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ACOM CO., LTD.

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

The status of corporate governance of the Company is described below:

## I Basic Policies on Corporate Governance, and Capital Structure, Company Outline and Other General Information

### 1. Basic Policy

The ACOM Group, guided by its lifelong “circle of trust” spirit, maintains an ongoing corporate commitment to respecting other people, putting the customer first, and conducting creative and innovative management. Based on this commitment, we are seeking to deepen mutual trust between our stakeholders and ourselves and thus progress in partnership with society.

In order to meet the expectations of stakeholders and build stronger trust, we will strengthen corporate governance as a key management priority. To this end, we will take steps to enhance the soundness, transparency, and efficiency of our operations and achieve sustained increases in our shareholder value.

We recognize that effective internal control systems are essential to creating an appropriate corporate governance framework. Based on this recognition, we are encouraging all members of our organization to join forces in building internal control systems and assuring their effectiveness, under the leadership of management. At the same time, we are constantly evaluating, verifying, and improving the effectiveness of internal control mechanisms already in place.

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

[Supplementary Principle 4.10.1 Independence and Authority Roles of the Appointment Committee and Remuneration Committee]

ACOM has Appointment and Remuneration Committee in place as optional committee in charge of appointment of and compensation for senior management and directors. The structure of appointment and remuneration committee is as follows:

- The Number of Inside Directors and Independent Outside Directors.
  - Board of Directors: 7 inside directors and 2 independent outside directors
  - Appointment and Remuneration Committee: 4 inside directors and 2 independent outside directors
- The Number of Directors not Serving as Members of Audit & Supervisory Committee and Those Serving as Members of Audit & Supervisory Committee.
  - Board of Directors: 6 directors who are not members of the committee and 3 directors who are members of the committee
  - Appointment and Remuneration Committee: 3 directors who are not members of the committee and 3 directors who are members of the committee

Independent outside directors do not constitute the majority of Appointment and Remuneration Committee, however, the Company ensures their appropriate involvement and receives their suitable advice upon consideration of appointment and compensation.

[Principle 4.11 Prerequisites for Ensuring the Effectiveness of the Board of Directors]

In order to fulfill the roll and responsibility of the Board of Directors effectively, ACOM provided the Policy of the Composition of the Board of Directors as of February 9, 2023. Based on the management strategy, the Company has also created a skill matrix for directors after identifying the skills that the directors should hold.

\*Please refer to “I. 1. Basic Policy [Disclosure Based on the Principles of the Corporate Governance Code] [Supplementary Principle 4.11.1]” of this report for the Policy of the Composition of the Board of Directors and the Skill Matrix.

At this point, the Board of Directors of the Company consists of nine members, and as described in the skill matrix, the Company ensure a good balance of knowledge, experience and abilities as a whole, and also ensure diversity in terms of work experiences and ages.

There is no female or foreigner directors at the Company at this point. However, the Company is willing to nominate any individuals who meet criterion in appointment policy as candidate and who holds the skill that the directors should hold, regardless of one’s gender and nationality.

**[Disclosure Based on the Principles of the Corporate Governance Code] (Updated)**

[Principle 1.4 Strategic Shareholdings]

The Company currently does not have any strategic shareholdings and does not plan to do so in the future.

[Principle 1.7 Transactions with Related Party]

Pursuant to relevant laws, it is provided in our regulations of board of directors that transactions with directors and material transactions with major shareholders require prior approval of the board of directors.

[Supplementary Principle 2.4.1 Ensure Diversity in the Appointment of Core Human Resources]

<Approach to Ensure Diversity>

Under the situation where competition between companies is intensifying and changes in needs are accelerating, in order to implement “creative and innovative management” that the Company advocates in its corporate philosophy, and to continue to meet the expectations from stakeholders, it is necessary to create a new value by fusing abilities, ideas and values from diverse human resources.

With that in mind, ACOM is actively taking measures to secure diversity, including recruitment, promotion, and human resource development of female and mid-career employees.

<Status of Voluntary and Measurable Goals for Ensuring Diversity>

To ensure the diversity of core human resources, ACOM has set the following targets for the ratio of females and mid-career hires in managerial or higher positions.

Category	As of October 1, 2021	By March 31, 2024 (Target)
Percentage of Females in managerial positions	18.3%	20.0%
Percentage of Mid-Career Hires in managerial positions*	5.8%	Increase from current level

\*For the purpose of this tabulation, mid-career hires are defined as “those who joined the company mid-career hires are defined as “those who joined the company mid-career and have been with the company for 10 years or less.

In addition, the Company promotes employees to managerial position with an emphasis on their ability and personality regardless of their nationality.

< Policies on Human Resource Development, Internal Environmental Development, and Implementation Status to Ensure Diversity>

Through training for female and mid-career hires, as well as enlightenment activities related to diversity, ACOM aims to promote the understanding of diversity within the company and respect and make maximum use of the abilities, ideas, values, etc. of diverse human resources and develop human resources who can lead the organization in a unified and appropriate manner.

ACOM will also create an internal environment that allows employees from various backgrounds to choose a flexible work style that suits their lifestyle.

Based on the above policy, ACOM is implementing the following human resource development and internal environment development.

Category	Status
Human Resource Development	<ul style="list-style-type: none"> <li>- Implemented leadership training for female, career design training for female, training for those returned to work after childcare leave, and training for mid-career hires when they join the company.</li> <li>- Teaching materials to learn about “diversity and human rights”, “LGBT”, “balancing work and long-term care”, etc. are posted on the company intranet and provided to employees.</li> </ul>
Internal Environment Development	<ul style="list-style-type: none"> <li>- Paying salary when taking childcare leave. (up to 5 days)</li> <li>- Able to select from 5 patterns of short working hours for childcare.</li> <li>- Granted paid special leave for fertility treatment (up to 5 days)</li> <li>- Able to take paid leave for the purpose of support for family nursing / nursing care and childbirth / childcare.</li> <li>- Implemented measures to acquire the Platinum Kurumin Mark (promotion of taking childcare leave and efforts to realize a smooth return to work).</li> <li>- Stipulated in the regulations that words and actions that worsen the working environment such as suggestion of disadvantageous treatment and harassment regarding the use of systems and measures related to pregnancy, childbirth, childcare, etc. are prohibited.</li> <li>- Paid leave is available on an hourly basis.</li> <li>- Paid leave is granted at the time of joining the company (statuary is 6 months after joining the company).</li> <li>- Introduced a course-based personnel system that allows the employee to select whether or not to be transferred.</li> <li>- Introduced a telecommuting system.</li> <li>- Established a consultation desk for employees with disabilities.</li> </ul>

[Principle 2.6 Functioning as an Asset Owner for Corporate Pension Plans]

The Company has Corporate Pension Asset Management Committee in place to effectively manage corporate pension asset. The committee comprises of the director in charge of Human Resources Dept. and chief general managers of Human Resources Dept., Corporate Planning Dept., Finance Dept. and Treasury Dept.

The members of the committee need to deepen their understandings on investment theory, asset management system, contents of asset for investment, etc. They also need to grasp asset management environment. Therefore, the Company provides necessary information from trustee management institutions to committee members in periodic manner.

The committee discusses basic policy on corporate pension asset management, matters on investment and trustee management institutions. The Company further discusses these matters at management meeting where Audit &

Supervisory Committee members attend and share their opinion. Therefore, the Company ensures appropriate management of corporate pension asset.

[Principle 3.1 Enhancement of Information Disclosure]

- (i) Guiding Principles of the Company (Corporate Philosophy, etc.), Management Strategy and Management Plan
- (1) Guiding Principles of the Company (Corporate Philosophy, etc.)  
Please refer to “Corporate Philosophy” on our website.  
(<https://www.acom.co.jp/corp/english/about-us/philosophy/>)
- (2) Management Strategy and Management Plan  
Please refer to “Medium-term Management Plan” on our website.  
([https://www.acom.co.jp/corp/english/ir/management/medium-term\\_management\\_plan/](https://www.acom.co.jp/corp/english/ir/management/medium-term_management_plan/))
- (ii) Basic approach and key policies on corporate governance  
Please refer to “I. 1. Basic Policy” of this report for our basic approach and key policies on corporate governance.
- (iii) Policies and procedures for determining compensations for senior management and directors  
Please refer to “II. 1. [Compensation for Directors]” of this report for our policies and procedures for determining compensation for senior management and directors.
- (iv) Policies and procedures for appointing and dismissing senior management, and nominating candidates for directors
- (1) Policies
- (A) Appointing Senior Management
- The candidate owns rich experience, in-depth insight and high expertise of Company’s business which are necessary for conducting swift and pertinent business execution.
  - The candidate possesses great humanity such as wide trust from others, dignity and high moral.
  - The candidate is sound both in mind and body, and does not possess possible concern for business performance.
  - The candidate does not have any past record of violations of law and compliance (including harassment) which inflicted significant loss to the Company and any other entities the candidate has served.
  - The candidate is not affiliated with any anti-social forces.
- (B) Dismissing Senior Management
- A senior management is dismissed when one no longer meets criterions under appointment policy.
- (C) Nominating Candidates for Directors (Excluding Those Serving as Members of Audit & Supervisory Committee)
- The candidate owns rich experience, in-depth insight and high expertise which are necessary for efficient supervision on management.
  - The candidate possesses great humanity such as wide trust from others, dignity and high moral.
  - The candidate is sound both in mind and body, and does not possess possible concern for business performance.
  - The candidate does not have any past record of violations of law and compliance (including harassment) which inflicted significant loss to the Company and any other entities the candidate has served.
  - The candidate is not affiliated with any anti-social forces.
- (D) Nominating Candidates for Directors Serving as Members of Audit & Supervisory Committee

- The candidate owns rich experience in management, laws, finance and accounting, combined with deep insight and high degree of expertise needed for achieving management transparency and improving objectivity.
  - The candidate possesses great humanity such as wide trust from others, dignity and high moral.
  - The candidate is sound both in mind and body, and does not possess possible concern for business performance.
  - The candidate does not have any past record of violations of law and compliance (including harassment) which inflicted significant loss to the Company and any other entities the candidate has served.
  - The candidate is not affiliated with any anti-social forces.
- (E) Nominating Candidates for Directors Appointed as Independent Directors
- The candidate within (C) and (D) who is appointed as Independent Directors meets all requirements below and items set forth in “Independence Standards for Outside Directors.”
    - \* Please refer to “I. 1. Basic Policy [Disclosure Based on the Principles of the Corporate Governance Code] [Principle 4.9]” for “Independence Standards for Outside Directors.”
    - The candidate is capable of offering advices on management policies and management improvements, by utilizing knowledge, from the viewpoint of increasing medium- to long-term corporate value by promoting sustainable growth of the Company.
    - The candidate is capable of supervising management through appointment/dismissal of senior management and other significant decision makings at the Board of Directors.
    - The candidate is capable of supervising conflict of interests between the Company, management, controlling shareholders, etc.
    - The candidate is capable of reflecting opinions of stakeholders including minority shareholders at the Board of Directors, independent from the management and controlling shareholders, in a proper manner.
- (2) Procedures
- (A) Appointing and Dismissing Senior Management
- The board of directors resolves appointments based on policies above after examinations are conducted and proposals are made by appointment and remuneration committee.
- (B) Nominating Candidates for Directors (Excluding Those Serving as Members of Audit & Supervisory Committee)
- The board of directors resolves appointments based on policies above after examinations are conducted and proposals are made by appointment and remuneration committee.
- (C) Nominating Candidates for Directors Serving as Members of Audit & Supervisory Committee
- The board of directors resolves appointments based on policies above upon agreement by the Audit & Supervisory Committee after examinations are conducted and proposals are made by president.
- (v) Explanation on Appointment of Senior Management and Nomination of Individual Candidates for Directors
- Explanation on appointment of senior management and nomination of individual candidates for directors (excluding those serving as members of Audit & Supervisory Committee) and directors serving as members of Audit & Supervisory Committee is mentioned on our convocation notice for ordinary general meeting of shareholders which is available for inspection on our website.
- [\(https://www.acom.co.jp/corp/english/ir/stock/shareholders\\_meeting/\)](https://www.acom.co.jp/corp/english/ir/stock/shareholders_meeting/)

## [Supplementary Principle 3.1.3]

ACOM has established the "Basic Policy on Sustainability" as a basic policy for sustainability initiatives. To promote management that contributes to the realization of a sustainable society, the Company has established the "Sustainability Promotion Office" under the Corporate Planning Department and promoted sustainability-related initiatives. Please refer to our "Basic Policy on Sustainability" and our sustainability-related initiatives in the "

Activities We Place Emphasis on • Action on Social Issues" section of our website.

(<https://www.acom.co.jp/corp/english/csr/theme/>)

In addition, the Company has implemented the following initiatives related to investment in human capital and intellectual property.

Category	Details
Investment in human capital	ACOM has set up a Personnel Development Office, which is a specialized department for employee education, and implemented various training programs such as "on-the-job training (OJT)," "level-based training," "selective training courses". ACOM also has implemented self-development support such as "correspondence education", "public qualification acquisition support", "reading support", and promotion of acquisition of "Chief of money lending operation" qualification.
Investment in intellectual property	ACOM has implemented brand awareness activities to strengthen its brand power, AI-based data analysis to enhance credit and credit screening capabilities, and employee training and CS promotion activities to enhance customer service.

## [Supplementary Principle 4.1.1 Scope of Delegation to Management]

The Company delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors, to president and director. Moreover, the "Rules for the Board of Directors" of the Company provides the matters to be discussed at the Board based on laws and the article of incorporations. With regard to other business executions, the Board aims for expedite decision-makings and business execution, and clarification of roles of supervision and execution through following measures: appointing directors in office; providing division of duties, and roles and responsibilities on "Rules for Division of Duties within the Company"; and delegating business execution to executive officers.

## [Principle 4.9 Independence Standards and its Qualifications for Independence Outside Directors]

The Company has set following "Independence Standards for Outside Directors" in order to focus on ensuring independence of Outside Independent Directors.

"Independence Standards for Outside Directors"

The Company appoints Independent Outside Directors who meet all requirement items 1 through 7 below.

1. Meet all requirements stipulated under Article 2, Paragraph 15 of the Companies Act;
2. Do not fall under any of items (1) through (3) below.
  - (1) Major creditors of the Company<sup>1</sup> or their executors of operations, and were executors of operations in the last three years;
  - (2) Those for whom the Company is a major business partner<sup>2</sup> or their executors of operations, and were executors of operations in the last three years;
  - (3) Major business partners of the Company<sup>3</sup> or their executors of operations, and were executors of operations in the three years;

3. Are not consultants, accountants or legal experts who receive, in terms of the average for the past three years, ¥10 million or more of monetary or other property benefits other than executive remunerations from the Company, nor belong to accounting or law firms where the Company is a major business partner<sup>4</sup>;
4. Are not Directors, officers or executive officers of the Company or its subsidiaries, nor spouses or relatives within the second degree of kinship of those whom the Company judges their independences are not ensured as provided in items 2 and 3;
5. Are not current major shareholders<sup>5</sup> of the Company or their executors of operations;
6. Those who do not belong to auditing firms of the Company or its subsidiaries, nor were in charge of auditing operations of the Company or its subsidiaries as employees of said auditing firms;
7. Were not executors of operations at the parent company and/or fellow subsidiary of the Company in the last ten years.

(Notes)

1. “Major creditors of the Company” refer to those the Company procures 3% or more of its consolidated amount of borrowings.
2. “Those for whom the Company is a major business partner” refer to those the Company accounted for 2% or more of their consolidated sales.
3. “Major business partners of the Company” refer to those who accounted for 2% or more of the Company’s consolidated operating revenue.
4. “Accounting or law firms where the Company is a major business partner” refers to those the Company for 2% or more of their consolidated sales.
5. “Major shareholders” refer to those who hold 10% or more of the Company’s total voting rights.

\* Transaction included in “Attributes of Directors” shall be omitted as within range of negligible standard when items above are fulfilled.

[Supplementary Principle 4.11.1 The Policy of the Composition of the Board of Directors and the Skill Matrix]

< The Policy of the Composition of the Board of Directors >

To ensure that the Board of Directors fulfill its rolls and responsibilities effectively, the Company has established the Policy of the Composition of the Board of Directors as follows.

○Balance of knowledge, experience, and abilities

Based on the management strategy, the Company has defined the skills that the directors should have, as stated below. The Board of Directors must have an appropriate balance of these skills as a whole.

Skills	Definitions
Corporate Management / Management Planning	<ul style="list-style-type: none"> <li>◆Meet any of the followings:               <ul style="list-style-type: none"> <li>• Experiences to be a board of directors of the Company(including subsidiaries) or other companies</li> <li>• Experiences in planning and implementing of business strategies in the Company(including subsidiaries) or other companies</li> </ul> </li> <li>◆Have deep insight in the fields</li> </ul>
Business Management	<ul style="list-style-type: none"> <li>◆Experiences in Corporate Governance or HR management</li> <li>◆Have deep insight in the fields</li> </ul>
Execution of Business	<ul style="list-style-type: none"> <li>◆Experiences of the Company’s core businesses: Loan / Credit Card Business, Credit Guarantee Business, and/or Overseas Business</li> <li>◆Have deep insight in the fields</li> </ul>



System / Digital	<ul style="list-style-type: none"> <li>◆ Experience of System and/or Digital of the Company</li> <li>◆ Have deep insight in the fields</li> </ul>
Finance / Accounting	<ul style="list-style-type: none"> <li>◆ Meet any of the followings:                             <ul style="list-style-type: none"> <li>• Experience of Finance and/or Accounting and have deep insight in the fields</li> <li>• High level expertise in Accounting, such as being a CPA</li> </ul> </li> </ul>
Legal / Compliance / Risk Management	<ul style="list-style-type: none"> <li>◆ Meet any of the followings:                             <ul style="list-style-type: none"> <li>• Experience of Corporate Laws, Compliance and/or Risk Management, and have deep insight in the fields</li> <li>• High level expertise in Law, such as being a Lawyer</li> </ul> </li> </ul>

\*In principle, directors who are audit committee members shall include those with sufficient knowledge of finance and accounting, and Independent Outside Director shall include those with management experiences at other companies.

○Diversity

The composition of the Board of Directors shall take into account diversity in terms of gender, cosmopolitanism, professional experiences and age.

○Size

The Board of Directors shall be composed of an appropriate number of members, taking into consideration the Company’s Business domain and size, in order to keep a speed of decision-making process or ensure the effectiveness of the mutual supervisory function of the directors.

The Board of Directors of the Company consists of nine members at the point, two of whom are Independent Outside Directors, in order to expedite decision-makings and ensure effective mutual monitoring among directors. In order to ensure diverse perspectives in the Board, the Company appoints individuals with following qualifications as Directors: rich experience within the Company or from different companies; deep insight and high expertise.

The Company have created a skill matrix of the Board of Directors as follows:

Name	Position	Age	Corporate Management and Planning	Business Management	Execution of Duties	System and Digital	Finance and Accounting	Law, Compliance, and, Risk Management	Director (outside)
Shigeyoshi Kinoshita	Chairman	73	●	●	●				
Hiroshi Naruse	Deputy Chairman	63	●			●		●	
Masataka Kinoshita	President & CEO	44	●		●	●			
Tomomi Uchida	Senior Managing Director	60		●	●			●	
Takashi Kiribuchi	Senior Managing Director	60	●			●	●		
Masakazu	Director	54	●	●		●			



Oosawa									
Masahide Ishikawa	Director, Member of the Audit & Supervisory Committee	66	●				●	●	●
Kazuo Fukumoto	Director, Member of the Audit & Supervisory Committee	64		●	●		●		
Takuji Akiyama	Director, Member of the Audit & /Supervisory Committee	64		●			● Certified public accountant	●	●

\* The above is a list of up to three major skills marked that each director possesses. It does not represent all the skills that each director possesses.

\* The age, shown above, is as of the 45<sup>th</sup> Ordinary General Meeting of Shareholders (June 24, 2022)

#### [Supplementary Principle 4.11.2 Concurrent Post of Directors]

Information on individual directors who have material concurrent post including other listed companies is mentioned on our convocation notice for ordinary general meeting of shareholders which is available for inspection on our website.

([https://www.acom.co.jp/corp/english/ir/stock/shareholders\\_meeting/](https://www.acom.co.jp/corp/english/ir/stock/shareholders_meeting/))

#### [Supplementary Principle 4.11.3 Analysis, Evaluation, and Results of the Overall Effectiveness of the Board of Directors]

The Company distributes surveys regarding the effectiveness of the Board to all directors every year. The Company conducts analysis and evaluation on effectiveness of the Board based on the results of surveys.

The Company conducted abovementioned analysis and evaluation this fiscal year. Consequently, the Company confirmed that the Board fulfills each and all of its function in formulation of management strategies and targets, settling management challenges, supervision on risk managements and business executors. Thus, the Company concluded that its current Board functions properly and its effectiveness is ensured.

Moreover, the Company assessed that it has made certain level of advancements on reorganization of the Board agenda and further sophistication of reference material used at the Board, which were issues recognized in previous fiscal year.

The Company recognized that current issues to be addressed include: improvement of the visibility of meeting materials, which have been digitized since January 2022, and further invigoration of discussions at the Board to further improve effectiveness of the Board. While the company will operate the Board of Directors in manners as described below, the Company will sustain periodic analysis and evaluation on effectiveness of the Board and continue its efforts to ensure enhanced effectiveness of the Board.

- (1) The Board will decide material business management matters, such as management strategies and business plans, and also will determine basic policies for building corporate governance and internal control systems. The Board will monitor and supervise the execution of duties.
- (2) Material subjects will be exhaustively selected as agendas based on regulations for matters to be resolved at the Board, provided in rules of the Board of Directors. The Board will discuss such selected material in timely and appropriate manner.
- (3) The Company will distribute materials to be used at the Board prior to the meeting to make it efficient and vigorous. Prior explanations will be given when deemed necessary.

- (4) The Board will receive periodic reports on business managements, etc. and supervises business execution.

[Supplementary Principle 4.14.2 Policy on Trainings for Directors]

The Company provides trainings to directors when deemed necessary upon their inaugurations. Even after their assumption of offices, the Company provides continuous training programs on diverse topics such as market trend of the Company's business segment and global economic issues

[Principle 5.1 Policy on Constructive Dialogue with Shareholders]

- (1) Basic Policy on Measures to Promote Constructive Dialogues with Shareholders

The Company strives for timely and appropriate dialogues with every shareholder to attain continuous growth and mid- to long-term enhancement in corporate value. With regard to information disclosure, in addition to the statutory disclosure and timely disclosure required by laws and regulations, we will actively disclose information that we believe is important or useful for our shareholders to deepen their understanding of our company, and we will strive to disclose information fairly and promptly, giving due consideration not only to shareholders in Japan but also to those overseas, by using methods designated by the Financial Services Agency and the Tokyo Stock Exchange and our website.

Upon disclosing such information, we will strive to disclose information in fair and prompt manner to both the domestic and the overseas shareholders through our website and processes designated by the Tokyo Stock Exchange.

In certain cases, forward-looking statements may be included in the information that we disclose. In regard to such forward-looking statements, we will strive to fully explain our assumptions, uncertain factors, etc. in order to avoid giving a false impression to the market.

In order to prevent divulgence of financial results information and ensure fairness of information disclosure, certain period prior to announcement of financial results shall be regarded as "Silent period" where we refrain from making any comments or answering inquiries regarding financial results.

- (2) Development of Systems to Promote Constructive Dialogues with Shareholders

In addition to the ordinary general meeting of shareholders, the director in charge of Finance Dept. presides over dialogues with shareholders. Public & Investor Relations Office collaborates with relevant departments and conducts interim and annual earnings release conferences, domestic conferences (4 times a year), overseas IR roadshow (twice a year) and individual IR meetings (from 200 to 300 meetings per year).

Feedbacks given through these contacts with shareholders are reported to the Board of Directors.

## 2. Capital Structure

Ratio of shareholding by foreign investors

Less than 10%

### [Major Shareholders]

Name	Number of Shares Held (shares)	Shareholding Ratio to Total (%)
Mitsubishi UFJ Financial Group, Inc.	588,723,490	37.57
Maruito Shokusan Co., Ltd.	273,467,550	17.45
Maruito Co., Ltd.	125,533,430	8.01
The Master Trust Bank of Japan, Ltd. (Trust Account)	106,843,000	6.81
Foundation of Kinoshita Memorial Enterprise	92,192,320	5.88
The Master Trust Bank of Japan, Ltd. (Trust Account)	77,163,600	4.92
Maruito Shoten Co., Ltd.	38,733,200	2.47
Mitsubishi UFJ Trust and Banking Corporation (Standing proxy: The	31,572,800	2.01

Name	Number of Shares Held (shares)	Shareholding Ratio to Total (%)
Master Trust Bank of Japan, Ltd.)		
Custody Bank of Japan, Ltd. (Trust Account 4)	27,496,700	1.75
Custody Bank of Japan, Ltd. (Trust Account)	16,704,500	1.06
Masataka Kinoshita	12,203,120	0.77

Controlling Shareholders (except for the Parent Company)

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Parent Company

Mitsubishi UFJ Financial Group, Inc. (MUFG)  
(Listed in Tokyo, Code Number: 8306)

Supplementary Description

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### 3. Outline of the Company

Stock exchange and section	Tokyo Stock Exchange, Standard
Account settlement	March
Industry	Other financial business
Number of employees (consolidated basis) as of the latest fiscal year end	Not less than 1,000
Operating revenue (consolidated basis) as of the latest fiscal year end	Between 100 billion yen and less than 1 trillion yen
Number of consolidated subsidiaries as of the latest fiscal year end	Less than 10

### 4. Guidelines for the Protection of Minority Shareholders in Transactions with Controlling Shareholders

Although ACOM engages in transactions with the parent company MUFG Group's companies, which include borrowing funds and guaranteeing unsecured card loans, the fairness of these transactions is ensured because they are based on our code of conduct of adhering to fair market rules and proper commercial practices. And like transactions with unrelated companies, they are based on impartial judgments made in accordance with internal rules, etc.

In addition, as a subordinate body of the Board of Directors, ACOM has established "Conflict of Interest Advisory Committee" which is composed solely of independent persons. The Committee deliberates on material transactions, etc., where MUFG's interest conflicts with minority shareholders' from perspective of protecting the interests of

minority shareholders, and makes recommendations to the Board of Directors, etc.

#### **5. Other Special Circumstances that may Significantly Affect Corporate Governance**

Under a business and capital alliance with MUFG and its subsidiary, MUFG Bank, Ltd., ACOM serves as the core company for the MUFG Group's consumer finance business. In addition, under a contract relating to corporate management, ACOM engages in consultations and makes reports to MUFG concerning important corporate matters. Nevertheless, while decisions on matters such as management policy and business strategy reflect the corporate management policy of the parent company, these decisions are based on ACOM's own judgments, and as such a certain level of independence as a listed company is ensured.

## II Status of Other Corporate Governance Structure Including Corporate Management Organization Relating to Decision-Making, Execution and Monitoring for Managerial Purposes

### 1. Matters Concerning the Organizational Structure and Operation of the Organization

Organizational form	Company with Audit & Supervisory Committee
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#### [Directors]

Number of Directors in the Articles of Incorporation	15
Term of Directors in the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	9
Appointment of Outside Directors	Applicable
Number of Outside Directors	2
Number of designated Independent Directors in Outside Directors	2

#### Relationship with the Company (1)

Name	Description	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Masahide Ishikawa	From other company									○			
Takuji Akiyama	Certified public accountant									○			

\*: Key to "Relationship with the Company"

\*: "○" is used when the director in concern falls under the criteria "currently or recently," whereas "△" is used when he/she fell under the criteria in "past."

\*: "●" is used when a close relative of the director in concern fall under criteria "currently or recently," whereas "▲" is used when such person fell under the criteria in "past."

- Person who executes business of the Company or a subsidiary;
- Person who executes business or a non-executive director of a parent company;
- Person who executes business of a fellow subsidiary;
- Person/entity for which the Company is a major client or a person who executes business for such person/entity;
- Major client of the Company or a person who executes business for such client;
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/auditor compensation from the Company;
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation);
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company;

j. Person who executes business for an entity receiving contributions from the Company;

k. Others.

Relationship with the Company (2)

Name	Member of Audit & Supervisory Committee	Independent Director	Supplementary Description on the Conforming Item	Reason for Appointment
Masahide Ishikawa	○	○	—	<ul style="list-style-type: none"> <li>- Mr. Masahide Ishikawa is an Outside Director as stipulated under Article 2, Paragraph 15 of the Company Law.</li> <li>- He has a wealth of knowledge and experience acquired in the finance industry over many years, and accomplishments as a corporate manager. He has also served as Vice Chairman of the Japan Investment Advisers Association twice, and thus has wide-ranging insight. Therefore, the Company believes that he can supervise and provide appropriate advice for the management of the Company from an external viewpoint based on his knowledge and experience. Upon his election, he is expected to play the role as an Outside Director to provide advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings.</li> <li>- As he meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, he has been designated as an independent director.</li> </ul>
Takuji Akiyama	○	○	—	<ul style="list-style-type: none"> <li>- Mr. Takuji Akiyama is an Outside Director as stipulated under Article 2, Paragraph 15 of the Company Law.</li> <li>- He is expected to supervise and audit the management of the Company from a neutral and objective viewpoint based on his advanced expertise and abundant experience gained in finance and accounting audits through his career as a certified public accountant over many years. Although he has not been directly involved in corporate management other than as an outside company auditor, it is anticipated that he will perform his duties as an Outside Director appropriately for the aforementioned reasons.</li> <li>- Upon his election, he is expected to play the role as an Outside Director to provide advice on management policies and improvements to be made from a standpoint of accelerating sustainable growth and striving towards enhancement of medium- to long-term corporate value based on his insight, and to supervise the management from an independent viewpoint through the appointment and dismissal of its members and other important decision-making at the Board of Directors meetings.</li> <li>- As he meets all requirements for “Independence Standards for Outside Directors” the Company has formulated, he has been designated as an independent director.</li> </ul>

**[Audit & Supervisory Committee]**

Details on Members and Chairperson

	Total Number of Members	Number of Full-time Member	Number of Inside Directors	Number of Outside Directors	Chairperson
Audit & Supervisory Committee	3	2	1	2	Outside Director

Assignment of Directors and Employees to Support Duties of Audit & Supervisory Committee	Applicable
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Matters on Independence of Directors and Employees from Directors in Charge of Business Execution

The Company has established the Administration for Audit & Supervisory Committee to assist in the Audit & Supervisory Committee’s duties, and assign assistants for the Audit & Supervisory Committee. Employees to assist the Audit & Supervisory Committee will be exclusively in charge of work that assists the Audit & Supervisory Committee, and will not be subject to instructions and orders from the Directors (except for Directors serving as Members of Audit & Supervisory Committee) and other operational organizations. Assignment, transfer, evaluation and disciplinary action of such employees are decided after consultation with the Audit & Supervisory Committee.

Collaboration among Audit & Supervisory Committee, Accounting Auditors and the Internal Audit Department

(A) Collaboration between Audit & Supervisory Committee and Accounting Auditors

Audit & Supervisory Committee confirms the accounting auditor’s auditing plan, and receive audit reports and the overview and results of the audit.

In addition, the Company promotes collaboration between Audit & Supervisory Committee and accounting auditors by having opinion exchange meetings when necessary, as well as being present at audits.

(B) Collaboration between Audit & Supervisory Committee and the Internal Audit Department

Internal Audit Department ensures collaboration with Audit & Supervisory Committee through following two measures: prior consultation with the Committee on its auditing plan of Internal Audit Department; and reporting progress and results of audits, etc.

**[Optional Committee]**

Establishment of Any Optional Committees Equivalent to Appointment Committee or Remuneration Committee	Applicable
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Details on Optional Committees: Members and Chairpersons

Name of the Committee	Total Number of	Number of Full-time	Number of Inside	Number of Outside
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		Members	Members	Directors	Directors
Committee Equivalent to Appointment Committee	Appointment and Remuneration Committee	6	0	4	2
Committee Equivalent to Remuneration Committee	Appointment and Remuneration Committee	6	0	4	2

	Name of the Committee	Number of Outside Experts	Number of Other Members	Chairperson
Committee Equivalent to Appointment Committee	Appointment and Remuneration Committee	0	0	Inside Director
Committee Equivalent to Remuneration Committee	Appointment and Remuneration Committee	0	0	Inside Director

## Supplementary Description

Appointment and Remuneration Committee is responsible for reviewing and making proposals on appointment and compensation for directors (excluding directors serving as members of Audit & Supervisory Committee).

**[Independent Director]**

Number of Independent Directors	2
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## Other Matters Concerning Independent Directors

ACOM designates all outside directors who meet requirements as independent directors.

**[Incentives] (Updated)**

Status of implementation of incentive programs for Directors	Performance-linked compensation system is in place, etc.
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Supplementary Description to the Relevant Item **(Updated)**

For the Representative of the Board of Directors and Directors who currently serve as executive officers, the Company introduced a performance-linked compensation system linked to business results for a single fiscal year and a stock-linked compensation system (Phantom Stock) as a mid-to-long term incentive.

※Stock-linked compensation system (Phantom Stock) was decided to be introduced by the Board of Directors Meeting held on January 31, 2023. It is scheduled to start in June 2023.

For the purposes of elevation of morale of Directors and employees, enhancement of motivation for higher performance and future recruitment and securing of talented personnel, we concern with introducing incentive programs.

Persons eligible to receive stock option

Supplementary Description to the Relevant Item

### [Compensation for Directors]

Status of disclosure

(Individual compensation for Directors)

Individual compensation for Directors is not disclosed

Supplementary Description to the Relevant Item

Compensation for Directors (April 1, 2021, to March 31, 2022)

Aggregate annual compensation for Directors: 235 million yen

Amount of compensation or methods of policy decisions

Applicable

Disclosed Information Regarding Amount of Compensation or Methods of Policy Decisions

The Board of Directors determined a policy concerning the decision on the details of individual compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members). In summary, compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members) is designed to sufficiently function as an incentive to aim for sustainable increase in corporate value by benchmarking the compensation levels of peer companies in related industries and segments with similar business scale.

Compensation to each Director is to be payable in cash. Compensation to full-time Directors (excluding Directors serving as Audit & Supervisory Committee Members) consists of basic compensation and performance-linked compensation, while compensation to part-time Directors consists of basic compensation only. Basic compensation is fixed compensation to be paid once monthly, and performance-linked compensation is variable compensation to be paid once yearly according to business results.

The Company determines the amount of basic compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members) at the Board of Directors after the Appointment and Remuneration Committee deliberates and proposes the respective amounts to be paid according to the position and other factors, in consideration of the compensation levels at other companies, the business results of the Company, the levels of employees' salaries and other factors. The Company determines the amount of performance-linked compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members) at the Board of Directors after the Appointment and Remuneration Committee calculates the basic source of distribution using "Profit attributable to owners of parent" as an indicator, and deliberates and proposes the respective amounts to be paid according to the positions, individual evaluations and other factors.

The target percentage of performance-linked compensation out of total compensation is approximately 20% (assuming a standard amount of performance-linked compensation). The reason for the selection of this indicator ("Profit attributable to owners of parent") for performance-linked compensation payable to full-time Directors

(excluding Directors serving as Audit & Supervisory Committee Members) was to establish an objective and transparent compensation system for full-time Directors (excluding Directors serving as Audit & Supervisory Committee Members) by firstly linking it to single-year performance, in light of the situation where dividends were not distributed continuously until the interim dividend for the fiscal year ended March 31, 2018. The amount of performance-linked compensation is decided by a method whereby the Appointment and Remuneration Committee first determines a range of profit, which becomes a standard for basic source of distribution, by taking into consideration special factors such as future increases in tax burden and extraordinary income or loss, and the Board of Directors determines a specific amount of performance-linked compensation by multiplying the basic source of distribution by a ratio corresponding to the ratio of distribution for each title and individual evaluation of Directors.

While target figures for the indicator for performance-linked compensation have not been determined for the current fiscal year, the actual figure of the basic source of distribution amounted to 35 million yen, with the standard range of profit from 50,000 million yen to less than 60,000 million yen.

Other details of the compensation payable to Directors are deliberated and proposed by the Appointment and Remuneration Committee and thereupon determined by the Board of Directors. The amount of compensation payable to Audit & Supervisory Committee Members is determined through consultation among Audit & Supervisory Committee Members in consideration of their duties and responsibilities.

At the 40th Ordinary General Meeting of Shareholders held on June 22, 2017, it was resolved that compensation payable to Directors (excluding Directors serving as Audit & Supervisory Committee Members) per year shall be no more than 400 million yen (excluding the portion of employee's salary payable to Directors who concurrently serve as employees). The number of Directors (excluding Directors serving as Audit & Supervisory Committee Members) as of the conclusion of the above Ordinary General Meeting of Shareholders was six. In addition, at the same Ordinary General Meeting of Shareholders, it was resolved that compensation payable to Directors serving as Audit & Supervisory Committee Members per year shall be no more than 100 million yen. The number of Directors serving as Audit & Supervisory Committee Members as of the conclusion of the above Ordinary General Meeting of Shareholders was four.

The details of the individual compensation payable to each Director for the fiscal year under review were determined by the Board of Directors within the compensation limit approved by the general meeting of shareholders respecting the proposal from the Appointment and Remuneration Committee submitted upon deliberation based on the Director's position, evaluation, and other factors. Therefore, the Company believes that the details are in line with the Policy. As of June 24, 2022, the number of Directors (excluding Directors serving as Audit & Supervisory Committee Members) is six. The number of Directors who are members of the Audit & Supervisory Committee is 3.

### [Supporting System for Outside Directors]

When meetings of the Board of Directors are held, the Company distributes the materials for the meetings by one day prior to the meetings in principle.

To support the Audit & Supervisory Committee's duties, the Company established "the Administration for Audit & Supervisory Committee" and assigned persons to assist its duties. Employees to assist the Audit & Supervisory Committee will be exclusively in charge of work that assists the Audit & Supervisory Committee, and will not be subject to instructions and orders from the Directors (except for Directors serving as Members of Audit & Supervisory Committee) and other operational organizations.

## 2. Matters Concerning the Functions of Execution of Duties, Audit and Monitoring, Appointment and Determination of Compensation, etc. (Outline of Status of System for Corporate Governance)

- (1) Outline of current framework of management structure
  - (A) Board of Directors

The Board of Directors of the Company consists of nine members: President & CEO Masataka Kinoshita who chairs the Board, Directors Shigeyoshi Kinoshita, Hiroshi Naruse, Tomomi Uchida, Takashi Kiribuchi and Masakazu Oosawa, and Members of Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director).

The Board deliberates and decides important business management matters, such as management strategies and business planning, and basic policies for building corporate governance and internal control systems, while ensuring objective and rational judgment. Furthermore, the Board delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director, and monitors and supervises the execution of duties by thorough monitoring and other measures on delegated matters.

It meets at least once every quarter, in principle, and more as deemed necessary.

<Status of Attendance in the fiscal year ended March 2022>

- Shigeyoshi Kinoshita: 13 out of 13 (100%)
- Naruse Hiroshi: 9 out of 9 (100%) Due to his appointment as a director on June 23, 2021, board meetings held prior to his appointment are excluded.
- Masataka Kinoshita: 13 out of 13 (100%)
- Tomomi Uchida: 13 out of 13 (100%)
- Takashi Kiribuchi: 13 out of 13 (100%)
- Masakazu Oosawa: 9 out of 9 (100%) Due to his appointment as a director on June 23, 2021, board meetings held prior to his appointment are excluded.
- Masahide Ishikawa: 13 out of 13 (100%)
- Kazuo Fukumoto: 13 out of 13 (100%)
- Takuji Akiyama: 9 out of 9 (100%) Due to his appointment as a director on June 23, 2021, board meetings held prior to his appointment are excluded.

(B) Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three members: Masahide Ishikawa (Outside Director) who chairs the committee, Kazuo Fukumoto and Takuji Akiyama (Outside Director).

It meets regularly to receive reports concerning important audit-related matters, hold discussions, and pass resolutions.

(C) Committees

(a) Appointment and Remuneration Committee

The Appointment and Remuneration Committee consists of six members: President & CEO Masataka Kinoshita who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, and Members of Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director).

The Appointment and Remuneration Committee reviews and proposes the appointment of candidates and remuneration for Directors (excluding those serving as Audit & Supervisory Committee Members) for resolution at the Board of Directors Meeting. The Committee also checks management and the status of training for candidates for management and provides an overview of the same to the Board of Directors.

The Appointment and Remuneration Committee meets three times a year, in principle, and more as deemed necessary.

< Status of Attendance in the fiscal year ended March 2022>

- Shigeyoshi Kinoshita: 4 out of 4 (100%)

- Hiroshi Naruse: 2 out of 2 (100%) Due to his appointment as a director on June 23, 2021, Appointment and Remuneration Committee held prior to his appointment are excluded.
- Masataka Kinoshita: 4 out of 4 (100%)
- Masahide Ishikawa: 4 out of 4 (100%)
- Kazuo Fukumoto: 4 out of 4 (100%)
- Takuji Akiyama: 2 out of 2 (100%) Due to his appointment as a director on June 23, 2021, Appointment and Remuneration Committee held prior to his appointment are excluded.

(b) Compliance Committee

The Compliance Committee consists of five members: an expert from outside the Company Tan Michelle who chairs the committee, experts from outside the Company Yasunari Takaura, Outside Director Masahide Ishikawa and Representative Directors Hiroshi Naruse and Masataka Kinoshita. The Committee discusses and, as necessary, makes recommendations to the Board of Directors about the following compliance-related matters.

- Items relating to formulation, revision or abolishment of the ACOM Group Code of Ethics and Code of Conduct;
- Important items related to establishment and operation of compliance systems;
- Items relating to formulation of basic plans;
- Items relating to the correction of major violations, actions for improvement and recurrence prevention measures; and
- Important items related to other compliance issues.

The Compliance Committee meets six times a year, in principle, and more as deemed necessary.

(c) Information Disclosure Committee

The Information Disclosure Committee consists of six members: a deputy chairman Hiroshi Naruse who chairs the committee, a director Takashi Kiribuchi, a member of Audit & Supervisory Committee Kazuo Fukumoto, and executive officers who concurrently serve as directors in charge of the relevant departments, Tomomi Uchida, Tomoo Shikanoya and Masatoshi Nabeoka.

To ensure accurate, timely and appropriate information disclosure, the Committee deliberates on matters such as statutory disclosure materials based on the Companies Act and Financial Instruments and Exchange Act, timely disclosure materials based on the Securities Listing Regulations, and matters related to the development of information disclosure systems.

The Information Disclosure Committee meets at least once every quarter, in principle, and more as deemed necessary.

(Note) The Company revised the "Financial Information Disclosure Committee" to the "Information Disclosure Committee" as of July 1, 2022.

(d) Corporate Risk Committee

The Corporate Risk Committee consists of seven members: Deputy Chairman Hiroshi Naruse who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Masataka Kinoshita, and Members of Audit & Supervisory Committee Masahide Ishikawa (Outside Director), Kazuo Fukumoto and Takuji Akiyama (Outside Director), and an executive officer who concurrently serve as director in charge of Corporate Risk Management Department Masatoshi Nabeoka.

The Corporate Risk Committee discusses important items related to risk management and makes proposals and reports to the Board of Directors as deemed necessary. The Committee also monitors the status of risk management and other matters and reports the results to the Board of Directors.

The Corporate Risk Committee meets at least once every quarter, in principle, and more as deemed

necessary.

(e) Conflict of Interest Advisory Committee

The Conflict of Interest Advisory Committee consists of three independent persons, chaired by independent director (outside) Masahide Ishikawa, the independent director (outside) Takuji Akiyama, and lawyer from Nozomi Sogo Attorneys at Law, Hitoshi Shimbo. The Committee deliberates on material transactions, etc. where the controlling shareholders' interest conflicts with minority shareholders' from the perspective of protecting the interests of minority shareholders and makes recommendations to the Board of Directors, etc.

The Conflict of Interest Advisory Committee meets, in principle, each time when there is a material transaction, etc. where controlling shareholder's interest conflicts with the minority shareholders' interest.

(D) Executive Officers' Meeting

The Executive Officers' Meeting consists of eleven members: President & CEO Masataka Kinoshita who chairs the committee, Representative Directors Shigeyoshi Kinoshita and Hiroshi Naruse, executive officers who serve concurrently as directors Tomomi Uchida, Takashi Kiribuchi, Masaru Kuroda, Michihito Onodera, Tomoo Shikanoya, Masashi Yoshiba, Yuji Kinoshita and Masatoshi Nabeoka..

In the presence of Members of Audit & Supervisory Committee, the Executive Officers' Meeting discusses and makes decisions related to the execution of important business operations delegated by the Board of Directors to the President and Director, and deliberates management policies and management plans in advance for resolution at the Board of Directors Meeting in accordance with basic policies determined by the Board of Directors.

The Executive Officers' Meeting assembles three times a month, in principle, and more as deemed necessary.

(2) Status of Internal Audit and Audit by Audit & Supervisory Committee

(A) Internal Audit

With an auditing staff of twenty people, the Internal Audit Department verifies, evaluates, and recommends ways to address problems pertaining to compliance status, including observance of relevant laws, internal control initiatives, and other activities of the Company's business execution departments. In addition to ensuring conformity with various rules, the Department obtains an accurate understanding of the risks facing the Company. Based on this understanding, it conducts risk approach audits to evaluate the risk management stance of each relevant entity within the Company, and reports the results of such audits regularly to the Board of Directors and the Audit & Supervisory Committee. In addition, the Internal Audit Department conducts direct audits of subsidiaries in the ACOM Group and provides assistance to auditing staff of such subsidiaries, thus ensuring establishment of an effective Group auditing system.

(B) Audit by Audit & Supervisory Committee

(a) Organization, members, and procedures of the Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three Audit & Supervisory Committee Members, two of whom are selected as a Full-time Audit & Supervisory Committee Member. The Company has selected two Outside Audit & Supervisory Committee Members who have been registered as independent directors with the Tokyo Stock Exchange in accordance with its regulations. Furthermore, with a view to enhancing the effectiveness of audits, all Audit & Supervisory Committee Members have been selected as Selected Members of Audit & Supervisory Committee who are authorized to investigate pursuant to Article 399-3 of the Companies Act. Kazuo Fukumoto has many years of

experience in the accounting department, and Takuji Akiyama has extensive experience as a certified public accountant, and both have considerable knowledge of finance and accounting.

(b) Status of Activities of the Audit & Supervisory Committee and Audit & Supervisory Committee Members (April 1, 2021, to March 31, 2022)

Category	Name	Number of meetings held	Number of meetings attended
Full-time Member of Audit & Supervisory Committee (Outside)	Masahide Ishikawa	14	14
Full-time Member of Audit & Supervisory Committee	Kazuo Fukumoto	14	14
Member of Audit & Supervisory Committee (Outside)	Takuji Akiyama	10	10

(Note) The difference in the number of meetings held is due to the difference in the timing of the inauguration.

The Audit & Supervisory Committee attended the Board of Directors Meetings and other major meetings, received reports from Directors, employees, etc. on matters regarding their execution of duties, requested explanations as necessary, and expressed opinions, and also reviewed important approval documents and other materials and examined the Company's business and financial situation at the head office and principal offices, in accordance with resolved auditing policies, audit plan, etc., and in cooperation with the Company's Internal Audit Department and other departments. As for subsidiaries, the Audit & Supervisory Committee endeavored to communicate and share information with the directors and corporate auditors of subsidiaries and received reports on business from subsidiaries, as necessary. In addition, the Audit & Supervisory Committee monitored and verified whether the accounting auditors maintained their independence and conducted appropriate audits, received reports from the accounting auditors on the performance of their duties, and requested explanations as necessary. With respect to major audit considerations, the Company held discussions with Deloitte Touche Tohmatsu LLC, received reports from the accounting auditors on the status of their audits, and requested explanations as necessary. Each Audit & Supervisory Committee Member conducted the above auditing activities based on the division of duties prescribed in the audit plan and reported results to the Audit & Supervisory Committee each time. The Audit & Supervisory Committee discussed matters set forth in the Companies Act, such as the approval of transactions involving conflict of interest and the reappointment of the Accounting Auditor and performed audits while paying due attention to the establishment of an internal control system and the status of its operation.

(3) Status of Accounting Audit

(A) Name of the audit corporation

Deloitte Touche Tohmatsu LLC

(B) Period of continuous audit service to the Company

13 years

(C) Names of Certified Public Accountants (CPAs) who audited the Company's Accounts

Designated employee, managing partner: Masanori Matsuzaki

Designated employee, managing partner: Hiroshi Tajima

(D) Breakdown of Team Auditing the Company's Accounts

CPAs: 8 persons



Assistant certified public accountants, etc.: 11 persons

Other staff: 22 persons

(E) Breakdown of compensation for Auditors

Amounts of compensation, etc. for Accounting Auditors of the Company:

- Amount of compensation, etc. for the duties provided for in Article 2-1 of the Certified Public Accountants Act: 122 million yen
- Amount of compensation, etc. for the duties other than those provided for in Article 2-1 of the Certified Public Accountants Act: 1 million yen

(4) Breakdown of Compensation for Directors

(A) Directors (excluding directors serving as members of the Audit & Supervisory Committees and outside directors): Number of payees: 8; Amount paid: 182 million yen (performance-linked compensation accounts for 32 million yen)

(B) Directors serving as members of the Audit & Supervisory Committee (excluding outside directors): Number of payees: 1; Amount paid: 20 million yen

(C) Outside directors: Number of payees: 3; Amount paid: 32 million yen

\*Number of payees is the cumulative total number of directors.

### 3. An overview of corporate governance system and reasons for employing such a system

The Company is a company with an Audit & Supervisory Committee and aims to enable swift decision-making and enhance the Board of Directors' supervisory functions by significantly delegating decision-making on material business executions to directors from the Board of Directors. The Board of Directors, in turn, performs thorough monitoring and other measures on delegated matters.

The Company aims to improve the transparency and objectivity of its management by having an Audit & Supervisory Committee composed mainly of outside directors conduct audit and supervisory functions.

### III Status of Implementation of Measures Concerning Shareholders and Other Stakeholders

#### 1. Status of Efforts Made for Vitalization of General Meeting of Shareholders and Facilitation of Exercise of Voting Rights

	Supplementary Description
Early Dispatching Convocation Notice for Ordinary General Meeting of Shareholders	The latest date of Ordinary General Meeting of Shareholders was June 24, 2022. The date of Dispatching Convocation Notice for Ordinary General Meeting of Shareholders was June 2, 2022.
Fixing the date for the General Meeting of Shareholders by avoiding inconvenient days	The Company fixes the date of the General Meeting of Shareholders for several days prior to those of other companies to enable shareholders to attend the meeting.
Exercise of voting rights by the electromagnetic means	Exercising voting rights is available by PC or Mobile Phone through Website.
Participation in electronic voting platform for institutional and other investors and other measures to enhance environment for institutional investors to execute their voting rights	The Company has participated in the “Electronic Voting Platform” for provided by ICJ, Inc. from 2015 (the 38th Annual General Meeting of Shareholders).
Providing Convocation Notice (Summary) in English	Convocation Notice in English is disclosed at the Company website at the same time as the notice of convocation in Japanese

#### 2. Status of Investor Relations Activities

	Supplementary Description	Explanations made by the Representative
Establishment and disclosure of Disclosure Policy	Our website ( <a href="https://www.acom.co.jp/corp/english/ir/policy/">https://www.acom.co.jp/corp/english/ir/policy/</a> ) contains “IR Policy.”	
Financial Results Conferences for financial analysts and institutional investors are held on a regular basis.	The President & CEO explains the details of the business results and management plans for fiscal year-end in the middle of May and the second-quarter period in early November. In late July and late January, respectively, the Chief PR & IR Officer, provides explanations of the business results for the first quarter and third quarter (as for the period	Applicable

	Supplementary Description	Explanations made by the Representative
	from April 1, 2021, to March 31, 2022).	
Financial Results Conferences for investors at overseas are held on a regular basis.	The Chief PR & IR Officer explains the details of the business results for fiscal year-end in the middle of May and the second-quarter period in early November (as for the period from April 1, 2021, to March 31, 2022).	Not applicable
Investor Relations materials are disclosed on the Company website.	Our website ( <a href="https://www.acom.co.jp/corp/english/ir/">https://www.acom.co.jp/corp/english/ir/</a> ) contains Securities Reports, brief statements of financial results, news releases, Annual Report, presentation material, Data Book, monthly report, convocation notice for ordinary general meeting of shareholders and Business Report in Japanese and English (as for the period from April 1, 2021, to March 31, 2022).	
A section/individual has been designated to take charge of investor relations.	Public & Investor Relations Office engages investor relations activities.	

### 3. Status of Efforts Made to Respect the Stakeholders' Position

	Supplementary Description
Respect for Stakeholders' Position is provided for under the internal rules, etc.	The Company includes "Respecting other people" and "Putting the customer first" under its corporate philosophy and the ACOM Group's Code of Ethics.
Implementation of environmental protection activities, CSR activities, etc.	Guided by the basic principle of the "Circle of Trust" spirit on which it was founded, the Company embraces a corporate philosophy emphasizing contribution to enriched cultural lifestyles. The Company engages in various social contribution activities in social welfare and regional contribution.
Formulation of policies for the provision of information to stakeholders	The ACOM Group's Code of Ethics provide for "maintaining transparency of management" and "disclosure of management information in timely and appropriate manner." The Company endeavors to maintain and improve transparency of management for the benefit of stakeholders through accurate and

## Supplementary Description

prompt disclosure of various management information. Concurrently, the Company concentrates on diverse investor relations activities both in domestic and overseas. These consisted of, but not limited to: earnings release conferences for the press, investors and institutional analysts; individual interviews; conference calls and overseas IR roadshow.

## IV Basic Policies on the Internal Control System

### 1. Basic stance on internal control system and the development of such a system

The Company resolved as described below on the development of its internal control system to ensure the appropriateness of its business activities, in accordance with the Companies Act, etc.

The Company is making efforts to periodically evaluate the status of improvement of the internal control system, take remedial measures as necessary, review the system to respond to changes in the business environment, etc. and improve the effectiveness of the internal control system.

[Basic Policy of Establishing ACOM Group's Internal Control System]

- (1) System to ensure that execution of duties by the Directors and employees of the Company and its subsidiaries complies with laws, regulations and the Articles of Incorporation of the Company
  - (A) The Company regards compliance as the highest priority in the corporate management, and establishes the ACOM Group Code of Ethics and Code of Conduct, while developing the rules for compliance and various internal rules and making employees fully aware of them.
  - (B) The Company and its subsidiaries establish a committee on compliance, etc. and place officers in charge of compliance and departments with across-the-board responsibilities for compliance.
  - (C) The Company and its subsidiaries formulate compliance plans, while managing their progress.
  - (D) The Company and its subsidiaries establish contact points for reporting and inquiry by employees concerning the act of violations or possible violations of compliance.
  - (E) In accordance with the ACOM Group Code of Ethics and the Company Group's basic policy with respect to antisocial forces, the Company and its subsidiaries develops a system to prevent relations with antisocial forces and ensure appropriate business operations.
  - (F) The Company and its subsidiaries shall be aware of the possibility that financial services they offer may be used for financial crimes, including money laundering and terrorism financing and will establish a system to detect, deter and prevent the crimes.
  - (G) The Company shall establish a system for accurate, timely, and appropriate disclosure of information by establishing a policy on information disclosure and a committee to deliberate on information disclosure.
  - (H) In accordance with the Company Group's basic policy for the internal control over financial reporting, the Company shall strive to develop and operate internal control over financial reporting to ensure transparency, accuracy, and reliability of financial reporting.
  - (I) The Company establishes an internal audit department and ensures its independence and specialties. It also develops an internal audit system in accordance with the rules on internal audit to ensure the soundness and appropriateness of its business activities. In order to contribute to the development of internal controls at the subsidiaries of the Company, an internal audit department of the Company audits the subsidiaries and assists the subsidiaries with their audits.

- (2) System concerning storage and management of information on the execution of duties by Directors of the Company
  - (A) In accordance with the rules for confidential information management and related rules, the Company establishes procedures for managing documents related to the execution of duties by the Directors (including electromagnetic records), stores and manages such information in an appropriate manner, ensuring that such documents are available for inspection by directors when necessary.
  - (B) In order to maintain the appropriateness of information storage and management, the Company appoints personnel responsible for information security management, determines the roles of respective organizations, officers and employees, and stores and manages information in a systematic manner. The Company regularly verifies the status of information storage and management.
  
- (3) Rules concerning loss risk management and other systems of the Company and its subsidiaries
  - (A) The Company and its subsidiaries establish a system for proper and efficient risk management in accordance with the rules for risk management.
  - (B) In order to manage risks in an integrated manner, the Company and its subsidiaries establish a committee on risk management, etc. and officers and responsible departments in charge of risk management.
  - (C) The Company and its subsidiaries establish a system to minimize economic losses and loss of credibility and to continue or swiftly resume business operations in cases where risks that may have significant internal or external impacts arise.
  
- (4) System to ensure efficient execution of duties by the Directors of the Company and its subsidiaries
  - (A) The Company formulates management policies and management plans of the Company Group and carries out business management based on appropriate methods.
  - (B) The Board of Directors delegates decision-making on matters related to the execution of business operations other than matters to be resolved at the Board of Directors to President and Director. The Company establishes the Executive Officer's Meeting, and etc. presided over by President and Director to discuss and decide on delegated matters.
  - (C) The Company and its subsidiaries, based on internal rules, etc., determine the division of duties by each organization and the criteria of decision making for each position so as to make decisions more quickly and execute duties more efficiently.
  
- (5) System to ensure the propriety of business carried out by the group consisting of the Company, parent company and subsidiaries
  - (A) While maintaining independence as a publicly-traded company, the Company coordinates with the parent company in accordance with the rules for consultation and reporting with the parent company. The Company also establishes the Group's business management systems in accordance with the parent company's policy for its group management so as to contribute to the appropriate business operations of both of the groups.
  - (B) The Company establishes departments for managing its subsidiaries, and manages its subsidiaries in accordance with the rules for management of subsidiaries, etc. The subsidiaries of the Company report important matters related to management and business execution to the Executive Officers' Meeting of the Company.
  - (C) Since the transactions with Mitsubishi UFJ Financial Group, Inc., the parent company, and its subsidiaries may cause conflicts of interest between the controlling shareholder and minority shareholders, the Company establishes a committee to deliberate and make recommendations to the Board of Directors on important transactions, etc. that may cause conflicts of interest between the controlling shareholder and minority shareholders.

- (6) System for employees to assist the Audit & Supervisory Committee of the Company in the execution of their duties
- (A) The Company will establish the Administration for Audit & Supervisory Committee to assist in the Audit & Supervisory Committee's duties, and assign assistants for the Audit & Supervisory Committee.
  - (B) The number of employees to assist the Audit & Supervisory Committee and their requirements will be decided after discussion with the Audit & Supervisory Committee.
  - (C) Employees to assist the Audit & Supervisory Committee will be exclusively in charge of work that assists the Audit & Supervisory Committee, and will not be subject to instructions and orders from the Directors (except for Directors serving as Members of Audit & Supervisory Committee) and other operational organizations.
  - (D) Assignment, transfer, evaluation and disciplinary action of employees who assist the Audit & Supervisory Committee will be decided after discussion with the Audit & Supervisory Committee.
- (7) System for reporting to the Audit & Supervisory Committee of the Company
- The Company reports the following matters at the Company and its subsidiaries to the Audit & Supervisory Committee. In addition, the Company will not treat any person who has reported to the Audit & Supervisory Committee unfavorably as a reprisal to such reports.
- (i) Matters which may significantly damage the company
  - (ii) Material breach of laws and regulations, etc.
  - (iii) Implementation status and results of an internal audit
  - (iv) Status of whistleblowing and the details of cases reported
  - (v) Other matters that the Audit & Supervisory Committee ask the company to report
- (8) Other systems to ensure that audits are effectively implemented by the Audit & Supervisory Committee of the Company
- (A) The Company will ensure a system that allows Members of Audit & Supervisory Committee selected by the Audit & Supervisory Committee to: attend the Executive Officers' meetings, and other important meetings and committees; and have access to the important documents concerning the execution of duties, such as statutory documents.
  - (B) President and Director will have regular meetings with Members of Audit & Supervisory Committee selected by the Audit & Supervisory Committee to exchange opinions on issues with which the Company should deal, issues concerning the execution of duties, and primary issues on audits. They will also take actions regarding the matters that the Audit & Supervisory Committee deems necessary to be addressed.
  - (C) Directors (except for Directors serving as Members of Audit & Supervisory Committee) and employees will respect the rules of the Audit & Supervisory Committee and other rules, including audit policies, and will cooperate with the Audit & Supervisory Committee for inspection and consultation requests.
  - (D) The internal audit department will establish a cooperation system with the Audit & Supervisory Committee in order to contribute to ensuring the effectiveness of audits by the Audit & Supervisory Committee.
  - (E) In cases where the internal audit department detects breaches of laws and regulations and possible breaches (whether the act is breach of internal regulations or not) which may involve Directors (excluding Directors serving as Members of Audit & Supervisory Committee), the internal audit department will report to Audit & Supervisory Committee before reporting to Directors (excluding Directors serving as Members of Audit & Supervisory Committee).
  - (F) The Audit & Supervisory Committee specifies a budget for expenses acknowledged by the Audit & Supervisory Committee to be necessary for the execution of their duties. Any expenses expended urgently or extraordinarily beyond the budget can be claimed after the event.

## 2. Basic stance on the Exclusion of Anti-Social Forces and the Status of Improvement

### (1) Basic Policies on the Exclusion of Anti-Social Forces

The Company ensures that it carries out its business in a way that is both appropriate and safe by clarifying the Code of Conduct on the basic position to be taken against anti-social forces and groups to the effect that “the Company will not succumb to any unjust demands or acts of interference with businesses by anti-social forces such as so-called corporate racketeers and crime syndicates,” and that “the Company will take uncompromising actions against any aforementioned unjust demands, etc. in coordination and cooperation with the relevant departments, and inform immediately the relevant regulatory authorities of such events and enlist their cooperation,” as well as by laying down the basic policy against anti-social forces, which all executives and employees are required to observe.

### (2) Status of Improvement toward Exclusion of Anti-Social Forces

#### (A) Establishment of internal rules

The Company has established internal rules providing for the basic matters concerning the improvement and establishment of a system to prevent business with anti-social forces, and actions to be taken.

#### (B) Control department and Unreasonable demands prevention officer

In April 2008, the Company designated the Compliance Department as the controlling department regarding actions to be taken against anti-social forces, and it plans, promotes and manages to prevent business with anti-social forces. The Company places unreasonable demands prevention officers at sales divisions, etc. to prevent business with anti-social forces.

#### (C) Coordination with external professional institutions

In addition to notifying police and obtaining legal advice in an emergency, the Company endeavors to reinforce coordination with external professional institutions by participating in the regular meetings of the Federation for the Prevention of Specific Violations, of which the Company is a member, to receive guidance from law enforcement authorities, etc., and to provide workshops for practical operation staff.

#### (D) Collection and management of information

The Company has established a centralized system of collecting, managing and storing in the database information relating to anti-social forces.

#### (E) Status of formulating manuals for countermeasures

The Company has created manual that provides for specific countermeasures against anti-social forces.

#### (F) Status of implementation of workshops

To obtain further understanding of the internal rules and manuals, and make sure appropriate actions are taken, e-learning study, etc. are conducted at the workplace.



## V Others

### 1. Introducing Takeover Defense

Introducing Takeover Defense	Not applicable
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Supplementary Description to the Relevant Item

### 2. Other Matters Concerning Corporate Governance System

#### [Outline of Timely Disclosure System]

#### (1) Our basic policies for timely disclosure

The Company discloses information based on Financial Instruments and Exchange Act and timely disclosure rules, etc. established by Tokyo Stock Exchange. The Company has made an effort for strict information management under following basic policies.

Management and disclosure methods for insider information are executed by internal rules of the Company such as “Regulations on prevention of insider trading” and “Manual for insider information management.”

- Based on procedures stipulated by Tokyo Stock Exchange, the Company discloses information in timely and proper manner regarding “Information on business, operation and financial results of listed company that may have an extremely material influence on investors' investment decisions,” which comes from Financial Instruments and Exchange Act and timely disclosure rules, etc. established by Tokyo Stock Exchange.
- Considering the influence on investors' investment decisions and in order to respond to shareholders and investors' expectations, the Company discloses information in timely and proper manner by internal rule and procedures even if the information is not applicable to “Timely disclosure of corporate information,” established by Tokyo Stock Exchange.

#### (2) Status of internal framework regarding timely disclosure

The Company has a system in place for disclosing materials related to "information on business, operation, or performance of a listed company that materially affects investment decisions on securities" (e.g., decisions, occurrences, financial information, and revisions to performance and dividend forecasts), which are required to be disclosed in a timely manner, after approval by the Information Disclosure Committee, which is a subordinate body of the Board of Directors.

(Note) The Company revised the "Financial Information Disclosure Committee" to the "Information Disclosure Committee" as of July 1, 2022. Please refer to "II. 2. Matters Concerning the Functions of Execution of Duties, Audit and Monitoring, Appointment and Determination of Compensation, etc. (Outline of Status of System for Corporate Governance)" in this report for the members, etc. of the Information Disclosure Committee.

#### (3) Timely Disclosure Methods

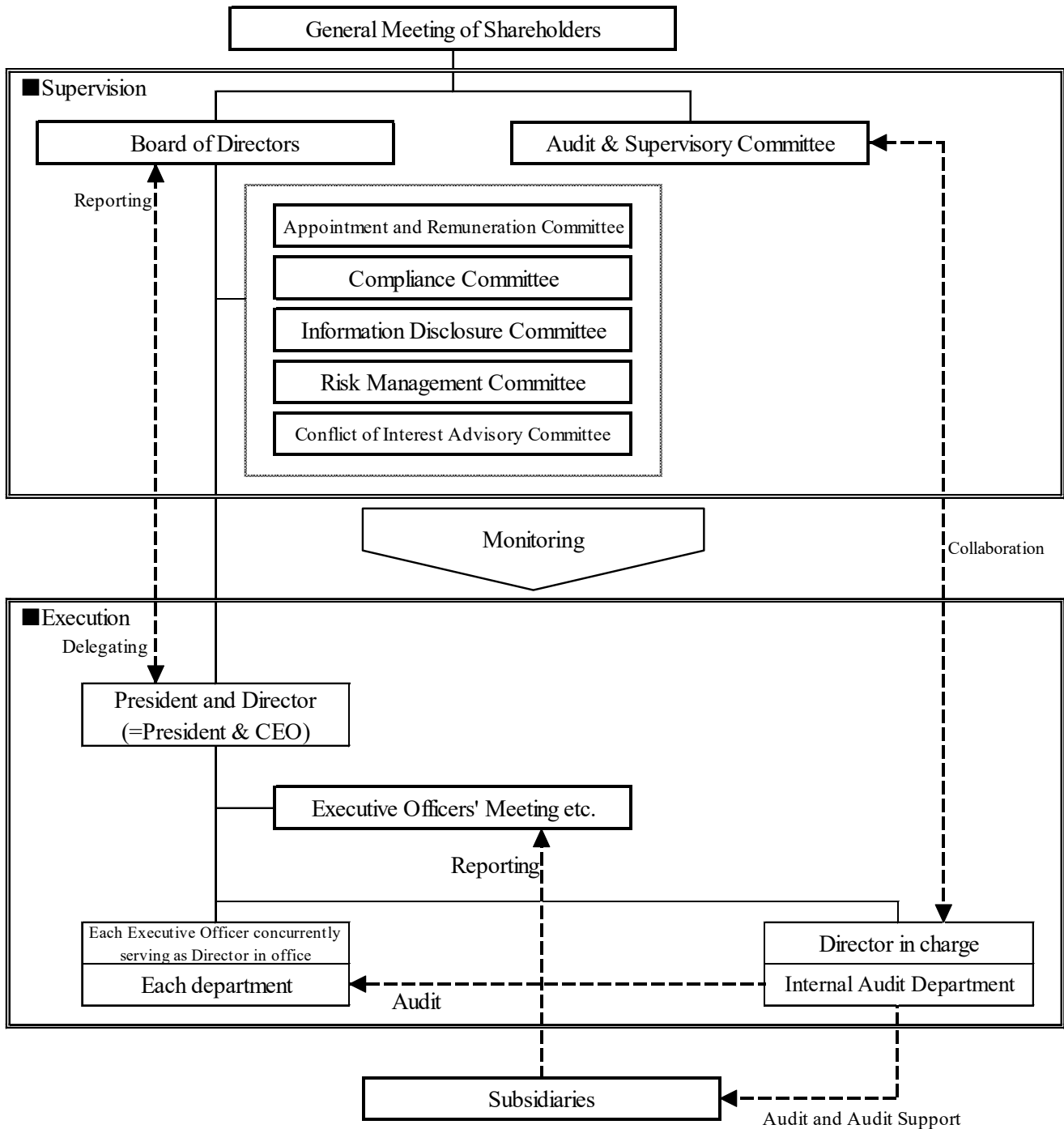
Insider information, which is applicable to timely disclosure rules established by Tokyo Stock Exchange, is disclosed through TDnet provided by Tokyo Stock Exchange. After the information is disclosed, the Company promptly distributes the information to the press and posts it on the Company's website to ensure timely and fair disclosure.

(4) Monitoring for framework of timely disclosure

To ensure that framework of timely disclosure is appropriately working, the company monitors the framework. Internal audit division periodically executes internal audit, and Audit & Supervisory Committee executes the monitoring from their independent and objective standpoints.

\*Corporate Governance contains information as of June 24, 2022 (except where a date or time period is indicated).

Corporate Governance and Internal Control System Structure (As of July 1, 2022)



Internal System of Information Disclosure for the Company Information (As of July 1, 2022)

