

# Corporate Governance Report

Last Update: June 25, 2026

EXEO Group, Inc.

Keigo Kajimura, President & CEO

Contact: Accounts and Finance Division

(TEL: +81-3-5778-1105)

Securities Code: 1951

[http:// www.exeo.co.jp/](http://www.exeo.co.jp/)

The corporate governance of EXEO Group, Inc. (the “Company”) is described below.

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

### 1. Basic Views

The Company and its subsidiaries (the “Group”) aim to maintain the full trust of shareholders and all other stakeholders by operating with integrity and a high standard of transparency. To this end, we recognize that establishing and maintaining an organizational structure and management systems through which corporate governance can effectively function is an important management issue. Moreover, it is our basic policy to make ongoing improvements to strengthen corporate governance mechanisms that are suitably tailored to the Group’s circumstances, including the assessment of structures for monitoring management in light of changes in social conditions, laws and other developments.

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

The Company has implemented all principles of Japan's Corporate Governance Code (June 11, 2021 revision).

### [Disclosure Based on the Principles of the Corporate Governance Code] [Update](#)

#### [Principle 1.4: Cross-Shareholdings]

With respect to regular stocks listed on domestic or foreign stock exchanges which are held for reasons other than pure investment purposes, the Company reassesses the benefits of holding each individual stock every year, quantitatively verifying dividend income and related returns and also conducting a careful qualitative examination as to whether the shareholding contributes to improvement in the Company's corporate value. The Company will continue to hold stocks if verification results show that holding them is beneficial and seek to reap the benefits from holding them. However, if the benefits of holding shares have diminished, the Company will seek improvement in the situation for a time but will consider selling the stocks if there is no prospect of improvement. The benefits of shareholdings are reassessed through verification of each individual stock by the Board of Directors and the Management Council.

Regarding the exercise of voting rights associated with cross-shareholdings, the Company votes in favor of proposals which will enhance corporate value and votes against proposals judged detrimental to corporate value.

Misconduct, compliance breaches and activities which pose a serious problem to ESG initiatives are deemed detrimental to corporate value. The Company judges whether to vote in favor or against proposals based on a careful case-by-case examination of such activities and each proposal.

[Principle 1.7: Related Party Transactions]

The Company categorizes competitive transactions and conflict-of-interest transactions between Directors and the Company as matters to be approved by the Board of Directors and checks and manages competitive transactions, conflict-of-interest transactions, related party transactions and important concurrent positions in other companies or organizations every period.

[Supplementary Principle 2.4.1]

The Company states its views on the achievement of diversity in the Diversity, Equity, Inclusion, and Belonging (DEIB) Declaration. The Company is committed to assigning active roles to diverse human capital. Information about specific initiatives of the Company, its goals, and its current status regarding diversity are available at its website.

<https://www.exeo.co.jp/en/sustainability/society/diversity/>

[Principle 2.6: Roles of Corporate Pension Funds as Asset Owners]

The Retirement Pension Asset Management Committee composed of the General Manager of the Corporate Planning Division, the General Manager of the Accounts & Finance Division, the General Manager of the Human Resources Department, trade union officials as representatives of beneficiaries and others determines the policy for management of pension assets and conducts regular monitoring to ensure reasonable management of pension assets.

Regarding operation of the corporate pension plan, the organization in charge has human resources with the necessary experience and qualifications and also provides training, and the Company comprehensively evaluates and monitors the pension operator, taking factors such as performance and investment policy into consideration.

[Principle 3.1: Full Disclosure]

I) The Company conducts business operations in line with its corporate philosophy "Cultivating Technological Capabilities, Seeking Affluence and Contributing to Society" and with integrity and transparency as its basic code of conduct for management.

In addition, the Company has also established the Group Purpose, which clearly states the significance of the Group's existence in society as, "Bring the benefits of connectivity to all".

The Company has announced its 2030 Vision "Engineering for Fusion – Engineering connecting everything in society to the future," which indicates the direction of its business operations based on its corporate philosophy and Group Purpose. In line with this vision, the Group will practice ESG management and help solve social issues through innovation and engineering, aiming to be a corporate group that is needed in Japan and around the world.

Please refer to the Company's website (Management Policy section on the Investor Relations page) for the details of Medium-term Management Plan (2026–2030), which is designed to achieve the 2030 Vision.

<https://www.exeo.co.jp/en/ir/keiei.html#vision>

II) The Group aims to maintain the full trust of shareholders and all other stakeholders by operating with integrity and a high standard of transparency. To this end, we recognize that establishing and maintaining an organizational structure and management systems through which corporate governance can effectively function is an important management issue. Moreover, it is our basic policy to make ongoing improvements to strengthen corporate governance mechanisms that are suitably tailored to the Group's circumstances, including the assessment of structures for monitoring management in light of changes in social conditions, laws and other developments.

III) "Board policies and procedures in determining the remuneration of the senior management and directors" are as stated in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight [Remuneration for Directors/Executive Officers] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" below.

IV) The Company adopts the following method for the nomination of director candidates. After deliberation by the Nomination Committee, which is an internal organ of the Board of Directors, the Representative Director recommends individuals of outstanding character and insight who possess high ethical standards, the power to implement reforms, leadership and other qualities, and the Board of Directors deliberates the suitability of the candidates, makes an informal decision and refers the matter to the General Meeting of Shareholders.

The Board of Directors determines the appointment and dismissal of Representative Directors and Directors with special titles.

When a Director needs to be dismissed, the Board of Directors puts a proposal for the dismissal of such Director before the General Meeting of Shareholders.

The Company adopts the following method for the nomination of Audit & Supervisory Board Member candidates. The Representative Director recommends individuals with the deep insight needed to fulfil the role of Audit & Supervisory Board Member, including experience of corporate management and specialist knowledge about finance and accounting and, obtains the consent of the Audit & Supervisory Board before referring the matter to the General Meeting of Shareholders.

V)The Company discloses the reasons for nominating Director and Audit & Supervisory Board Member

[Supplementary Principle 3.1.3]

[Sustainability initiatives]

Information about the Company's sustainability initiatives is available at its website.

<https://www.exeo.co.jp/en/sustainability/>

[Initiatives on human capital and intellectual properties]

The Company is working on developing and reinforcing its human resources, the most important management resource of a company. In July 2021, the Company established the Human Resources Development Division and has since been proceeding with human resources deployments and development planning across the entire Group with consciousness of total optimization.

The Company has also been proactive in making inventions that contribute to safety and efficiency improvement and has considerable achievements in this respect. At the same time, the Company has enhanced initiatives in intellectual properties, including employee training on the importance of such properties.

The Company discloses information about some of its intellectual properties and contents of its human resources strategy in the Medium-Term Management Plan.

<https://www.exeo.co.jp/en/sustainability/society/human-resources/>

[Risks and revenue opportunities related to climate change]

In December 2021, the Company expressed its support for the Recommendations of TCFD and joined the TCFD Consortium (currently reorganized as the GX Future Consortium). In April 2022, the Company established the Sustainability Committee as an advisory body to the Management Council and the Sustainability Promotion Office as an organization dedicated to sustainability. The Company will further enhance these initiatives to solve social issues, including environmental and climate change problems, and proactively disclose information about risks and opportunities in line with the TCFD framework.

[Supplementary Principle 4.1.1]

The Company's Board of Directors mainly makes decisions on the execution of important business provided for in laws and regulations and the Rules of the Board of Directors and oversees Directors' execution of duties. The Responsibility Rules and other regulations clearly stipulate the scope of delegation to senior management.

[Principle 4.9: Independence Standards and Qualification for Independent Directors]

The Company strives to secure independent officers in accordance with Article 436-2 and Article 445-4 of the Securities Listing Regulations of Tokyo Stock Exchange, Inc. (TSE) and the independence criteria ("Listing Guidelines") of the TSE.

The reasons for appointment of each independent officer are as stated in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight" below.

[Supplementary Principle 4.10.1]

The Company has set up the Nomination Committee and the Compensation Committee, each consisting of Directors including Independent Directors elected by the Board of Directors, thus raising common understanding of criteria for the evaluation and compensation of each Director, etc. in its efforts to improve the oversight function. The majority of each committee comprises Independent Outside Directors and each committee is chaired by an Outside Director.

(Succession planning)

The Company recruits and invites management human resources from outside the Group as well as internally. From among them, the Representative Director selects a person who can contribute to the sustainable development of the Company with deep understanding of the Group's philosophy and management vision, as well as a high sense of ethics and leadership, as their successor. The decision is made through deliberations by the Nomination Committee and the Board of Directors.

[Supplementary Principle 4.11.1]

The Company seeks to energize the Board of Directors and improve governance by ensuring balance and diversity in the composition of Directors in terms of career history, field of expertise and suchlike.

The Company believes that the number of Directors on the Board allows it to respond quickly and accurately to a dramatically changing environment and it has sought to speed up decision-making still further through the adoption of an Executive Officer system.

Skill matrix of the Directors and reasons for their appointment are described in the Convocation Notice of the General Meeting of Shareholders.

The Company's policy and procedure for the appointment of Directors are as stated in "Principle 3-1 (IV)" above.

[Supplementary Principle 4.11.2]

The extent of concurrent positions held by Directors and Audit & Supervisory Board Members is reasonable, allowing them to fulfil the roles and responsibilities expected of them.

The Company annually discloses important concurrent positions held by Directors and Audit & Supervisory Board Members and the main activities of Outside Officers in the Convocation Notice of the General Meeting of Shareholders.

[Supplementary Principle 4.11.3]

To enhance the function of the Board of Directors and corporate value, the Company evaluates the effectiveness of its Board of Directors based on the results of questionnaire surveys among all Directors and Audit & Supervisory Board Members, which are collected and analyzed by an external organization to ensure objectivity and discussed at meetings of the Board of Directors. It has been confirmed that the Company's Board of Directors has adequate scale and composition and is appropriately operated to ensure proper decision-making on important management agenda and supervision of business execution. As part of its efforts to strengthen governance, the Company strives to increase the ratio of female officers. In June 2026, the Company increased the number of female Independent Outside Directors by one. The number of female Independent Outside Directors has become Three, and the number of female Independent Outside Audit & Supervisory Board Members is two. The Company has five female officers, who account for 29% of total officers.

The Company also continued to take measures such as distributing materials for meetings of the Board of Directors earlier, enhancing preliminary explanations for Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, and having Independent Outside Directors conduct onsite inspections. The Vector Meeting, which is designed to discuss divisions' business strategies in early stages and to align their directions, discussed 30 topics in fiscal 2025. The Sustainability Committee thoroughly discusses initiatives to improve sustainability, including initiatives related to ESG and the SDGs, and reports to the Board of Directors regularly. In discussions at meetings of the Board of Directors, Outside Officers actively make appropriate comments based on sufficient knowledge from an independent perspective and the Company recognizes that the benefits they bring in strengthening the effectiveness of the Board of Directors are surely becoming evident.

Going forward, based on these results of board evaluation and opinions, the Company's Board of Directors will fully consider measures for improving its effectiveness and continue to implement initiatives for enhancing its functions.

[Supplementary Principle 4.14.2]

Directors and Audit & Supervisory Board Members strive to improve their knowledge and skills independently and also take part in outside training and receive officer training on an ongoing basis.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company's Corporate Communication Unit, Corporate Planning Division is in charge of investor relations, with full-time staff dedicated to dialogue with shareholders. The Company attaches importance to communication with shareholders and investors and adopts a basic policy of working to increase

understanding about the Group, striving to be fairly evaluated and trusted through open general meetings of shareholders and proactive IR activities to facilitate understanding.

[Supplementary Principle 5.1.2]

I) The Company has three full-time staff members in charge of IR in its Corporate Communication Unit, Corporate Planning Division and the officer in charge of corporate planning is designated as the officer in charge of IR.

II) The staff in charge of IR attend important meetings and exchange opinions with relevant division as appropriate to gather the information they need to engage in constructive dialogue on matters such as business performance, the progress of various measures, and operating strategies for the future.

III) Twice a year, the Company holds financial results briefings for institutional investors and securities analysts at which the Representative Director explains the business results and other matters. The Company also holds business briefings and field briefings to increase understanding about the Company's business activities and its technological and field capabilities.

IV) The Company gathers questions and opinions about dialogue as appropriate and provides direct feedback to senior management, which is then utilized mainly in reviews of the Company's management.

V) The Company has established a Guideline on Prevention of Insider Trading and Basic Guidelines for IR Activities to ensure management of insider information.

[Status of Dialogue with Shareholders]

The status of dialogue with shareholders is disclosed in integrated reports.

<https://www.exeo.co.jp/en/ir/ir.html>

[Actions for Implementing Management That Is Conscious of the Cost of Capital and the Stock Price]

Description	Disclosure of initiatives (updated)
Disclosure in English	Provided
Date of update <a href="#">Update</a>	May 13, 2026

Explanation of Above [Update](#)

The Company aims to achieve an ROE of 12.0% in FY2030 under the Medium-Term Management Plan (2026-2030). The Company places emphasis on cost of capital in management. Initiatives emphasizing cost of capital and the stock price are disclosed in presentation materials or the Integrated Report.

<https://www.exeo.co.jp/en/ir/ir.html>

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
----------------------------	---------------------------

### [Status of Major Shareholders] [Update](#)

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	34,479,300	16.90
Custody Bank of Japan, Ltd. (Trust Account)	19,391,100	9.50
ESOP Association of EXEO Group, Inc.	11,539,904	5.65
BBH ( LUX ) FOR FIDELITY FUNDS - JAPAN ADVANTAGE POOL	6,591,600	3.23
SUMITOMO LIFE INSURANCE COMPANY	4,833,260	2.37
STATE STREET BANK AND TRUST COMPANY 505001	3,759,453	1.84
Custody Bank of Japan, Ltd. (Mitsui Sumitomo Trust & Banking Co., Ltd. Retirement Benefit Trust Account)	3,668,000	1.80
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited, Retruster Portion, Sumitomo Electric Industries, Ltd. Retirement Benefit Trust Account)	3,000,000	1.47
JP MORGAN CHASE BANK 385781	2,875,060	1.41
GOVERNMENT OF NORWAY	2,785,681	1.37

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

### Supplementary Explanation [Update](#)

- Status of Major Shareholders above is as of March 31, 2026.
- Of the shares held by The Master Trust Bank of Japan, Ltd. (Trust Account), 17,830 thousand shares are held in investment trusts and 654 thousand shares are held in pension trusts.
- Of the shares held by Custody Bank of Japan, Ltd. (Trust Account), 9,740 thousand shares are held in investment trusts and 1,453 thousand shares are held in pension trusts.
- The Company holds 1,548 thousand shares of treasury stock, which are not included in the table above.
- The large shareholding report (change report) made available for public inspection on April 15, 2025 reports that Silchester International Investors LLP held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.  
(Name/number of shares owned/ownership percentage)  
Silchester International Investors LLP/14,556 thousand/6.98%
- The large shareholding report (change report) made available for public inspection on June 10, 2025 reports that Silchester International Investors LLP held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.  
(Name/number of shares owned/ownership percentage)  
Silchester International Investors LLP/12,447 thousand/5.97 %

7. The large shareholding report made available for public inspection on June 18, 2025 reports that Nomura Securities Co., Ltd. and its joint holder, Nomura Asset Management Co., Ltd. held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.

(Name/number of shares owned/ownership percentage)

Nomura Securities Co., Ltd./253 thousand/0.12%

Nomura Asset Management Co., Ltd./10,435 thousand/4.88%

8. The large shareholding report (change report) made available for public inspection on July 15, 2025 reports that Silchester International Investors LLP held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.

(Name/number of shares owned/ownership percentage)

Silchester International Investors LLP/10,314 thousand/4.94%

9. The large shareholding report (change report) made available for public inspection on September 19, 2025 reports that Sumitomo Mitsui Trust Bank, Limited and its joint holders, Sumitomo Mitsui Trust Asset Management Co., Ltd. and Amova Asset Management Co., Ltd. held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.

(Name/number of shares owned/ownership percentage)

Sumitomo Mitsui Trust Bank, Limited/3,698 thousand/1.77%

Sumitomo Mitsui Trust Asset Management Co., Ltd./7,252 thousand/3.48%

Amova Asset Management Co., Ltd./10,968 thousand/2.92%

10. The large shareholding report (change report) made available for public inspection on January 9, 2026 reports that FIL Investments (Japan) Limited held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.

(Name/number of shares owned/ownership percentage)

FIL Investments (Japan) Limited/10,968 thousand/5.26%

11. The large shareholding report (change report) made available for public inspection on March 9, 2026 reports that FIL Investments (Japan) Limited held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.

(Name/number of shares owned/ownership percentage)

FIL Investments (Japan) Limited/13,059 thousand/6.35%

12. The large shareholding report made available for public inspection on April 7, 2026 reports that Mizuho Bank, Ltd. and its joint holders, Mizuho Securities Co., Ltd., Mizuho Trust & Banking Co., Ltd., and Asset Management One Co., Ltd. held the following shares. However, the Company has confirmed no beneficial ownership of the number of shares held in the name of this party as of March 31, 2026, and therefore, the following is not taken into consideration in the above status of major shareholders.

(Name/number of shares owned/ownership percentage)

Mizuho Bank, Ltd./1,799 thousand/0.88%

Mizuho Securities Co., Ltd./577 thousand/4.88%

Mizuho Trust & Banking Co., Ltd./1,541 thousand/0.75%

Asset Management One Co., Ltd./6,947 thousand/3.38%

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March

Type of Business	Construction
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

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

-

**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

-

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

### 1. Organizational Composition and Operation

Organization Form	Company with an Audit & Supervisory Board
-------------------	---

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Chairperson (except when the chairperson is the President)
Number of Directors	Update 12
Appointment of Outside Directors	Appointed
Number of Outside Directors	Update 6
Number of Independent Directors	Update 6

Outside Directors' Relationship with the Company (1)	Update
--	--------

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yasushi Kohara	From another company											
Naoko Iwasaki	Academic											
Keiji Yoshida	From another company											
Tomoko Aramaki	CPA											
Eiichiro Mitani	From another company											
Nobuko Yamakoshi	Other											

\* 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. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/ Audit & Supervisory Board Member are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yasushi Kohara	○	<p>(Corporations or other organizations at which the director was an executive)</p> <p>Toyota Motor Corporation Toyota Tokyo Corolla Co., Ltd. Osaka Toyota Motor Co., Ltd.</p> <p>Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Mr. Kohara has no special interest which will affect the Company's decision-making.</p>	<p>Mr. Kohara has abundant experience and insights in corporate management through his posts at the Toyota Group, and has provided appropriate advice and suggestions in important management decisions of the Company, appropriately fulfilling his role as Outside Director. The Company expects he will continue to contribute to strengthening the oversight function of the Board of Directors and provide advice from a broad managerial perspective and therefore reappointed him as an Outside Director.</p> <p>The Company also nominated Mr. Kohara as an Independent Officer as he does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.</p>
Naoko Iwasaki	○	<p>(Corporations or other organizations at which the director was an executive)</p> <p>International Academy of CIO Japan (present position)</p> <p>Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Ms. Iwasaki has no special interest which will affect the Company's decision-making.</p>	<p>Ms. Iwasaki is an international first-line researcher and expert on utilization of ICT in areas such as international relations, national and local government administration, disaster response, and BCP, aging of society, and the promotion of active roles for women, and has provided appropriate advice and suggestions in important managerial decisions on the Company, appropriately fulfilling her role as an Outside Director. The Company expects she will continue to contribute to strengthening the oversight function of the Board of Directors and provide appropriate advice from a broad managerial perspective and therefore reappointed her as Outside Director.</p> <p>The Company also nominated Ms. Iwasaki as an Independent Officer as she does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.</p>

Keiji Yoshida	○	<p>(Corporations or other organizations at which the director was an executive)</p> <p>JFE Engineering Corporation Japan Water Steel Pipe Association</p> <p>Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Mr. Yoshida has no special interest which will affect the Company's decision-making.</p>	<p>Mr. Yoshida has abundant experience and insights in corporate management through his posts as an officer at JFE Engineering Corporation, etc., and has provided appropriate advice and suggestions in important management decisions of the Company, appropriately fulfilling his role as Outside Director. The Company expects he will continue to contribute to strengthening the oversight function of the Board of Directors and provide appropriate advice from a broad managerial perspective and therefore reappointed him as Outside Director.</p> <p>The Company also nominated Mr. Yoshida as an Independent Officer as he does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.</p>
Tomoko Aramaki	○	<p>(Corporations or other organizations at which the Audit &amp; Supervisory Board Member was an executive)</p> <p>Century Audit Corporation (currently Ernst &amp; Young ShinNihon LLC) Aramaki CPA Office (present position)</p> <p>Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Ms. Aramaki has no special interest which will affect the Company's decision-making.</p>	<p>Ms. Aramaki has abundant experience and expertise in finance and accounting as a certified public accountant and tax accountant and insights in corporate management and has provided appropriate advice and suggestions in important management decisions of the Company, appropriately fulfilling her role as Outside Director. The Company expects she will continue to contribute to strengthening the oversight function of the Board of Directors and provide appropriate advice from a broad managerial perspective and therefore reappointed her as Outside Director. The Company also nominated Ms. Aramaki as an Independent Officer as she does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.</p>
Eiichiro Mitani	○	<p>(Corporations or other organizations at which the director was an executive)</p> <p>Mitsubishi Electric Corporation</p> <p>Since no major business or other relationship exists between the Company and the above</p>	<p>As an Executive Officer and CIO of Mitsubishi Electric Corporation, Mr. Mitani has had an extensive career and insight in the system solutions field, including promoting digital transformation (DX) across the business of the Mitsubishi Electric Group and IT, network, security, and other businesses, as well as a track</p>

		corporations or other organizations, the Company judges that Mr. Mitani has no special interest which will affect the Company's decision-making.	record in developing social infrastructure for power, railway, government agency, and other customers, and experience in business development overseas. The Company expects that he will contribute to strengthening the oversight function of the Board of Directors and provide strategic advice regarding the Company's business, and has therefore appointed him as Outside Director. The Company also nominated Mr. Mitani as an Independent Officer as he does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.
Nobuko Yamakoshi	○	(Corporations or other organizations at which the director was an executive) Ministry of Internal Affairs and Communications Fund for Local Government Employees' Accident Compensation  Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Ms. Yamakoshi has no special interest which will affect the Company's decision-making.	Ms. Yamakoshi has held important positions at central government ministries and agencies, local governments, and other organizations over many years, and has insight cultivated through this career history. The Company expects that she will contribute to strengthening the oversight function of the Board of Directors and provide advice from a broad managerial perspective, and has therefore appointed her as Outside Director. The Company also nominated Ms. Yamakoshi as an Independent Officer as she does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
---	-------------

Committee's Name, Composition, and Attributes of Chairperson [Update](#)

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	Nomination Committee	Compensation Committee
All Committee Members	5	5
Full-time Members	0	0

Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Directors	Outside Directors

Supplementary Explanation

[Update](#)

The Company set up the Nomination Committee and the Compensation Committee as the Board of Directors' internal committees to further enhance its corporate governance. The Nomination Committee discusses the nomination and dismissal of candidates for Directors, and the Compensation Committee discusses the compensation and bonuses for Directors and other matters. These committees report to the Board of Directors. The information in "Committee's Name, Composition, and Attributes of Chairperson" above reflects the situation in FY2026. The composition of the committees in FY2026 is as follows.

Nomination Committee

(Chairperson) Naoko Iwasaki, Outside Director

(Members) Directors Noriyuki Watabe, Outside Directors Tomoko Aramaki, and Eiichiro Mitani, and Nobuko Yamakoshi

Compensation Committee

(Chairperson) Yasushi Kohara, Outside Director

(Members) Directors Shigeki Hayashi, and Outside Directors Keiji Yoshida, and Eiichiro Mitani, and Nobuko Yamakoshi

#### [Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board members	5

Cooperation among Audit & Supervisory Board members, Accounting Auditors and Internal Audit Departments

Audit & Supervisory Board Members strive for effective cooperation in order to form a fair audit opinion, cooperating with the accounting auditor through the exchange of opinions at the time of formulation of the fiscal year plan for accounting audits and regular meetings such as report meetings about quarterly and fiscal year audits, and cooperating with internal audit division through the exchange of opinions at the time of formulation of the fiscal year plan for internal audits and regular meetings such as report meetings on business audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	3

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Eiko Osawa	CPA													
Akira Harashima	From another company													
Yukako Oshimi	Lawyer													

\* 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. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Audit & Supervisory Board Member of a parent company of the Company

e. Executive of a fellow subsidiary company of the Company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/auditor

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Others

Outside Audit & Supervisory Board Members' Relationship with the Company (2) Update

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Eiko Osawa	○	<p>(Corporations or other organizations at which the Audit &amp; Supervisory Board Member was an executive)                      Asahi Shinwa &amp; Co. (currently KPMG AZSA &amp; Co.)                      Ernst &amp; Young ShinNihon LLC                      Osawa CPA Office (present position)</p> <p>Since no major business or other relationship exists between the Company and the above corporations or other</p>	<p>Ms. Osawa has worked at a major auditing firm and has abundant global experience and expertise in finance and accounting as a Certified Public Accountant, and the Company believes that she will appropriately perform her duties as Audit &amp; Supervisory Board Member. The Company therefore appointed her as an Outside Audit &amp; Supervisory Board Member.                      The Company also nominated Ms. Osawa as an Independent Officer as she does not meet the criteria for</p>

		organizations, the Company judges that Ms. Osawa has no special interest which will affect the Company's decision-making.	judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.
Akira Harashima	○	(Corporations or other organizations at which the Audit & Supervisory Board Member was an executive) Tokio Marine & Nichido Fire Insurance Co., Ltd. Tokio Marine Holdings, Inc.  Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Mr. Harashima has no special interest which will affect the Company's decision-making.	The Company has continuously appointed Mr. Harashima as an Outside Audit & Supervisory Board Member expecting that he will appropriately perform his duties as an Audit & Supervisory Board Member, given that he has audited the Directors' execution of business from an independent standpoint and performed other roles, leveraging his extensive experience in and excellent insight into corporate management in global business and other areas that he gained while serving as an officer at Tokio Marine Holdings, Inc. and other companies. The Company also nominated Mr. Harashima as an Independent Officer as she does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.
Yukako Oshimi	○	(Corporations or other organizations at which the Audit & Supervisory Board Member was an executive) Partner Attorney at Law, Shibata, Suzuki & Nakada. (current LBX Legal Advisors) (present position) ORIX JREIT Inc. (present position)  Since no major business or other relationship exists between the Company and the above corporations or other organizations, the Company judges that Ms. Oshimi has no special interest which will affect the Company's decision-making.	The Company has appointed Ms. Oshimi as an Outside Audit & Supervisory Board Member, expecting that she will properly perform her duties as an Outside Audit & Supervisory Board Member because, as a lawyer, she has abundant experience in legal affairs and she has experience working as a director and as an auditor of listed companies. The Company also nominated Ms. Oshimi as an Independent Officer as she does not meet the criteria for judging that a conflict of interest with common shareholders might arise, as set out in the TSE's Listing Guidelines.

**[Independent Directors/ Auditors]**

Number of Independent Directors/Auditors	9	Update
--	---	--------

Matters relating to Independent Directors/ Auditors

The Company has designated all outside officers who fulfill the requirements for independent officers as independent officers.

**[Incentives]**

Incentive Policies for Directors	Other
----------------------------------	-------

Supplementary Explanation

At the 65th Ordinary General Meeting of Shareholders held on June 21, 2019, it was resolved to introduce a system of remuneration for granting restricted shares to Directors in order to provide them an incentive to sustainably increase the Company's corporate value and to further promote shared value between shareholders and eligible Directors, in place of stock options.  
It was approved that the annual amount of remuneration for continuous service-linked restricted stock shall not exceed ¥50 million. It was also approved by the 71st Ordinary General Meeting of Shareholders held on June 25, 2025 that the annual amount of remuneration for performance-linked restricted stock shall not exceed ¥80 million.

Recipients of Stock Options	
-----------------------------	--

Supplementary Explanation

-

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
--	--------------------------

Supplementary Explanation [Update](#)

The Amount of Remuneration and Related Payments to Directors and Audit & Supervisory Board Members in FY2024

Officer Classification	Total amount of remuneration, etc. (¥ Millions)	Total amount by type of remuneration, etc. (¥ Millions)			Number of eligible officers (persons)
		Monetary remuneration		Non-monetary	
		Base compensation	Bonus	Long-term incentives (Restricted stock)	
Directors (excluding Outside Directors)	341	155	115	70	10
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	50	50	-	-	3
Outside Directors	63	63	-	-	5

Outside Audit & Supervisory Board Members	30	30	-	-	4
---	----	----	---	---	---

(Note) 1. The above figures include two director and two Audit & Supervisory Board Members who retired at the conclusion of the 71th Ordinary General Meeting of Shareholders held on June 25 2025.

2. Outside Directors and Audit & Supervisory Board Members are independent from the Company's business execution, and thus compensation for them consists solely of base compensation.

Policy on Determining Remuneration Amounts and Calculation Methods	<a href="#">Update</a>	Established
--	------------------------	-------------

#### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

##### ■ Basic policy

The Company's basic policy concerning decision-making about compensation for directors and its calculation is as follows:

- To effectively incentivize the directors to contribute to increasing corporate value in the long term
- To maintain a compensation level for securing and maintaining outstanding talent
- To employ a transparent and fair decision-making process

##### ■ How to determine compensation and a calculation method

The specific policy concerning the decision-making about compensation for directors and its calculation is deliberated by the Compensation Committee, which is comprised of Directors including Independent Outside Directors selected by the Board of Directors and chaired by an Independent Outside Director, and then determined by resolution of the Board of Directors.

##### ■ Structure of Compensation

Compensation for Directors (excluding Outside Directors) consists of base compensation, bonuses, and restricted shares. The constituents shall account for about the following percentages. (Compensation for the Director who is also an employee includes a salary and bonuses for them as an employee.)

Fixed compensation (Base compensation)	Performance-linked compensation (Bonuses)	Long-term incentives (Restricted stock)
50%	30%	20%

##### ■ Base compensation

The base compensation is a fixed amount set for each position appropriately considering business environment and industry standards.

On April 17, 2026, the Board of Directors revised the Company's policy for determining compensation and other rewards for individual Directors. The Board of Directors has decided that the Directors (excluding Outside Directors) will contribute a specified percentage or more of their base compensation to the officer stock ownership plan to acquire shares of the Company's stock, thereby fostering a stronger sense of shared value with shareholders, as proposed by the Compensation Committee. The revised policy has been applied to Directors since the 72nd Ordinary General Meeting of Shareholders held on June 25, 2026.

##### ■ Performance-linked compensation, etc.

As performance-linked compensation, etc., bonuses are paid to Directors (excluding Outside Directors). The bonuses are basically linked to the fiscal year's performance and determined by comprehensively taking into account the business environment and other elements. The Company uses consolidated net sales, operating income and consolidated net income and ROE as indicators for calculating bonuses, aiming to make Directors aware of their responsibility for overall consolidated results as management team members. The Company calculates bonuses by multiplying base compensation by a number that reflects the degree to which business targets have been achieved, together with a qualitative assessment.

##### ■ Long-term incentives

The Company delivers restricted shares as long-term incentives to Directors (excluding Outside Directors). Restricted shares are composed of performance-linked restricted shares and continuous service-linked restricted stock.

Type	Performance-linked indicator	Overview and reason for selection of indicator
Performance-linked restricted stock	Consolidated operating income CDP Score	Performance-linked restricted stock are basically linked to the degree of achievement of medium-to-long term consolidated income performance targets and are allotted to Directors according to position to give them medium to long-term incentives towards achieving sustainable growth of corporate value and to have them share the same value with our shareholders. Consolidated operating income, which indicates the degree of achievement of the Company's goals, is the consolidated performance indicator used to determine the number of shares of unrestricted stock. It is directly linked to the achievement of performance targets and the sharing of value with shareholders. CDP Score is used as an indicator because it is linked to the increase of corporate value as a result of the implementation of ESG management.
Continuous service-linked restricted stock	—	The lifting of the restriction is conditional upon Directors remaining in the position of Director or other certain positions of the Company continuously for a given period.

#### [Supporting System for Outside Directors and/or Auditors]

The Company strives to cooperate effectively with Outside Directors and Outside Audit & Supervisory Board Members through the provision of various materials and explanations by relevant division to enable appropriate decision-making and the formation of opinions.

#### [Retired presidents/CEOs holding advisory positions (Corporate Counselor, Advisor, etc.)]

Information on retired presidents/CEOs holding advisory positions (Corporate Counselor, Advisor, etc.)

[Update](#)

Name	Job title/ position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term
Kunio Ishikawa	advisor	Business federation activities, CSR	[Form of employment] Part-time [Remuneration] Yes	June 21, 2013	Limits to the term of office are specified by internal rules.
Fuminori Kozono	advisor	Business federation activities, CSR	[Form of employment] Part-time [Remuneration] Yes	June 21, 2019	Limits to the term of office are specified by internal rules.

Number of retired presidents/CEOs holding advisory positions (Corporate Counselor, Advisor, etc.)

2

[Update](#)

Others [Update](#)

1. Counselors and advisors are appointed by resolution of the Board of Directors.
2. Counselors and advisors have no involvement whatsoever in the execution or oversight of the Company's business.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Update](#)

The Company is a company with an Audit & Supervisory Board. In the governance framework, the Company has adopted an operating officers system to separate the management decision-making and supervisory function and business execution function to achieve prompt and appropriate decision-making and business execution, while further strengthening our corporate governance. After the conclusion of the ordinary general meeting of shareholders in June 2026, the Company has twelve Directors (including six Outside Directors), five Audit & Supervisory Board Members (including three Outside Audit & Supervisory Board Members), and thirty-eight operating officers. All Outside Directors and Outside Audit & Supervisory Board Members are independent officers who are independent of management and in a neutral position.

The Board of Directors chaired by the Chairman & Director makes decisions on important matters and supervises business execution, while operating officers execute operations based on the Board of Directors' decisions. Furthermore, the Company discusses important business execution matters at a Management Council.

In the fiscal year under review, 14 Board of Directors meetings and 15 Audit & Supervisory Board meetings were held. At the end of the fiscal year under review, the Outside Directors had an attendance rate of 100% and the Outside Audit & Supervisory Board Members had an attendance rate of 100%. To enable Outside Officers to contribute to fruitful discussions at meetings of the Board of Directors, the Company distributes Board meeting materials to them at an early stage and explains the backgrounds to and purposes and details of agenda items of Board of Directors meetings.

In addition, the Company set up the Nomination Committee and the Compensation Committee as the Board of Directors' internal committees to further enhance its corporate governance. The Nomination Committee discusses matters such as the nomination of Director candidates and the dismissal of Directors. The Compensation Committee discusses the compensation and bonuses for Directors and other matters. These committees report to the Board of Directors.

The Board of Directors held 14 meetings in FY2025, and the specific matters they discussed include management strategies, financial results, personnel affairs and the state of the Company's execution of business, as well as subjects related to sustainability and corporate governance and cyber security. The Rules of the Board of Directors stipulate the matters that should be referred to the Board of Directors. From the perspective of ensuring the swift execution of business, the Company's Rules on the Delegation of Responsibility and Authority lay out a clear decision-making process for significant management matters. Outside of the 15 meetings of the Board of Directors mentioned above, there were three written resolutions that were deemed equivalent to resolutions of the Board of Directors pursuant to Article 370 of the Companies Act, Article 27 of the Company's Articles of Incorporation and Article 10 of the Rules of the Board of Directors.

The Nomination Committee held three meetings in FY2025. It conducts its activities to strengthen corporate governance by ensuring the Company's objectiveness, timeliness and transparency in officer personnel affairs. In FY2025, it discussed the size and composition of the Board of Directors in consideration of diversity and selected director candidates accordingly.

The Compensation Committee held four meetings in FY2025. It carries out its activities to strengthen corporate governance by ensuring the Company's objectivity and fairness in matters related to the compensation of officers and others. In FY2025, it assessed and discussed the appropriateness of the officer bonus system by reference to research materials from external specialist institutions and the trends of other companies. It also discussed Directors contributing a specified percentage or more of their base compensation to the officer stock ownership plan to acquire shares of the Company's stock, thereby fostering a stronger sense of shared value with shareholders, and submitted a report on this to the Board of Directors.

The Company has developed a system to achieve compliance with laws and regulations, operational effectiveness and efficiency, and the reliability of financial reporting under its basic policy on the internal control system and has established the Internal Control Committee (chaired by the President & CEO), which monitors and evaluates the overall operation of the internal control system.

The Company has a dual reporting system for internal audits. Its Audit Department, which consists of 16 people (as of March 2026), cooperates with its staff unit and the risk management divisions of the Group companies to conduct audits to ensure that the operations of the Company and its subsidiaries are appropriate. The Audit Department also audits the development and operation of internal control systems, including the

financial reporting control systems. The Internal Audit Department reports the results of internal audits directly to the Company's Board of Directors, the Management Council, and the Compliance Committee, whose quarterly meetings are attended by full-time Audit & Supervisory Board Members.

The Internal Audit Department regularly delivers reports on internal audit plans, the results of major internal audits and the state of corrective measures to the Audit & Supervisory Board Members and the accounting auditor. It organizes quarterly three-way audit meetings with the accounting auditor and the Audit & Supervisory Board Members to exchange information and opinions and ensure mutual cooperation.

In planning and conducting internal audits, the Internal Audit Department seeks guidance and advice from external experts as needed.

The internal audits conducted in FY2025 included companywide internal control assessments of 55 companies, business process control assessments of 20 bases and business and accounting audits of individual organizations and companies within the Group.

Beginning in FY2025, the Company's Audit Department is the sole body performing business and accounting audits for all organizations and companies in the Group to increase and harmonize internal control within the Group. From FY2026, internal control audits of financial reporting will be conducted uniformly throughout the Group.

The audits conducted by the Audit & Supervisory Board Members are carried out in line with the Audit & Supervisory Board Member audit standards formulated by the Audit & Supervisory Board and in accordance with audit policies, audit plans and the like. Specifically, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings to audit procedures and resolutions at these meetings and make remarks whenever necessary. They also conduct interviews and on-site audits of Representative Directors and other members of the senior management of the head office, major business offices and subsidiaries in person or online to audit the status of operations and assets.

Full-time Audit & Supervisory Board Members view key decision documents, actively communicate with relevant departments regarding the discussions of the Management Council and other meeting bodies, as well as individual issues, and report the results of these exchanges of information to the Audit & Supervisory Board. In their everyday audit activities, they collect internal information and learn about the issues facing the corporate group to share information and exchange views with Outside Audit & Supervisory Committee Members as necessary.

At meetings of the Board of Directors and the Audit & Supervisory Board, Outside Audit & Supervisory Board Members comment from a broad point of view based on their extensive practical experience and advanced specialist knowledge. In meetings with the President & CEO, they listen to explanations of management policies and other matters and share their opinions based on their specialist knowledge and experience from the perspective of a person outside the Company.

Additionally, in FY2025, Outside Directors and Outside Audit & Supervisory Board Members conducted on-site inspections to increase their understanding of the details of the Group's business. Three Outside Audit & Supervisory Board Members participated in these inspections. The Audit & Supervisory Board aims to share information and enhance collaboration with Outside Directors to improve their information-gathering capabilities while preserving their independence.

The status of accounting audits for the Year Ended March 31, 2026 is as follows.

- a. Name of the audit corporation  
Grant Thornton Taiyo LLC
- b. Continuous audit period  
5 years
- c. Certified public accountants who carry out the audit  
Designated limited liability partner, managing partner, certified public accountant Tatsuya Arai  
Designated limited liability partner, managing partner, certified public accountant Daishi Nishimura  
Designated limited liability partner, managing partner, certified public accountant Koki Otsuka
- d. Composition of assistants for audit work  
Eighteen certified public accountants  
Seventeen other assistants

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

The Company opted to be a company with an Audit & Supervisory Board. The Company adopted such a system judging that it can ensure appropriate corporate governance under a system where Audit & Supervisory Board Members and the Audit & Supervisory Board attend meetings of the Board of Directors and other important meetings and ask the Board of Directors and others about their execution of duties and conduct audits of business operations and property at major business sites and group companies from a fair and impartial perspective in accordance with an audit policy and audit plan.

The Company believes that the function and role of Outside Directors and Audit & Supervisory Board Members is to oversee and supervise the Company's management from an independent and neutral perspective by making comments in light of their extensive experience and deep insights. The Company also believes that Outside Audit & Supervisory Board Members fulfil a management supervisory function by drawing on objectivity, high levels of expertise and perspectives gained from extensive experience and deep insight in their audits.

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

#### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Update

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Since the 51st Ordinary General Meeting of Shareholders (held in June 2005), the Company has been publishing notices of the convocation of general meetings of shareholders early. The notice of the convocation of the 72st Ordinary General Meeting of Shareholders held on June 25, 2026 was published on June 5, 2026, five days before the statutorily required publication date.
Scheduling Annual General Shareholders Meeting Avoiding the Peak Day	Starting from the 50th Ordinary General Meeting of Shareholders (June 2004), the Company began scheduling the ordinary general meeting of shareholders to avoid peak dates.
Allowing Electronic Exercise of Voting Rights	The Company introduced electronic voting from the 51st Ordinary General Meeting of Shareholders (June 2005) and shareholders can now exercise their votes through a smartphone, computer or other device that can connect to the Internet.
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Their Voting Rights	Starting from the 53rd Ordinary General Meeting of Shareholders (June 2007), the Company participated in the Voting Rights Electronic Exercise Platform operated by ICJ Co., Ltd. to facilitate voting by institutional investors.
Providing Convocation Notice in English	The Company publishes an English version of the convocation notice (condensed version) on its website and the TSE's website.
Other	In conducting its general meetings of shareholders, the Company aims to make their content easily understandable to shareholders by, for example, delivering business reports using video. Convocation notices, reference materials and reports are available on the Company's website.

#### 2. IR Activities Update

	Supplementary Explanations	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company discloses Company information in a timely and appropriate manner and actively engages in IR activities, to increase understanding about the Company among shareholders, investors and other stakeholders, to ensure a fair evaluation, and to build trust.	
Regular Information Events for Individual Investors	The Company participates in information events for individual investors (both online and in person) hosted by securities companies and other organizations three or four times a year.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds two briefing sessions a year to explain the financial results for the first two quarters and the full-year financial results. Each briefing is attended by a few dozen institutional investors and securities analysts.	Yes
Regular Investor Briefings for Overseas Investors	The Representative Director visits overseas institutional investors in Europe, North America and other regions every year to explain business trends, results and other important matters.	Yes
Posting of IR Materials on Website	The Company posts various IR materials on its website throughout the year, including summaries of consolidated financial results, presentation materials, and monthly orders received, in addition to the "About Us," "Our Business," "Investor Relations" and "Topics" sections.	

	The Company also has an English website for overseas shareholders and investors and posts various materials in English.	
Establishment of Department and/or Manager in Charge of IR	The Company has three full-time members of staff in charge of IR in the Corporate Communication Unit, Corporate Planning Division.	
Other	The Company actively conducts meetings with institutional investors and securities analysts in Japan and overseas throughout the year and endeavors to give them an accurate understanding of business trends, business results and other important matters. In addition to the financial results briefings conducted twice a year, the Company creates opportunities for the Representative Director to explain business trends, business results and other important matters to Japanese institutional investors and securities analysts directly. The Company also holds business briefings, onsite tours as necessary.	

### 3. Measures to Ensure Due Respect for Stakeholders Update

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Group conducts business operations in line with its basic CSR policy and corporate philosophy "Cultivating Technological Capabilities, Seeking Affluence and Contributing to Society" and with integrity and transparency as its basic code of conduct for management. In the EXEO Group Basic Actions Declaration, upholding and complying with the EXEO Group Basic Ethics as the basic code of conduct are confirmed to be the ongoing, unchanging responsibility of the members of the Group to its stakeholders. The Declaration also commits the Group to practicing its philosophy.
Implementation of Environmental Activities, CSR Activities etc.	Coexistence with the global environment is a social responsibility of corporations and is a significant element in creating a sustainable society. The Group solves social issues through its activities in the Communications Infrastructure Business, Social Infrastructure Business, and System Solutions Business. The Group also pays careful attention to coordination with the environment in its business activities and endeavors to reduce the environmental impact that inevitably accompanies such activities. Further, the Group pushes forward with its environmental management system (ISO 14001), for which it has maintained certification since May 2000, by engaging in Group-wide environmental protection activities based on a PDCA cycle, in its efforts to reduce environmental impact on an ongoing basis.
Development of Policies on Information Provision to Stakeholders	The Company recognizes that information disclosure is an important management issue and that disclosing information in an appropriate manner is essential in order to obtain the understanding of all stakeholders. Accordingly, the Company actively discloses information judged to be important (financial and non-financial) via its website, its integrated report and other means, in addition to disclosures required by law.
Other	With the aim of swiftly and flexibly responding to increasingly diverse customer needs, developing business and improving operating results, Team EXEO promotes Diversity, Equity, Inclusion, and Belonging (DEIB), aiming to foster a culture of mutual acceptance of a wide range of values regardless of characteristics such as gender, belief, nationality, disability, sexual orientation, and gender identity. The Diversity Promotion Office of the

	Human Resources Development Division plays a central role in taking more effective and systematic initiatives.
--	--

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development

The Group's basic corporate philosophy is "cultivating technological capabilities, seeking affluence and contributing to society," and every Director and employee of the Group will practice corporate management with integrity and transparency to realize this.

The Group's basic policy on systems to ensure that business is conducted appropriately, as resolved by the Company's Board of Directors, is as follows.

(1) System to Ensure that Execution of Duties by Directors and Employees Conform to Laws, Regulations, and the Articles of Incorporation

- The Group considers compliance with laws and regulations, social norms and corporate ethics a management priority and establishes a compliance program as a framework for strengthening compliance, and Directors put the compliance program into practice themselves and also raise awareness about compliance among employees. Employees execute business with integrity in accordance with said program.
- The Company also establishes a whistleblowing system to prevent or quickly resolve any issues related to compliance.
- The Group takes a resolute attitude against antisocial forces and other groups which potentially pose a threat to social order and safety, dealing with them as an organization in cooperation with lawyers, the police and other specialist external organizations.

(2) System Regarding Storage and Management of Information on Directors' Execution of Duties

- Information on Directors' execution of duties is stored and managed appropriately in accordance with the Rules Concerning the Management of Documents and Recordings.
- Persons responsible for managing documents stipulated in said rules promptly submit such information for Audit & Supervisory Board Members to view upon request.

(3) Rules Concerning the Management of Risk of Loss and Other Systems

- The Group has in place a risk management system overseen by the President and seeks to enhance the system in accordance with the Rules Concerning Risk Management.
- Risk management division assess the identification and evaluation of risks and measures taken to address them by each business unit and seeks to promote risk management.
- Internal audit division conduct audits from an independent standpoint.

(4) System to Ensure the Efficient Performance of Duties by Directors

- The President sets groupwide targets shared by Directors and employees and seeks to raise awareness about them, and each business unit formulates specific measures they must implement to achieve the targets and obtains the approval of the Board of Directors.
- Directors, including the President, also use all organized gatherings as an opportunity to exchange information and provide instructions and support to facilitate business execution.
- With regard to the performance of duties, internal systems are used to manage the progress of business plans and the Board of Directors conducts regular reviews.

(5) System to Ensure Appropriateness of Operations in the Group Consisting of the Company and Its Subsidiaries

- The Company ensures the reliability and appropriateness of financial reporting by Group entities through the development of system for reporting in an appropriate manner and mechanisms for assessing performance on a regular and ongoing basis in accordance with the Group's basic policy for internal controls over financial reporting.
- Under the Company's Rules on Subsidiaries' Operations, Group entities must report their operating results, financial position and other important management information to the Company and obtain the Company's approval.
- The Company formulates Risk Management Rules for groupwide risk management and manages Group risk in a comprehensive and integrated manner.
- The Company establishes the Group Compliance Risk Control Standard and develops systems, business processes, etc. as the bases that enable each Group company to engage in compliance promotion activities more surely under unified rules which fulfill standards required by society.

- To ensure the efficient performance of duties by the Directors of Group entities, the Company formulates a Group Medium-Term Management Plan and establishes division to oversee Group business and it also strives to ensure smooth business operations through Group President meetings and other means.
- The Company prepares a Group Compliance Manual to raise compliance awareness among all Directors, Audit & Supervisory Board Members and employees of Group entities.
- The Company seeks to instill compliance awareness by providing compliance training every year for the Directors, Audit & Supervisory Board Members and employees of Group entities.
- The Company's internal audit division conduct audits of the effectiveness and appropriateness of business at each group entity.

(6) Matters Concerning Employees When an Audit and Supervisory Board Member Requests That Employees Assist with His/Her Duties

- Upon a request from Audit & Supervisory Board Members for the appointment of employees to assist them in their duties, the Company establishes an organization which is independent from business execution and belongs exclusively to Audit & Supervisory Board Members.

(7) Matters Concerning the Independence of the Employees Specified in (6) from Directors, and Matters Intended to Ensure the Effectiveness of Instructions Given to Such Employees

- The Company shall obtain the approval of the Audit & Supervisory Board for any personnel change, personnel evaluation or disciplinary action involving employees who assist Audit & Supervisory Board Members and such employees shall not hold concurrent positions in other division and shall be subject to the sole command of Audit & Supervisory Board Members.

(8) Systems of Reporting to Audit & Supervisory Board Members by Directors and Employees and Other Systems Regarding Reporting to Audit & Supervisory Board Members

- Directors and employees report to the Audit & Supervisory Board in a timely and appropriate manner in accordance with the Audit & Supervisory Board Reporting Rules.

(9) System for Reporting to the Company's Audit & Supervisory Board Members by Directors, Audit & Supervisory Board Members and employees of Subsidiaries, and People who Have Received Reports from Them

- When a Director, Audit & Supervisory Board Member or an employee of a Group entity is asked to report matters concerning their execution of business by Audit & Supervisory Board Members of the Company, they shall make a report promptly and appropriately.
- The Company's risk management division and internal audit division hold report meetings to report to the Company's Audit & Supervisory Board Members on a regular basis and report on the current status of compliance, risk management and other matters within the Group.

(10) System for Ensuring That Personnel Who Make a Report Under Paragraph (9) Do Not Receive Unfavorable Treatment Due To Such Report

- The Company prohibits the disadvantageous treatment of Group's Directors, Audit & Supervisory Board Members or employees who make a report to the Company's Audit & Supervisory Board Members on the basis that they made such a report.

(11) Policies concerning the procedure for advance payment or reimbursement of expenses that arise with regard to the execution of duties of an Audit & Supervisory Board Member or any other processing of expenses or obligations that arise with regard to the execution of duties

- When Audit & Supervisory Board Members ask the Company to process expenses or obligations deemed necessary for the performance of their duties, the Company promptly pays such expenses or processes such obligations.

(12) Other Systems for Ensuring the Effective Audit by Corporate Auditors

- The Company guarantees Audit & Supervisory Board Members the opportunity to conduct interviews with Directors and employees and Audit & Supervisory Members also conduct regular meetings with the President and audit corporation to exchange opinions.

## **2. Basic Views on Eliminating Anti-Social Forces**

The Company takes a resolute attitude against antisocial forces and other groups which potentially pose a threat to social order and safety, dealing with them as an organization in cooperation with lawyers, the police and other specialist external organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
-	

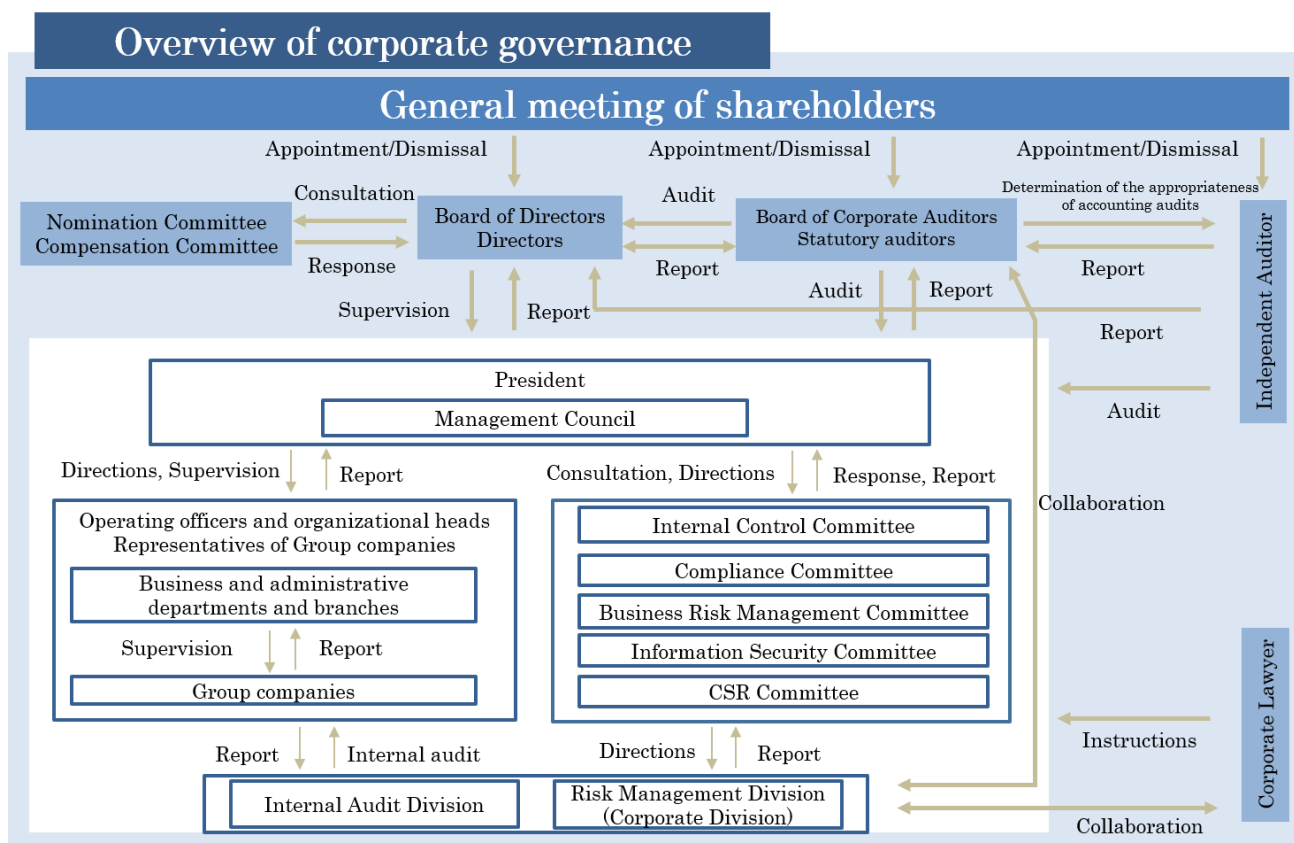
### 2. Other Matters Concerning to Corporate Governance System Update

#### Overview of Timely Disclosure System

The Group discloses important decisions and financial information in an appropriate manner at the time the resolution or decision is made by the Board of Directors or other decision maker. The Company also discloses information about material emerging facts promptly upon recognition of their emergence.

In addition, the Company actively discloses information judged to affect investors' investment decisions and strives to increase management transparency.

The Company's information disclosure procedures were registered with the TSE's Timely Disclosure network (TDnet) and then also posted on the Company's website.



• Timely disclosure system

