its shareholders and other stakeholders each time it changes its basic policies on capital management as stipulated in the preceding paragraphs.

## **IV Matters concerning Internal Control System, etc.**

### **1. Basic Approach concerning Internal Control System and Status of Development** Updated

The Company has established the following “Basic Policy on Internal Control System” as a system to ensure appropriate business operations.

#### 1. Internal Controls Structure

- The Company is a pure holding company, responsible for strategic planning and management support functions for the Group Companies. Accordingly, the Company’s basic policy for an internal controls system applies to the Group Companies as well as the Company.
- The Company maintains and operates the following structure of internal controls for itself and creates and imposes the following structure of internal controls for the Group Companies in accordance with laws and other rules and within a scope deemed rational.

#### 1-1. Management Implementation Structure

- The Board of Directors shall make decisions regarding the Group controls environment (corporate philosophy, medium-term management plan, human resources, etc.). Furthermore, the Board of Directors shall obtain an understanding of the performance and internal controls status of the Group, exercising supervision over the Group Directors to determine whether performance is conducted efficiently and appropriately.
- The Board of Directors shall implement an executive officer system that allocates authority and responsibility over daily operations to Executive Officers, enabling Directors to focus on strategic decision making and supervisory functions, thereby increasing business efficiency and strengthening business supervisory functions.
- In principle, Executive Officers of the Company shall serve concurrently as Directors of the Group Companies. The Group Management Committee, consisting of the Company’s Executive Officers and others, shall deliberate basic policies and important matters related to the general management of the Group.
- The Company shall manage the Group Companies, clearly defining matters for Company approval and matters that are reported to the Company according to TechnoPro Group “Company Management Regulations.”
- TechnoPro Group executives and employees shall follow the decision-making rules, basis the priorities stipulated in the division role regulation, the authority regulation and the approval criteria of each company, in order to realize prompt decision-making and efficient business execution.
- The Company shall provide shared services (accounting, finance, human resources, legal affairs, information systems, etc.) for the Group to achieve operational efficiencies and ensure internal controls.

#### 1-2. Internal Audit System

- The Company’s Internal Audit Department shall investigate the status and operations of the system of internal controls within the Group according to internal audit rules, etc., providing advice and proposals for the improvement thereof.
- To ensure the independence and objectivity of internal audits, the Company’s Internal Audit Department shall directory report to the Company’s President, Representative Director and CEO.
- The annual internal audit policy and internal audit plan for the Group shall be reported to the Board of Directors after approval by the President, Representative Director and CEO.
- The Internal Audit Department shall cooperate closely with the Company’s Audit & Supervisory Committee to ensure effective and practical audits.

#### 1-3. Matters Necessary to Carry Out Duties of the Audit & Supervisory Committee and Auditors

##### 1-3-1. Matters Concerning Employees Assisting in Duties of the Audit & Supervisory Committee and Auditors (“Auditor Assistants”)

- The Company shall establish the Audit & Supervisory Committee Office and the Auditor Office, with appropriate staffing as the Auditor Assistants, to exclusively assist the Audit & Supervisory Committee and the Auditors in carrying out their duties. In addition, the Group Directors shall cooperate in organizing the proper audit environment to ensure the effectiveness of audits by the Audit & Supervisory Committee, its members and Auditors.

##### 1-3-2. Matters Concerning Independence of Auditor Assistants from Directors (Excluding Those who are Audit & Supervisory Committee Members)

- The Auditor Assistants shall not assume the positions of other departments and shall not be directed by any person other than the Audit & Supervisory Committee or the Auditors. Personnel matters related to the Auditor Assistants, including department transfers, performance evaluations, and rewards and penalties, shall require the consent of the Audit & Supervisory Committee or the Auditors of each Group company.

##### 1-3-3. Matters to Ensure Effective Instructions to Auditor Assistants Given by the Audit & Supervisory Committee and Auditors

- The Auditor Assistants shall carry out their duties in accordance with the instructions of the Audit & Supervisory Committee or the Auditors.

##### 1-3-4. System, to Report to the Audit & Supervisory Committee, its Members and Auditors, for Directors (Excluding Those Who are Audit & Supervisory Committee Members) and Auditor Assistants, as Well as Directors, Auditors and Auditor Assistants of the Group Companies, or Individuals Reported by Them

- The Company’s Audit & Supervisory Committee Members shall attend important meetings and committee meetings of the Group.
- The Group Directors (excluding those who are Audit & Supervisory Committee Members) and the Auditor Assistants shall have regular meetings with the Audit & Supervisory Committee, its members and Auditors to ensure mutual understanding between the Audit & Supervisory Committees, its members, and the Auditors of each Group company.
- The Group shall establish the structure in which the Audit & Supervisory Committee, its members and the Auditors can gather information directly through approval documents or other important documents, regular reports from the Company’s Internal Audit Department, shared information related to internal reporting, reports from executives and employees, etc.

##### 1-3-5. System to Ensure Avoidance of Disadvantageous Treatment for Person Making Report Under 1-3-4

- The Group shall determine and publicize clearly the rules to the effect that the Group executives and employees shall not be treated



unfairly as a result of internal reporting to the Audit & Supervisory Committee, its members or the Auditors.

#### 1-3-6. Policy Concerning Expenses or Liabilities Incurred in Performance of Duties by Audit & Supervisory Committee Members (Limited to Those Related to Duties of the Audit & Supervisory Committee) and Auditors, Including Prepayment or Reimbursement Procedures for Expenses

- The annual budget shall be set for the audit expenses for the Audit & Supervisory Committee and the Auditors, payable by each Group company, unless proven irrelevant to the execution of duties.

#### 1-3-7. Other Systems to Ensure Effective Implementation of Audits by the Audit & Supervisory Committee and Auditors

- The Audit & Supervisory Committee shall cooperate with the Auditors through the Group Audit Liaison Meeting, etc., which is held for the purpose of enhancing the effectiveness and fairness of the audits, and shall monitor the establishments and operations of the internal controls systems.
- The Audit & Supervisory Committee Members shall, in principle, serve concurrently as the Auditors of important Group companies.

#### 1-4. Information Retention Management System

- The Group as a whole shall establish a system for the appropriate retention and use of information related to the operation of the structure of internal controls described above.
- The Group shall properly create and retain documents based on the General Meeting of Shareholders minutes, the Board of Directors meeting minutes, and other legally mandated documents.
- Information related to decisions made at major meetings and information related to major decisions and/or the execution of duties by Directors shall be recorded, retained and/or destroyed, either in physical or electronic media, according to the document management regulations and the document retention regulations.
- The Group shall establish a system for quickly searching and viewing these documents to confirm the existence and retention status of said documents. This system consists of document digitization and entry into a database.

### 2. Internal Controls

- The Group as a whole shall strengthen internal controls related to the following matters, according to the structure of internal controls described in the prior paragraphs.

#### 2-1. Internal Controls Related to Risk Management

- The Group executives and employees shall execute their duties within the scope of authority and responsibility based on the authority and scope of responsibility defined for the individual. Said individual is responsible for managing the events that may affect the Group's ability to achieve its strategic and business objectives ("Risks").
- The Group shall establish the Enterprise Risk Management (ERM) regulations and other related rules in order to reasonably guarantee the formulation of strategies and the achievement of business objectives.
- The Group shall conduct a comprehensive assessment of the identified Risks and establish a risk response policy at the ERM Committee based on the Group's risk appetite.
- The Group shall establish a risk management monitoring system to collect information within the Company related to group-wide Risks, providing a prompt and effective response.
- The Group shall provide ongoing education and training related to risk management to the Group executives and employees.
- On an annual basis, the Board of Directors shall identify Risks related to the execution of duties, revising corresponding risk management structure.

#### 2-2. Internal Controls Related to Compliance

- Recognizing the compliance with relevant laws and statutes is prerequisite as an entity engaged in labor dispatch, paid placement services, and other businesses, the Group as a whole shall establish structures for strict compliance with laws, statutes, and the Articles of Incorporation, as well as with corporate ethics ("Compliance").
- The Company shall establish a Compliance Committee, which is chaired by the President, Representative Director and CEO who is ultimately responsible for Company Compliance, and whose members consist of the general manager of each division. This committee deliberates important matters related to organization-wide compliance structure planning and operations.
- By setting and operating Compliance rules, the Group shall maintain compliance structure, identify issues, and improve issues that must be addressed.
- The Group shall institute an internal reporting system (adding to internal reporting desk, establish third-party report desk independent of management), making this reporting system known to executives and employees for the prevention, early detection, and prompt and effective response to acts in violation of Compliance. At the same time, reports from executives and employees related to Compliance shall be reflected in the Group's business management.
- In the event that an act in violation of Compliance is discovered, the Group shall take appropriate response measures in cooperation with external experts and in accordance with the Compliance regulations and the internal reporting regulations. Further, the Group shall institute and implement disciplinary actions against those who violate or knowingly conceal the violation of Compliance.

#### 2-3. Internal Controls Related to Financial Reporting

- To ensure the reliability of the Group's financial reporting, the Group shall make internal controls over financial reporting to function at the group-wide and at the business process level in accordance with the Financial Instruments and Exchange Act and other related laws and regulations.
- The Group shall conduct annual assessment of Risks at the ERM Committee in order to strengthen internal control functions related to the Group's financial reporting. The ERM Committee shall assume responsibility for important decisions to create and operate internal controls systems related to financial reporting.

#### 2-4. Internal Controls Related to Information Systems and Information Security

- In light of the possibility that the Group executives and employees may have access to confidential information related to customer research and development, or personal information related to job candidates or executives and employees of the Group, the Group shall implement a strict information security management system.
- The Group shall create and operate regulations related to information systems and information security, providing education and training to executives and employees in order to instill the appropriate handling of information and information equipment.
- The Group shall engage in measures against data loss or leakage by strengthening the infrastructure of network security, etc..

## 2. Basic Approach to the Elimination of Antisocial Forces and Status of Measures

Our Group has outlined the “Antisocial Force Response Regulations” and “Antisocial Force Response Manual.” Designating the CSR Promotion Department as the department in charge, we have established and operate a system to eliminate any relations with antisocial forces.

For contracts with business partners, we require the inclusion of an antisocial force elimination clause (clause stipulating the right to cancel a contract if it is determined that the opposing party is an antisocial force) in an agreement and as a requirement of memorandums and contracts. Furthermore, directors and employees are required to submit a pledge stating that they do not constitute an antisocial force and that they have no involvement with antisocial forces.

## **V** Other

### 1. Incorporation of Measures to Prevent TOB

Incorporation of measures to prevent TOB	None
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Supplemental information concerning relevant items

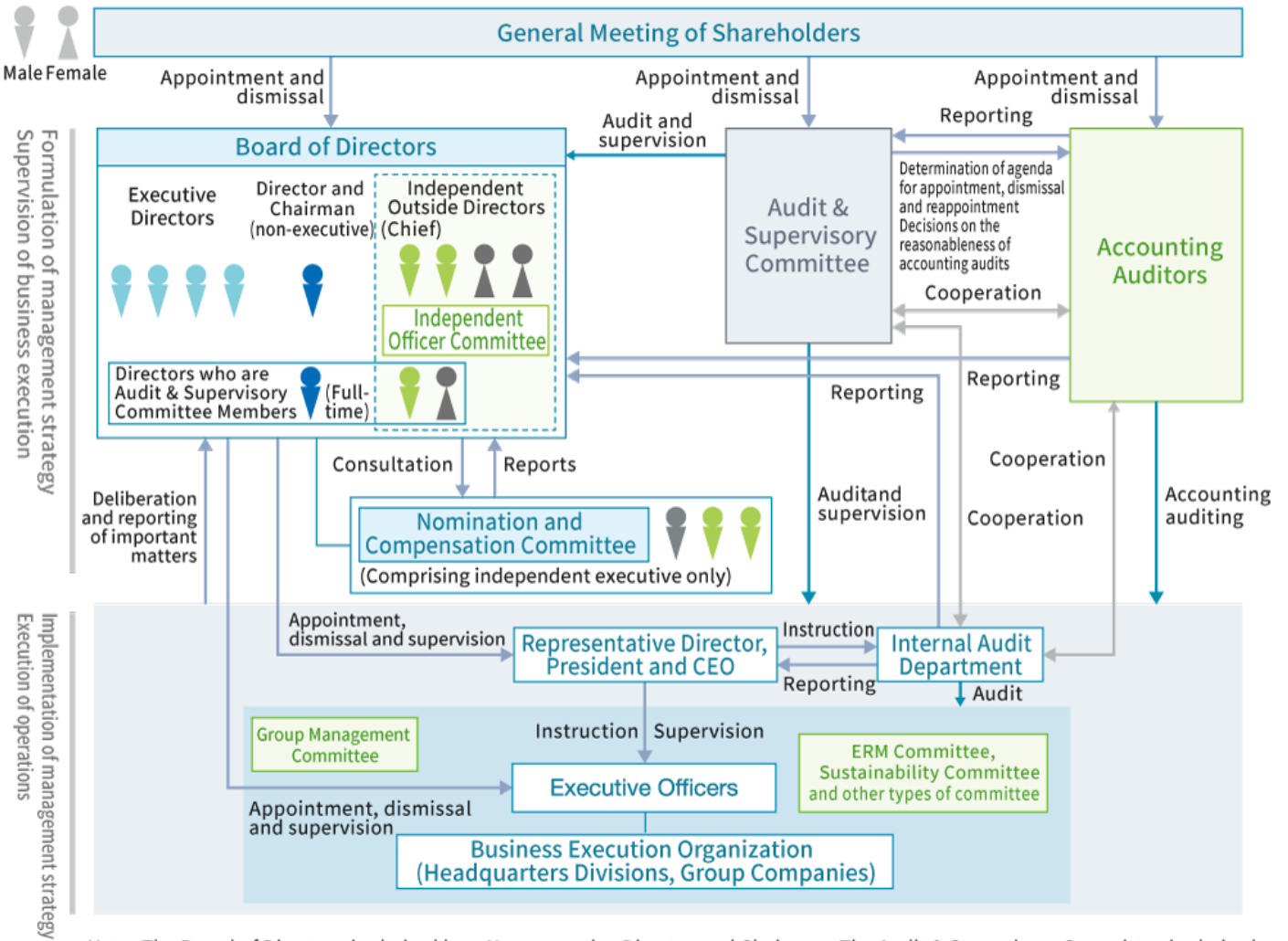
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### 2. Other Matters related to Corporate Governance System, etc.

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[Flow Chart (Reference Materials)]

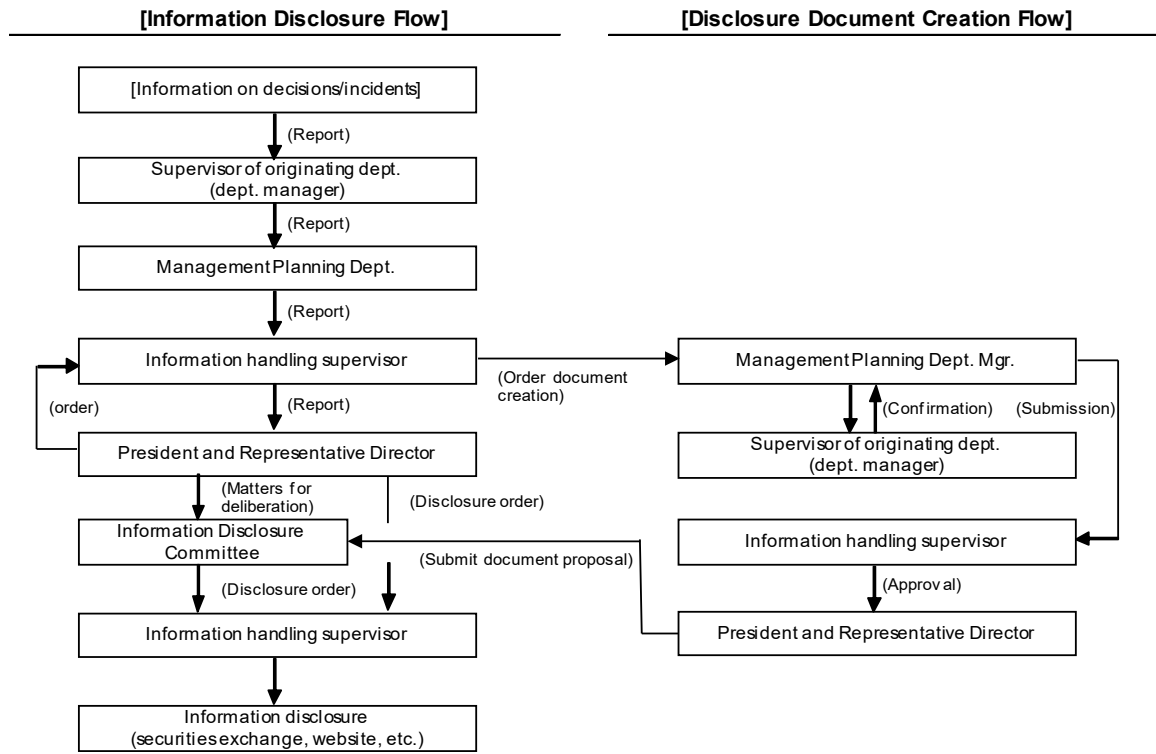
Corporate Governance and Compliance System



Note: The Board of Directors is chaired by a Non-executive Director and Chairman. The Audit & Supervisory Committee is chaired by a full-time Director who is an Audit & Supervisory Committee Member. The Nomination and Compensation Committee is chaired by an Independent Outside Director. The Independent Officer Committee is chaired by the chief independent Outside Director.

[Summary of timely information disclosure system (flow chart)]

[Information on Decisions/Incidents]



[Financial Information]

