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Fibergate Inc.

CEO &amp; President Masanori Inomata

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Securities code: 9450

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

The corporate governance of Fibergate Inc. (the "Company") is described below.

## I. Basic Views of Corporate Governance, Capital structure, Corporate Attributes, and Other Key Information

### 1. Basic Views

The Company considers it one of its most important tasks to realize its basic management policies, increase transparency, and implement efficient and sound corporate management. The Company has adopted the "Company with Audit Committee System" as its corporate governance structure. In addition, the Company has introduced an executive officer system for the purpose of enhancing the legality of the Company, revitalizing the Board of Directors, and clarifying those responsible for business execution. The Board of Directors meets once a month in principle and works together on a daily basis as necessary to check the progress of management policies and strengthen supervision of directors' execution of their duties.

The Executive Officers' Meeting is held once a week in principle, and is intended to realize flexible business execution responsibilities in response to the management plan determined by the Board of Directors. The Audit Committee meets once a month in principle, and each Audit Committee member performs his/her duties in accordance with the audit policy, allocation of duties, etc. as determined by the Audit Committee, and reports the status of execution to the Audit Committee as necessary. As a third party involved in the corporate governance system, the Company has entered into advisory contracts with several attorneys and receives their guidance and advice in a timely manner when legal judgments are required.

The Company has entered into an audit contract with an accounting auditor based on strict evaluation standards, and receives accounting audits from a fair and unbiased standpoint. In terms of compliance, in order to continue sound corporate activities, the Company is actively working on an internal system to ensure that its corporate activities are conducted in compliance with laws, regulations, various rules, social norms, and corporate ethics. The Company recognizes that it is an important management issue to establish a corporate governance system in which "internal control," "risk management," "compliance," and "disclosure information control" are fully functional. We also believe that securing the trust of all stakeholders, including shareholders, and society will lead to increased corporate value, and we will strive for sound and transparent management while pursuing fairness and efficiency, and fulfilling accountability. In addition, we will disclose information to our shareholders and a wide range of other stakeholders in a timely and appropriate manner, and work to build and maintain a sound and highly transparent management structure. As the company grows and expands in size, we will further strengthen, improve, develop, and enhance the various functions necessary for corporate governance, and aim to further improve corporate performance while maintaining the "legality of corporate management" and "efficiency of corporate management."

#### 【Reasons for not implementing each principle of the Corporate Governance Code】

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

#### 【Disclosure based on each principle of the Corporate Governance Code】

#### Principle 1-4: Stocks held for strategic purposes

Currently, the Company holds one listed stock and one unlisted stock as policy holdings. One listed company is a member of a shareholding association, and the number of voting rights held by the company is minimal.

The Company considers the exercise of voting rights after reviewing the convocation notices, business reports, and other materials of each company. For details, please refer to the Annual Securities Report (<https://www.fibergate.co.jp/en/ir/>).

### **Principle 1-7 Related Party Transactions**

Related-party transactions are resolved at meetings of the Board of Directors after excluding the relevant officers from the quorum for such resolutions as persons with special interests. In addition, the Company has established a system to manage related-party transactions by conducting a questionnaire survey of all officers, including those of the Company and its subsidiaries, at the end of each fiscal year to confirm whether or not there are any related-party transactions. In the event of such related-party transactions, the Company discloses such information in accordance with relevant laws and regulations such as the Companies Act and the Financial Instruments and Exchange Act, as well as the rules stipulated by stock exchanges.

### **Principle 2-4: Ensure diversity within the company, including the promotion of the use of women.**

(Supplemental Principle 2-41: Diversity of human resources)

We are actively recruiting global human resources with foreign nationalities, and at present, more than 12% of our employees are foreign nationals. These employees work in the multilingual support center for end users, as well as in the systems and sales departments. We consider it an important issue to provide opportunities for women to play an active role in the company, and have been promoting education and training for female managers, maintaining a high ratio of 27% of female managers in our company. We will continue to actively promote diversity within the company.

These are disclosed on the Company's website.

<https://www.fibergate.co.jp/en/sustainability/sdgs/>

### **Principle 2-6: Corporate pension plans should function as asset owners.**

The Company has adopted a selective defined benefit corporate pension plan to contribute to the asset formation of employees.

### **Principle 3-1: Enhancement of information disclosure**

(1) Management Philosophy and Strategy

Our management vision and strategies are disclosed on our website.

<https://www.fibergate.co.jp/en/company/>

(2) Our Basic Approach and Basic Policies on Corporate Governance

(3) Policies and procedures regarding compensation for directors and audit committee members

(4) Policies and Procedures for Nominating Candidates for Directors

The above three items are described in detail in the Annual Securities Report.

<https://www.fibergate.co.jp/en/ir/>

(5) Explanation of the appointment and nomination of candidates for directors

The reasons for the election of all director candidates are disclosed in the Notice of the General Meeting of Shareholders.

### **(Supplemental Principle 3-13 Sustainability)**

We believe that the company's growth should be based on consideration for people and the environment, and we will strengthen our governance on climate change. We have also established a Climate Change Study Team to identify key risks and opportunities related to sustainability, including climate change, formulate specific measures to address them, promote and support group-wide initiatives on priority issues, monitor progress, and formulate response policies. We are also monitoring progress and formulating response policies. The impact of climate change on society is significant, and we consider it an important social issue that we must address. In order to realize the Paris Agreement's goal of a de-carbonized society (keeping the global average temperature increase well below 2°C above pre-industrial levels and striving to limit it to 1.5°C), we will work to

decarbonize and recycle resources, while providing products and services that reduce environmental impact and developing environmental technologies.

The TCFD framework and the quality and quantity disclosures based on this framework are disclosed on the Company's website.

<https://www.fibergate.co.jp/en/sustainability/tcfid/>

With regard to investment in human capital, we will focus on the following important management issues: (1) to achieve the goal of "realizing a variety of lifestyles and working styles that can be chosen according to life stages," as stipulated in our ESG/SDG activity policy; (2) to further enhance corporate value and expand business in the rapidly evolving information society; and (3) to strengthen recruitment of new graduates, people with specialized knowledge, and people with language skills who can promote overseas business. In addition, to further enhance corporate value and expand our business in the rapidly evolving information society, we will focus our efforts on the following important management issues: strengthening our recruitment of new graduates, people with specialized knowledge, and people with language skills who can respond to the needs of overseas business promotion, as well as providing training programs appropriate to each employee's position in the company.

With regard to investment in intellectual property, we will leverage our strength in our vertically integrated business model, in which everything from telecommunications equipment development to Wi-Fi environment construction, operation, customer support, and advertising services are produced in-house, to develop new business partners, promote collaboration with existing partners, develop new products and services, and strengthen services in each of our businesses. In addition, we will continue to conduct R&D activities and strengthen our internal management system for intellectual property rights. Investments in human capital and intellectual property will be continuously monitored by the Board of Directors in conjunction with discussions on medium- and long-term plans.

#### **Principle 4-1 Roles and Responsibilities of the Board of Directors (Supplemental Principle 4-11 Scope of Delegation to Management)**

The Board of Directors is responsible for making decisions on matters that are prescribed by law and the Regulations of the Board of Directors. The scope of delegation of authority for other major business execution decisions is set forth in the Rules on Administrative Authority.

In addition, the Company has introduced an executive officer system in order to separate decision-making and supervision from business execution, and each executive officer executes the business of each department under his/her control in accordance with the Executive Officer Regulations, the Rules on Division of Duties, and the Rules on Administrative Authority.

Through these measures, the Company aims to clarify the roles and responsibilities of each of the directors, strengthen their functions, improve management efficiency, accelerate decision-making, and invigorate the Board of Directors.

#### **(Supplemental Principle 4-13 Oversight of Succession Planning by CEOs, etc.)**

The Board of Directors recognizes that planning for the successor to the CEO is one of the most important management issues and has established a plan for the development of executives and management team members. Specifically, the Company has established a series of lectures, in which the President himself serves as a lecturer, to provide candidates for executive positions with lectures on the basics of corporate management, knowledge of economic management, knowledge of business, and the spirit of management, in order to develop the skills of the candidates.

#### **Principle 4-9: Criteria for Independence of Independent Outside Directors and Qualifications**

In order to ensure transparency in the management oversight function when appointing outside directors, the Company has established "Criteria for Independence of Outside Directors and Outside Audit & Supervisory Board Members" with reference to the Companies Act and the independence criteria stipulated by the Tokyo Stock Exchange, which are disclosed in this report [Relationship with Independent Directors].

#### **Principle 4-10: Use of Voluntary Mechanisms**

##### **(Supplemental Principle 4-101 Nominating and Compensation Committee)**

The Company has established a voluntary Nomination and Compensation Committee to strengthen the fairness and objectivity of procedures related to the nomination and compensation of directors and to further enhance corporate governance.

As a voluntary advisory body to the Board of Directors, it deliberates and reports to the Board of Directors on matters related to the election and dismissal of directors, the selection and dismissal of representative directors and executive directors, compensation for directors, succession planning (including training), and the appointment, dismissal, and compensation of executive officers. The Committee shall ensure the independence of the Board of Directors. In order to ensure the independence of the Committee, the majority of its members are independent outside directors, and currently four out of a total of seven members are outside directors.

The Company is a company with an Audit Committee and has appointed four independent outside directors. In order to ensure objectivity in determining directors' compensation, the Company has established the Nomination and Compensation Committee, a voluntary advisory body of the Board of Directors, and the majority of the members of this committee are independent outside directors.

#### **Principle 4-11: Prerequisites for ensuring the effectiveness of the Board of Directors and the Audit Committee**

##### **(Supplemental Principle 4-111 Competence as a Board Body, Diversity Approach)**

In order to enable prompt decision-making and business execution, the Company's Board of Directors is composed of those responsible for overseeing each department and outside directors with a wealth of knowledge and experience. In appointing directors, the Company strives to ensure that the balance of knowledge, experience, and abilities, diversity, and size of the Board of Directors as a whole are optimal for the Company from the perspective of sustainable growth and medium-term improvement of corporate value. With regard to outside directors, the Board of Directors considers and decides on an appropriate balance of persons with a wealth of experience as corporate managers, persons with in-depth knowledge of corporate strategy, and labor and social security attorneys with expertise in human resources and labor issues.

##### **(Supplemental Principle 4-112: Directors and Audit & Supervisory Board Members holding concurrent positions at other listed companies)**

Please refer to the annual disclosure of material concurrent positions of outside directors with other companies through the Notice of Convocation of the General Meeting of Shareholders, Annual Securities Report, Corporate Governance Report, etc.

##### **(Supplemental Principle 4-113: Analysis and evaluation of the effectiveness of directors)**

The Company strives to ensure the effectiveness of the Board of Directors by proactively incorporating the opinions of highly independent outside directors regarding the operation of the Board of Directors. To further enhance the effectiveness of the Board of Directors, the Company conducts an annual analysis and evaluation of the effectiveness of the Board of Directors as a whole and discloses a summary of the results. We conduct an analysis and evaluation of the effectiveness of the Board of Directors based on the results of a questionnaire administered to all directors and the opinions of outside consultants. As a result, we confirmed that the Company's Board of Directors is properly operated and its effectiveness is ensured. We will continue our efforts to improve the effectiveness of the Board of Directors.

#### **Principle 4-14: Director Training**

### **(Supplemental Principle 4-14-2 Officer Training Policy)**

The Company provides new directors elected from outside the Company with relevant materials and explains to them the outline of the Company and its issues, etc. Newly appointed directors from within the Company are required to attend outside seminars as appropriate to acquire the knowledge necessary to serve as directors. In addition, the Company pays the expenses of seminars and social gatherings that each director voluntarily participates in according to his or her own needs. Audit & Supervisory Board Members share the training regimen of the Japan Corporate Auditors Association, JPMC, and other organizations. Outside directors are invited to quarterly meetings for exchange of opinions with representative directors and meetings for exchange of opinions and briefings between the Audit and Supervisory Committee and directors.

### **Principle 5-1: Policy on constructive dialogue with shareholders**

#### **(Supplementary Principle 5-11: Dialogue with Shareholders)**

##### **(1) Basic Concept**

The Company believes that in order to achieve sustainable growth and increase corporate value over the medium to long term, it is important to build long-term relationships of trust with shareholders and investors through dialogue. To this end, IR activities are conducted by the department in charge, headed by the representative director.

##### **(2) Designation of a director to oversee overall dialogue with shareholders and measures for organic coordination of internal departments assisting dialogue**

The director in charge of investor relations oversees and supervises the Corporate Planning Division, the department in charge of investor relations, and works to enhance dialogue with shareholders and investors through day-to-day collaboration among the divisions.

##### **(3) Means other than individual interviews**

In order to promote constructive dialogue with shareholders and investors, the Company proactively discloses useful information on its activities in addition to the statutory disclosure and timely disclosure. For analysts and institutional investors, the basic policy is to hold regular financial results briefings where the representative director himself provides explanations and answers. For individual investors, the Company holds briefings for individual investors on an irregular basis, in addition to sufficient time for questions and answers at the general shareholders meeting.

##### **(4) Feedback measures**

The director in charge of investor relations shares opinions obtained through dialogue with shareholders at meetings of the Board of Directors as appropriate.

##### **(5) Policies for managing insider information**

When interacting with shareholders, we take care not to communicate insider information by properly managing information in accordance with our IR policy.

The status of dialogue with shareholders and investors during the fiscal year ended June 30, 2023 is as follows.

- I. Small meeting: 4 times  
Presenter: President and Senior Managing Director (IR Officer)  
Two financial results briefings and two analyst-sponsored small meetings
- II. Meetings with shareholders (1on1): 81 (handled by president, director in charge of IR, and IR staff)  
Domestic and international . . . . . 63% domestic, 37% international
- III. Main themes of dialogue and shareholder interests
  - Disseminate the medium to long-term growth story
  - Disseminate information on sustainability matters
- IV. Feedback to the Board of Directors  
Feedback from investors the opinions at regular monthly Board of Directors meetings

- V. Measures incorporated based on feedback
- Announcement of Mid-term Management Plan
  - Disclose information in compliance with TCFD and CDP, and communicate the status of sustainability initiatives such as SCGs.

### Action to Implement Management that is Cost of Capital-Conscious and Stock Price

Please refer to our website " Action to Implement Management that is Cost of Capital-Conscious and Stock Price" for details.

<https://fibergate.co.jp/en/ir/enhancement/>

## 2. Shareholder Composition

Percentage of foreign investors Less than 10%

### Major shareholders

| Name   | Number of Shares | Ratio |
|--|------------------|-------|
| MI Corporation   | 4,749,000        | 23.26 |
| Masanori Inomata   | 2,822,400        | 13.82 |
| Japan Custody Bank, Ltd. (Trust Account)   | 2,677,400        | 13.11 |
| Sumitomo Mitsui Trust Bank, Limited (Trust Account No. 23)                                     | 1,700,000        | 8.32  |
| The Master Trust Bank of Japan, Ltd.   | 1,627,900        | 7.97  |
| Taizo Matsumoto  | 1,092,400        | 5.35  |
| Government of Norway (Standing proxy: Citibank, N.A., Tokyo Branch)                            | 310,200          | 1.51  |
| NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB) (Standing proxy: Nomura Securities Co.)     | 270,300          | 1.32  |
| MSCO CUSTOMER SECURITIES (Standing proxy: Morgan Stanley MUFG Securities Co.)                  | 185,380          | 0.90  |
| THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT (Standing proxy: The Bank of Mitsubishi UFJ, Ltd.) | 166,800          | 0.81  |

Controlling shareholders (excluding parent company) None

Parent company None

Note:

①The major shareholders are based on information as of June 30, 2023.

②The shareholding ratio is calculated excluding treasury stock (181,172 shares).

③MI Corporation is an asset management company owned by Masanori Inomata, President and Representative Director, and has one shareholder, Masanori Inomata.

④1,700,000 shares are entrusted to Sumitomo Mitsui Trust Bank, Limited (Trust Account No. 23) under a trust agreement with Masanori Inomata, a representative director of the Company, as trustee and Sumitomo Mitsui Trust Bank, Limited as beneficiary for the purpose of managing shares.

80,000 of the 2,677,400 shares held by The Custody Bank of Japan, Ltd (Trust Account). are due to the conclusion of an endowment trust agreement for the shares held by Masanori Inomata, a representative director of the Company. As a result, the number of shares held by Masanori Inomata is 10,071,400 shares, or 49.34% of the total number of shares held by MI Corporation, which is the asset management company of Masanori Inomata.

### 3. Company Attributes

|  |  |
|--|--|
| Listed Exchanges and Markets   | Tokyo Prime, Sapporo Existing Market                 |
| Fiscal Year End  | June   |
| Type of Industry   | Information and telecommunications industry          |
| Number of employees (consolidated) as of the end of the previous fiscal year               | More than 100 but less than 500                      |
| (Consolidated) sales in the immediately preceding fiscal year                              | 10 billion yen or more but less than 100 billion yen |
| Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year | Less than 10   |

### 4. Guidelines Concerning Minority Shareholders Protection Policy in Transactions with Controlling Shareholders, etc.

None

### 5. Other special circumstances that may have a significant impact on corporate governance

None

## II. Status of management decision-making, execution, and supervision organizations and other corporate governance systems

### 1. Matters related to institutional structure and organizational management, etc.

Organizational Structure Company with Audit Committee

#### Matters of directors

|  |            |
|--|------------|
| Number of directors as stipulated in the Articles of Incorporation         | 15 persons |
| Term of office of directors as stipulated in the Articles of Incorporation | 1 year     |
| Chairman of the Board of Directors   | President  |
| Number of directors  | 10 persons |
| Appointment of Outside Directors   | Appointed  |
| Number of outside directors  | 4 persons  |
| Number of outside directors designated as independent directors            | 4 persons  |



## Relationship with Company(1)

| Name              | Attribute                | Relationship with Company * |   |   |   |   |   |   |   |   |   |   |
|-------------------|--------------------------|-----------------------------|---|---|---|---|---|---|---|---|---|---|
|                   |                          | a                           | b | c | d | e | f | g | h | i | j | k |
| Nobuyuki Shinoda  | Belongs to other company |                             |   |   |   |   |   |   |   |   |   |   |
| Chikako Shimahata | Belongs to other company |                             |   |   |   |   |   |   |   |   |   |   |
| Tomohiro Obata    | Lawyer                   |                             |   |   |   |   |   |   |   |   |   |   |
| Hiroshi Kamada    | Belongs to other company |                             |   |   |   |   |   |   |   |   |   |   |

\* If any of the following apply, enter the appropriate alphabetical letter in the table

\* If the person in question applies to each item in the "current/recent" category, the answer is "○"; if the person in question applies to each item in the "past" category, the answer is "△".

\* If the next of kin corresponds to each item in the "current/recent" category, the answer is "●", and if the next of kin corresponds to each item in the "past" category, the answer is "▲".

a. An executive person of the listed company or its subsidiary

b. An executive or non-executive director of the parent company of a listed company

c. A person who executes the business of a sibling company of the listed company

d. A person who is a major business partner of the listed company or a person who executes the business of the listed company

e. A major business partner of the listed company or a person who executes the business of the listed company

f. Consultants, accounting experts, or legal experts who receive a large amount of money or other assets from the listed company in addition to their compensation as directors.

g. A major shareholder of the listed company (if the major shareholder is a corporation, the person who executes the business of the corporation)

h. An executive of a business partner of the listed company (not falling under any of d, e or f) (only the individual)

i. An executive person of a party with which the listed company has a relationship of mutual appointment as an outside officer (only the person himself/herself)

j. An executive person of a party to which the listed company makes a donation (only the person in question)

k. Other

## Relationship with Company(2)

| Name             | Audit and Supervisory Board Member | Independent Director | Supplemental Explanation of Conforming Items | Reason for Appointment  |
|------------------|------------------------------------|----------------------|--|---|
| Nobuyuki Shinoda |                                    | ○                    | ---  | Nobuyuki Shinoda, an outside director, is appointed as an outside director because he has a wealth of experience in the management division over many years and is qualified to supervise the business division, mainly in the areas of human resources, accounting, finance, and corporate planning, where he was in charge of business strategies to improve the growth and |



|                   |   |   |     |   |
|-------------------|---|---|-----|---|
|                   |   |   |     | <p>performance of the business. He is appointed as an outside director because he is deemed qualified to supervise the Company's business divisions. He monitors the Company's management decisions at meetings of the Board of Directors in terms of legality and appropriateness and fulfills a monitoring function. In addition, he meets the Company's independence criteria and has no special interest in the Company, and the Company has determined that there is no risk of a conflict of interest with general shareholders.</p>                |
| Chikako Shimahata |   | ○ | --- | <p>Outside Director Chikako Shimahata has sufficient knowledge and experience in personnel and labor affairs through her practice as a labor and social insurance lawyer. He monitors the legality and appropriateness of the Company's management decisions at meetings of the Board of Directors and fulfills a monitoring function. He fulfills the Company's criteria for independence and has no special interest in the Company, and therefore, the Company believes that there is no risk of a conflict of interest with general shareholders.</p> |
| Tomohiro Obata    | ○ | ○ | --- | <p>Tomohiro Obata, an Audit &amp; Supervisory Board Member, is appointed as an Outside Director because he has sufficient knowledge and experience in management through his practice as a corporate legal specialist (lawyer), and we believe that he can reflect his deep insight on management in our audits. In addition, the Company has determined that there is no risk of a conflict of interest with general shareholders because he meets the Company's criteria for independence and has no special interest in the Company.</p>               |

|                |   |   |     |  |
|----------------|---|---|-----|--|
| Hiroshi Kamada | ○ | ○ | --- | Mr. Hiroshi Kamada, an Audit & Supervisory Board Member of the Board of Directors, is appointed as an Audit & Supervisory Board Member of the Board of Directors based on the Company's judgment that he can reflect his extensive and rich experience and insight in accounting and finance, human resource development, risk management and management strategy in business companies in the Company's audits. He has been appointed as an outside member of the Audit and Supervisory Committee based on his extensive experience and insight in accounting, finance, human resources development, risk management, and management strategy at business companies. In addition, the Company has determined that there is no risk of a conflict of interest with general shareholders because he meets the Company's independence criteria and has no special interest in the Company. |
|----------------|---|---|-----|--|

### Audit and Supervisory Committee

#### Composition of Committee Members and Attributes of the Chairperson

|                                 | All members | Full-time member | In-house director | Outside director | Chairman          |
|---------------------------------|-------------|------------------|-------------------|------------------|-------------------|
| Audit and Supervisory Committee | 3           | 1                | 1                 | 2                | In-house director |

**Existence or non-existence of assistance for Directors and the Audit Committee in its duties:** Yes

#### **Matters concerning the independence of such directors and employees from the executive directors:**

One employee of the Company assists the Audit Committee concurrently with other duties, but is mainly responsible for scheduling meetings and is not involved in the content of the actual audit. There are no executive directors serving as assistants.

#### **Collaboration among the Audit Committee, Accounting Auditor, and Internal Audit Department:**

The Company has established a basic policy for its internal control system, and the Audit Committee and Internal Audit Office monitor the execution of duties by directors and employees and conduct audits in accordance with the Audit Committee audit plan and internal audit plan. The Internal Audit Office, which reports directly to the President and Representative Director, conducts internal audits of the status of compliance with internal regulations and execution of duties by each department and subsidiary company in accordance with the internal audit regulations. Audit results are reported to the President, the Audit Committee,

and the Board of Directors on a regular basis. In accordance with the audit policy and audit plan established by the Audit Committee, the Audit Committee members attend meetings of the Board of Directors and other important meetings, inspect important documents, and audit the execution of duties by directors, and receive reports from directors, employees, and the accounting auditor to ensure effective monitoring. In addition, the Audit & Supervisory Board Members attend the meetings of the accounting auditors to report the results of their quarterly closing and year-end audits, and exchange opinions with them. Regarding cooperation between Audit & Supervisory Board Members and the Internal Audit Office, they exchange opinions after the completion of internal audits of each department.

### Voluntary Committees

**Existence or non-existence of a voluntary committee equivalent to a nominating committee or compensation committee:** Yes

#### Status of establishment of any committees, composition of members, and attributes of the chairman

|  | Name of Committees     | All members | Full-time member | In-house director | Outside director | Knowledge able person | Other | Chairman         |
|--|------------------------|-------------|------------------|-------------------|------------------|-----------------------|-------|------------------|
| Equivalent to a nominating committee   | Nominating Committee   | 6           | 2                | 2                 | 4                | 0                     | 0     | outside director |
| Equivalent to a compensation committee | Compensation Committee | 6           | 2                | 2                 | 4                | 0                     | 0     | outside director |

#### Note:

A voluntary Nomination and Compensation Committee has been established.

The committee is chaired by Mr. Shinoda, an outside director, and the Nomination Committee consists of six members: Mr. Inomata and Mr. Hamauzu, two in-house directors; Mr. Shimahata, an outside director; Mr. Obata and Mr. Kamada, both audit committee members and outside directors. The Compensation Committee consists of two internal directors, Mr. Hamauzu and Mr. Ishimaru, and six outside directors, Mr. Shimahata, Mr. Obata, and Mr. Kamada, who are Audit & Supervisory Board Members and outside directors.

The Nomination and Compensation Committee shall deliberate and report to the Board of Directors on the following matters, which the Board of Directors has consulted with the Nomination and Compensation Committee

- (1) Views on the composition of the Board of Directors
- (2) Policies and criteria for the selection and dismissal of directors, audit committee members and executive officers
- (3) Matters concerning the individual appointment and dismissal of directors, audit committee members, and executive officers
- (4) Criteria for appointing outside directors and outside audit committee members (criteria for determining independence, term of office, qualifications, etc.)
- (5) Policies and criteria for selection and dismissal of representative directors
- (6) Matters concerning the selection and dismissal of individual Representative Directors
- (7) Policies and criteria for selection and dismissal of executive directors
- (8) Matters related to the selection and dismissal of individual executive directors
- (9) Compensation system for directors, audit committee members, and executive officers and policy for determining their compensation: 1) Determination of compensation levels; 2) Policy for designing performance-linked compensation; 3) Policy for designing stock-based compensation; and 4) Policy for determining the details of compensation, etc. for individual directors.
- (10) Details of compensation, etc. for individual directors, audit committee members, and executive officers

- (11)Matters concerning the formulation and operation of succession plans: 1)Development of a draft succession plan; 2)Consideration of the formulation and operation of a succession plan; 3)Policy concerning the formulation and operation of a succession plan
- (12)Proposals to be submitted to the General Meeting of Shareholders (proposals for election and dismissal, proposals for compensation)
- (13)Other matters deemed necessary by the Board of Directors

### **Matters of independent directors**

**Number of independent directors: 4 persons**

Other Matters Concerning Independent Directors:

Criteria for Independence of Outside Directors

The Company has established the following criteria for the independence of its outside directors.

1.Relationship with the Company and its subsidiaries(hereinafter collectively referred to as the "Company Group"): The person must not be an officer or employee of the Company Group at present or in the past 10 years.

2. The person must not fall under the following 1) and 2) at present and in the past three years.

1) A major business partner of the Company Group (if such major business partner is a corporation, an officer or employee of such corporation).

2)A person (or a director or employee of a corporation, if such person is a corporation) who is a major business partner of the Company Group.

3. Relationship with Shareholders

The person must not be a major shareholder (or an officer or employee of a corporation if the said major shareholder is a corporation) of the Company Group at present or in the past three years.

4. Relationship with advisors and consultants

The person must not fall under the following 1) and 2) at present and in the past three years.

1) An accounting auditor, tax accountant, lawyer, or other consultant (or a member, partner, or employee of a corporation, partnership, or other organization) of the Company Group who receives a large amount of money or other financial benefits from our group in addition to his/her compensation as an officer or director.

2) A certified public accountant, tax accountant, lawyer, or other consultant (or a member, partner, or employee of a corporation, partnership, or other organization) who does not fall under any of the above categories and who receives a large amount of money or other financial benefits from the Company Group, other than compensation as an officer.

5. Relationship with donor

The person must not be an officer or employee of any corporation or organization that has received significant donations from the Company Group at present or in the past three years.

6. Relationships with close relatives

The person must not be a close relatives(other than a non-material person) of any of those listed in 1 through 5 above.

Note:

1. A major customer of the Company Group is defined as a customer that accounts for 2% or more of the annual consolidated net sales of the Company Group in the most recent fiscal year.

2. A "major customer" is defined as a customer whose transactions with the Company Group in the most recent fiscal year accounted for 2% or more of the annual consolidated net sales of the Company Group.
3. A major shareholder is defined as a shareholder who holds 10% or more of the total voting rights (including indirect holdings).
4. A substantial amount of money is defined as an annual average of 10 million yen or more in the case of an individual, or 2% or more of the consolidated gross sales or total revenues of the organization in the case of an organization, over the past three years.
5. A substantial donation is defined as an annual donation of more than ¥10 million or more than 2% of the consolidated gross sales or gross income of the organization, whichever is higher, averaged over the past three years.
6. "Close relatives" means a spouse or a relative within the second degree of kinship.

## **Details of disclosure of policy for determining the amount of compensation or its calculation method:**

### **(1) Policy for determining the content of executive compensation**

#### **Basic Policy**

The Company's basic policy regarding compensation for Directors is to provide a sufficient and appropriate level of compensation as compensation for the burden of management responsibility, with the aim of motivating them to contribute to improving the Company's performance over the medium to long term so as to enable continuous improvement in corporate value.

Compensation for directors other than members of the Audit Committee (excluding outside directors) consists of fixed compensation based on position, short-term stock compensation based on achievement of annual performance targets, and long-term stock compensation based on achievement of long-term management targets.

The amount of compensation is determined based on each director's position, performance evaluation, and compensation standards. From the viewpoint of their roles and independence, the compensation, etc. for directors who are members of the Audit Committee and outside directors consists of fixed compensation and long-term stock-based compensation, and the Company sets a target allocation ratio of 80%:20% for fixed compensation and long-term stock-based compensation for outside directors other than Audit Committee members. The amount of compensation is determined based on the position and compensation standards of each director.

#### **a. Fixed compensation**

Fixed compensation is determined based on position and other factors and is paid monthly in cash.

#### **b. Stock-based compensation**

##### **-Short-term stock compensation**

The Company shall grant to directors other than members of the Audit Committee (excluding outside directors), calculated in accordance with a pre-determined calculation method, to be exercised during the period from the date of each annual general meeting of shareholders to the following annual general meeting of shareholders, provided that the eligible director holds the position of director or other position determined by the Board of Directors of the Company. The number of shares of common stock of the Company to be delivered after the end of the relevant period.

The Company's short-term numerical target for business management is set as "consolidated ordinary income," and the payment will be made when the numerical target is achieved.

##### **- Long-term stock compensation**

1) The number of shares of the Company's stock calculated in accordance with a pre-determined calculation method will be delivered to directors after the end of the relevant period, provided that the eligible directors hold the position of director of the Company or other positions determined by the Board of Directors of the Company for the period from the date of the annual general meeting of shareholders to the date of the annual general meeting of shareholders two years after the date of the annual general meeting of shareholders.

2) Matters relating to delegation of decisions on the content of individual compensation, for each director, and other matters relating to decisions on the content of individual compensation for each director.

- Name, position and responsibility of the person to be delegated:

Masanori Inomata, President and Representative Director

- Description of authority to be delegated

Determination of the Amount of Compensation, etc. of Directors or the Method of Calculating the Amount of Compensation

- Measures to ensure that authority is properly exercised

The President and Representative Director shall make decisions regarding the above within the maximum amount of compensation, etc. approved at the General Meeting of Shareholders, after receiving a report from the Nomination and Compensation Committee, a majority of whose members are outside directors.

The amount of compensation for Audit Committee members shall be determined by the Audit Committee.

### **Support System for Outside Directors**

In order to establish a system that enables outside directors, including Audit Committee members, to accurately and effectively supervise and monitor management from an independent standpoint, the Company has a system in place to provide management-related materials and explanations of circumstances whenever necessary, in cooperation with the Internal Audit Department. In order to facilitate the smooth progress of this system, the full-time Audit Committee members work closely with the Internal Audit Department to collect sufficient information from each department. In addition, the Audit Committee always emphasizes collaboration by inviting them to briefing sessions and quarterly discussions with representative directors organized by the Audit Committee.

### **2. Items related to functions such as business execution, auditing and supervision, nomination, and compensation decisions (overview of current corporate governance system)**

The Company's management organization and other corporate governance systems for management decision-making, execution and supervision are as follows.

#### **a) Board of Directors**

The Company's Board of Directors consists of ten directors, four of whom are outside directors. The Board of Directors is a decision-making body that can respond quickly to changes in the business environment, thereby improving the business execution supervision system and ensuring fairness in decision-making. In principle, the Board of Directors holds a regular meeting once a month, and extraordinary meetings are held as necessary to make decisions on important matters concerning management and business execution.

#### **b) Audit and Supervisory Committee**

The Audit Committee of the Company consists of one full-time Audit Committee member and two part-time Audit Committee members. The Audit Committee holds a regular meeting once a month, and it is stipulated that extraordinary meetings of the Audit Committee may be held as necessary.

The Audit Committee members attend meetings of the Board of Directors and have established a system to conduct audits of overall management, focusing on accounting and operational audits, and conduct effective and efficient audits in cooperation with the accounting auditor and the internal audit division. The Company's Articles of Incorporation stipulate that there shall be no more than five Audit & Supervisory Board Members, and that the resolution for their election shall be adopted by a majority of the voting rights of shareholders present at the General Meeting of Shareholders where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

#### **c) Executive Officers Meeting**

The Executive Officers meets once a week in principle to report on business operations in line with management policies, collect important information, share information among divisions, and discuss

business plans, policies related to overall business operations, and issues faced by each division that require cross-organizational consideration. The Executive Officers consists of the President and Representative Director, directors, executive officers, and persons appointed by the President and Representative Director, with the person in charge attending meetings as necessary to express their opinions.

d) Internal Audit

The Company has established an independent Internal Audit Office. The General Manager of the Internal Audit Office and two members of the Internal Audit Office, who are ordered by the Representative Director, conduct operational audits covering the entire Company, and report the audit results to the Representative Director, the Audit Committee, and the Board of Directors on a regular basis. Based on the audit results, the Representative Director instructs the audited departments to make improvements and report the results to maintain and improve internal controls. In addition, internal audit staff, Audit Committee members, and accounting auditors exchange information as necessary to ensure effective and efficient audits.

e) Risk Management System

The Company recognizes that risk management is an extremely important management activity. Specifically, directors and the Board of Directors strive to execute and supervise business operations, and to strengthen the risk management system, the Company is working to enhance internal control functions by formulating business plans, controlling budgets, operating and checking operations based on various regulations, and strengthening internal audits. In addition, in the event of a serious crisis that may affect external parties, the Risk Compliance Committee and the Information Security Committee, each of which is composed of executive officers, are established by the Executive Officers to investigate the crisis, confirm the facts, respond to the external parties, and prevent recurrence of such a crisis. In the event of a crisis, the Risk Compliance Committee and the Information Security Committee, both of which are members of the executive officers, are established by the Executive Officers Meeting.

f) Accounting Auditor

The Company has entered into an audit contract with KPMG AZSA LLC as its accounting auditor, and there are no special interests between the said auditing firm or its operating partners and the Company.

### 3. Reasons for selecting the current corporate governance structure

The Company has adopted the Audit Committee System based on the judgment that the audit system by the Audit Committee members is effective as a management oversight function. The appointment of four outside directors ensures appropriate decision-making and supervision of business execution by incorporating outside perspectives. Furthermore, the Internal Audit Office has been established under the direct control of the President and CEO, and works closely with Audit & Supervisory Board Members to improve the internal check and balance function. The Company has adopted this corporate governance system based on the judgment that corporate governance functions adequately under the aforementioned system.

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

### 1. Status of Efforts to Vitalize Shareholders' Meetings and Facilitate the Exercise of Voting Rights

|  | supplementary explanation  |
|--|--|
| Early dispatch of notices of convocation of general meetings of shareholders | The Company publishes the convocation notice on TDNet and on the Company's website promptly after approval by the Board of Directors so that shareholders have sufficient time to consider the agenda items. |
| Setting up shareholder meetings to avoid concentration days                  | Since the Company's fiscal year ends in June, we recognize that there is little concern regarding the concentration date.  |



|   |  |
|---|--|
| Exercise of voting rights by electromagnetic means  | The method of exercising voting rights via the Internet is available as an option. |
| Participation in electronic voting platforms and other efforts to improve the environment for institutional investors to exercise their voting rights | The Company participates in the electronic voting platform.                        |
| Provision of the notice of convocation (summary) in English   | The convocation notice in English is posted on TDNet and on the Company's website. |

## 2. Status of IR-related activities

|  | supplementary explanation   | Representative's own explanation |
|--|---|----------------------------------|
| Prepare and publish disclosure policy.                     | The company publishes the materials on the company's website.   |                                  |
| Regular briefings for individual investors                 | Briefings and seminars are held for individual investors, at which the President and Representative Director explains business performance and management policies.   | Yes                              |
| Regular briefings for analysts and institutional investors | Regular briefings for analysts and institutional investors are held. In addition, the Company makes one to one meeting to institutional investors as needed.  | Yes                              |
| Regular briefings for overseas investors                   | In addition to individual briefings by representative directors when overseas investors visit Japan, the director in charge of IR visits overseas institutional investors and conducts IR briefings.  | Yes                              |
| Publishing of IR materials on website                      | The Company has established a dedicated IR site on its website, where timely disclosure materials, annual securities reports, quarterly reports, financial statements, corporate presentation materials, etc. are published and available for viewing. In addition, financial reports in English are posted on the dedicated IR site and are available for viewing. |                                  |
| Establishment of a department (person in charge) for IR    | Handled by the Corporate Planning Division.   |                                  |

## 3. Status of efforts to respect the position of stakeholders

|   | supplementary explanation   |
|---|---|
| Respect for the position of stakeholders is stipulated in internal rules and regulations. | The Company has established a Code of Ethics, which stipulates respect for the position of stakeholders by providing appropriate corporate information to society, business partners, shareholders, and other stakeholders in a timely and appropriate manner.  |
| Implementation of environmental preservation activities, CSR activities, etc.             | We believe that the company's growth should be in consideration of people and the environment, and we are actively working to solve the global issues outlined in the SDGs (common goals for the international community by 2030) and society's issues and expectations regarding SG (environment, society, and governance).<br>For more details, please refer to our website.<br><a href="https://www.fibergate.co.jp/en/sustainability/">https://www.fibergate.co.jp/en/sustainability/</a> |

|   |  |
|---|--|
| Establishment of policies, etc. related to the provision of information to stakeholders | We will actively engage in investor relations activities to provide corporate information to shareholders and investors in a "fair" and "timely" manner. In addition, we will respect the interests of our stakeholders and strive to achieve management transparency by disclosing information to all stakeholders in a fair, timely, and appropriate manner in compliance with laws and regulations. |
| Other   | Women in the Workplace: Policies and Initiatives for Women's Advancement<br>In an effort to promote the advancement of women, we evaluate each employee according to their abilities and achievements in all aspects of employment and promotion, without distinction based on gender.   |

## IV Matters Related to Internal Control System, etc.

### 1. Basic Policy and Status of Internal Control System

The Board of Directors has established the "Basic Policies for Internal Controls" and has been maintaining these policies. The policy stipulates the following systems to ensure that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of operations of the stock company.

- a. System to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation
  1. Established a Risk Compliance Code of Conduct to ensure compliance with laws, regulations, the Articles of Incorporation, and social norms, and disseminate it throughout the company.
  2. Established rules and regulations related to compliance, and, to maintain a risk and compliance system at the Executive Officers Meeting.
  3. Hold compliance-related education and training sessions as appropriate to maintain and improve risk and compliance awareness.
  4. Established an internal reporting system to detect and prevent problems at an early stage and respond to them appropriately and promptly.
- b. System for the storage and management of information related to the execution of duties by directors
 

Information related to the execution of duties by directors shall be prepared and stored in accordance with laws, regulations, document management rules, and internal information management rules, and shall be managed in a manner that allows directors, audit committee members, accounting auditors, etc. to inspect and copy it as necessary.
- c. Regulations and other systems for managing risk of loss
  1. Established Risk and Compliance Management Regulations, designate organizations and responsible persons to deal with various risks assumed in the Company's business activities, and established an appropriate evaluation and management system.
  2. Strengthen the system for prevention and mitigation of various risks in business activities at the Executive Officers' Meeting.
  3. In the event of a crisis, a task force, etc., shall be established to deal with the crisis appropriately and promptly, including the appropriate dissemination of information internally and externally.
- d. System to ensure the efficient execution of duties by directors
  1. Separated the decision-making and business supervision functions of the Board of Directors from the business execution functions of the Executive Officers.

2. Established the Regulations of the Board of Directors, the Regulations of Division of Duties, and the Regulations of Administrative Authority to clarify the duties, authority, and responsibilities of the Directors.
  3. The Board of Directors shall meet regularly once a month, and shall also hold timely meetings as necessary.
- e. System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries
1. Established a department in charge of affiliated companies to manage affiliated companies in accordance with the Subsidiary Management Rules.
  2. The Board of Directors shall adopt resolutions on the Group's management plan, and the Corporate Management Division shall report monthly on the progress of the plan to the Board of Directors.
  3. The Internal Audit Office shall conduct internal audits of the Company and its subsidiaries and report the results to the President and Representative Director, the Audit Committee and the Board of Directors on a regular basis.
- f. Matters concerning employees to assist audit committee members in the performance of their duties when such assistance is requested by the audit committee members
1. At the request of an Audit Committee member, the Board of Directors, after consultation with the Audit Committee member, shall appoint a staff member of the Audit Committee to assist in such audit work.
  2. The authority to direct designated employees shall be delegated to the Audit Committee members and they shall not be subject to the direction and orders of directors.
- g. Matters concerning the independence from directors of employees who are to assist the duties of Audit Committee members
1. Employees requested by Audit Committee members to assist them shall not be subject to the direction or orders of directors, superiors, or others.
  2. The consent of the Audit Committee members shall be obtained with respect to the transfer and performance evaluation of such employees.
- h. System for Directors and Employees to Report to Audit Committee Members
1. Audit Committee members may attend meetings of the Board of Directors and other important meetings, such as the Executive Officers Meeting, and may request reports on the status of execution of duties from directors and employees.
  2. Directors and employees shall promptly report to Audit Committee members when they discover facts that violate laws and regulations or that may cause significant damage to the Company.
  3. Directors and employees shall promptly report matters concerning the execution of duties when requested to do so by Audit Committee members.
  4. With respect to reports to Audit Committee members from employees, the content of such reports shall be kept confidential in accordance with applicable laws and regulations, and any prejudicial treatment of such informants shall be prohibited.
- i. Other systems to ensure that the audits of Audit and Supervisory Committee members are conducted effectively
1. The Audit Committee shall include outside directors as the members in accordance with laws and regulations to ensure fairness and transparency.
  2. Audit committee members shall regularly exchange opinions with representative directors to ensure mutual communication.
  3. The Audit Committee members shall regularly exchange information with the Accounting Auditor and the Internal Audit Office to ensure mutual collaboration.
  4. Audit committee members may obtain opinions from attorneys, certified public accountants, and other experts at the Company's expense when deemed necessary for audit work.

- j. System to ensure reliability of financial reporting  
In order to ensure the reliability of financial reporting, the Executive Committee shall strengthen company-wide control activities and control activities for each business process, and establish a system for their operation.
- k. Basic policy and status of maintenance for elimination of transactions with antisocial forces
- 1. Basic Policy on Eliminating Transactions with Antisocial Forces
  - ① We will establish a clear rationale in our Code of Conduct and internal rules, etc., and all members of the organization, including the president, will work together to eliminate antisocial forces.
  - ② We do not have any relationship, including business relationships, with antisocial forces. We reject any unreasonable demands from antisocial forces.
- 2. Status of Maintenance for Elimination of Transactions with Antisocial Forces
  - ① The Corporate Administration Division shall be the general management department to promote the elimination of antisocial forces.
  - ② Established related regulations such as "Antisocial Forces Countermeasure Regulations", and work on building a system to eliminate antisocial forces.
  - ③ Confirmation shall be made with respect to the relationship with antisocial forces with respect to business partners.
  - ④ To confirm whether or not antisocial forces are involved, the Company will collect information on antisocial forces obtained from external organizations, etc.
  - ⑤ To prepare for unjustified demands from antisocial forces, the Company shall establish a close cooperative relationship with outside professional organizations such as the police, the National Center for the Elimination of Boryokudan, and attorneys at law.

## 2. Basic Policy on Elimination of Antisocial Forces and Status of Its Development

The Company recognizes that neither the Company nor its related parties, etc. have any relationship with antisocial forces.

In order to eliminate antisocial forces that threaten the order and safety of society (organized crime groups, members of organized crime groups, quasi-constituents of organized crime groups, companies affiliated with organized crime groups, general assemblymen, etc., persons who have been members of organized crime groups for less than five years, persons who provide funds or favors, etc.), the Company has established the following basic policy against antisocial forces, which it adheres to.

### Basic Policy

Under no circumstances shall the Company provide monetary or other economic benefits to antisocial forces.

- ① Taking a firm stand against antisocial forces and conducting corporate activities in a manner that leaves no room for them to take advantage of us will contribute to the formation of a sound civil society and enhance our corporate value. In order to eradicate any relationship with antisocial forces that pose a serious threat to corporate activities, top management shall completely cut off any relationship with antisocial forces, such as so-called "general assemblyists," and shall make clear both internally and externally their determination to resolutely eliminate such forces, and at the same time, to prevent organized violence by antisocial forces, they shall adhere to the so-called "three no's" of "do not fear," "do not pay," and "do not use. At the same time, we will establish a system that enables us to respond to organized violence by antisocial forces on our own and in an organized manner, based on the so-called "three no's" of "do not fear," "do not pay" and "do not use.
- ② We will centrally manage internal and external related information necessary to maintain the severance of relations with antisocial forces, and will always cooperate with external specialized organizations, prepare an organization to provide guidance and support for problem solving, and endeavor to develop human resources.

- ③ To maintain awareness of risk management at all times and to prevent antisocial forces from taking advantage of us, we will formulate internal rules and operational manuals for dealing with approaches from antisocial forces, and strive to provide education and training. In addition, the Company will strengthen operational audits to confirm the effectiveness of the organizational response.
- We do not have any relationship with antisocial forces and will not conduct any transactions or contracts with antisocial forces.
  - All officers and employees of the Company shall take a resolute stance to sever any and all relationships with antisocial forces.
  - In order to prevent damage caused by antisocial forces, the Company shall cooperate with external specialized organizations such as the police, the National Center for the Elimination of Boryokudan, and lawyers, and shall respond in a systematic and appropriate manner.
  - The Company shall not respond to any unjustified claims by antisocial forces, and shall take resolute legal action, while striving to ensure the safety of the officers and employees who respond to such claims.
  - We will never provide benefits or engage in backroom deals with antisocial forces for any reason whatsoever.

With regard to specific systems and measures to eliminate antisocial forces, in accordance with the Company's Antisocial Forces Countermeasures Regulations and Antisocial Forces Investigation Manual, the Company conducts Internet searches and Nikkei Telecom article searches before commencing transactions with new customers, subcontractors, suppliers, and directors, etc. The Company conducts surveys of new customers, subcontractors, suppliers, directors, etc., based on the manual. The same survey is conducted once a year for continuing business partners. In addition, the basic transaction agreement includes a clause for termination in the event that a relationship with antisocial forces is found. In addition, based on the above basic policy, the Company has established specific response guidelines and has put in place a system to eliminate transactions with antisocial forces in accordance with the response guidelines.

## **1. Introduction of anti-takeover measures**

Introduction of anti-takeover measures : None

## **2. Other matters related to corporate governance system, etc.**

**[Matters for shareholder meeting resolutions that can be decided by the Board of Directors]**

### **Acquisition of treasury stock**

The Company's Articles of Incorporation stipulate that the Company may acquire treasury stock through market transactions, etc. by a resolution of the Board of Directors pursuant to Article 165, Paragraph 2 of the Companies Act, in order to enable the Company to flexibly implement management policies such as financial policies in response to changes in economic conditions.

### **Interim Dividends**

The Company's Articles of Incorporation stipulate that the Company may pay interim dividends with a record date of December 31 of each year by resolution of the Board of Directors pursuant to Article 454, Paragraph 5 of the Companies Act in order to flexibly return profits to shareholders.

### **Exemption of Directors from Liability**

The Company's Articles of Incorporation provide, in accordance with Article 426, Paragraph 1 of the Companies Act, that directors (including former directors) may be exempted from liability for damages arising from the negligence of their duties to the extent allowed by law. This exemption is subject to a resolution by the Board of Directors, all to enable them to effectively fulfil the roles expected of them in their duties.

### Exemption of Outside Directors from Liability

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with its outside directors to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability for damages under the said agreement is the amount stipulated by law.

### Number of Directors

The Company's Articles of Incorporation stipulate that the Company shall have no more than 10 Directors excluding Audit Committee members and no more than 5 Directors who are Audit Committee members.

### Requirements for Resolution to Appoint Directors

The Articles of Incorporation stipulate that resolutions for the election of directors shall be adopted by a majority of the voting rights of shareholders present at a meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that no cumulative voting shall be used.

### Requirements for Special Resolution of General Meeting of Shareholders

For the purpose of facilitating the operation of the General Meeting of Shareholders, the Company's Articles of Incorporation stipulate that special resolutions stipulated in Article 309, Paragraph 2 of the Companies Act shall be adopted by two-thirds or more of the votes of shareholders present at the meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present.

### Corporate Governance System

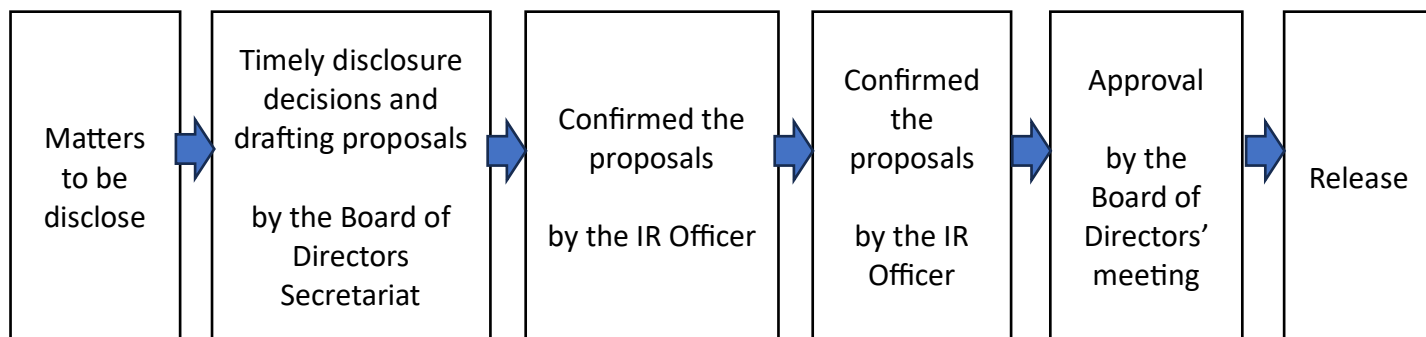
Please refer to “Reference: Schematic Diagram of Corporate Governance System”

### Basic Stance and Policies Concerning Timely Disclosure System

In addition to disclosing corporate information in a fair, timely, and appropriate manner in accordance with the Financial Instruments and Exchange Law and the "Securities Listing Regulations" stipulated by the Tokyo Stock Exchange, the Company proactively discloses useful information to promote understanding of the Company among shareholders, investors, and other stakeholders and to enable their proper evaluation, thereby ensuring transparency in management.

### Internal System for Timely Disclosure

The Company has designated the Investor Relations Officer and the Corporate Planning Division's General Manager to oversee timely disclosure and information management, respectively. We have implemented a system to ensure comprehensive collection and review of departmental information, decisions from various meetings, and financial results by the Chief Information Management Officer. Should this officer identify any significant information, it will be expediently relayed to the President and CEO. Timely disclosures, as necessary, are executed by the Investor Relations Officer under the Chief Information Management Officer's supervision or directly by the President and CEO if urgent action is required, potentially foregoing the Board of Directors' meeting.



|  |                  |                  |                |              |                  |                   |                  |                |                |                |
|--|------------------|------------------|----------------|--------------|------------------|-------------------|------------------|----------------|----------------|----------------|
| Diversity (age/nationality/sex)        |                  |                  |                |              |                  |                   |                  |                |                |                |
| New business technologies              | ●                |                  |                |              |                  |                   |                  |                |                |                |
| Sales strategy marketing               | ●                | ●                |                |              |                  |                   |                  |                |                |                |
| Legal compliance                       | ●                | ●                |                |              |                  |                   |                  | ●              |                |                |
| Human Resources and Labour             | ●                | ●                |                | ●            |                  | ●                 | ●                |                |                |                |
| Financial accounting                   | ●                | ●                |                |              |                  |                   |                  |                |                |                |
| ESG・SDGs                               | ●                | ●                |                |              | ●                |                   |                  |                |                |                |
| Understanding of our business          | ●                | ●                | ●              | ●            |                  |                   |                  |                |                |                |
| Corporate management                   | ●                | ●                |                | ●            |                  |                   |                  | ●              |                |                |
| Outside Directors and Auditors         |                  |                  |                |              |                  |                   |                  |                |                |                |
| Audit and Supervisory Committee Member |                  |                  |                |              |                  |                   |                  | ●              |                |                |
|  | Masanori Inomata | Takafumi Hamauzu | Hisashi Kaneko | Mie Ishimaru | Nobuyuki Shinoda | Chikako Shimahata | Daisuke Ishikawa | Tetsuo Tatsuta | Tomohiro Obata | Hiroshi Kamada |



Reference: Schematic Diagram of Corporate Governance System

