

July 3, 2023  
 SpiderPlus & Co.  
 Kenji Ito, CEO and Representative Director  
 Contact: +81-3-6709-2834  
 Securities Code: 4192

#### Translation

Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

The corporate governance of SpiderPlus & Co. (the “Company”) is as described below.

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

#### 1. Basic Views

The Company’s basic approach to corporate governance is to perpetually operate a corporate structure that is capable of promptly making decisions in response to any changes in the economic environment in order to consistently improve its corporate value.

Specifically, we believe it is important that CEO and Representative Director and other directors and officers, who are entrusted with the Company’s management, maintain self-discipline and make managerial decisions appropriate to their duties to pursue profits through the Company’s business; proactively disclose information to fulfill their accountability; and build an effective internal control system. We also believe it is important for corporate auditors to maintain their independence to sufficiently perform their audit function.

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

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

#### 2. Capital Structure

Foreign shareholding ratio	10% or more and less than 20%
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#### Status of Major Shareholders

Name or company name	Number of shares owned (shares)	Percentage (%)
Kenji Ito	18,781,800	55.19%
THE BANK OF NEW YORK 133652 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1,293,100	3.80%
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON TREATY ACCOUNT 15.315 PCT (Standing proxy: Tokyo branch, The Hongkong and Shanghai Banking Corporation Limited)	875,000	2.57%
CHIYOMARU STUDIO, Inc.	809,900	2.38%
STATE STREET BANK AND TRUST COMPANY 505303 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	805,000	2.36%
Hiroo Masuda	566,600	1.66%

## Corporate Governance Report

### CORPORATE GOVERNANCE

THE BANK OF NEW YORK MELLON 140051 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	535,600	1.57%
Takamasa Noda	500,000	1.46%
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) (Standing proxy: Nomura Securities Co., Ltd.)	466,852	1.37%
Junya Yoshida	450,000	1.32%

Controlling shareholder (except for parent company)	Kenji Ito
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Name of parent company	None
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#### Supplementary Explanation

The information above is as of the voting record date of December 31, 2022.
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#### 3. Corporate Attributes

Listed stock exchange and market segment	Tokyo Stock Exchange Growth Market
Fiscal year-end	December 31
Business sector	Information & Communication
Number of employees (consolidated) as of the end of the previous fiscal year	100 or more and fewer than 500
Net sales (consolidated) as of the end of the previous fiscal year	Less than ¥10 billion
Number of consolidated subsidiaries as of the end of the previous fiscal year	Fewer than 10

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

The Company's basic policy is to conduct transactions with controlling shareholders under the same appropriate terms and conditions as those of ordinary transactions. The adequacy of the details and terms and conditions of transactions with controlling shareholders shall be deliberated by the Board of Directors. In this way, we shall comply with laws and regulations and other rules and take appropriate measures to ensure that such transactions will not be disadvantageous to the Company and its minority shareholders.
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#### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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

##### 1. Organizational Composition and Operation

Structure of organization	Company with a board of corporate auditors
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##### Directors

Maximum number of directors stipulated in the Articles of Incorporation	8
Directors' term of office stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	CEO and Representative Director

Number of directors	6
Election of outside directors	Elected
Number of outside directors	1
Number of independent directors	1

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

Name	Attributes	Relationship with the Company*1												
		a	b	c	d	e	f	g	h	i	j	k		
Junya Yoshida	From another company													

\*1: Categories for "Relationship with the Company"

- a. Person who executes business of the Company or its subsidiary
- b. Person who executes business or a non-executive director of a parent company of the Company
- c. Person who executes business of a fellow subsidiary of the 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 a large amount of monetary consideration or other property from the Company in addition to officers' compensation
- 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) (the person only)
- i. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (the person only)
- j. Person who executes business for an entity receiving contributions from the Company (the person only)
- k. Other

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

Name	Designation as independent director	Supplementary explanation of the applicable relationship	Reasons for appointment
Junya Yoshida	○	—	Mr. Junya Yoshida possesses a wealth of knowledge and experience cultivated as a venture capitalist and has provided advice and suggestions on the Company's important managerial matters as appropriate. The Company has appointed him as an Outside Director as it expects that he will continue to contribute

## Corporate Governance Report

### CORPORATE GOVERNANCE

			to strengthening the Company's management strategy and corporate governance, thereby supervising management on behalf of shareholders and other stakeholders.
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#### Voluntarily Established Committees

Voluntary establishment of committee(s) equivalent to nomination committee or compensation committee	Established
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#### Status of Establishment of Voluntarily Established Committees, Committee Composition and Attribute of the Chairperson

	Committee's name	All members	Full-time members	Inside directors	Outside directors	Outside experts	Other	Chairperson
Voluntarily established committee equivalent to nomination committee	Nomination and Compensation Advisory Committee	5	0	1	1	0	3	Outside director
Voluntarily established committee equivalent to compensation committee	Nomination and Compensation Advisory Committee	5	0	1	1	0	3	Outside director

#### Supplementary explanation

At the Board of Directors' meeting held on June 23, 2023, the Company has resolved to establish the Nomination and Compensation Advisory Committee as a voluntary advisory body to the Board of Directors as of July 1, 2023. The committee is chaired by an independent outside director, and its members consist of one director, one corporate auditor, one independent outside director, and two independent outside corporate auditors. The purpose of the establishment of this committee is to give greater independence and objectivity to the Board of Directors' functions related to the nomination and compensation of directors as well as to strengthen its relevant accountability, thereby enhancing the Company's corporate governance. Although the majority of members of the Company's Nomination and Compensation Advisory Committee are not constituted by independent outside directors, the Company believes that the committee's objectivity and independence from management are ensured as independent outside officers constitute the majority of the committee members.
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#### Corporate Auditors

Establishment of Board of Corporate Auditors	Established
Maximum number of corporate auditors stipulated in the Articles of Incorporation	3
Number of corporate auditors	3

#### Cooperation among Corporate Auditors, Accounting Auditor, and Internal Audit Department

The internal audit department, the Board of Corporate Auditors, and the accounting auditor work together among the three parties to ensure the greater effectiveness of three-way audits by periodically sharing information through such means as
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exchanging information based on their respective audits.

Specifically, corporate auditors receive annual audit plans and reports on audit results from the internal audit department and, as necessary, accompany the internal audit department on its physical inspections. Moreover, the internal audit department and corporate auditors hold meetings as needed to report on the results of internal audits and exchange opinions on risks, compliance, and other matters.

They, together with the accounting auditor, hold a meeting at the beginning of the fiscal year to confer on the schedule of three-way audits and the details of their audit plans. Subsequently, they share their audit results and exchange opinions according to the plans.

Appointment of outside corporate auditors	Appointed
Number of outside corporate auditors	2
Number of independent corporate auditors	2

Outside Corporate Auditors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*1													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Akihiro Tozawa	Lawyer														
Yoshitaka Sasaki	From another company														

\*1: Categories for "Relationship with the Company"

- a. Person who executes business of the Company or its 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 of the Company
- d. A corporate auditor of a parent company of the Company
- e. Person who executes business of a fellow subsidiary of the 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 a large amount of monetary consideration or other property from the Company in addition to officers' compensation
- 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) (the person only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (the person only)
- l. Person who executes business for an entity receiving contributions from the Company (the person only)
- m. Other

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designated as independent corporate auditors	Supplementary explanation of the applicable relationship	Reasons for appointment
Akihiro Tozawa	○	—	Mr. Akihiro Tozawa possesses expertise as a lawyer. Accordingly, the Company has

			appointed him as an Outside Corporate Auditor as it has judged that he is capable of enhancing audits by corporate auditors from the perspective of both corporate legal affairs and compliance.
Yoshitaka Sasaki	○	—	Mr. Yoshitaka Sasaki possesses experience in serving as the CFO of a listed company, the listing preparation manager for three IPOs, and an outside corporate auditor at many companies. Accordingly, the Company has appointed him as an Outside Corporate Auditor as it has judged that he is capable of strengthening the supervision and monitoring of management based on his experience and insights cultivated through his career.

Independent Directors and Independent Corporate Auditors

Number of independent directors and corporate auditors	3
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Other Matters Concerning Independent Directors and Independent Corporate Auditors

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Incentives

Implementation status of measures related to incentives granted to directors	Introduction of a stock option plan
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Supplementary Explanation for Applicable Items

<p>The Company has adopted a stock option plan to raise the motivation of the recipients to improve the Company's business performance and corporate value.</p> <p>The Company has also established a trust for stock acquisition rights issued at market value with a labor and social security attorney Mr. Ryohei Ando as its beneficiary and issued stock acquisition rights to him. The objective of this trust is to allot stock acquisition rights to the Company's officers and employees who satisfy the requirements for eligible beneficiaries. Unlike traditional stock options, this scheme allows the Company to allot stock acquisition rights for the personnel evaluation of existing officers and employees to be performed in the future as well as to officers and employees to be hired in the future.</p>
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Recipients of stock options	Inside directors, outside directors, corporate auditors, executive officers, employees, and outside collaborators
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## Supplementary Explanation for Applicable Items

The Company determines the recipients of the stock options to raise their awareness of participating in the Company's management and performance improvement and motivate them to contribute to enhancing its corporate value.
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## Compensation for Directors

Disclosure of individual directors' compensation	No disclosure for any directors
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## Supplementary Explanation for Applicable Items

The information on individual directors' compensation is not disclosed as there is no director whose total compensation amounts to ¥100 million or more.
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Policy on determining compensation amounts and calculation methods thereof	Established
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## Disclosure of Policy on Determining Compensation Amounts and Calculation Methods Thereof

<p>The policy on determining the amounts and calculation methods of individual officers' compensation is as outlined below.</p> <ol style="list-style-type: none"> <li>Outline of the method for determining the determination policy and the details thereof <p>The policy on determining the details of individual directors' compensation is resolved at a meeting of the Company's Board of Directors. The outline of such a policy is determined by comprehensively considering each director's duties, years of service, the compensation levels of other companies, and the Company's business performance, as well as his/her contribution to the Company's performance within the compensation limits resolved at a general meeting of shareholders.</p> </li> <li>Reasons for the Board of Directors' judgment that the details of individual directors' compensation for the current fiscal year were in line with the determination policy <p>The details of individual directors' compensation were determined by CEO and Representative Director based on certain standards set forth by the Company, which objectively ensured the consistency of such details with the determination policy. For that reason, the Board of Directors judged that the details of individual directors' compensation were in line with the determination policy.</p> </li> <li>Matters concerning resolutions at a general meeting of shareholders regarding compensation for directors and corporate auditors <p>At the 20th Ordinary General Meeting of Shareholders held on March 29, 2019, the amounts of compensation for directors and corporate auditors were resolved to be up to ¥200 million per year (including compensation for outside directors of up to ¥30 million per year) and up to ¥40 million per year, respectively.</p> </li> <li>Matters concerning the determination of the details of individual directors' compensation <p>At the Board of Directors' meeting held on June 23, 2023, the Company has resolved to establish the Nomination and Compensation Advisory Committee as a voluntary advisory body to the Board of Directors as of July 1, 2023. The committee is chaired by an independent outside director, and its members consist of one director, one corporate</p> </li> </ol>
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auditor, one independent outside director, and two independent outside corporate auditors.

In order to ensure the objectivity of deliberations, an independent outside director serves as chairperson.

The Nomination and Compensation Advisory Committee deliberates and reports on matters such as the policy, system, calculation method, and details of individual compensation for directors. Regarding the specific determination of compensation, within the scope of the total remuneration approved by the resolution of the General Meeting of Shareholders, we report to the Board of Directors based on deliberations by the Nomination and Remuneration Advisory Committee, and decide by resolution of the Board of Directors.

The Board of Directors shall make decisions on the matters mentioned above with full respect to the reports of the Nomination and Compensation Advisory Committee.

#### 5. Matters concerning the determination of the details of individual corporate auditors' compensation

The amounts of individual corporate auditors' compensation are determined by discussion among corporate auditors at a meeting of the Board of Corporate Auditors within the total compensation limit approved at a general meeting of shareholders.



### Support System for Outside Directors and/or Outside Corporate Auditors

The Corporate Division is responsible for providing support for outside officers. The headquarters distributes the agenda of a Board of Directors' meeting to outside officers in advance to ensure that they have enough time to thoroughly review the content, and, if necessary, gives a preliminary explanation about the agenda. Specifically, the headquarters prepares an annual schedule of meetings and notifies outside officers of the meeting schedule agreed by all relevant officers in advance of the meetings. The headquarters also sends in advance a convocation notice of a Board of Directors' meeting with a list of matters to be reported at the meeting as well as agenda information and briefing papers containing information necessary to review matters to be resolved at the meeting.

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

### a. Board of Directors

The Company's Board of Directors is composed of six (6) directors (including one (1) outside director). In addition to monthly ordinary meetings, the Board of Directors holds an extraordinary meeting if necessary.

On top of the matters stipulated by laws and regulations or the Articles of Incorporation, the Board of Directors serves as a management decision-making body to deliberate and decide on important matters on management policies in the presence of corporate auditors, and supervises the business execution of each director.

### b. Corporate auditors and Board of Corporate Auditors

The Company's Board of Corporate Auditors is composed of a total of three (3) corporate auditors, including one (1) full-time corporate auditor and two (2) part-time corporate auditors, of which two (2) are outside corporate auditors. In addition to monthly ordinary meetings, the Board of Corporate Auditors holds an extraordinary meeting if necessary. Each corporate auditor reviews a wide range of issues concerning the Company's overall management by attending meetings of the Board of Directors and inspecting important documents.

### c. Internal audits

The Company has established the Internal Audit Office as a department dedicated to internal audits. With the manager of the Internal Audit Office designated as the internal audit manager, the Internal Audit Office conducts the Company's internal audits. The office prepares an internal audit plan in accordance with the Internal Audit Rules established by the Company and obtains approval for the plan from CEO and Representative Director to conduct internal audits that cover all departments. Subsequently, the office reports the audit results to CEO and Representative Director, provides the audited departments with guidance for improvement, and checks on the progress of improvements made by such departments. In this way, the Company is striving to improve the effectiveness of its internal audits.

### d. Executive Officers Meeting

The Company has established the Executive Officers Meeting. Functioning as an advisory body to CEO and Representative Director, the Executive Officers Meeting discusses the business execution policy, shares the status of business execution, shares matters to be resolved at a meeting of the Board of Directors in advance of the meeting, formulates company-wide policies, shares other business challenges, and considers the solutions of such challenges. As such, the Executive Officers Meeting is operated to ensure smooth business operations across the Company.

e. Risk Compliance Committee

The Company has established the Risk Management Rules and the Risk Compliance Committee as a cross-functional risk management system to manage various risks associated with its business operations, such as market, information security, environment, labor, and product quality and safety. The Company positions the Risk Compliance Committee as a place for employees and officers, especially full-time directors and officers with a rank of executive officer or higher, to report on company-wide and comprehensive risk management associated with the Company's business operations and to consider countermeasures against the aforementioned risks. The head of each department shall serve as a risk management officer of the department to manage risks in daily business activities, communicate the content of relevant laws and regulations and developments of amendments and repeals of such legislation to members of the department, and, in case of unexpected circumstances, report to the Risk Compliance Committee.

f. Nomination and Compensation Advisory Committee

At the Board of Directors' meeting held on June 23, 2023, the Company has resolved to establish the Nomination and Compensation Advisory Committee as a voluntary advisory body to the Board of Directors as of July 1, 2023. The committee is chaired by an independent outside director, and its members consist of one director, one corporate auditor, one independent outside director, and two independent outside corporate auditors. The purpose of the establishment of this committee is to give greater independence and objectivity to the Board of Directors' functions related to the nomination and compensation of directors as well as to strengthen its relevant accountability, thereby enhancing the Company's corporate governance. Although the majority of members of the Company's Nomination and Compensation Advisory Committee are not constituted by independent outside directors, the Company believes that the committee's objectivity and independence from management are ensured as independent outside officers constitute the majority of the committee members.

Specifically, the Nomination and Compensation Advisory Committee deliberates the following matters in response to the consultation by the Board of Directors and reports back to the Board of Directors.

- Matters related to the appointment and dismissal of directors
- Matters related to the appointment and removal of Representative Director and directors with special titles
- Matters related to the basic policy for compensation and compensation structure for directors
- Matters related to individual directors' compensation
- Other matters deemed necessary by the Board of Directors

The Board of Directors shall make decisions on the matters mentioned above with full respect to the reports of the Nomination and Compensation Advisory Committee.

g. Special Committee

At the Board of Directors' meeting held on June 23, 2023, the Company has resolved to establish the Special Committee as a voluntary advisory body to the Board of Directors as of July 1, 2023. The committee is chaired by an independent outside director, and its members consist of

one independent outside director and two independent outside corporate auditors. Should the Company and a controlling shareholder conduct a transaction that conflicts with the interests of minority shareholders, such a transaction shall be deliberated and examined by the Special Committee and approved by the Board of Directors. When such a transaction is executed, important facts about the transaction shall be reported at the Board of Directors' meeting without delay.

The Board of Directors shall make decisions on the matters mentioned above with full respect to the reports of the Special Committee.

3. Reasons for Adoption of Current Corporate Governance System

As described above, the Company has established the General Meeting of Shareholders, the Board of Directors, the Board of Corporate Auditors, and the Accounting Auditor, as well as assigned a role to conduct audits of daily operations to the Internal Audit Office. The Company has adopted the current corporate governance system based on the belief that mutual cooperation among these bodies will ensure the continuous improvement of its corporate value and the effective functioning of its governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary explanation
Early notification of general meeting of shareholders	The Company strives to send a convocation notice as early as possible so that shareholders can exercise their voting rights after thoroughly reviewing the details of the agenda.
Scheduling of general meeting of shareholders during non-peak days	Although the Company currently holds a general meeting of shareholders in March, it is considering scheduling future meetings to avoid peak days of other companies' meetings so that more shareholders will be able to attend our meetings.
Electronic exercise of voting rights	The Company allows shareholders to exercise their voting rights via the internet.
Participation in electronic voting platform and other efforts to enhance the voting environment for institutional investors	The Company has regarded this as an issue to be considered.
Provision of convocation notice (or summary of notice) in English	The Company has regarded this as an issue to be considered.

2. IR Activities

	Supplementary explanation	Explanation by representative
Preparation and	The Company is considering posting the disclosure	

publication of disclosure policy	policy on the IR page of its corporate website.	
Regular investor briefings held for individual investors	The Company holds a financial results briefing for individual investors on a regular basis.	Held
Regular investor briefings held for analysts and institutional investors	The Company holds a briefing and one-on-one meeting for analysts and institutional investors on a regular basis.	Held
Regular investor briefings held for overseas investors	The Company holds a briefing and one-on-one meeting for institutional investors on a regular basis.	Held
Online disclosure of IR information	The Company discloses IR information on the IR page of its corporate website.	
Establishment of department and/or placement of manager in charge of IR	The Company has assigned a person exclusively in charge of IR.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary explanation
Establishment of internal rules stipulating respect for the position of stakeholders	The Company's basic policy is not only to fulfill its responsibility as a listed company to timely and appropriately disclose its corporate information to all stakeholders including shareholders and investors but also to promote its voluntary disclosure activities in a timely and consistent manner by always taking the viewpoint of shareholders and investors. In addition, the Company has established a timely disclosure manual, in which it sets a basic policy to fulfill its corporate social responsibility through the timely and appropriate disclosure of its corporate information to shareholders and investors.
Implementation of environmental preservation activities, CSR activities, etc.	The Company has regarded this as an issue to be considered.
Formulation of policies on information provision to stakeholders	The Company intends to actively disclose its information to stakeholders by means of, among others, its corporate website and financial results briefings.

IV. Matters Concerning Internal Control System

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

The Company operates an internal control system in accordance with the Basic Policy concerning the Internal Control System. The outline of this policy is as follows:

1. System to ensure execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation

(1) In accordance with the Company's "ValueWay," we shall cultivate the spirit among all the officers and employees to comply with laws and regulations, the Articles of Incorporation, rules, and social ethics, and make them understand the compliance with these laws and rules is a prerequisite for our corporate activities.

(2) We shall establish Internal Reporting Rules in order to take proper actions for reports of legal violations, and operate the whistleblowing system for the purpose of early detecting and correcting any violation or potential violation of laws and regulations, the Articles of Incorporation, and other internal rules, in accordance with the Internal Reporting Rules.

(3) Outside directors shall be elected to maintain and improve the supervisory function of the Board of Directors.

(4) The Board of Corporate Auditors shall audit the execution of duties by directors, including the status of development and operation of internal control system, from an independent standpoint, in accordance with the Rules for Audits by Corporate Auditors.

(5) Internal auditors shall audit whether business operations are properly conducted in accordance with laws and regulations, the Articles of Incorporation, and other such rules.

(6) As a measure to ensure and improve the awareness of compliance, we shall provide employees and directors with training to learn the basics of compliance and information management required in the course of business, and conduct continuing education and dissemination activities.

2. System to preserve and manage information on execution of duties by directors

(1) Information on the execution of duties by directors shall be prepared, stored, and preserved in documented form (including electromagnetic records), in accordance with laws and regulations, the Document Management Rules, and other internal rules. In addition, we shall verify the operation status and review the rules, if necessary.

(2) We shall put in place a document preservation and management system that allows directors and corporate auditors to immediately inspect the aforementioned documents if it is necessary for them to do so in the course of executing their duties.

3. Rules and other systems for management of the risk of loss

(1) Risks shall be managed in an effective and comprehensive manner under a consistent policy, in accordance with the Risk Management Rules.

(2) Risk-related information shall be reported by the head of each department at meetings of the Risk Compliance Committee.

(3) In case of unexpected circumstances, a task force shall be set up under the direction of CEO and Representative Director, and, if necessary, together with external expert institutions, such as a legal advisor's office, put in place a system to take immediate and appropriate actions to minimize the expansion of losses and damages.

4. System to ensure efficient execution of duties by directors

(1) We shall comply with the Board of Directors Rules, and hold once a month a meeting of the Board of Directors consisting of directors, including outside directors, on a regular basis, and hold an extraordinary meeting of the Board of Directors on a timely basis if necessary.

(2) We shall prepare sufficient information materials in advance regarding matters to be discussed set forth in the Board of Directors Rules and make sure that the matters should be discussed by the Board of Directors.

(3) We shall identify targets of each department and its responsibility based on management targets and a medium- to long-term business plan, and make efforts to

achieve desired performance targets through variance analysis between budgeted and actual results.

(4) In order to accelerate the decision-making process, we shall establish Organization Rules, Rules for Segregation of Duties, Rules for Administrative Authority, and other internal rules to clarify the role, authority, and responsibility of each director.

(5) As for matters out of the scope of administrative authority, we shall build and operate an internal approval system, through which decisions on such matters are made by consultation among CEO and Representative Director and officer(s) in charge, while reflecting expert opinions from the responsible department.

5. Matters concerning employees who assist corporate auditors in their duties when corporate auditors request appointment of such employees, matters concerning independence of the employees from directors, and matters concerning the effectiveness of corporate auditors' instructions to such employees

(1) We shall assign an employee who assists a corporate auditor in his/her duties if the corporate auditor needs to do so, and discuss its selection and appointment among corporate auditors.

(2) In order to ensure the independence of such an employee who assists a corporate auditor from directors, the employee shall not be subject to any direction or order given by directors, and it requires consent of the corporate auditor for appointment, transfer, evaluation, and dismissal of the employee during this period.

(3) An employee who assists a corporate auditor in his/her duties shall comply with directions and orders given by the corporate auditor whenever he/she assists the corporate auditor upon request from the corporate auditor.

6. System for directors and employees to report to corporate auditors and other systems to report to the Board of Corporate Auditors

(1) Corporate auditors have a right to attend meetings of the Board of Directors and all other internal meetings if necessary.

(2) Directors and employees shall report the status of business operations and internal controls, and internal auditors shall report the results of its internal audits, upon request from corporate auditors.

(3) Directors and employees shall immediately report to corporate auditors on the fact that there is a material violation of the relevant laws and regulations or the Articles of Incorporation, or a misconduct, or the fact that there is an incident that is likely to cause significant damage to the Company whenever they come to know such a fact.

7. System to ensure individuals who have made reports as provided in the preceding item will not be treated unfavorably for having made such reports

We shall prohibit unfavorable treatment of directors and employees who have made reports to corporate auditors for having made such reports, and protect them from possible unfavorable treatment in accordance with the provisions for the protection of whistleblowers stipulated in the Internal Reporting Rules.

8. Matters concerning policies for treatment of expenses or debts arising from the execution of duties by corporate auditors

We shall establish procedures for settlement of expenses arising from the execution of duties by corporate auditors, and when corporate auditors request for advance payment or redemption for such expenses, we shall meet the requests according to the prescribed procedures, unless it is evident that the requested expenses are unnecessary for the execution of their duties.

9. Other systems to ensure the effectiveness of audits by corporate auditors

(1) We shall call on an experienced person or expert who is well versed in corporate

management or qualified person such as a certified public accountant as an outside corporate auditor and keep his/her independence from those who execute business, such as CEO and Representative Director and directors.

(2) Corporate auditors shall meet with CEO and Representative Director on a regular basis to exchange opinions and information.

(3) Corporate auditors may closely cooperate with internal auditors and, if necessary, request them to conduct an investigation.

10. Development of a system to ensure the reliability of financial reporting

In order to ensure the reliability of its financial reporting, the Company shall establish accounting and related rules and the Basic Policy on Development of Internal Control over Financial Reporting to develop a system to manage the risk of potential fraud or error in financial reporting; develop, operate, and evaluate prevention and check-and-balance functions; and correct them if there is any deficiency.

11. System to eliminate anti-social forces

We shall take a resolute stance and actions against anti-social forces posing a threat to public order or healthy corporate activities across the Company, including cooperation with relevant organizations, and sever any relationships with anti-social forces. In addition, we shall continue to promote the development of the system to eliminate anti-social forces while cooperating with police and relevant organizations as well as expert institutions such as lawyers.

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

In order to practice compliance, the Company has established the Code of Conduct, which stipulates that “We shall deal with anti-social forces posing a threat to public order or healthy corporate activities with a resolute stance, never involve ourselves in any illegal or anti-social conduct, and never provide any economic or other benefit to anti-social forces, regardless of the pretext.”

As a system to eliminate anti-social forces, the Company has established the Rules for Dealing with Anti-social Forces, Anti-social Forces Check Manual, and Manual for Dealing with Anti-social Forces, and operates them, designating the Legal and General Affairs Department as the responsible department.

V. Other

1. Adoption of Anti-takeover Measures

Adoption of anti-takeover measures	Not adopted
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Supplementary Explanation for Applicable Items

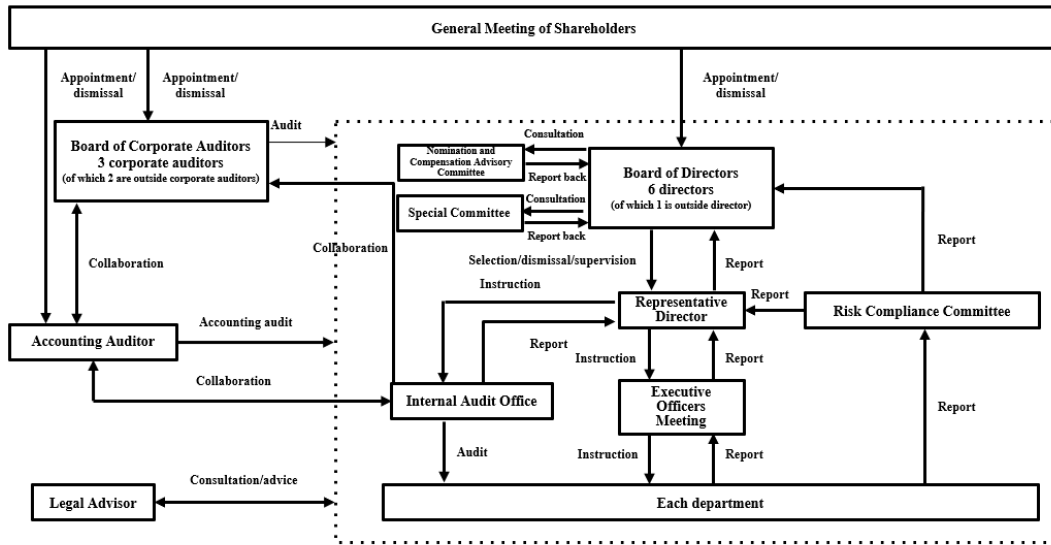
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2. Other Matters Concerning the Corporate Governance System

Schematic diagrams of the Company’s corporate governance system and the flows of timely disclosure procedures are attached for reference.

Schematic Diagram (Reference)

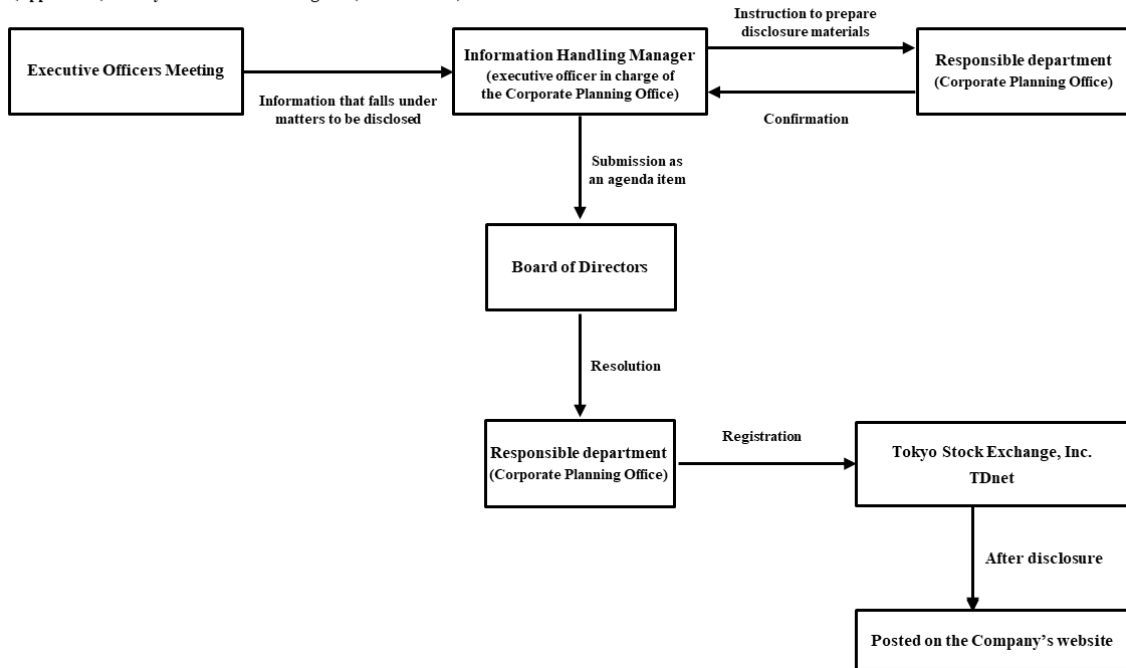
(Appendix 1) Corporate Governance System Diagram



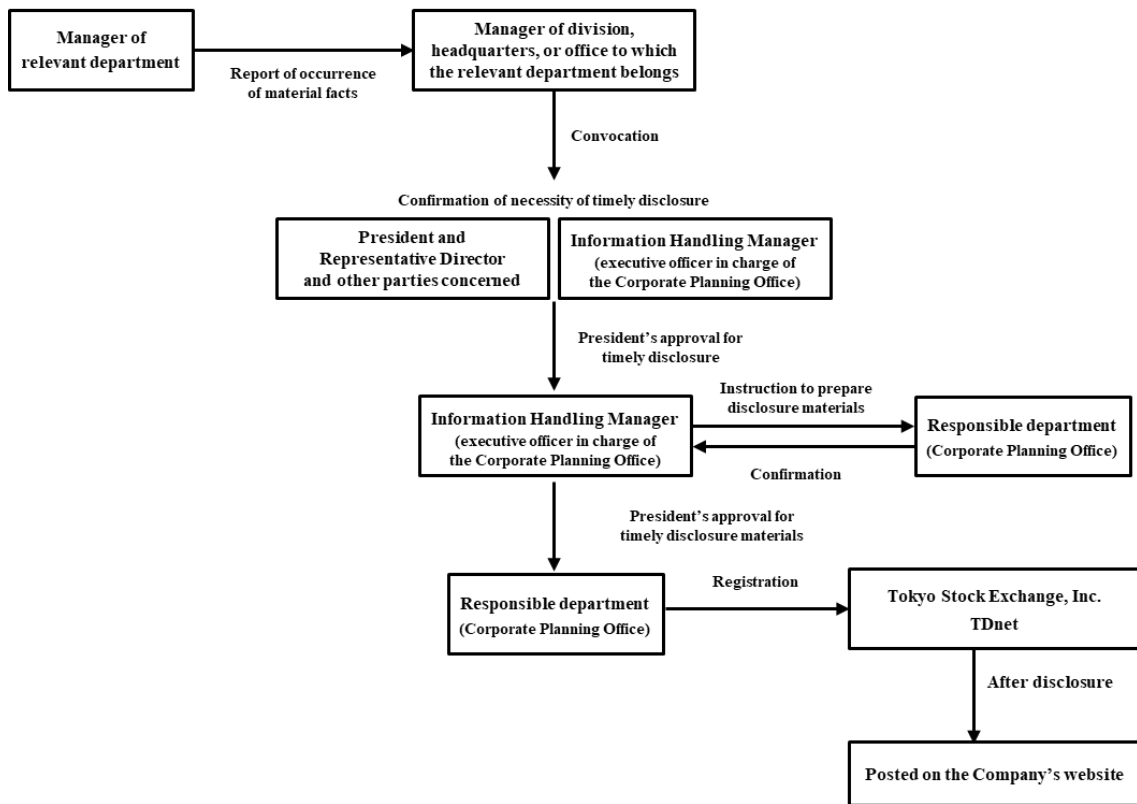


Outline of Timely Disclosure System (Schematic Diagram)

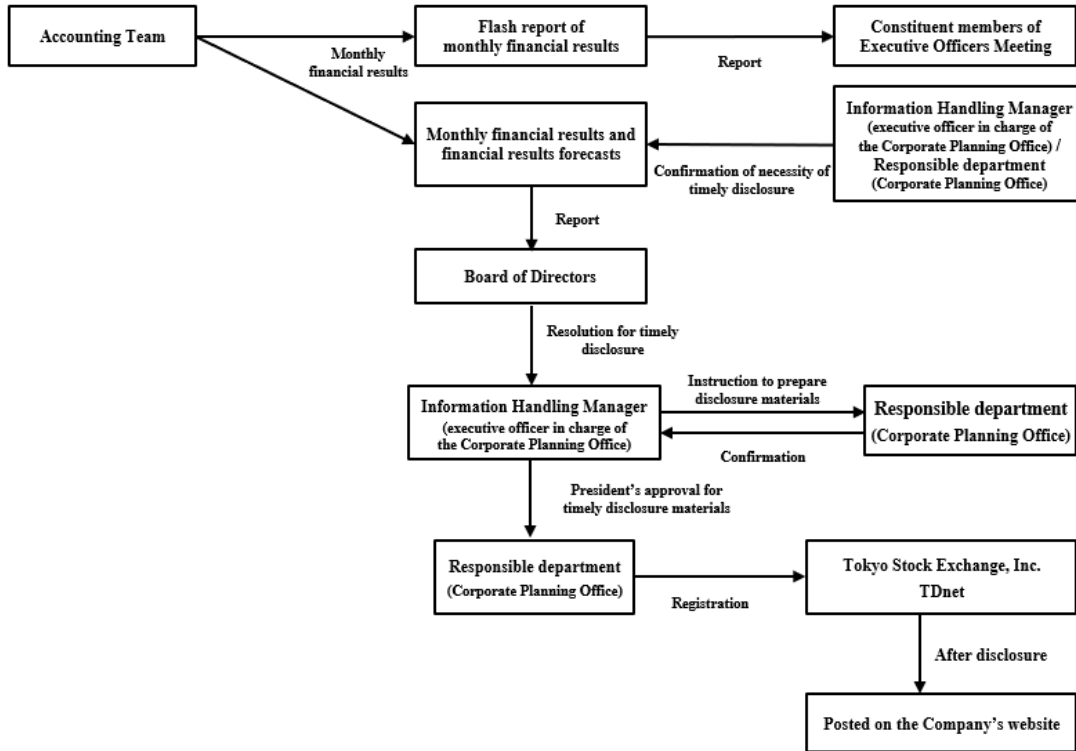
(Appendix 2) Timely Disclosure Flow Diagram (Facts Decided)



(Appendix 3) Timely Disclosure Flow Diagram (Facts Occurred)



(Appendix 4) Timely Disclosure Flow Diagram (Information Related to Monthly Financial Results)



(Appendix 5) Timely Disclosure Flow Diagram (Information Related to Quarterly/Annual Financial Results)

