

Last Update: November 29, 2022

**INFOCOM CORPORATION**

Norihiro Takehara, President

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Securities code: 4348

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

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

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

### 1. Basic Views

The Corporate Philosophy of the Infocom Group (the “Group”) is “The Infocom Group contributes to social innovations through ICT advancements.”

Based on this philosophy, the Company works to strengthen corporate governance to realize sustainable improvement of corporate value, earn the trust of various stakeholders, including shareholders, and fulfill its corporate responsibility.

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

The Company complies with all of the principles provided for in the Corporate Governance Code.

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

#### Principle 1.4 Cross-Shareholdings

The Company sometimes acquires shares and the like for the purpose of creating business opportunities and building and expanding business relationships and collaborations, but its policy is to sell said shares when it deems that holding them lacks rationality.

Rationality is verified by the Investment Committee, which convenes regularly. The committee determines the overall rationality by ascertaining the management details of the investee for each issue, and confirming the economic rationale of the investment in consideration of the Company’s capital costs (i.e., quantitative) and the significance of holding the shares in consideration of the outlook for achieving the purpose of the investment in the future (i.e., qualitative).

Whether or not to have cross-shareholdings is determined annually by the Board of Directors based on the economic rationale (quantitative) and significance of holding the shares (qualitative).

In addition, when exercising voting rights, from the perspective of improving the medium- to long-term corporate value of the Company and the shareholder value of investee companies, we confirm concerns about damage to shareholder value and the impact on transactions with the Company for each proposal. We will make a comprehensive judgment and exercise it.

#### Principle 1.7 Related Party Transactions

The Company stipulates in internal rules that transactions with related parties require a resolution by the Board of Directors. The Company discloses key related party transactions in general meeting of shareholders notices and securities reports. In addition, the Company researches whether there are related party transactions by the Group’s officers each fiscal year.

#### Supplementary Principle 2.4.1 Ensuring Diversity, Including Active Participation of Women

The Company views people as its greatest asset. It works to be a company that respects diversity where every employee can demonstrate their individuality and capabilities, to ensure that each employee can become a professional.

The Company is tackling the active participation of women as a priority issue. It has pledged that at least 30%

of new graduates hired are women, and currently 25% of regular employees and 5% of those in managerial positions are women. In addition, two officers are women. Mid-career hires and new graduates are evaluated and treated equally and promoted to core positions. Currently, 55% of those in managerial positions are mid-career hires. In regard to promoting foreign nationals to managerial positions, the Company is at the stage of expanding its operations outside of Japan and aims to recruit local people to head and manage local offices.

In addition, the Company has a talent development policy to ensure diversity. In accordance with the policy, it provides encouragement and support so that every employee maintains high expertise, and carries out and drives forward the following measures with the aim of becoming a company that functions as an assembly of diverse capabilities.

(1) Growth support based on EDISON (the Company's capability development program) to ensure the enhancement of employees' capabilities

(2) "Mission-group" specific (level-specific) training and basic skills training programs to ensure people gain the skills the Company seeks

(3) Training courses to provide specialized skills that can be leveraged in business (data analysis, UX, and design thinking), capability development support courses to develop people who create businesses, and open workshops where people can learn specialized knowledge and themes independently (learning square, community of practice) to cultivate professionals

(4) Global talent development and career design programs

(5) Career development support courses for female employees and diversity management training for managers to promote the active participation of women

Furthermore, the Company has a policy to develop an internal environment to ensure diversity. In accordance with the policy, it carries out and drives forward the following measures to create an environment and culture and programs where diverse talent can choose work styles that suit their individual personalities and changes in life stages.

(1) Expansion of programs to create a corporate culture that enables diverse work styles

- Programs to support work-life balance such as maternity, childcare, nursing care, and sick/injury leave, reduced work hours, and teleworking, Kurumin certification, and establishment of a relaxation room

- Implementation of a re-employment system that provides compensation in accordance with performance for employees who have reached retirement age

(2) Work style transformation

- Transition to work styles that enable employees to work anytime and anywhere, reduction of long working hours, and promotion of teleworking

- Assembly of and actions by a task force to deliberate on measures to promote the active participation of women.

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

The Company's corporate pension scheme is a defined contribution pension scheme operated by employees who are enrolled in the scheme. Therefore, continuing the current defined contribution pension scheme will not impact company assets. For the current scheme, the Company makes every effort to provide comprehensive education on managing pension funds and other tools that will help the stable formation of employee assets and actively offer relevant information.

### **Principle 3.1 Full Disclosure**

(i) The Group's Corporate Philosophy, Management Policy, and Management Plan are disclosed on its official corporate website (<https://www.infocom.co.jp/en/index.html>) and in general meeting of shareholders notices, securities reports, etc.

(ii) The Corporate Philosophy of the Infocom Group (the "Group") is "The Infocom Group contributes to social innovations through ICT advancements." Based on this philosophy, the Company works to strengthen corporate governance to realize sustainable growth of corporate value, earn the trust of a wide range of stakeholders including shareholders, and fulfill its corporate responsibility.

(iii) The composition of remuneration for the Company's officers is set to enable them to fulfill their duties in order to improve the business performance of the Group over the mid- to long-term, increase corporate value, and contribute to society. Furthermore, the policy for determining the amount of officers' remuneration, etc. and calculation method thereof is decided by the Board of Directors.

Remuneration for individual Directors (excluding Outside Directors) consists of basic remuneration paid as fixed remuneration, performance-linked remuneration, and restricted stock-based remuneration. The stock

option system was discontinued with the implementation of the restricted stock-based compensation scheme approved at the 38<sup>th</sup> Annual General Meeting of Shareholders held on June 16, 2020, and new share acquisition rights will not be issued as stock options to eligible Directors in the future except for those already granted. Compensation for Outside Directors consists only of basic remuneration in view of their role.

In addition, the executive retirement benefits system was abolished on the day of the 30<sup>th</sup> Annual General Meeting of Shareholders held on June 14, 2012.

(iv) The Company's policies and procedures for the appointment of senior management and nomination of candidates for Directors and Auditors are as follows. Candidates for Director are decided by the Board of Directors from people who have the capabilities, experience, character, and other qualities that will enable them to contribute to the growth and advancement of the Group. Candidates for Auditors are decided by the Board of Directors with the consent of the Board of Statutory Auditors from those who have the capabilities, experience, character, and other qualities that will enable them to audit and supervise the duties and executive function of Directors and contribute to the sound management of the Group.

In addition, candidates for Independent Outside Directors and Auditors are decided by the Board of Directors from those who show promise in fulfilling the role of management supervisor due to their outstanding insight, on the condition they have no particular personal or capital relationship with the Company or other conflict of interest in accordance with the requirements for independence established by the Tokyo Stock Exchange.

The process of appointment and dismissal of senior management is as follows: The President and CEO is appointed by the Board of Directors after deliberation by the Nomination Advisory Council; candidates for other senior management are selected by the Board of Directors based on experience, knowledge, capabilities, character, and other factors, and appointed upon due deliberation by the Board of Directors after consultation with the CEO. The dismissal of senior management is decided by the Board of Directors after deliberation and review.

(v) The Company discloses the reasons for candidates' nominations as Director and Auditor in the reference documents for the general meeting of shareholders in general meeting of shareholders notices. The reasons the eight current Directors and four current Auditors were nominated as candidates are as follows.

[Director]

• Norihiro Takehara:

After working to commercialize and strengthen the competitiveness of the e-comics business, which grew into the Company's mainstay business, Mr. Norihiro Takehara has been leading the management and business execution of the Group such as by serving as chief officer in the administrative department. Since assuming office as President and CEO in April 2012, he has reformed the structure of the Group leveraging his strong leadership, achieved sustained growth and higher profitability, and worked to reform corporate management which includes strengthening corporate governance.

Based on these achievements, the Board of Directors proposes his renomination as candidate for Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40<sup>th</sup> Annual General Meeting of Shareholders)

• Jun Kuroda:

Serving as head of the Net Business Division, Mr. Jun Kuroda has directed the operation of the e-comics business, successfully overseeing its growth into one of the top businesses in the industry. From FY2020, he has been driving Group initiatives to address issues in sustainability as CSRO.

Based on these achievements, the Board of Directors proposes his renomination as candidate for Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40<sup>th</sup> Annual General Meeting of Shareholders)

• Mototaka Kuboi:

Serving as head of the healthcare business department, Mr. Mototaka Kuboi has successfully increased the market share of business targeting domestic hospitals and expanded to comprehensive regional care sector, as well as directing overseas expansion of business for hospitals. In addition, he has spearheaded collaboration with start-ups in healthcare field, and made efforts to create new business.

Based on these achievements, the Board of Directors proposes his renomination as candidate for Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40<sup>th</sup> Annual General Meeting of Shareholders)

• Teruo Aoyagi:

Mr. Teruo Aoyagi has experience and knowledge in corporate management from his years of work in the engineering field at Teijin Group and his service as Director, etc. at the Group's companies in Japan and overseas.

Based on these achievements, the Board of Directors proposes his renomination as candidate for Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40th Annual General Meeting of Shareholders)

• Kazuhiko Tsuda:

Mr. Kazuhiko Tsuda has experience engaging in management of a university start-up and as a specialist in natural language understanding and information retrieval in the field of management system science. He has been proactively providing advice to enhance the transparency and fairness of management of the Company as Outside Director of the Company.

Based on these achievements, the Board of Directors proposes his renomination as candidate for Outside Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40th Annual General Meeting of Shareholders)

• Kazuhiko Fujita:

Mr. Kazuhiko Fujita has knowledge and experience in corporate management as Director in a health-related company, in addition to broad experience in overseas business. He has been proactively providing advice to enhance the transparency and fairness of management of the Company as Outside Director of the Company.

Based on these achievements, the Board of Directors proposes his renomination as candidate for Outside Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40th Annual General Meeting of Shareholders)

• Sachiko Awai:

In addition to broad experience in overseas businesses and businesses targeting general consumers, Ms. Sachiko Awai also has knowledge and experience in corporate management as the head of a company. She has been proactively providing advice to improve the transparency and fairness of management of the Company as Outside Director of the Company.

Based on these achievements, the Board of Directors proposes her renomination as candidate for Outside Director in the belief that she is a suitable person for realizing sustainable growth of corporate value of the Company.

(40th Annual General Meeting of Shareholders)

• Akihisa Fujita (New Appointment):

In addition to broad experience in information services and internet-related business, Mr. Akihisa Fujita also has knowledge and experience in corporate management as head of a listed company and other companies.

Based on these achievements, the Board of Directors proposes his nomination as candidate for Outside Director in the belief that he is a suitable person for realizing sustainable growth of corporate value of the Company.

(40th Annual General Meeting of Shareholders)

[Auditors]

• Kazumasa Nakata:

Leveraging his outstanding insight and extensive experience gained as an executive in charge of administration and other departments at Teijin Limited, Mr. Kazumasa Nakata has the ability to audit and supervise the duties and executive function of Directors and contribute to the sound management of the Group.

Based on these achievements, the Board of Directors proposes his nomination as candidate for Outside Auditor in the belief that he will be able to properly perform the duties of an Outside Auditor.

(37th Annual General Meeting of Shareholders)

• Makoto Sakurai:

Mr. Makoto Sakurai has a considerable knowledge of the IT field from many years of operational experience in IT services. In addition, he has experience strengthening the Group companies' management structure and improving business performance by leveraging his strong leadership.

Based on these achievements, the Board of Directors proposes his nomination as candidate for Auditor in the belief that he will be able to leverage his knowledge to further ensure an appropriate audit function.

(39th Annual General Meeting of Shareholders)

• Akio Nakaishi:

Mr. Akio Nakaishi has knowledge and experience in internal control gained from operational experience in product development and quality control in the manufacturing industry and then leading corporate management as the head of a company.

Based on these achievements, the Board of Directors proposes his nomination as candidate for Auditor in the belief that he will be able to leverage his knowledge to further ensure an appropriate audit function.

(38th Annual General Meeting of Shareholders)

• Kiyoko Morikawa:

In addition to her high expertise and extensive experience as an attorney, Ms. Kiyoko Morikawa has experience as an Outside Auditor of other companies.

Based on these achievements, the Board of Directors proposes her nomination as candidate for Outside Auditor in the belief that she will be able to leverage her knowledge to further ensure an appropriate audit function.

(38th Annual General Meeting of Shareholders)

### **Supplementary Principle 3.1.3 Full Disclosure**

The Company has disclosed its sustainability initiatives in its "Value Creation Story" stated in the Medium-Term Management Plan (FY2020 - FY2022). For details, see the Company's website (<https://www.infocom.co.jp/en/ir/management/strategy.html>).

Activities and measures related to the environment, society, and governance led by the Sustainability Committee established this year can be found on the Company's website (see below; in Japanese only). These activities and measures are based on the Company's Basic Sustainability Policy, "The Infocom Group will contribute to the development of a sustainable society by working earnestly to solve environmental and social problems through highly transparent and sound corporate management and business activities that provide high-quality innovative services society needs," which was formulated in accordance with the Company's Corporate Philosophy to "contribute to social innovations through ICT advancements."

(<https://www.infocom.co.jp/ja/csr.html>).

In terms of investment in human capital and intellectual property, the Company is carrying out measures with a focus on strengthening the development of value-creating talent and is expanding the organizational structure related to R&D investments, including investments related to intellectual property, in line with the Medium-Term Management Plan (FY2020 - FY2022).

To address the impact risks and profit opportunities related to climate change have on the business activities, earnings, and other aspects of the Company, the Company has established an Environmental Policy in accordance with ISO 14001 for environmental management systems and is driving initiatives to reduce environmental impacts in office activities. In terms of business activities, the Company is engaging in efforts to enhance the efficiency of customers' administrative operations and facilitate the improvement of the environment through business by providing services that do not use paper such as e-comics, medical systems, and electronic documents. From 2022, we plan to disclose related information in accordance with the TCFD framework.

### **Supplementary Principle 4.1.1 Roles and Responsibilities of the Board**

The Company clearly specifies authority related to approval and the like in decision-making and decision-making organizations such as the Board of Directors, CEO, and general managers of business divisions in accordance with the Board of Directors Rules and Job Authority Rules.

### **Principle 4.9 Independence Standards and Qualification for Independent Directors**

In addition to complying with the requirements for Outside Directors stipulated in the Companies Act, the Company uses the requirements for independent directors/auditors established by the Tokyo Stock Exchange

for their independence standards, which includes having no risk of conflict of interest with general shareholders. The Board of Directors selects candidates for Independent Outside Director after deliberating on and reviewing the suitable people in accordance with said standards.

#### **Supplementary Principle 4.10.1 Use of Optional Approach**

The Board of Directors of the Company consists of eight Directors, four of which are Independent Outside Directors.

The following optional approaches have been adopted in the Board of Directors to strengthen the independence, objectivity, and accountability of Board of Directors' functions related to matters such as the nomination and remuneration of Directors and other senior management.

- Nomination Advisory Council: Consisting of the four Independent Outside Directors, the council deliberates on matters related to the appointment and dismissal of the President and CEO with objectivity, timeliness, and transparency.
- Compensation Advisory Council: Consisting of five members of which four are Independent Outside Directors and one is an Inside Director, the council deliberates on performance evaluations of the President and CEO with transparency, fairness, and objectivity.

#### **Supplementary Principle 4.11.1: Preconditions for Board and Board of Statutory Auditors Effectiveness**

The composition of the Company's Board of Directors considers the balance between knowledge, experience, and skills of the Board of Directors as a whole that is needed to achieve sustainable growth and enhance corporate value. In addition, the Company selects Outside Directors considering experience, insight, and expertise to ensure diversity. Currently, there are a total of eight Directors, of which three are Full Time Inside Directors and five are Part Time Directors which include four Independent Outside Directors.

The Company has established a skill matrix that specifies the skills and other attributes of Directors and Auditors, which can be found in the back of this report.

#### **Supplementary Principle 4.11.2: Preconditions for Board and Board of Statutory Auditors Effectiveness**

The Company utilizes a system in which the concurrent positions of Directors and Auditors, including Outside Directors and Auditors, are within a reasonable scope, that enables them to properly fulfill their respective roles and responsibilities. In the event that a Director or Auditor is to concurrently serve as an officer of another company, the Company shall verify the reasonableness after notifying the company in advance. The concurrent positions of Directors and Auditors are disclosed annually in the reference documents for the general meeting of shareholders in general meeting of shareholders notices and in securities reports.

#### **Supplementary Principle 4.11.3: Preconditions for Board and Board of Statutory Auditors Effectiveness**

The Company analyzes and evaluates the effectiveness of the Board of Directors as a whole to ensure the effectiveness and strengthen the functions of the Board of Directors. Specifically, all Directors and Auditors respond to questions mainly concerning the structure of the Board of Directors, deliberations by the Board of Directors, operation of Board of Directors meetings, support structure for the Board of Directors, and dialogue with shareholders and other stakeholders, and the results are analyzed by a specialized third-party organization. The Board of Directors verifies the results of said analysis to confirm that the Board of Directors as a whole is effective, discusses how to address identified issues, and takes measures to further improve its effectiveness.

[Summary of Board of Directors Effectiveness Evaluation Results] (FY2021)

- Summary: An analysis by a third-party expert organization evaluated that the Company's Board of Directors is generally effective. In particular, regarding the operational status of the Board of Directors, the easy-to-understand explanation materials for proposals and active deliberations were highly evaluated.
- Improvements: Issues related to the deliberations and operational status of the Board of Directors identified in the previous analysis and evaluation were improved through the use of the Advisory Council established under the Board of Directors and the effective use of meeting time frames. In addition, the issue of providing information to the Board of Directors on the results of communication with shareholders was improved by increasing the number of reports to the Board of Directors.
- Future issues: Regarding the results of this analysis and evaluation, In the deliberations of the Board of Directors, "Effective utilization of management resources with an awareness of capital costs", "Appropriate reflection of environmental changes in management strategies and plans", "Incorporating sustainability into management and strategy", In dialogue with shareholders, etc. "Provision of highly useful information (non-financial information) to shareholders" recognized as a major issue.

#### **Supplementary Principle 4.14.2 Director and Auditor Training**

The Company's policy is to provide opportunities and monetary support for training needed by each individual Director and Auditor as necessary, taking into consideration factors such as expected roles and responsibilities and required qualifications and knowledge.

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

The Company works to promote constructive dialogue with shareholders to achieve sustainable growth for the company and improve corporate value over the mid- to long-term. The Company holds financial results briefings every April and Q2 financial results briefings every October for analysts and institutional investors (the Company has been posting financial results briefing videos on its website both months since 2020), where the President or officer in charge of IR, or other executive explains the details of financial results, performance outlook, and other matters such as corporate strategies and the progress of businesses. In addition, the Company visits and holds small meetings, etc. with institutional investors when the need arises. The Company strives to provide information to shareholders through means such as issuing shareholder newsletters and booklets explaining shareholder benefits in June and December, in addition to holding Q&A sessions at annual general meetings of shareholders. There is a video of the President explaining the details of the Medium-Term Management Plan (FY2020 - FY2022) on the Company's website.

#### **Supplementary Principle 5.2.1 Establishing and Disclosing Business Strategies and Business Plans**

The Company's business strategy and plan are posted on the Company's website in the form of the Medium-Term Management Plan (FY2020 - FY2022).

(<https://www.infocom.co.jp/en/ir/management/strategy.html>)

In addition, the Company works to pursue growth and improve profitability by classifying and evaluating the businesses of the entire Group into four categories — “strategic businesses,” “growth businesses,” “foundational businesses,” and “withdrawal businesses” — based on the Business Portfolio Policy which states, “We will optimize the allocation of managerial resources by managing our portfolio based on assessing businesses on two axes: growth and profitability.”

- Strategic businesses: Businesses to be strategically developed into the next growth business — E-comic (overseas retail), hospital services (Asia), and long-term care and health services
- Growth businesses: Businesses for the purpose of continuing and optimizing growth — E-comic (domestic retail), crisis management service, ERP
- Foundational businesses: Businesses to maintain and improve revenue — Building systems for hospitals, drug manufacturing, and large enterprises
- Withdrawal businesses: Business from which the Company is considering withdrawing

## 2. Capital Structure

Foreign Shareholding Ratio	10% or more and less than 20%
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### Status of Major Shareholders (Updated)

Name or Company Name	Number of Shares Owned	Percentage (%)
Teijin Limited	31,760,000	57.97
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,267,500	5.96
Infocom Group Employee Shareholding Association	1,170,772	2.14
Custody Bank of Japan, Ltd. (Trust Account)	1,140,300	2.08
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	919,048	1.68
Nomura Securities Co., Ltd. (Proprietary Account)	880,000	1.61
JP JPMSE LUX RE MERRILL LYNCH INTERNATIONAL JP EQ CO 2	637,760	1.16
THE BANK OF NEW YORK MELLON 140040	552,235	1.01
JAPAN POST INSURANCE Co., Ltd.	503,000	0.92
BNP PARIBAS LONDON BRANCH FOR PRIME BROKERAGE CLEARANCE ACC FOR THIRD PARTY	500,912	0.91

Controlling Shareholder (except for Parent Company)	—
Parent Company	Teijin Limited (Listed Stock Exchange: Tokyo) (Code) 3401

### Supplementary Explanation (Updated)

1. This indicates the current status as of September 30, 2022.
2. The percentage of the number of shares owned out of the total number of issued shares has been rounded off to two decimal places.
3. In addition to the above, the Company holds 2,813,118 treasury shares.
4. Percentages have been calculated using the total number of issued shares excluding treasury shares.
5. The statement of large-volume holdings for public inspection on December 28, 2021 states that Oasis Management Company Ltd. owns the following shares as of December 27, 2021.

The Company cannot confirm the actual number of shares owned as of September 30, 2022, so it is not included in the above status of major shareholders.

The contents of statement of large-volume holdings are as follows.

Company Name	Number of Shares Held (K shares)	Stock Certificate Holding Ratio (%)
Oasis Management Company Ltd.	3,255	5.65

## 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime
Fiscal Year-End	March
Industry	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	From \10 billion to less than \100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50



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

The Company conducts transactions with the parent company and other Teijin Group companies such as carrying out contract system development work. Pricing and other terms of the transactions are decided upon deliberation by the Board of Directors, after the Special Committee, which is composed of Independent Outside Directors and was established for purposes such as contributing to protecting the interests of minority shareholders and ensuring fairness and impartiality for shareholders, has deliberated on and reviewed the terms taking into account factors such as market prices and reported the results to the Board of Directors.

#### **5. Other Special Circumstances which May have Material Impact on Corporate Governance (Updated)**

Teijin Limited is the parent company, holding 57.97% (directly held) of the Company's voting rights. The Group is positioned as a corporate group that operates IT businesses within the Teijin Group, and provides services to the Teijin Group such as development and operation of information and communications systems. The terms of transactions between the Group and the Teijin Group are decided based on individual consultation in the same manner as with general transactions.

In terms of personnel, one Full Time Auditor of the Teijin Group serves concurrently as an Auditor of the Company, and one Executive Officer of the Teijin Group serves concurrently as a Director of the Company.

Although the Company has the above business and personnel relationships, there are no restrictions on the Group's business activities because its businesses are not similar to the businesses of the other business groups in the Teijin Group.

In addition, the Company ensures independence because it makes independent management decisions based on a governance system that includes five Independent Directors/Auditors.

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

### 1. Organizational Composition and Operation

Organizational form      Company with Board of Statutory Auditors

\*Referred to as “Board of Auditors” by the Company.

#### Directors

Number of Directors Stipulated in Articles of Incorporation	9
Directors’ Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	4
Number of Independent Directors	4

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kazuhiko Tsuda	Academic											
Kazuhiko Fujita	From another company											
Sachiko Awai	From another company											
Akihisa Fujita	From another company											

\*Categories for “Relationship with the Company”.

(Indicated by “○” when the Director presently falls or has recently fallen under the category; “△” when the Director fell under the category in the past; “●” when a close relative of the Director presently falls or has recently fallen under the category; and “▲” when a close relative of the Director fell under the category in the past.)

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

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

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Kazuhiko Tsuda	○	Professor, Faculty of Business Sciences, University of Tsukuba	Mr. Kazuhiko Tsuda has experience engaging in management of a university start-up and as a specialist in natural language understanding and information retrieval in the field of management system science. He has been proactively providing advice to enhance the transparency and fairness of management of the Company as Outside Director of the Company. Therefore, the Company has determined that by requesting his continued appropriate guidance and oversight on decision-making by the Board of Directors, he will be able to contribute to strengthening the Company's corporate governance system. Furthermore, he is currently and has always been independent from the Company's senior management and does not currently nor has he ever had a risk of potential conflict of interest with general shareholders.
Kazuhiko Fujita	○	Representative Director of ESROH Co. Ltd.	Mr. Kazuhiko Fujita has knowledge and experience in corporate management as Director in a health-related company, in addition to broad experience in overseas business. He has been proactively providing advice to improve the transparency and fairness of management of the Company as Outside Director of the Company. Therefore, the Company has determined that by requesting his continued appropriate guidance and oversight on decision-making by the Board of Directors, he will be able to contribute to strengthening the Company's corporate governance system. Furthermore, he is currently and has always been independent from the Company's senior management and does not currently nor has he ever had a risk of potential conflict of interest with general shareholders.
Sachiko Awai	○	External Director (who is an Audit & Supervisory Committee Member) of A.D.Works Group Co., Ltd. Outside Director (who is an Audit & Supervisory Committee Member) BP Castrol K.K.	In addition to broad experience in overseas businesses and businesses targeting general consumers, Ms. Sachiko Awai also has knowledge and experience in corporate management as the head of a company. She has been proactively providing advice to improve the transparency and fairness of management of the Company as Outside Director of the Company. Therefore, the Company has determined that by requesting her continued appropriate guidance and oversight on decision-making by the Board of Directors, she will be able to contribute to strengthening the Company's corporate governance system. Furthermore, she is currently and has always been independent from the Company's senior management and does not currently nor has she ever had a risk of potential conflict of interest with general shareholders.

Akihisa Fujita	○	Outside Director, MIXI, Inc.	In addition to broad experience in information services and internet-related business, Mr. Akihisa Fujita also has knowledge and experience in corporate management as head of a listed company and other companies. Therefore, the Company has determined that by requesting his continued appropriate guidance and oversight on decision-making by the Board of Directors, he will be able to contribute to strengthening the Company's corporate governance system. Furthermore, he is currently and has always been independent from the Company's senior management and does not currently nor has he ever had a risk of potential conflict of interest with general shareholders.
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Advisory Council	4	0	0	4	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Advisory Council	5	0	1	4	0	0	Outside Director

Supplementary Explanation

• Nomination Advisory Council

The Company has established the Nomination Advisory Council under the Board of Directors to deliberate on matters related to the appointment and dismissal of the President and CEO with objectivity, timeliness, and transparency.

The council consists of four members: Independent Outside Directors Kazuhiko Tsuda, Kazuhiko Fujita, Sachiko Awai, and Akihisa Fujita. Independent Outside Director Kazuhiko Tsuda serves as the Chairperson. The council held two meetings in FY2021, in November and January, with all who were members at that time in attendance, where it confirmed the candidates for the President and CEO's successor, and deliberated on the proposal for the President and CEO after April 1, 2022 and on the position's ideal candidate.

• Compensation Advisory Council

The Company has established the Compensation Advisory Council under the Board of Directors to deliberate on the evaluation of the performance of the President and CEO with transparency, fairness, and objectivity.

The council consists of five members: Independent Outside Directors Kazuhiko Tsuda, Kazuhiko Fujita,

Sachiko Awai, and Akihisa Fujita, and Director Jun Kuroda. Independent Outside Director Kazuhiko Fujita serves as the Chairperson.

The council held two meetings in FY2021, in May and June, with all who were members at that time in attendance, where it deliberated on the evaluation of the performance of the President and CEO.

## Auditors

Establishment of the Board of Statutory Auditors	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit and Supervisory Board Members	4

### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

Auditors exchange opinions with the Accounting Auditor when preparing audit plans and quarterly review reports. The internal audit department conducts audits of the Company's business departments, staff departments, and consolidated subsidiaries in cooperation with Auditors. Auditors, the Accounting Auditor, and the internal audit department cooperate and have opportunities to share audit plans and hold regular meetings for reporting audit results and other matters.

Election of Outside Auditors	Elected
Number of Outside Auditors	2
Number of Independent Auditors	1

### Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kazumasa Nakata	From another company			△		△		△			△			
Kiyo Morikawa	Attorney													

\*Categories for "Relationship with the Company".

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

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

## Outside Audit and Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Auditor	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Kazumasa Nakata		From Teijin Limited, the parent company of the Company (resigned in June 2019 before becoming Auditor of the Company)	In addition to his outstanding insight and extensive experience related to corporate management gained as an executive in charge of the administration and other departments at Teijin Limited, Mr. Kazumasa Nakata also has considerable knowledge in finance and accounting. Therefore, the Company has determined that he will be able to leverage such experience to conduct appropriate audits of the Group's management and execution of business. He is not currently in a position that would create a conflict of interest with general shareholders nor has he been in one in the past.
Kiyo Morikawa	○	Head of Morikawa Law Firm	In addition to her high expertise and extensive experience as an attorney, Ms. Kiyo Morikawa has experience as an Outside Auditor of other companies. Therefore, the Company has determined that she will be able to leverage such experience to conduct appropriate audits of the Group's management and execution of business. Furthermore, she is currently and has always been independent from the Company's senior management and does not currently nor has she ever had a risk of potential conflict of interest with general shareholders.

### Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members	5
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### Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

#### [Status of Independent Directors and Auditors]

The Company's Independent Directors and Auditors consist of four Outside Directors and one Outside Auditor. All Outside Directors and Auditors that meet the requirements for Independent Director or Independent Auditor are designated as Independent Director or Independent Auditor. There are no special interests between the Company and Outside Directors and Auditors.

#### [Roles Outside Directors and Auditors fulfill in corporate governance]

Outside Directors fulfill the role and function of overseeing decisions on important matters in corporate management and the execution of business by providing comments in Board of Directors meetings from an objective perspective based on their outstanding insight, experience in corporate management, etc. Outside Auditors fulfill the role and function of auditing and supervising the performance of duties by and executive function of Directors based on their outstanding insight in finance, accounting, law, general affairs, and other fields.

#### [Details of standards and policies regarding independence for appointing Outside Directors and Auditors]

Although the Company has not established any particular standards or policies regarding independence from the Company for appointing Outside Directors and Auditors, it does refer to the standards established by the Tokyo Stock Exchange, Inc. when appointing Outside Directors and Auditors.

[Cooperation in oversight and audits by Outside Directors or Outside Auditors with internal audits, audits by Auditors, and accounting audits, and their relationship with the internal control department]

Outside Directors fulfill the function and role of overseeing the performance of duties by Directors, by receiving reports on internal audits, audits by Auditors, and accounting audits, and expressing their opinion as needed at Board of Directors meetings. Outside Auditors receive reports through the Board of Statutory Auditors and express their opinions as needed in regard to internal audits by the Internal Auditing Office and audits by Auditors and the Accounting Auditor, and cooperate with each function. Outside Directors and Auditors receive reports on risk management from the internal control department and provide guidance and suggestions at their discretion at Board of Directors meetings. Furthermore, when necessary they work to ensure the proper execution of business through means such as exchanging opinions with the chief officer in charge of the internal control department.

## Incentives

Incentive Policies for Directors

Performance-based remuneration/ other

Supplementary Explanation for Applicable Items

The Company has introduced a performance-linked remuneration scheme that is dependent on the level of achievement of the Group's consolidated performance targets.

In addition, the Company has introduced a restricted stock-based remuneration scheme for Directors and Executive Officers to further boost motivation to achieve Medium-Term Management Plan targets and share the benefits and risks of stock price fluctuations with stakeholders.

Persons Eligible for Stock Options

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Supplementary Explanation for Applicable Items

## Director Remuneration

Disclosure of Individual Director's Remuneration

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

There is no disclosure for any Directors because no Director has a total amount of remuneration, etc. that exceeds 100 million yen.

Policy on Determining Remuneration Amounts and the Calculation Methods

Established

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

### **Policy on Determining Amounts of Remuneration, etc. for Officers and the Calculation Methods**

The composition of remuneration for the Company's officers is set to enable them to fulfill their duties in order to improve the business performance of the Group over the mid- to long-term, increase corporate value, and contribute to society. Furthermore, the policy for determining the amount of officers' remuneration, etc. and calculation method thereof is decided by the Board of Directors. The amount of remuneration, etc. for officers of the Company in the fiscal year under review was decided in accordance with the remuneration system stipulated by the Company and approved by the Board of Directors on June 14, 2022.

### **Composition of Remuneration and Calculation Method**

Director Remuneration:

Remuneration for individual Directors (excluding Outside Directors) consists of basic remuneration paid as

fixed remuneration, performance-linked remuneration, and restricted stock-based remuneration. The stock option scheme the Company had implemented was discontinued after the last allocation was made on June 11, 2020. The maximum total amount of remuneration for basic remuneration and performance-linked remuneration is 3 million yen (the number of Directors specified in the Articles of Incorporation is nine or less, and was eight including four Outside Directors as of the day this report was submitted). The maximum total amount of remuneration for restricted stock-based remuneration is 1.5 million yen (the number of Directors specified in the Articles of Incorporation is nine or less, and was eight including four Outside Directors as of the day this report was submitted).

Basic remuneration is set in accordance with job rank in the internal rules regarding remuneration for Directors. Performance-linked remuneration is calculated based on the ROE (Return On Equity) and EBITDA (Earnings Before Interest, Taxes, and Amortization) of the previous fiscal year, to which the level of improvement and achievement of consolidated operating income and the evaluation of the status of business execution by individual Directors is added. The calculation method is specified in the internal rules regarding remuneration for Directors. Evaluation of the Director that serves as CEO is approved by the Board of Directors after consulting the Compensation Advisory Council. The calculation method is specified in the internal rules regarding remuneration for Directors.

Implementation of restricted stock-based remuneration was approved at the 38th Annual General Meeting of Shareholders held on June 16, 2020 to further boost motivation to achieve Medium-Term Management Plan targets and share the benefits and risks of stock price fluctuations with stakeholders.

ROE and EBITDA of the previous fiscal year used to calculate performance-linked remuneration are indicators for setting the performance targets of the Medium-Term Management Plan (FY2020 - FY 2022), and therefore have been selected as indicators for calculating Directors' remuneration. The ROE target for FY2021 was 16.6% and the result was 16.1%. The EBITDA target for FY2021 was 12.58 billion yen and the result was 11.45 billion yen.

Remuneration for Outside Directors consists only of basic remuneration in view of their role.

Because the amount of individual remuneration for each Director was calculated after carrying out these procedures, the Board of Directors has determined that it is in line with the policy for determining remuneration amounts.

#### **Support System for Outside Directors and/or Outside Audit and Supervisory Board Members**

Support for Outside Directors is mainly provided by the Business Management Office, and support for Outside Auditors is mainly handled by the Internal Auditing Office.



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

### Corporate Governance System

#### (1) Board of Directors

The Board of Directors of the Company consists of the following eight Directors (four of which are Outside Directors): President and CEO Norihiro Takehara who serves as the Chairperson, Directors Jun Kuroda, Mototaka Kuboi, and Teruo Aoyagi, and Outside Directors Kazuhiko Tsuda, Kazuhiko Fujita, Sachiko Awai, and Akihisa Fujita. The Board of Directors holds regular monthly Board of Directors meetings, and extraordinary Board of Directors meetings as needed. The Board of Directors adopts resolutions on matters stipulated by laws, regulations, and the Articles of Incorporation and on other important matters in accordance with the Board of Directors Rules, and oversee the executive function. In addition, all Auditors attend Board of Directors meetings, enabling them to monitor the execution of business by Directors.

#### (2) Board of Statutory Auditors

The Company has adopted an Audit and Supervisory Board system, to which it refers to as the “Board of Statutory Auditors.” The Board of Statutory Auditors consists of the following four members (two of which are Outside Auditors): Full Time Outside Auditor Kazumasa Nakata who serves as the Chairperson, Full Time Auditor Makoto Sakurai, Auditor Akio Nakaishi, and Outside Auditor Kiyoko Morikawa. The Board of Statutory Auditors holds regular monthly Board of Statutory Auditors meetings, and extraordinary Board of Statutory Auditors meetings as needed. Full Time Auditors attend Board of Directors and other important meetings, enabling them to monitor the status of business execution by Directors and express opinions as needed, etc. In addition, Auditors strive to enhance the audit function through cooperation, via means such as exchanging opinions and information with the Internal Auditing Office and Accounting Auditor.

#### (3) Internal Auditing Office

The Internal Auditing Office consists of a total of five members: Internal Auditing Office General Manager Shigeaki Sawada and four other members. The office conducts audits in line with audit plans on matters such as the status of compliance and operation regarding the business activities of each organization and Group company in accordance with the Internal Audit Rules, and reports the results to the President and CEO. In addition, the office reports and exchanges opinions on internal audit results and the status of corrective measures with Auditors.

#### (4) Special Committee

The Company has established a Special Committee under the Board of Directors composed of Independent Outside Directors to contribute to strengthening corporate governance, ensure transparency in corporate management, protect the interests of minority shareholders, and ensure fairness and impartiality for shareholders. The committee consists of four members: Independent Outside Directors Kazuhiko Tsuda, Kazuhiko Fujita, Sachiko Awai, and Akihisa Fujita. Independent Outside Director Kazuhiko Tsuda serves as the Chairperson.

#### (5) Nomination Advisory Council

The Company has established the Nomination Advisory Council under the Board of Directors to deliberate on matters related to the appointment and dismissal of the President and CEO with objectivity, timeliness, and transparency. The council consists of four members: Independent Outside Directors Kazuhiko Tsuda, Kazuhiko Fujita, Sachiko Awai, and Akihisa Fujita. Independent Outside Director Kazuhiko Tsuda serves as the Chairperson.

#### (6) Compensation Advisory Council

The Company has established the Compensation Advisory Council under the Board of Directors to deliberate on the evaluation of the performance of the President and CEO with objectivity, timeliness, and transparency.

The council consists of five members: Independent Outside Directors Kazuhiko Tsuda, Kazuhiko Fujita, Sachiko Awai, and Akihisa Fujita, and Director Jun Kuroda. Independent Outside Director Kazuhiko Fujita serves as the Chairperson.

## **Executive Function**

### **(1) Chief Officers**

The Company has established chief officers, the matters and scope of which are delegated by the CEO, to strengthen company-wide measures and cross-functional efforts to address issues.

### **(2) Executive Officers**

The Company has established Executive Officers to separate the corporate management decision-making and supervisory function with the executive function, and for other purposes such as accelerating the execution of business and forming a flexible organizational structure. Executive Officers execute business operations as the head of their respective area in accordance with decided matters such as policies decided by the Board of Directors.

## **Status of Auditing**

### **(1) Status of audits by Auditors**

The Company's Board of Statutory Auditors consists of four people. There are two Outside Auditors, one of which is an Independent Outside Auditor. The Board of Statutory Auditors monitors corporate management and audits the execution of business by Directors, which includes attending Board of Directors meetings, auditing business operations, attending other important meetings, and conducting audits of Directors and Executive Officers.

Full Time Outside Auditor Kazumasa Nakata leverages his outstanding insight and extensive experience gained as an executive in charge of the administration and other departments at Teijin Limited, and his considerable knowledge in finance and accounting, to conduct audits of business operations based on his knowledge of not only supervising and auditing corporate management, but also the front lines of businesses.

Full Time Auditor Makoto Sakurai leverages his considerable knowledge of the IT field accumulated from his many years of operational experience in IT services and his experience leading corporate management as the head of a Group company to conduct audits of business operations based on his knowledge of not only supervising and auditing corporate management, but also the front lines of businesses.

Auditor Akio Nakaishi supervises and audits corporate management leveraging his knowledge and experience in internal controls accumulated from accomplishments that include operational experience such as working in product development and quality control in the manufacturing industry, working at a company that merged with a US-based company, and working on an overseas project (business acquisition), followed by leading corporate management as the head of a company.

Independent Outside Auditor Kiyoko Morikawa supervises and audits corporate management by leveraging her experience as an Outside Auditor of other companies, and her high expertise and extensive experience as an attorney.

In FY2021 the Board of Statutory Auditors held 14 meetings. The attendance of each Auditor is as follows.

Kazumasa Nakata: 14/14 meetings

Makoto Sakurai: 11/11 meetings

Akio Nakaishi: 14/14 meetings

Kiyoko Morikawa: 14/14 meetings

Note: Makoto Sakurai was appointed at the 39th Annual General Meeting of Shareholders held on June 15, 2021; therefore, the number of meetings and attendance applies to after he began serving as Auditor.

Matters for deliberation by the Board of Statutory Auditors consist mainly of reviewing audit policies and plans, verifying the development and operation of internal control systems, verifying the reasonableness of audits by the Accounting Auditor and the appropriateness of audit remuneration, and exchanging opinions on the selection of Key Audit Matters (KAM).

### **(2) Status of internal audits**

The internal audit system consists of the Internal Auditing Office, an organization under the direct control of the President which is composed of a total of five members, consisting of the Internal Auditing Office Manager and four other members. The office conducts audits across the Group based on the policy to "minimize potential risks in order to contribute to continuously strengthening the business foundation that underpins the growth of the Group."

The Internal Auditing Office, which handles internal audits, reports the results of audits regarding the state of progress of internal controls, such as compliance, information security management, and the protection of personal information, conducted in line with audit plans in accordance with the Internal Audit Rules.

In terms of cooperation between internal audits, audits by Auditors, and accounting audits, an environment has

been put in place enabling information on the status of internal audits to be shared with Auditors. In addition, the Board of Auditors receives explanations of accounting audit plans, internal control audit plans, and quarterly review plans from the Accounting Auditor, as well as explanations of issues in accounting and internal controls and other matters through accounting audit reports, internal control audit reports, quarterly review reports, and other reports. Auditors explain to and exchange information with the Accounting Auditor in regard to audit policies, audit plans, etc.

(3) Status of accounting audits

1) Name of Accounting Auditor: KPMG AZSA LLC

2) Continuous Period of Auditing: 12 years

3) Certified Public Accountants Performing Service:

Designated Limited Liability Partner and Managing Partner: Takeharu Kirikae

Designated Limited Liability Partner and Managing Partner: Hiromasa Niinaya

4) Assistants Assisting Auditing Services: two certified public accountants, and 12 others

#### **Details of Liability Limitation Agreement**

The following is an overview of the limited liability agreements that the Company has concluded with all directors (excluding those who are executive directors, etc.) and all auditors based on the Articles of Incorporation.

If directors (excluding those who are executive directors, etc.) and auditors are liable to the Company for damages due to negligence of their duties after the conclusion of this agreement, the minimum liability amount stipulated in Article 425, Paragraph 1, of the Companies Act. Limitation of liability is permitted only when directors (excluding those who are executive directors, etc.) and auditors act in good faith and without gross negligence in the execution of their duties that caused their liability.

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

The Company has adopted the format of a Company with Audit and Supervisory Board.

The Board of Directors appoints multiple Independent Outside Directors to enhance the appropriateness and reasonableness of decision-making, and strives to achieve the sustainable growth corporate value by overseeing the execution of business from a diverse perspective.

The Board of Statutory Auditors and Auditors strive to ensure the soundness of the company and sustainable growth of corporate value through efforts such as auditing the performance of duties by Directors from an independent perspective.

In this way, the Company believes that the current system is ideal for the Company because it functions to ensure and enhance the effectiveness of corporate governance.

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

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The Notice of the Annual General Meeting of Shareholders held in June 2022 was sent six days prior to the meeting, which is the statutory period. In addition, the notice was posted on the websites of the Tokyo Stock Exchange and the Company six days prior to sending out.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The 40th Annual General Meeting of Shareholders was held on June 14, 2022. This corresponds to 15 days before Wednesday, June 29, 2022, the peak day most companies held their general shareholders' meeting for the fiscal year ended March 2022.
Electronic Exercise of Voting Rights	Since the 24th Annual General Meeting of Shareholders held on June 20, 2006, the Company has been using an online voting rights exercise site provided by the shareholder registry manager. General meeting of shareholders notices are posted on this website and the Company's website to encourage the exercise of voting rights.
Participation in platform for the electronic exercise of voting rights and other efforts to improve the environment for exercising the voting rights of institutional investors	The Company has been utilizing the platform for the electronic exercise of voting rights provided by ICJ, Inc. since the 40th Annual General Meeting of Shareholders, which was held on June 14, 2022.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company creates English versions of general meeting of shareholders notices and posts them on the websites of the Tokyo Stock Exchange and the Company.
Other	<ul style="list-style-type: none"> <li>• General meetings of shareholders are live-streamed for shareholders on the day of the meeting</li> <li>• Notices of general meetings of shareholders and notices of resolutions are posted on the Company's website</li> <li>• Videos of business reports, etc. are released on the Company's website 15 days before the general meeting of shareholders</li> <li>• After the close of the general meeting of shareholders, a video of the explanation by the chairperson is released on the Company's website</li> </ul>

#### 2. Status of IR-related Activities (Updated)

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company has established a Disclosure Policy and published it on its website. ( <a href="https://www.infocom.co.jp/en/ir/management/disclosure.html">https://www.infocom.co.jp/en/ir/management/disclosure.html</a> )	
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings on the day it releases 2nd quarter and annual financial statements or the following day. In FY2022, the Company released a financial results briefing video on its website and held an online Q&A session. In addition, small meetings are held as appropriate.	Held
Online Disclosure of IR Information	The Company posts quarterly financial statements (in Japanese and English) and documents requiring timely disclosure, etc. on its website. In addition, the Company releases videos detailing the Medium-Term Management Plan as well as videos of financial results briefings and general meetings of shareholders.	

Establishment of Department and/or Placement of a Manager in Charge of IR	Officer in charge of IR: Executive Officer and CFO Department in charge of IR: Corporate Communications Office
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### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>In order to realize sustainable growth of corporate value of the Group, the Company has established a management policy and measures in accordance with its Corporate Philosophy and drives various initiatives with the understanding that it is essential to establish corporate governance, which includes enhancing transparency and its role as a member of society to strengthen its relationship of trust with the public.</p> <p><b>Group Corporate Philosophy</b> The Infocom Group contributes to social innovations through ICT advancements.</p> <p><b>Group Management Policy</b>            (1) Reach for higher corporate value through sustainable profit growth.            (2) Conduct business as an example to others of compliance.            (3) Respond quickly to changes in markets and advancements in technology.            (4) Provide fulfilling work and foster employee talents.            (5) Contribute to a better society through co-creation and ICT.</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Company has formulated a Basic Sustainability Policy and views the sustainable growth of corporate value for stakeholders to be the essence of CSR activities. In accordance with the policy, the Company works to strengthen its relationship of trust with the public, conduct business activities based on a high sense of ethics, and establish highly transparent corporate governance.</p> <p><b>Basic Sustainability Policy</b> In line with its Corporate Philosophy to “contribute to social innovations through ICT advancements,” the Infocom Group will contribute to the development of a sustainable society by working earnestly to solve environmental and social problems through business activities that provide high-quality innovative services society needs and practice highly transparent and sound corporate management.</p> <p><b>Environmental Management</b> The Company built and operates an environmental management system in accordance with ISO 14001 to work to conserve the environment and mitigate environmental impacts.</p> <p><b>Environmental Policy</b>            1. Improving the Environment through Business            2. Reducing Environmental Impact            3. Increasing Sustainability            4. Complying with Environmental Laws            5. Raising Environmental Awareness</p> <p><b>Environmental Conservation through Business Activities</b> The Company engages in efforts to enhance the efficiency of customers’ administrative operations and facilitate the improvement of the environment through business by providing services that do not use paper such as e-comics, medical systems, and electronic documents. (For more information on sustainability: <a href="https://www.infocom.co.jp/en/csr.html">https://www.infocom.co.jp/en/csr.html</a>)</p>

## IV. Matters Concerning the Internal Control System

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

(1) System to ensure that the performance of duties by Directors and other officers of the Company and its subsidiaries comply with laws, regulations, and the Articles of Incorporation

1) The Company stipulates to practice “management guided by compliance” in its Management Policy and to “prioritize conduct based on a high sense of ethics above all else” in its Action Guidelines. Accordingly, officers and employees of the Company and its subsidiaries shall comply with laws and regulations and act in good faith based on a sense of ethics and values expected of them as members of a company and of society. Furthermore, the Company has established a Code of Conduct and Standards of Behavior for day-to-day business operations, and shall strive to ensure they are effective.

2) The Company shall establish Officers Rules for with respect to the performance of duties by Directors, and practice fair and appropriate corporate management by complying with social norms, ethics, laws, and regulations as well as conducting audits in accordance with the Audit Standards for Auditors established by the Board of Statutory Auditors.

3) The Company shall appoint a Chief Social Responsibility Officer (CSRO) as the officer in charge of compliance, and strive to build a compliance system and identify problems across the Infocom Group.

(2) System to ensure that the performance of duties by employees of the Company and its subsidiaries comply with laws, regulations, and the Articles of Incorporation

1) The Company shall continuously facilitate education and awareness-raising on compliance in accordance with the Management Policy, Action Guidelines, Code of Conduct, Standards of Behavior, and the like of the Infocom Group to ensure that the performance of duties by officers and employees of the Company and its subsidiaries are in compliance with laws, regulations, and the Articles of Incorporation. In addition, officers and employees of the Company and its subsidiaries shall practice compliance in their respective positions.

2) In order to ensure a means of direct reporting in the event that an officer or employee of the Company or its subsidiaries is found to have committed a serious legal violation or an important fact in relation to compliance has been discovered, the Company shall establish an internal whistleblowing desk and external compliance/harassment help desk that is operated by an external attorney. The Company will protect the anonymity of whistleblowers in accordance with their wishes and will not treat them disadvantageously.

3) The status of whistleblowing based on the internal whistleblowing system of the Infocom Group shall be reported to the Company’s President and Auditors, and the Board of Directors and Sustainability Committee as appropriate. In addition, the Company shall properly disclose the details, response, and results of serious whistleblowing cases to the officers and employees of the Company and its subsidiaries, and ensure all officers and employees of the Company and its subsidiaries are informed.

4) The Company shall clearly specify the division of duties between organizations and the responsibilities and authorities of positions in the Rules for Division of Duties, Job Authority Rules, and Individual Authority Standards, and ensure checks and balances between organizations and prevent authority from being centralized in specific individuals by recording opinions in accordance with roles in internal requests for proposal approval (*ringisho*), etc.

(3) System regarding storage and management of information related to the performance of duties by Directors

1) Documents and forms related to the performance of duties by Directors shall be created, stored, managed, and disposed of in accordance with laws, regulations, and internal rules. In addition, they shall be stored and managed in a way that is easily searchable as necessary, and be viewable at any time while they are stored.

2) The President of the Company shall be responsible for monitoring and overseeing the storage and management of information in 1) above.

(4) Rules and other systems regarding the management of risk of damages to the Company and its subsidiaries

1) The Company’s Board of Directors shall address all risks that threaten the enhancement of corporate value and sustainable development of corporate activities.

2) The Company shall establish Group Risk Management Rules which it will follow under an integrated management policy, and establish a Sustainability Committee as a body to manage risks in accordance with these rules, which shall be chaired by the CSRO. The committee shall comprehensively and efficiently identify, assess, and manage risks related to the execution of business by the Infocom Group.

3) The Company shall build a system to carry out integrated crisis management in the Infocom Group in accordance with rules, manuals, and the like to minimize impacts in emergency circumstances caused by a

serious incident or accident by avoiding confusion, keeping damages to a minimum, etc. In addition, the Company shall formulate a Business Continuity Plan (BCP) to minimize damages due to business interruption in the event of a major disaster or other emergency situation, and work to develop a system to ensure business continuity.

4) The Company shall put in place Quality Control Rules to ensure, maintain, and improve the quality of the products and services the Company offers, and establish a Chief Quality Officer and a Quality Management Promotion Office to assist said officer. In addition, the quality management system provided by the office shall serve to comprehensively manage the state of business activities and defects and complaints, and make necessary improvements and strive to prevent recurrence based on the results of assessments.

(5) System to ensure the duties of Directors and other officers of the Company and its subsidiaries are performed efficiently

1) The Company shall put in place rules for the Group and Group companies necessary to ensure the efficiency of the Infocom Group's business operations. These rules shall be reevaluated when laws or regulations are revised or abolished or it is deemed necessary to improve the efficiency of the performance of duties.

2) The Company shall hold regular Board of Directors meetings once per month, and extraordinary Board of Directors meetings to ensure decisions can be made at the appropriate timing when necessary in terms of the execution of business. In addition, investments shall be deliberated on by the Investment Committee, which is composed of Directors and other officers.

3) The authority and procedures of each position in regard to the execution of business based on decisions by the Company's Board of Directors shall be stipulated in detail in the Job Authority Rules and the Rules for Division of Duties. These rules shall be reevaluated when laws or regulations are revised or abolished or it is deemed necessary to improve the efficiency of the performance of duties.

4) The Company shall separate the corporate management decision-making and supervisory function with the executive function, and implement an executive officer system to carry out efficient and fast corporate management. In addition, the Company shall appoint Independent Outside Directors to enhance the appropriateness and reasonableness of decision-making by the Board of Directors.

(6) System to ensure the appropriateness of business operations of the Company, its parent company, and its subsidiaries

1) The Infocom Group shall put in place a system to ensure fairness and transparency in transactions with its parent company. In addition, the Company shall execute all business operations as a listed company based on independent management decisions.

2) The Infocom Group stipulates to practice "management guided by compliance" in its Management Policy and to "prioritize conduct based on a high sense of ethics above all else" in its Action Guidelines, and it shall comply with laws and regulations and put in place a system based on a sense of ethics and values expected of it as a corporate citizen and member of society.

3) The basic stance of the Infocom Group is to have no involvement with antisocial forces that would disturb social order or sound business activities and to take a firm group-wide stance against such antisocial forces in close cooperation with external specialized organizations such as police, and the Infocom Group shall put in place a system based on said stance.

4) The Company shall establish a Sustainability Committee composed of key Group companies, and put in place a compliance and risk management system based on an integrated group policy in accordance with the Group Risk Management Rules.

5) The Company shall build a system to hold discussions in advance based on the Group Company Management Rules and other rules when an important management decision needs to be made in a subsidiary. In addition, the Company shall build a system for regularly reporting on business operations when an important operational matter arises.

6) The Company's Internal Auditing Office shall carry out and oversee internal audits in the Infocom Group, and ensure the effectiveness and appropriateness of internal controls in all of the Group's business operations.

7) The Company's Auditors shall build a precise system in close cooperation with the Accounting Auditor and Internal Auditing Office to ensure individual Auditors or the Board of Statutory Auditors can effectively and appropriately monitor and audit the entire Group.

(7) Matters concerning employees assisting duties of Auditors, matters concerning the independence of said employees from Directors, and matters concerning the effectiveness of instructions issued to said employees

1) The Internal Auditing Office staff, which is independent from other executive lines, shall assist audits

conducted by Auditors in accordance with the requests of the Board of Auditors.

2) The Internal Auditing Office staff will not take directions or orders from Directors when assisting the operations of Auditors.

3) In order to ensure the independence and effectiveness of the Internal Auditing Office staff that assists audits conducted by Auditors, the Company shall seek the opinions of the Board of Statutory Auditors in regard to performance evaluations and job transfers of the staff.

(8) System for Directors and other officers and employees of the Company and its subsidiaries to report to Auditors, and other systems related to reporting to Auditors

1) Auditors can attend a company's important meetings to ascertain important decision-making processes and the status of the execution of business.

2) Officers and employees of the Company and its subsidiaries shall report without delay to Auditors when they discover any of the following matters specified below:

(a) Matters that would or could potentially greatly erode the credibility of the company

(b) Matters that would or could potentially have a significant negative impact on the company's performance

(c) Serious matters that are in violation of the Action Guidelines or compliance

(d) Other matters that apply to items (a) to (c) above

3) Officers and employees of the Company and its subsidiaries shall report on businesses in accordance with the requests of Auditors and cooperate with research on the status of the business operations and assets of the Infocom Group.

(9) System for ensuring that those who report to the Auditor are not treated unfavorably for making said report

1) The Infocom Group prohibits treating officers and employees who report to Auditors disadvantageously for the reason of submitting said report.

(10) Policy on procedures for processing expenses or debts and prepaying or reimbursing expenses incurred in the performance of duties by Auditors

1) Expenses and debts required in the performance of duties by Auditors shall be borne by the Company. If there is a request for prepayment, etc. of expenses in accordance with the Companies Act, the Company shall comply with said request.

(11) Other systems to ensure that audits by Auditors are conducted effectively

1) Auditors shall exchange opinions with Directors, key employees, and auditing firms when necessary.

2) In order for audits by Auditors to be conducted effectively, all information on the execution of the company's business operations shall remain viewable at any time.



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

### **(1) Basic views**

The Company's basic view is to comply with the laws, regulations, and social norms of the countries and regions where it conducts business activities, and have no involvement with individuals or groups that would disturb the social order or sound business activities.

### **(2) Status of development**

#### **1) Criteria for response**

The Group Corporate Behavior Standards includes items to defend against antisocial forces and states that the Group will take a firm stance against antisocial forces such as demands from specific shareholders or racketeering by interceding in civil disputes and threatening the use of violence, and not tolerate meeting said demands or threats.

#### **2) Rules for response**

The Company works to eliminate antisocial forces through measures such as establishing rules for responding to antisocial forces to prevent the Company's officers and employees from being involved with or providing benefits to antisocial forces and regularly researching companies and individuals involved with the Company.

#### **3) Department in charge of response**

The General Affairs Office has been established as the department in charge of response.

#### **4) Instilling information in employees**

Every year training is provided to all employees during Corporate Ethics Month to instill the Company's basic view in all Group officers and employees. In addition, when entering into contracts with external parties and transaction agreements for business activities, the Company confirms in writing that the counterparty is not a member of antisocial forces.

## V. Other

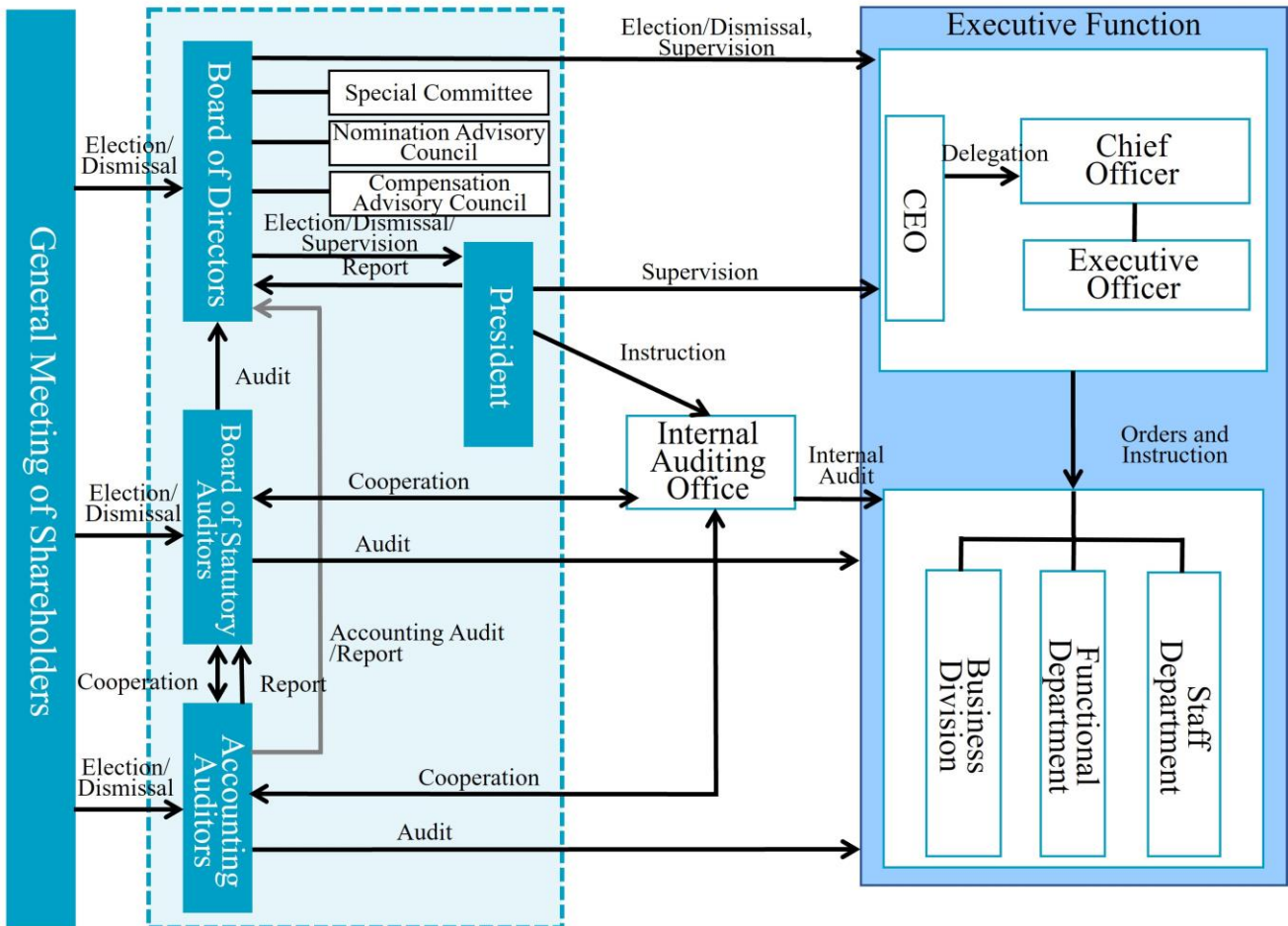
### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures      Not Adopted

Supplementary Explanation for Applicable Items

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

(Attachments: Organizational Structure, Skill Matrix, and System for Timely Disclosure)



- Board of Directors: 8 Directors (4 Inside, 4 Independent Outside)
- Board of Statutory Auditors: 4 Auditors (2 Inside, 1 Outside, 1 Independent Outside)
- Special Committee: 4 Members (4 Independent Outside Directors)
- Nomination Advisory Council: 4 Members (4 Independent Outside Directors)
- Compensation Advisory Council: 5 Members (1 Inside Director, 4 Independent Outside Directors)

## Skill Matrix

Name	Position	Attributes	Corporate management	Sustainability	Compliance / Risk management	Finance / accounting	HR development	Business development	Global experience	Technological R&D	Field of specialization
Norihiro Takehara	President		○		○		○	○	○		Net business, IT services
Jun Kuroda	Director		○	○	○			○			Net business, IT services
Mototaka Kuboi	Director							○	○		IT services, Healthcare
Teruo Aoyagi	Director		○	○					○		
Kazuhiko Tsuda	Director	Outside Independent					○	○		○	IT services
Kazuhiko Fujita	Director	Outside Independent	○		○	○			○		Healthcare
Sachiko Awai	Director	Outside Independent	○					○	○		Net business
Akihisa Fujita	Director	Outside Independent	○	○				○			Net business
Kazumasa Nakata	Full Time Auditor	Outside			○	○				○	Healthcare
Makoto Sakurai	Full Time Auditor						○			○	IT services
Akio Nakaishi	Auditor		○	○					○		
Kiyo Morikawa	Auditor	Outside Independent		○	○						

## System for Timely Disclosure

