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**Quest Co., Ltd.**

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The corporate governance of Quest Co., Ltd. (the "Company") is described below.

Note : This document has been translated from a part of 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.

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

### **1. Basic Views**

Quest group believes that corporate governance is based on the Corporate Philosophy, Purpose, Vision, Values, and Quest Way(Code of conduct), and aims to achieve long-term stable growth and development by establishing good relationships with all stakeholders, including stockholders, in order to maximize company value. The details are as follows.

#### **[Corporate Philosophy]**

Pursue technology, create value, and grow together with customers.

#### **[Purpose]**

Quest will continue to support the safety and well-being of people and society with our technological capabilities and creativity.

#### **[Vision]**

For realization of the digital data society performing co-creates the value, Quest will continue to become a leading company in "IT services trusted by you".

#### **[Values]**

Quest use innovative technologies to provide "sincere service"

sincere service means "Beyond the constraints of time and place, automating operations and supplementing and reinforcing human power".

#### **[Code of Conduct (Quest Way) ]**

##### **Quest & Exploration**

We are excited and curious, unafraid of failure, and continue to challenge exploration with perseverance.

##### **Technology focused**

We are committed to technology and quality and practice innovation and improvement as an IT professional group.

##### **Cultivation of Human resources**

We foster a culture and a place of self-realization where we can investigate and grow autonomously and make the

most of our abilities.

**Customer-focused**

We always promise "sincere service" that exceed expectations.

**Social contribution**

We will strive to improve corporate value, create new value through technology, and solve social issues.

**Corporate ethics and compliance with laws**

We make following corporate ethics and compliance with laws and regulations our top priority, and carry out fair and transparent management.

**Steadiness & sincerity**

We continually earn the trust of customers, partner firms, employees, shareholders and other stakeholders by being steady and sincere.

**Teamwork**

We value our colleagues and work together as a team to pursue our vision.

**Diversity & Communication**

We always respect diverse values, listen carefully to people's opinions, and communicate honestly and respectfully.

**Speedy decision making**

We will make prompt decisions and take action based on the current of the times.

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

Supplementary Principle 2.3.1

The board should recognize that dealing with sustainability issues, such as taking care of climate change and other global environmental issues, respect of human rights, fair and appropriate treatment of the workforce including caring for their health and working environment, fair and reasonable transactions with suppliers, and crisis management for natural disasters, are important management issues that can lead to earning opportunities as well as risk mitigation, and should further consider addressing these matters positively and proactively in terms of increasing corporate value over the mid-to long-term.

**【Supplementary Principle 2.3.1 Answer contents : Key excerpts】**

Based on the purpose of "Quest will continue to support the safety and well-being of people and society with our technological capabilities and creativity," we will contribute to the development of society by creating new value that contributes to solving social issues by providing valuable systems to customers.

Recognizing that addressing issues related to sustainability is an important management issue, Vision 2030, our medium- to long-term management goal, is to "return to society through technology and creativity," and we will promote various corporate activities to realize a sustainable society.

We have established a "Sustainability Committee" to analyze the impact of climate change risks on our business activities.

As a part of the activities of the Sustainability Committee in fiscal 2023, we have been identifying and formulating material issues and discussing non-financial information.

In the future, we plan to publish this information in conjunction with the medium-term management plan that will be launched in fiscal 2024.

## Disclosure Based on each Principle of the Corporate Governance Code

### Principle 1.4 Cross-Shareholdings

When companies hold shares of other listed companies as cross-shareholdings<sup>2</sup>, they should disclose their policy with respect to doing so, including their policies regarding the reduction of cross-shareholdings. In addition, the board should annually assess

whether or not to hold each individual cross-shareholding, specifically examining whether the purpose is appropriate and whether the benefits and risks from each holding cover the company's cost of capital. The results of this assessment should be disclosed.

Companies should establish and disclose specific standards with respect to the voting rights as to their cross-shareholdings, and vote in accordance with the standards.

#### 【Principle 1.4 Cross-Shareholdings Answer contents】

Quest group will decide whether to acquire or hold shares of suppliers that contribute to the strengthening and expansion of our company business and the promotion of our company's basic business strategy, and that contribute to the improvement of Quest group's company value and stock value over the medium to long term, taking into account our company's capital costs.

The Board of Directors also checks whether the cross-shareholdings meet the purpose of holding individual shares. After examining the status of transactions with the relevant company, the merits of cooperation, and the future outlook, we will check each time whether holding the shares will contribute to the improvement of our company value and share value, and if it determines that holding the shares is unsuitable, it will proceed with reduction.

We will exercise its voting rights in cross-shareholdings after determining whether the proposed agenda meets the purpose of our company's holding and whether it contributes to the improvement of the company value and the value of shares.

### Supplementary Principle 3.1.3

Companies should appropriately disclose their initiatives on sustainability when disclosing their management strategies. They should also provide information on investments in human capital and intellectual properties in an understandable and specific manner, while being conscious of the consistency with their own management strategies and issues.

In particular, companies listed on the Prime Market should collect and analyze the necessary data on the impact of climate change-related risks and earning opportunities on their business activities and profits, and enhance the quality and quantity of disclosure based on the TCFD recommendations, which are an internationally well-established disclosure framework, or an equivalent framework.

#### 【Supplementary Principle 3.1.3 Answer contents : Key excerpts】

Sustainability initiatives are disclosed on our company website.

In addition, as part of the activities of the Sustainability Committee in fiscal 2023, we have been identifying and formulating materiality's (important issues) and discussing non-financial information. We plan to publish this information in conjunction with the medium-term management plan that will be launched in fiscal 2024.

With regard to investment in human capital, we will continue to strengthen human resource development, review personnel systems that are rewarding to work, improve the work environment, and reform the organizational culture.

#### Principle 5.2 Establishing and Disclosing Business Strategies and Business Plans

When establishing and disclosing business strategies and business plans, companies should articulate their earnings plans and capital policies, and present targets for profitability and capital efficiency after accurately identifying the company's cost of

capital. Also, companies should provide explanations that are clear and logical to shareholders with respect to the allocation of management resources, such as reviewing their business portfolio and investments in fixed assets, R&D, and human capital, and

specific measures that will be taken in order to achieve their plans and targets.

#### 【Principle 5-2 Establishing and Disclosing Business Strategies and Business Plans : Answer contents】

We formulate medium-term management plan every three years, taking into account the business environment and business performance, as well as the current social and economic conditions. We accurately grasp the cost of capital, presents management strategies and targets for sales, ordinary income, etc., and explains any changes at shareholders meetings and financial results briefings. Under the medium- to long-term management goal "Quest Vision 2030," we aim to achieve ROE (return on equity) of 12% or higher and DOE (dividend on net assets) of 5% as indicators.

We are conducting a step-by-step study on how to achieve management that is conscious of capital costs and stock prices.

Regarding the series of responses (Analysis of current status, formulation and disclosure of plans, and implementation of initiatives) requested by the Tokyo Stock Exchange, the current status analysis was disclosed on our company and Tokyo Stock Exchange websites on December 20, 2023.

In line with the announcement of "Quest Vision 2030" (Mid Term Management Plan Phase 2) during the first quarter of fiscal 2024, we plan to disclose the details of the plan formulation and then implement concrete measures.

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