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**NEC Capital Solutions Limited**

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<https://www.necap.co.jp/english/>

The corporate governance of NEC Capital Solutions Limited (the “Company”) is described below.

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

### Basic Information

#### 1. Basic Views

<Basic Views on Corporate Governance>

At NEC Capital Solutions (the Company), we have established the Group Vision to “be a solution company leading the next-generation circular economy.” We aim to practice “Creating Shared Value (CSV) management” to resolve diversification issues of both customers and society and achieve a next-generation circular economy.

We believe that only the practice of CSV management will enable us to achieve sustainable growth and lead to the maximization of corporate value.

Through continuing dialogue, we will monitor and supervise management from a medium- to long-term standpoint and engage in the structural reform of management, incorporating the perspectives of our shareholders, local communities, business partners, employees, and other stakeholders.

<Positioning of the Company in the NEC Group>

The Group (the Company and its subsidiaries together; the same applies hereinafter) is comprised of financial services companies of the NEC Group. Since we bear business risks as a financial company, we will enhance our uniqueness by developing a corresponding risk management infrastructure, securing talented human resources in the financial field, and fostering a corporate culture appropriate for the financial business.

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

The Company has implemented all of the principles of the Corporate Governance Code.

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

The contents of disclosure items based on the principles of the Corporate Governance Code are as follows.

[Principle 1-4. Cross-Shareholdings]

The Company may hold shares of listed companies as cross-shareholdings when it judges that the shares can contribute to the expansion of the Group’s business transactions and are expected to generate profits for the Group. However, if it judges that these cross-shareholdings are not in line with the purpose of holding such shares, we shall sell them to reduce the number of such shares held, based on stock prices and market trends.

The Board of Directors establishes criteria for the continued holding of each individual issue of cross-shareholdings, including the appropriateness of the purpose of holding such shares, and whether the benefits and risks are commensurate with the cost of capital, based on the expectation of generating profits for the Group, and examines once a year whether each company’s share is in compliance with such criteria. Any cross-shareholdings not meeting these criteria shall be sold at an appropriate time.

In exercising voting rights for cross-shareholdings, the Company shall decide whether to approve or disapprove individual proposals from the perspective of whether they are expected to generate profits for the Group and whether they will harm the purpose of holding such shares.

[Principle 1-7. Related Party Transactions]

The Rules of the Board of Directors of the Company stipulate that transactions between the Company and its Directors require a resolution of approval by the Board of Directors. The Board of Directors makes resolutions after fully deliberating on the terms and conditions, etc. of such transactions to ensure that they do not harm the Company or the common interests of its shareholders. Even in the case of transactions with major shareholders, etc., the Code of Conduct and various in-house regulations do not give favorable treatment to major shareholders, and judgements are made based on the same criteria as for transactions with other parties.

The details of such transactions are disclosed in the Annual Securities Report.

[Supplementary Principle 2-4 (1) Ensuring Diversity in the promotion of Key Personnel, etc.]

With the aim of shifting to higher value-added businesses, the Company has been promoting business diversification and global business development and expanding a wide range of sophisticated financial solutions. In the process, we have actively promoted the hiring and utilization of diverse human resources, including new graduates, career hires with various career backgrounds, women, and foreign nationals, and have been working to develop a work environment and strengthen management to maximize the characteristics and skills of each employee.

<Promotion of mid-career hires to management positions, etc.>

In line with its business diversification, the Company has strengthened its specialized human resources, and as of March 31, 2023, the percentage of mid-career hires in overall management positions is 44%. Since we formulate and implement recruitment plans in accordance with our Medium-term Management Plan and business development, we have not set a specific numerical target regarding the ratio of mid-career hires to total management positions. However, we are working on personnel development and recruiting activities on the assumption that the current level will be maintained.

<Promotion of women to management positions, etc.>

Women occupied 5.5% of all management positions as of March 31, 2023.

We are engaged in strengthening training and enhancing workplace environments and other aspects based on the Japanese Act on the Promotion of Women's Active Engagement in Professional Life and the Japanese Act on Advancement of Measures to Support Raising Next-Generation Children, targeting a proportion of at least 10% in management by women by March 31, 2026. The status of our progress against this target is published on the "Support for Work-Life Balance" website operated by the Ministry of Health, Labour and Welfare. Please refer to the website below for details.

[https://ryouritsu.mhlw.go.jp/hiroba/search\\_dtl.php?cn=92595#actionplan](https://ryouritsu.mhlw.go.jp/hiroba/search_dtl.php?cn=92595#actionplan) (available in Japanese only)

To further promote the advancement of women, in addition to the creation of the career development system and measures for mindset and skill improvements that have been promoted thus far, we aim to achieve the goal at an early stage and actively promote women to management positions by actively hiring women and other efforts.

<Promotion of foreign nationals to management positions, etc.>

In line with its business diversification and global business development, the Group has overseas subsidiaries in North America and Southeast Asia, and the Group has 18 foreign nationals who are equivalent to management positions of the Company. Although we have not set specific targets for hiring at the Company and its overseas subsidiaries, we will hire and promote employees based on experience, skills, and other factors at each overseas subsidiary, taking into account past business contents and future business development.

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

The Company has established a Pension Committee, which meets semiannually and consists of department managers or higher positions of several key departments from the accounting, finance, corporate planning, and human resources departments to manage whether the corporate pension plan is being properly operated.

[Principle 3-1. Full Disclosure of Information]

- (i) The Company has formulated and announced its Corporate Philosophy, Group Vision, and Medium-term Management Plan, which are disclosed on the Company's website, in Financial Results Presentation Materials, and in the Integrated Report.  
<https://www.necap.co.jp/english/ir/library/index.html>
- (ii) The Company's views and status regarding corporate governance are described in this report, on the Company's website, and in the Annual Securities Report (available in Japanese only).  
<https://www.necap.co.jp/csv/governance/index.html>  
<https://www.necap.co.jp/english/>
- (iii) Policies and procedures for compensation for Directors are described in "Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof" of "Director Compensation" in II of this report.
- (iv) Currently, based on the policy of selecting appropriate persons who will contribute to the management of the Group, the Company elects and dismisses senior management and nominates candidates for Directors and Company Auditors by resolution of the Board of Directors in accordance with the Rules of the Board of Directors. The Company has established the Election and Compensation Committee, in which the majority of members are Independent Outside Directors, as an advisory body to the Board of Directors. The Board of Directors elects and dismisses senior management and nominates candidates for Directors and Company Auditors based on the reports of the Committee.
- (v) The Company shall announce the election and dismissal of senior management at an appropriate time after the resolution of the Board of Directors. The reasons for the election of individual candidates for Directors and Company Auditors are stated in the Notice of Convocation of the General Meeting of Shareholders.

(Supplementary Principle 3-1 (3))

<Sustainability initiatives by the Company>

At NEC Capital Solutions, we practice CSV management that directly links business strategies with our own sustainability. Under the new Group Vision established in April 2023, we aim to "be a solutions company leading the next-generation circular economy" by providing services to resolve diversification issues of both customers and society, leading to a virtuous cycle for both the environment and our growth. We have set the goal of our Group Vision for 2030, and we are pushing ahead with initiatives to enhance social value through our businesses, aiming to contribute to achieving the SDGs.

Under our Medium-term Plan 2025, we have established non-financial targets such as "CO2 reductions to achieve carbon neutrality," "establishment of social infrastructure," "promotion of cyclical use following expansion of ICT business," "promotion of response to climate change," and "promotion of activities contributing to society with natural capital in mind." We will actively

pursue these targets, aiming to achieve the Group Vision. We also target carbon neutrality with net zero Scope 1 and 2 emissions by 2040.

The PDCA cycle for these non-financial targets is reported and discussed at meetings of the Sustainability Committee, chaired by the President, to ensure that we pursue highly effective initiatives.

Please refer to the Company's website, shown below, and the Integrated Report for our sustainability initiatives and disclosure based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

- General Sustainability and Integrated Report  
<https://www.necap.co.jp/english/csv/report/index.html>
- Disclosure based on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations  
<https://www.necap.co.jp/csv/environment/climatechange.html> (available in Japanese only)

<Investments in human capital, intellectual property, etc.>

Human resources are the greatest asset in the Group's businesses. We aim to enhance corporate value in the medium and long term by bringing the most value out of human resources. To this end, we will formulate strategies to transform our human resources, organization, and culture in tandem with our business strategies. Based on these strategies, we will invest in human capital, aiming, as a company, to encourage the members of our diverse workforce to make the most of their own strengths, achieve job satisfaction, and feel a sense of pride in their work.

We will also strive to strengthen our strategic partnership with the NEC Group companies and our collaboration with vendors. We will invest in intellectual capital through measures such as the accumulation of vendor finance know-how and customer networks, as well as the development of new circular services. We have established these measures as part of our business strategy under the Medium-term Plan.

Please refer to "Medium-term Plan 2025" and the Company's website, below, for details.

- Medium-term Plan 2025  
<https://www.necap.co.jp/english/ir/management/midiumtermplan.html>

[Principle 4-1. Roles and Responsibilities of the Board of Directors (1)]

(Supplementary Principle 4-1 (1))

The Company's Board of Directors resolves matters stipulated by laws, regulations, the Company's Articles of Incorporation, and the Rules of the Board of Directors, matters delegated to the Board of Directors by the General Meeting of Shareholders, and important matters such as medium- to long-term management policies and strategies. From the viewpoint of swift and flexible business execution, other matters are delegated to the Representative Director and President, and other management members.

[Principle 4-9. Independence Standards and Qualification for Independent Outside Directors]

In selecting candidates for Independent Outside Directors, the Company's Board of Directors deliberates and considers whether or not they can contribute to the Company's management with their deep insight and a wealth of knowledge, in addition to the standards stipulated by the Tokyo Stock Exchange.

[Principle 4-10. Use of Optional Approach]

(Supplementary Principle 4-10 (1))

Based on the policy of selecting appropriate human resources who will contribute to the management of the Group, the Company has established the Election and Compensation Committee, in which the majority of members are Independent Outside Directors, as an advisory body to the Board of Directors. The Board of Directors shall elect and dismiss senior management and nominate candidates for Directors and Company Auditors based on the report of the Committee.

In addition, the Company regards the officer compensation system as an important matter of corporate governance, and the Election and Compensation Committee shall deliberate on officer compensation and report to the Board of Directors.

Currently, the Election and Compensation Committee includes three Independent Outside Directors (two of whom are women). The Election and Compensation Committee's reports to the Board of Directors are backed by a wealth of knowledge and experience, and also take into account diversity, such as gender, and skills.

The Election and Compensation Committee consists of five members: Masaaki Sukanuma (Representative Director), Masamitsu Kasaki (Representative Director), Takashi Nawa (Independent Outside Director), Takako Hagiwara (Independent Outside Director) and Asako Yamagami (Independent Outside Director). The Chairman of the Committee is elected by mutual vote of the members of the Committee.

[Principle 4-11. Preconditions for Ensuring the Effectiveness of the Board of Directors and the Board of Company Auditors]

(Supplementary Principle 4-11 (1))

1. Skills required for the Board of Directors

The Company aims to achieve a virtuous cycle for both the environment and corporate growth while resolving diversification issues of both customers and society through innovation in capital solutions, under our Group Vision to "be a solutions company leading the next-generation circular economy." We have identified the skills required of the Board of Directors based on our business strategies to achieve these goals. We aim for a composition of the Board of Directors that achieves a good overall balance of knowledge, experience, and abilities.

Please refer to the Company's website (<https://www.necap.co.jp/csv/governance/index.html> (available in Japanese only)) for the skills matrix.

2. Policies and procedures for selecting candidates for Directors

The Company selects candidates for Directors who empathize with the corporate philosophy and vision of the Group, have deep insight, are of good character, possess the knowledge, experience, and skills necessary to realize the Group's corporate objectives, and are highly motivated to contribute to the enhancement of corporate value.

The policies for selecting candidates for Directors are deliberated by the Election and Compensation Committee, in which the majority of members are Independent Outside Directors, as an advisory body to the Board of Directors, and decisions are made by the Board of Directors with the utmost respect for the opinions of the Committee.

In selecting candidates for Inside Directors, the Election and Compensation Committee deliberates on the candidates based on personnel requirements and performance evaluation, taking into consideration the balance and diversity of knowledge, experience, and skills, and optimal size of the Board of Directors.

(Supplementary Principle 4-11 (2))

The status of concurrent positions held by Directors and Company Auditors is stated in the Business Report and the Notice of Convocation of the General Meeting of Shareholders each year.

<https://www.necap.co.jp/english/ir/shareinfo/meeting.html>

(Supplementary Principle 4-11 (3))

Analysis and assessment of the effectiveness of the Board of Directors are conducted once a year at the Board of Directors meeting to improve its functions. The Company conducted a survey through an outside agency for all Directors and Company Auditors in January 2022. Based on the survey results, the Board of Directors Secretariat conducted individual interviews with Independent Outside Directors, and each Director provided his or her opinions. Based on these results and upon hearing opinions from the viewpoints as described below at Management Roundtable meetings comprising all Directors and Company Auditors, the effectiveness of the Board of Directors was analyzed, discussed, and assessed.

1. Supervision of management by the Board of Directors is sufficient
2. Composition of the Board of Directors is appropriate
3. The Board of Directors employs a strategic approach to management
4. Meaningful discussions are secured by the Board of Directors

The latest assessment confirmed that the Board of Directors was sufficiently effective for the fiscal year ended March 31, 2023.

Specifically, it was found that, regarding 1. Supervision of management by the Board of Directors and 2. Appropriate composition of the Board of Directors, the necessary information was being shared in an appropriate form and the management supervisory function was effective, as the Board of Directors is composed of a diverse range of directors who possess the necessary skills.

Regarding 3. Strategic direction of management by the Board of Directors and 4. Ensuring meaningful discussions by the Board of Directors, efforts were made to achieve an uninhibited exchange of opinions on key management issues by holding the Management Roundtable and providing fuller advance briefings on agenda items for outside directors. In addition, it was found that the Board of Directors was able to discuss strategic direction by setting agenda items with an awareness of strategies such as those established in the new Group Vision and the Medium-term Plan.

We will continue to strive to enhance the effectiveness of the Board of Directors and boost medium- and long-term corporate value through measures such as steadily following up on the Medium-term Plan, as we aim to “be a solutions company leading the next-generation circular economy.”

(Supplementary Principle 4-14 (2))

When new Directors and Company Auditors are appointed, other Directors and departments of the Company explain the Company’s business, finances, organization, etc., and, according to necessity, the Company provides similar opportunities after their appointment.

The Company also encourages Directors and Company Auditors to receive voluntary outside training, the cost of which is borne by the Company.

[Principle 5-1 Policy on Constructive Dialogue with Shareholders]

(i) Policy on constructive dialogue with shareholders

The Company has appointed an officer in charge of investor relations (IR) and designated the IR & PR Department responsible for IR, implementing, overseeing, and improving various IR activities. The President, officer in charge of finance, or other directors, including outside directors, also endeavor to respond, within reasonable bounds, to dialogue with shareholders and investors, based on the requests of shareholders and the main matters of interest for discussion.

(ii) Organic collaboration between the department in charge of IR and other departments

The IR & PR Department shares IR-related information with the Corporate Planning Department, the Controller Department, the Finance Department, the Legal Department, and other departments, as appropriate, in order to promote organic collaboration.

(iii) Enhancement of means of dialogue

The IR & PR Department conducts individual interviews with and responds to inquiries from shareholders and investors, and Representative Directors directly explain the contents of such interviews and responses at meetings on financial results and other briefings for shareholders, investors, and analysts.

(iv) Feedback to management team

Information on IR activities and feedback, etc. is compiled in monthly reports and distributed internally, and also reported quarterly at meetings comprising the management team and the Board of Directors meetings, in order to share such information.

(v) Insider information control

The Company does not provide insider information in its dialogues with shareholders, investors, and analysts. In addition, we have established regulations for the prevention of insider trading, which we comply with and control, and thoroughly control information.

We announce the status of dialogue with shareholders upon publication of the Integrated Report.

<https://www.necap.co.jp/csv/shareholder.html> (available in Japanese only)

[Principle 5-2. Formulation and Announcement of Management Strategies and Management Plans]

Measures to realize management with an awareness of the cost of capital and stock prices

To achieve sustainable growth and improve corporate value over the medium- to long-term, the Group places emphasis on management with an awareness of return on capital, which involves formulating and implementing revenue plans and capital policies based on an accurate understanding of the company's cost of capital. To achieve this, we appropriately consider the review of our business portfolio and the allocation of management resources, including investments in human capital and systems, in conjunction with the formulation of our Medium-term Plan and annual budget, and reflect them in our business plan.

In FY2022, the Group reached the final year of its previous Group Vision and Mid-Term Plan 2020. Accordingly, we formulated our new Group Vision, "Be a solution company leading the next-generation circular economy," with FY2023 as the first year, and we also formulated and announced our "Medium-term Plan 2025."

When formulating the Medium-Term Plan 2025, we deemed it essential to secure a level of revenue that would sustainably exceed the cost of capital to improve market valuation, including PBR and PER. We also determined that sustainably increasing profitability would lead to further improvement in corporate value. In formulating a concrete profit plan, in addition to increasing the absolute amount of profits, we held repeated discussions on the profitability that the Company should aim for, with a focus on sustainably increasing profitability. As a result, we set an ROE target of 8% for FY2025, the final year of our Medium-term Plan 2025, and a target of 10.0 billion yen for profit attributable to owners of parent. In addition to improving profitability (improve ROE), we will carry out return measures in line with our profit level while drawing up growth strategies unique to the Group, such as grasping revenue opportunities through our strengths in ICT and sound risk-taking capabilities. In doing so, we hope to capture growth expectations from the market (improve PER) and improve PBR, which is calculated using the formula  $ROE \times PER$ .

Moreover, the Group has formulated and announced non-financial indicators that go alongside the financial indicators in the Medium-term Plan 2025. In addition to initiatives related to environmental and social issues, we will work to improve employee engagement by strengthening investments and initiatives related to human capital. This will lead to an improvement in profitability through the accumulation of non-financial capital.

While weighted average cost of capital (WACC) and cost of shareholders' equity represent typical indicators used in the analysis of cost of capital, the Group uses cost of shareholders' equity from the perspective of placing importance on investors' expected returns, and undertakes analysis by comparing it with ROE.

The following matters corresponding to this principle were presented in Medium-term Plan 2025, published on April 28, 2023.

- P14 3. Aim in Medium-term Plan 2025
- P15 4. Management objectives (financial and non-financial)
- P15 5. Medium-term Plan 2025 (Business Strategy 1/2)
- P16 5. Medium-term Plan 2025 (Business Strategy 2/2)

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders]

Name or Company Name	Number of Shares Owned	Percentage (%)
NEC Corporation	8,110,000	37.66
Sumitomo Mitsui Finance and Leasing Co., Ltd.	5,373,000	24.95
The Master Trust Bank of Japan, Ltd. (Trust Account)	897,200	4.16
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	255,950	1.18
DFA INTL SMALL CAP VALUE PORTFOLIO	225,098	1.04
SUMITOMO LIFE INSURANCE COMPANY	200,000	0.92
Custody Bank of Japan, Ltd.	193,300	0.89
Mitsui Sumitomo Insurance Co., Ltd.	112,000	0.52
JPMorgan Securities Japan Co., Ltd.	110,786	0.51
SMBC Nikko Securities Inc.	93,100	0.43

Name of Controlling Shareholder, if applicable (excluding Parent Company)	_____
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Name of Parent Company, if applicable	None
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Supplementary Explanation
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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Other Financing Business
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more and fewer than 1,000
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥100 billion or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more and fewer than 100

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

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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 Supervision in Management

### 1. Organizational Composition and Operation, etc.

Corporate Governance System	Company with Company Auditors
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#### [Directors]

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairman of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Outside Directors	3

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takashi Nawa	From another company								△			
Takako Hagiwara	From another company											
Asako Yamagami	Lawyer											
Satoshi Okubo	From another company					○		○				
Fujita Shigeki	From another company					○		○				

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

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 for which the Company is a major client or a person who executes business for such person

e Major client of the Company or a person who executes business for such client

f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to officer compensation from the Company

g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)

h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)

i Person who executes business for another company holding a mutual appointment of outside officers with the Company (applies to self only)

j Person who executes business for an entity receiving contributions from the Company (applies to self only)

k Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Takashi Nawa	○	<ul style="list-style-type: none"> <li>There was a consulting transaction between the Company and Genesis Partners, Co., Ltd., which is another company at which Mr. Takashi Nawa serves as Representative Director and President, but this transaction has been terminated.</li> </ul>	<p>Mr. Takashi Nawa has served as Professor of Hitotsubashi University Business School, School of International Corporate Strategy and has deep insight and abundant experience in overall corporate management, carrying out activities to ensure adequacy and appropriateness of the decision-making of the Board of Directors of the Company by, for example, expressing opinions and asking questions from his objective standpoint as Outside Director. The Company has requested and invited him to assume the position, not only as it expects him to continue with such activities utilizing his insight and experience, but also by having Mr. Nawa, an authority on CSV management, involve in management, the Company may strongly promote its initiatives in achieving CSV management that solves societal issues through its business. He is designated as an Independent Director because he has no vested interest in the Company or its major shareholders, and is judged to be able to contribute to the Company's management from the perspective of protecting the interests of general shareholders and various stakeholders.</p>
Takako Hagiwara	○	-----	<p>Ms. Takako Hagiwara has served as Representative Director and Outside Officer of other business corporations, and has abundant experience as a corporate manager as well as deep insight in human resources and personnel development, carrying out activities to ensure adequacy and appropriateness of the decision-making of the Board of Directors of the Company by, for example, expressing opinions and asking questions from her objective standpoint as Outside Director. The Company has requested and invited her to assume the position as it expects her to continue with such activities utilizing her insight and experience. She is designated as an Independent Director because she has no vested interest in the Company or its major shareholders, and is judged to be able to contribute to the Company's management from the perspective of protecting the interests of general shareholders and various stakeholders.</p>



Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Asako Yamagami	○	-----	Ms. Asako Yamagami has expert knowledge and experience in subjects including corporate legal affairs, governance, international legal affairs and compliance as an attorney-at-law. In addition, she is currently serving as an outside officer of other business corporations, and has been carrying out activities to ensure adequacy and appropriateness of the decision-making of the Board of Directors of the Company by, for example, expressing opinions and asking questions from her objective standpoint as Outside Director. The Company has requested and invited her to assume the position as it expects her to continue with such activities utilizing her insight and experience. She is designated as an Independent Director because she has no vested interest in the Company or its major shareholders, and is judged to be able to contribute to the Company's management from the perspective of protecting the interests of general shareholders and various stakeholders.
Satoshi Okubo		-----	Mr. Satoshi Okubo was long engaged in the corporate planning division of NEC Corporation and has deep insight into and abundant experience in overall corporate management. He has been carrying out activities to ensure adequacy and appropriateness of the decision-making of the Board of Directors, for example, expressing opinions from his objective standpoint as Outside Director. He was appointed as Outside Director at the request of the Company, as we expect him to continue with such activities utilizing his insight and experience.
Fujita Shigeki		-----	Mr. Shigeki Fujita was long engaged in the computer and other businesses at NEC Corporation and has abundant experience in and deep insight into ICT. Since 2023, he has served in the planning management department of NEC Corporation and engaged in the corporate management area. He was appointed as Outside Director at the request of the Company, as we expect him to carry out activities leveraging his experience and knowledge, in addition to activities to ensure the adequacy and appropriateness of the decision-making of the Board of Directors from his objective standpoint as Outside Director.

Voluntary Establishment of Committee(s) equivalent to Election Committee or Compensation Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairman)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairman
Voluntarily Established Committee Equivalent to Election Committee	Election and Compensation Committee	5	0	2	3	0	0	Inside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Election and Compensation Committee	5	0	2	3	0	0	Inside Director

Supplementary Explanation

The Company has established the Election and Compensation Committee in order to ensure transparent, objective, and appropriate decision-making procedures with respect to (1) personnel matters concerning candidates for Representative Director, President, Director, and Company Auditor, and (2) compensation for Directors and Executive Officers. The Election and Compensation Committee consists of five Directors, including three independent Outside Directors. The members of the Committee are appointed by a resolution of the Board of Directors, and the Chairman of the Committee is elected by mutual vote of the members of the Committee.

[Company Auditors]

Establishment of Board of Company Auditors	Established
Number of Company Auditors Stipulated in Articles of Incorporation	4
Number of Company Auditors	4

Cooperation among Company Auditors, Accounting Auditors, and Internal Audit Departments

Company Auditors receive reports from the Accounting Auditors regarding accounting audits and internal control audits based on the Financial Instruments and Exchange Act, and exchange opinions with them, etc., in order to ensure mutual cooperation with the Accounting Auditors.

The Auditing Department, which is the internal audit department of the Company, reports monthly to the Company Auditors on the results of internal audits, exchanges opinions with them, and reports on the status of the operation of the whistleblowing system, etc., in order to ensure mutual cooperation with the Company Auditors.

Appointment of Outside Company Auditors	Appointed
Number of Outside Company Auditors	3
Number of Independent Outside Company Auditors	0

Outside Company Auditors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hiroshi Komazaki	From another company							△		△				
Tatsuya Oyama	From another company							○		○				
Shigetoshi Yokomizo	From another company							○		○				

- \* Categories for “Relationship with the Company”
- \* “○” when the Company Auditor presently falls or has recently fallen under the category;
- “△” when the Company Auditor fell under the category in the past
- \* “●” when a close relative of the Company Auditor presently falls or has recently fallen under the category;
- “▲” when a close relative of the Company Auditor fell under the category in the past
- 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 company auditor of a parent company of the Company
- e Person who executes business of a fellow subsidiary of the Company
- f Person for which the Company is a major client or a person who executes business for such person
- g Major client of the Company or a person who executes business for such client
- h Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to officer compensation from the Company
- i Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k Person who executes business for another company holding a mutual appointment of outside officers with the Company (applies to self only)
- l Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m Other

#### Outside Company Auditors’ Relationship with the Company (2)

Name	Designation as Independent Company Auditor	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hiroshi Komazaki		-----	Mr. Hiroshi Komazaki was long engaged in the accounting department at NEC Corporation and other companies and has deep insight into global business and a high level of expertise in finance and accounting. He was appointed as Outside Company Auditor (full-time) at the request of the Company, as we have determined that he will conduct audits leveraging his experience and expertise from a professional standpoint.
Tatsuya Oyama		-----	Mr. Tatsuya Oyama has abundant experience in and deep insight into finance as a person from financial institutions. Since 2019, he has been engaged in the Corporate Controller Department at NEC Corporation and has expertise in finance and accounting. He was appointed as Outside Company Auditor at the request of the Company, as we have determined that he will conduct audits leveraging his experience and expertise from a professional standpoint.
Shigetoshi Yokomizo		-----	Mr. Shigetoshi Yokomizo was long engaged in the accounting department at NEC Corporation, and has expertise in finance and accounting. He was appointed as Outside Company Auditor at the request of the Company, as we have determined that he will conduct audits leveraging his experience and expertise from a professional standpoint.

#### [Independent Officers]

Number of Independent Officers	3
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#### Other Matters Concerning Independent Officers

The Company designates all Outside Officers who meet the qualifications of Independent Officers as Independent Officers.

## [Incentives]

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Performance-linked Compensation Plan, Other

### Supplementary Explanation for Applicable Items

Performance-linked compensation for directors was previously determined according to profit attributable to owners of parent in the case of the President, and a combination of profit attributable to owners of parent and the level of achievement against the personal key performance indicator (KPI) targets for resolving medium- and long-term issues in the case of other directors. From FY2023/3 onward, ROA, response to environmental and social issues, and employee engagement scores have been added to these evaluation metrics.

Profit attributable to owners of parent is regarded as an appropriate indicator for determining performance-linked compensation for directors because it reflects directors' responsibility to enhance corporate value across the entire Group and maximize profits for shareholders. Personal KPIs are likewise considered appropriate because targeting the resolution of key medium- and long-term issues in the areas of responsibility of each director will lead to the Group's medium- and long-term growth and development. The addition of the three new metrics is aimed at accelerating efforts to achieve our business strategies and sustainably enhance corporate value, initiatives we are committed to.

The Election and Compensation Committee, which is composed of a majority of outside directors, deliberates on the appropriateness of the above evaluation. Decisions on the amounts of compensation paid reflect the results of these deliberations in performance-linked compensation and share compensation.

Persons Eligible for Stock Options

### Supplementary Explanation for Applicable Items

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## [Director Compensation]

Status of Disclosure (Individual Directors' Compensation)

No Disclosure for Individual Directors' Compensation

### Supplementary Explanation for Applicable Items

The Company discloses the total amount of compensation for Directors and Company Auditors in its Annual Securities Report and Business Report.

The total amount of compensation paid to Directors and Company Auditors for the fiscal year ended March 31, 2023 was ¥212 million. Of this amount, ¥180 million was paid to Directors, ¥32 million was paid to Company Auditors, and ¥40 million was paid to Outside Officers.

Policy on Determining Compensation Amounts and the Calculation Methods Thereof

Established

### Disclosure of Policy on Determining Compensation Amounts and the Calculation Methods Thereof

The Company regards the officer compensation system as an important matter in corporate governance and has established a voluntary Election and Compensation Committee, which shall nominate candidates for officers and deliberate and report on the officer compensation.

Compensation, etc. for Company Auditors is determined through discussions among the Company Auditors.

#### [Policy on Determination of Officer Compensation and Compensation Plan]

##### 1. Basic Policy

The compensation for the Company's Directors shall be appropriate to secure and retain talented human resources who practice the realization of the Company's corporate philosophy and motivate them to fully perform their expected roles for the sustainable enhancement of the corporate value and shareholder value. Specifically, the compensation for Directors who play a role in executing business shall consist of supervisory compensation for the supervisory function and executive compensation for the executive function (consisting of base compensation, performance-based compensation, and stock-based compensation). The compensation for Outside Directors shall consist only of supervisory compensation. In addition, the Company shall ensure rationality, objectivity, and transparency in both the details of compensation and decision-making procedures in order to fully fulfill its accountability to shareholders and other stakeholders regarding the

details of compensation for Directors.

2. **Policy on Determining the Amount of Compensation, etc. and the Timing or Conditions of Granting Thereof by Individual for Supervisory Compensation and Base Compensation**  
Supervisory compensation and base compensation shall be an annual fixed compensation in cash, and shall be paid monthly. The amounts of supervisory compensation and base compensation shall be determined in accordance with the position, responsibilities, etc., and shall be reviewed from time to time in consideration of business performance, the level of other companies, social conditions, and other factors.
3. **Performance Metrics for Performance-linked Compensation and the Amount, Calculation Method, and Timing or Conditions of Payment of Such Compensation**  
For directors responsible for business execution, an amount of monetary compensation calculated based on the level of achievement of targets for consolidated profit distributable as dividends, ROA, response to environmental and social issues, and employee engagement scores is paid as a bonus at a fixed time each year to provide an incentive to contribute to enhancing business performance in each fiscal year.
4. **Policy on Determining the Contents, Amount or Calculation Method of Stock-based Compensation and the Timing or Conditions of Granting Thereof**  
In order to share value with shareholders and motivate Directors to contribute to the enhancement of corporate value and shareholder value over the medium to long term, stock-based compensation shall be established for Directors who are responsible for business execution. Stock-based compensation shall be based on business performance in accordance with the similar calculation method as that for performance-based compensation, and restricted stock shall be granted once a year in accordance with the Rules of Restricted Stock Compensation.
5. **Policy on Determining the Ratio of the Amounts of Supervisory Compensation, Base Compensation, Performance-based Compensation, and Stock-based Compensation to the Amount of Compensation by Individual Director**  
The ratio of compensation by type for Directors responsible for business execution shall be determined based on their position and responsibilities, the Company's industry, and trends in other companies, etc. of similar business size. The ratio of supervisory compensation and base compensation to performance-based compensation and stock-based compensation in standard performance shall be approximately 60:40, and the amount of stock-based compensation shall be limited to an amount equivalent to 15% of the amount of executive compensation.
6. **Matters Concerning Procedures for Determining Contents of Compensation, etc. by Individual Director**  
The contents of compensation by individual Director shall be determined by the Representative Director and President, who is delegated by a resolution of the Board of Directors after deliberation and report of the Election and Compensation Committee, in which the majority of members are Independent Outside Directors.

### [Support System for Outside Directors (Outside Company Auditors)]

The Legal Department, which is in charge of the Board of Directors Secretariat, mainly provides support for cooperation with Outside Directors and Outside Company Auditors. When holding a meeting of the Board of Directors, the Legal Department provides advance notice of the agenda, etc., distributes materials in advance, and explains the proposals for the meeting in advance.

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

<Board of Directors/Directors>

The Company has 9 Directors and 5 of them are Outside Directors. Meetings of the Board of Directors are regularly held once a month, with extraordinary meetings held when necessary. In addition to making decisions on matters prescribed by laws and regulations, the Articles of Incorporation, and other rules as well as important management matters, the Board of Directors monitors the status of business execution by Directors. The term of office of Directors is set at one year in order to clarify management responsibility for each fiscal year.

<Management Committee>

The Management Committee, consisting of the President and persons appointed by the President, deliberates on important management matters such as management policies and strategies.

<Executive Officers>

The Company has 10 Executive Officers and has introduced an executive officer system in order to clarify the responsibilities of business execution and speed up the decision-making process. In addition, to ensure that the individual business execution is carried out appropriately and efficiently, the Company has clarified the chain of command, authority and responsibility, and the functions and positioning of each meeting and committee through various regulations.

<Board of Company Auditors/Company Auditors>

The Company has 4 Company Auditors and 3 of them are Outside Company Auditors. Meetings of the Board of Company

Auditors are quarterly held, with extraordinary meetings held when necessary, to exchange opinions on the status of implementation of audit based on the auditing plan and management information. Along with the meetings that include meetings of the Board of Directors and Management Committee and important internal meeting, Company Auditors hold a meeting once a month with the Representative Director and President to exchange opinions on items such as issues the Company needs to cope with, status of developing an environment for Company Auditors' auditing, and important auditing issues, and also to gather direct feedback from Directors and employees regarding the execution of business.

<Internal Audits>

The Auditing Department, established as the internal audit department, conducts internal audits on the appropriateness of policies, plans, and procedures for all business activities, the effectiveness of business implementation, and the status of compliance with laws, regulations, and in-house regulations, and provides specific advice and recommendations for the improvement of business operations. The Auditing Department also provides advice on the development and operation of internal controls and evaluates the status of their development and operation.

<Accounting Auditors>

The Company has appointed KPMG AZSA LLC as its Accounting Auditor and has entered into an agreement with them to receive an audit and quarterly review in accordance with Article 436, Paragraph 2 and Article 444, Paragraph 4 of the Japanese Companies Act and Article 193-2, Paragraph 1 of the Japanese Financial Instruments and Exchange Act. In addition to such audit and quarterly review, the Company has entered into an agreement to have its internal control report and English financial statements for the Integrated Report audited in accordance with Article 193-2, paragraph 2 of the Japanese Financial Instruments and Exchange Act.

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

The Company believes that it can adequately fulfill its supervisory and monitoring functions of management through an auditing system for business execution by Company Auditors, including Outside Company Auditors, and by ensuring the objectivity of management decisions by the Board of Directors, including Outside Directors.

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

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

	Supplementary Explanation
Early Posting of Notice of Convocation of the General Meeting of Shareholders	A notice of the convocation (access notice) is dispatched approximately three weeks, and electronic provision measures commence approximately four weeks, prior to the date of the relevant General Meeting of Shareholders. Materials for the General Meeting of Shareholders subject to electronic provision measures are provided on the website of the Tokyo Stock Exchange, in addition to the Company's website.
Electromagnetic Exercise of Voting Rights	Exercise of voting rights by electromagnetic means is available.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in a platform for the exercise of voting rights for institutional investors.
Provision of Notice (or Summary of Notice) of Convocation of the General Meeting of Shareholders in English	The Notice of Convocation of the General Meeting of Shareholders (summary in English) is posted on the Company's website.

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	A Disclosure Policy has been prepared and posted on the Company's website.	
Regular Investor Briefings held for Individual Investors	The Company holds briefings for individual investors several times a year, including online briefings hosted by securities firms. In addition, materials from these briefings are posted on the Company's website.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings for analysts and institutional investors semiannually in an online format.	Held
Online Disclosure of IR Information	Financial results information, timely and voluntary disclosure materials other than financial results information, annual securities reports and quarterly reports, shareholder newsletters (semi-annual), and the Integrated Reports are available below. <a href="https://www.necap.co.jp/english/ir/library/index.html">https://www.necap.co.jp/english/ir/library/index.html</a>	
Establishment of Department (and/or Placement of a Manager) in Charge of IR	Officer in charge of IR: Noboru Watanabe, Executive Officer Department in charge of IR: IR & PR Department Person responsible for IR administrative liaison: Seiichiro Kodama, Department Manager of IR & PR Department	

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

	Supplementary Explanation
Establishment of In-house Regulations, etc. Stipulating Respect for the Position of Stakeholders	In order to fulfill its corporate social responsibility (CSR), the Company has established the NEC Capital Solutions Group Code of Conduct as a basic position that all officers and employees should observe in the course of daily business execution, thereby promoting daily business activities. We promote, monitor, and review these business activities on a constant basis in accordance with the CSR Action Guidelines. These standards and norms are published in the Integrated Report available on the Company's website. <a href="https://www.necap.co.jp/csv/governance/compliance.html">https://www.necap.co.jp/csv/governance/compliance.html</a> (available in Japanese only) <a href="https://www.necap.co.jp/csv/csrmanagement.html">https://www.necap.co.jp/csv/csrmanagement.html</a> (available in Japanese only)

Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Company recognizes sustainability issues, including environmental preservation, as business issues for the Company. We also believe they are issues for society and our customers. At the same time as we pursue our own initiatives, we are also engaged in resolving the issues faced by society and customers through our businesses.</p> <p>We have identified five material issues in our efforts to resolve sustainability issues: “promotion of decarbonized society and circular economy,” “promotion of establishment of social and ICT infrastructure,” “creation of new services and businesses to resolve social issues,” “investment in human capital,” and “pursuit of corporate governance that supports improved corporate value.” We are addressing these material issues through the non-financial targets under our Medium-term Plan.</p> <p>We publish annual Integrated Reports on our website presenting the results of these activities.</p> <p><a href="https://www.necap.co.jp/csv/report/index.html">https://www.necap.co.jp/csv/report/index.html</a> (available in Japanese only)</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company has established a Disclosure Policy, which is posted on the Company’s website, and its basic stance on information disclosure is to disclose useful information in a timely, fair, and impartial manner so that shareholders and investors can deepen their understanding of the Company and make appropriate investment decisions.</p> <p><a href="https://www.necap.co.jp/english/ir/disclosure.html">https://www.necap.co.jp/english/ir/disclosure.html</a></p>

#### **IV Matters Concerning the Internal Control System, etc.**

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

###### <Basic Views on Internal Control System and Status of Development>

Under the guidance of the Company’s Representative Director and President, the Company’s Directors and employees work together to develop a system to ensure the appropriateness of the Company’s operations and those of the corporate group consisting of the Company and its subsidiaries, and to improve such system through constant review, thereby establishing a legal and efficient corporate structure.

1. Systems to ensure that the execution of duties by Directors and employees of the Group is in compliance with laws, regulations, and the Articles of Incorporation
  - (a) The Group has established the NEC Capital Solutions Group Code of Conduct to ensure compliance with laws, regulations, the Articles of Incorporation, and other in-house regulations. All Directors and employees of the Company and Directors and employees of important subsidiaries shall comply with the provisions of the NEC Capital Solutions Group Code of Conduct in their daily execution of business.
  - (b) In accordance with the Japanese Financial Instruments and Exchange Act and other relevant laws, the Group shall establish an internal control system for financial reporting, and shall monitor the system on a daily basis to maintain and improve the system. In this manner, the Group shall strive to ensure the reliability of financial reporting, the effectiveness and efficiency of operations, compliance with laws and regulations related to business activities, and the preservation of assets.
  - (c) The Group shall sever all relations with antisocial forces that threaten the order and safety of civil society, and shall deal with such antisocial forces in a resolute, company-wide manner in close cooperation with outside professional agencies.
  - (d) In order to establish compliance as a corporate culture on a company-wide and permanent basis, the Company’s Directors shall take the initiative in continuing constant study, setting a good example, and providing guidance.
  - (e) The Company shall periodically provide directors and employees of the Group with education and training activities to thoroughly familiarize them with the NEC Capital Solutions Group Code of Conduct.
  - (f) The Company’s Auditing Department shall conduct internal audits of the status of compliance of the Group with laws, regulations, and in-house regulations, including the Articles of Incorporation, as well as audits of subsidiaries, and shall report the audit results to the Representative Director and President and Company Auditors of the Company as appropriate.
  - (g) In order to thoroughly prevent violations of laws, regulations, and in-house regulations, including the Articles of Incorporation within the Group, to detect such violations at an early stage, and to maintain and strengthen the self-cleansing function as a reporting system in the event that such violations are detected, an internal whistleblowing system with an external expert as the contact person has been established. Measures taken under this system include maintaining the anonymity of the whistleblower, nondisclosure of reported information to non-related parties, investigation, confirmation, and action based on the report, thorough measures to prevent recurrence, and prohibition of retaliation against the whistleblower.  
In addition, the status of whistleblowing reports made under the Group’s internal whistleblowing system shall be reported to the Representative Director and President, Company Auditors, and the Board of Directors of the Company as appropriate.
  - (h) In order to ensure the appropriateness of operations within the corporate group, the Company’s Company Auditors shall exchange opinions with the Company Auditors, etc. of its subsidiaries and work in cooperation with them.
  - (i) The Internal Control Committee shall be established to establish, promote, maintain, and strengthen the internal control system required by the Companies Act and the Financial Instruments and Exchange Act, and to discuss measures related to overall compliance and other internal controls in the Group.
  - (j) The Group shall thoroughly ensure that transactions between the Company and companies belonging to the NEC Group,



which are the Company's major business partners, are not inappropriate in light of laws, regulations, accounting rule, and other social norms.

2. Systems for retention and management of information concerning the execution of duties by the Company's Directors
  - (a) The Company shall establish regulations concerning information security, clarify the responsibility system for information security, and continuously implement measures to maintain and improve information security.
  - (b) Documents related to important meetings such as minutes of the General Meeting of Shareholders, Board of Directors meetings, and Management Committee meetings, as well as various documents, forms, etc. related to the execution of duties by the Company's Directors shall be properly prepared, stored, managed, and disposed of in accordance with laws, regulations, and in-house regulations.
  - (c) The Company shall obtain ISO27001 certification, the international standard for information security management systems, to ensure and maintain the confidentiality, integrity, and availability of the Company's information assets.
3. Regulations and other systems for management of the risk of loss at the Group
  - (a) In order to avoid and minimize risks in the event of the occurrence of unforeseen events at the Group, the Company shall establish regulations for risk management in a form that assumes and classifies various types of risks. The Company shall also establish a crisis management system that ensures thorough risk management, including prompt and appropriate communication of information and establishment of a chain of command in the event of risk occurrence.
  - (b) Each department of the Company shall strive to grasp the risks associated with its responsible operations and the subsidiaries under its control, determine specific policies and measures to deal with such risks, and implement risk management appropriately.
  - (c) In order to strengthen risk management in a multifaceted manner, the Company shall establish a Risk Management Committee to discuss countermeasures for various risks that may affect the Group's business and implement company-wide risk management.
  - (d) The status of the Group's credit and risk portfolio and major business partners shall be regularly reported at meetings of the Risk Management Committee and the Board of Directors.
  - (e) The Company shall fully deliberate at the Management Committee and report at the Board of Directors meetings on policies for dealing with major management risks and other important matters from the viewpoint of risk management.
4. Systems to ensure that the Group's Directors execute their duties efficiently
  - (a) The Company shall introduce an executive officer system to clarify the supervisory function of the Company's Directors and the executive function of its Executive Officers, and to accelerate their respective decision-making.
  - (b) In order to ensure proper and efficient execution of duties, the Company shall clearly stipulate the chain of command, authority, and responsibility of Executive Officers, department managers, and other personnel, as well as the functions and positioning of the Board of Directors, the Management Committee, and other meetings, and the functions and positioning of committees, to develop and strengthen systems for proper and efficient management.
  - (c) In order to achieve unified management within the Group, the Group's Medium-Term Plan shall be formulated, and each department in control of a subsidiary shall periodically meet with the Company's Representative Directors to discuss the progress, etc. of the subsidiary's goals and plans.
  - (d) The Company shall utilize inter-group financing of the Group to improve the efficiency of fund-raising for subsidiaries.
5. Systems for reporting to the Company on matters related to execution of duties by Directors of subsidiaries
  - (a) The Company shall establish regulations concerning the management of group companies, and each department in control of a subsidiary shall closely communicate with the Directors and employees of the subsidiary and discuss important matters concerning the business operations of the subsidiary. In addition, with respect to important subsidiaries, the status of such subsidiaries shall be regularly reported to the Company's Representative Directors by the Directors of such subsidiaries.
  - (b) A system shall be established to report to the Company on the occurrence of disasters and other important management matters under the regulations concerning the management of group companies.
6. Matters concerning employees who are requested to be assigned by the Company's Company Auditors to assist them in their duties
  - (a) The Company shall put in place personnel to assist the duties of the Company's Company Auditors.
  - (b) The Company shall consider the specific details of the personnel, operations, systems, etc. to assist the Company's Company Auditors based on appropriate communication with the Company Auditors.
7. Matters concerning independence from the Company's Directors of employees who assist the duties of the Company's Company Auditors
  - (a) Personnel matters (transfer, evaluation, disciplinary action, etc.) of employees to assist the duties of the Company's Company Auditors shall require the prior consent of the Company Auditors.
  - (b) Employees who receive instructions or orders from the Company's Company Auditors necessary to perform audit operations are not subject to the command or orders of the Company's Representative Director and President or any other person with respect to such instructions or orders.
8. Matters related to ensuring the effectiveness of instructions to employees who assist the Company's Company Auditors  
In addition to 6. and 7. above, the Company shall have dedicated personnel to assist the duties of the Company's Company Auditors and establish a system to ensure that the instructions of the Company Auditors are promptly and appropriately carried out.

9. Systems for reporting to the Company's Company Auditors
  - (a) Systems for reporting to the Company's Company Auditors by Directors and employees of the Company
    - Directors and employees of the Company shall promptly make necessary reports in writing or orally as determined by the Board of Company Auditors in response to each Company Auditor's request.
    - In order to properly execute their duties as a Company Auditor of the Company, they shall be eligible to attend all meetings of the Company, including meetings of the Board of Directors, Management Committee, Internal Control Committee, and Risk Management Committee.
    - The Company's Auditing Department shall report to the Company's Company Auditors as appropriate on the status of operations of the internal whistleblowing system.
  - (b) Systems for reporting to the Company's Company Auditors by Directors, Company Auditors, and employees of subsidiaries or those who receive reports from them
    - The Company's Auditing Department shall report to the Company's Company Auditors as appropriate on the status of compliance by subsidiaries with laws, regulations, and in-house regulations, including the Articles of Incorporation.
    - The Company's Auditing Department shall report to the Company's Company Auditors as appropriate on the status of operations of the internal whistleblowing system that applies to the Group.
10. Systems to ensure that the person who made the report or the whistleblowing referred to in the preceding paragraph will not be treated disadvantageously for the reason of making the report or the whistleblowing  
Under the whistleblowing system that applies to the Group, any disadvantageous treatment of internal whistleblower and those who report to the Company Auditors shall be prohibited.
11. Matters relating to policies for procedures for prepayment or reimbursement of expenses incurred in the execution of duties by the Company's Company Auditors, and for other processing of expenses and liabilities incurred in the execution of such duties  
The Company shall establish a budget of a certain amount each year to pay expenses, etc. incurred in the execution of duties by Company Auditors, and shall stipulate processing of such expenses, etc. in its in-house regulations.
12. Other systems to ensure that audits by the Company's Company Auditors are conducted effectively
  - (a) The Company's Company Auditors shall regularly exchange opinions with the Company's Representative Director and President in order to properly execute their duties as Company Auditors.
  - (b) The Company's Company Auditors shall regularly exchange opinions with the Accounting Auditor and the Auditing Department.

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

1. Basic views on measures for eliminating antisocial forces  
The Company recognizes that eliminating antisocial forces such as organized crime groups that threaten social order and safety is an important issue common to society, and as a socially responsible company, the Company has established the following basic policy against antisocial forces.  
  
<<Basic policy against antisocial forces>>
  - (1) The Company will sever all relations with antisocial forces.
  - (2) The Company will reject any illegal or unreasonable demands, and will not engage in backroom deals or provide funds. In addition, the Company will take legal action as necessary.
  - (3) The Company will respond to antisocial forces in an organized and legal manner in cooperation with outside professional agencies.
2. Status of development for elimination of antisocial forces
  - (1) Status of development of code of ethics, code of conduct, in-house regulations, etc.  
The NEC Capital Solutions Group Code of Conduct stipulates that the Company shall take firm action against antisocial forces and groups that threaten the order and safety of civil society, shall sever all relations with such forces and groups, and shall not engage in any acts that encourage the activities of antisocial forces and groups.
  - (2) Status of development of internal systems
    - The Company has established a system to consolidate and centrally manage information on antisocial forces, with the Legal Department as the department in charge of handling such matters. All officers and employees are thoroughly required to immediately consult with the Legal Department if they receive any unreasonable demands from antisocial forces.
    - The Company works always and closely not only with the NEC Group, but also with outside agencies such as the local police station, the Federation for Prevention of Special Violence (TOKUBOUREN), and company lawyers, to eliminate antisocial forces. In addition, the Company also collaborates with outside specialized business operators to collect and manage information on antisocial forces.
    - The Company has established a workflow for checking antisocial forces as a response manual, and all officers and employees are thoroughly informed of it.
    - In order to further disseminate its basic views on the elimination of antisocial forces, the Company conducts compliance education for all officers and employees of the NEC Capital Solutions Group every fiscal year.

## **V Other**

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

Adoption of Anti-Takeover Measures

Not Adopted

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Supplementary Explanation for Applicable Items

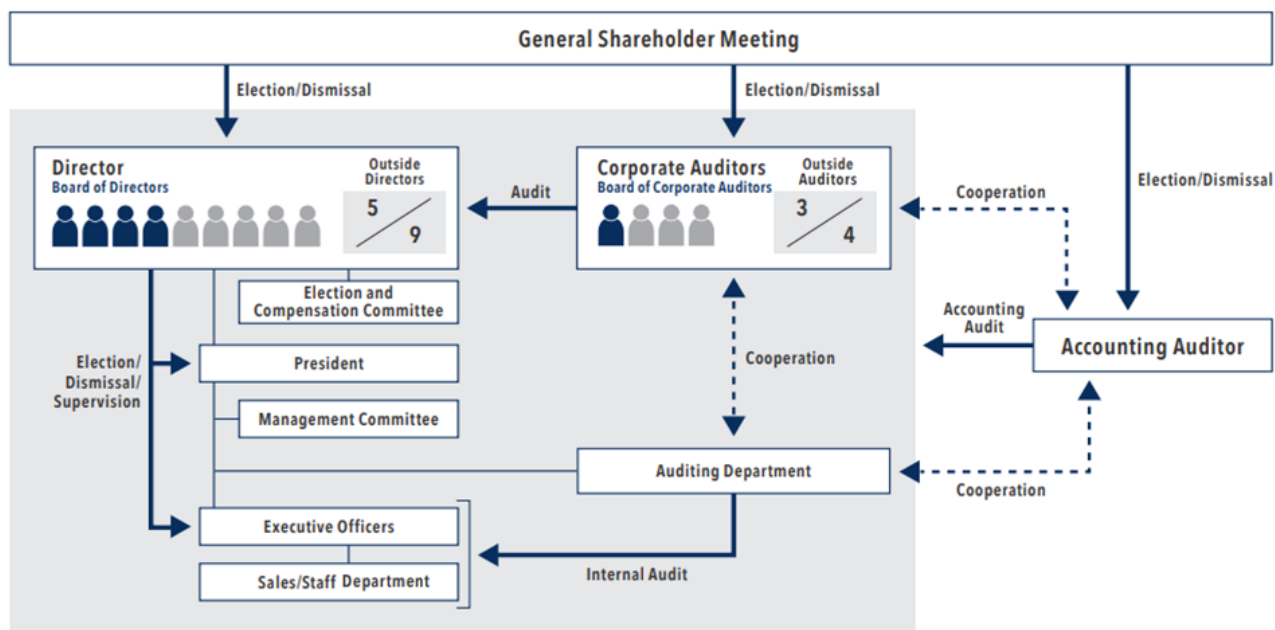
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### **2. Other Matters Concerning the Corporate Governance System**

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1. Corporate governance system schematic diagram



2. Overview of Timely Disclosure System

