

## 4. Corporate Governance

### (1) Overview of Corporate Governance

#### (i) Basic Concept of Corporate Governance

The Company believes that building good relationships with all stakeholders of the Group such as shareholders, clients, associated companies and employees and winning their trust are essential for maximizing our corporate value. For this purpose, the Company regards strengthening corporate governance as one of our most important management issues. Based on this recognition, we endeavor to operate with a focus on transparency and soundness while improving management efficiency.

#### (ii) Overview of the Corporate Governance Structure and Reasons for Adopting That Structure

From the perspective of enhancing the oversight function of the Board of Directors, the Company has adopted a system of a company with a board of corporate auditors based on the judgment that combining the supervisory function of Outside Directors who make up a majority of the Board of Directors with the audit function of the Corporate Auditors, including Outside Corporate Auditors, effectively provides a monitoring function for overall management. In addition, to respond promptly to changes in the business environment surrounding the Group, the Company has adopted a corporate officer system to both accelerate management and to ensure corporate governance by enabling business to be performed in a flexible manner.

- Board of Directors

The Board of Directors meets each month and at other times as required to decide on important matters and supervise the performance of duties by the Directors and the Corporate Officers pursuant to laws, regulations, the Articles of Incorporation, the Board of Directors Regulations and other company regulations. Chaired by the Representative Director, President, CEO, the Board of Directors consists of the nine Directors listed in “(2) Officers, (i) List of Officers” including three Independent Outside Directors to strengthen its supervisory function. Three Corporate Auditors, including one Independent Officer, also attend meetings of the Board of Directors.

- Board of Corporate Auditors

Chaired by the Full-time Corporate Auditor, the Board of Corporate Auditors consists of the three Corporate Auditors (including two Outside Corporate Auditors, of which one is an Independent Officer) listed in “(2) Officers, (i) List of Officers” and meets each month and at other times as required to audit the performance of duties by the Directors. The Corporate Auditors grasp the Company's situation by attending meetings of the Board of Directors and through attendance of the Full-time Corporate Auditor at Executive Committee meetings and other important meetings, inspection of important documents and on-site audits of business sites around Japan. They also check the process of making important decisions and the status of business performance, audit the status of compliance with laws, regulations, the Articles of Incorporation and company regulations and the effectiveness of internal controls (status of response to possible risks) and appropriately provide the executive team with recommendations on areas for improvement. Moreover, Corporate Auditors receive quarterly review reports and year-end financial audit result reports from the Accounting Auditor, regularly cooperate with the Accounting Auditor and confirm the appropriateness of audits by the Accounting Auditor. The Board of Corporate Auditors holds quarterly liaison meetings with the Accounting Auditor and Internal Audit Department based on the three-party audit system for sharing information about risks and exchanging opinions, thereby working to improve audit quality.

- Nominating Committee and Remuneration Committee

The Nominating Committee is an advisory body to the Board of Directors. The committee makes reports on the standards for the appointment and dismissal of Directors and Corporate Auditors, and deliberates and determines the individual personnel plans for Directors, Representative Directors and Corporate Auditors based on the standards relating to the appointment and dismissal of Directors and Corporate Auditors and the election and dismissal of Representative Directors approved by the Board of Directors.

The Remuneration Committee deliberates and determines remuneration plans for individual Directors based on the Director Remuneration Rules and Officer Remuneration Standards in accordance with the Basic Policy for Officer Remuneration and remuneration resolutions at General Meetings of Shareholders by delegation from the Board of Directors.

We give below the names of the members and the chairs of the Nominating Committee and Remuneration Committee as of the date on which we submitted this securities report.

Nominating Committee	Shunsuke Noda, Representative Director, President, CEO (Chair) Hiroshi Kajiwara, Outside Director Ikuo Koshiro, Outside Director Nobuya Ishizaka, Independent Outside Director Aki Tsurumaki, Independent Outside Director Makiko Takahashi, Independent Outside Director Yoshiko Hayama, Independent Outside Corporate Auditor
Remuneration Committee	Shunsuke Noda, Representative Director, President, CEO (Chair) Hiroshi Kajiwara, Outside Director Ikuo Koshiro, Outside Director Nobuya Ishizaka, Independent Outside Director Aki Tsurumaki, Independent Outside Director Makiko Takahashi, Independent Outside Director Yoshiko Hayama, Independent Outside Corporate Auditor

- Sustainability Promotion Committee

The Sustainability Promotion Committee is an advisory body to the Board of Directors. Chaired by the Representative Director, President, CEO, the committee's members are the Director, Executive Vice President (in Charge of Personnel, Legal Affairs and Compliance); the Director, Corporate Officer SVP (in Charge of Corporate Planning and Business Strategies); the Corporate Officer SVP in Charge of Sustainability (CIO, CTO, CSO, CRO); the Corporate Officer in Charge of Finance and General Affairs (CFO); and the Full-time Corporate Auditor. It formulates the individual policies for the promotion of sustainability in the Group, considers issues and determines countermeasures.

- Risk Management Committee

The Risk Management Committee is an advisory body to the Board of Directors. Chaired by the Chief Risk Officer (CRO), the committee's members are the Representative Director, President, CEO; the Director, Executive Vice President (in Charge of Personnel, Legal Affairs and Compliance); the Director, Corporate Officer SVP (in Charge of Corporate Planning and Business Strategies); and the Corporate Officer in Charge of Finance and General Affairs (CFO). The committee formulates overall and individual policies for management risk management in the Group, conducts management risk assessments and formulates policies to respond to the top risks based on the results of those assessments.

- Corporate Officers

Corporate Officers perform business operations based on the authority delegated to them by the Directors with the scope resolved at meetings of the Board of Directors.

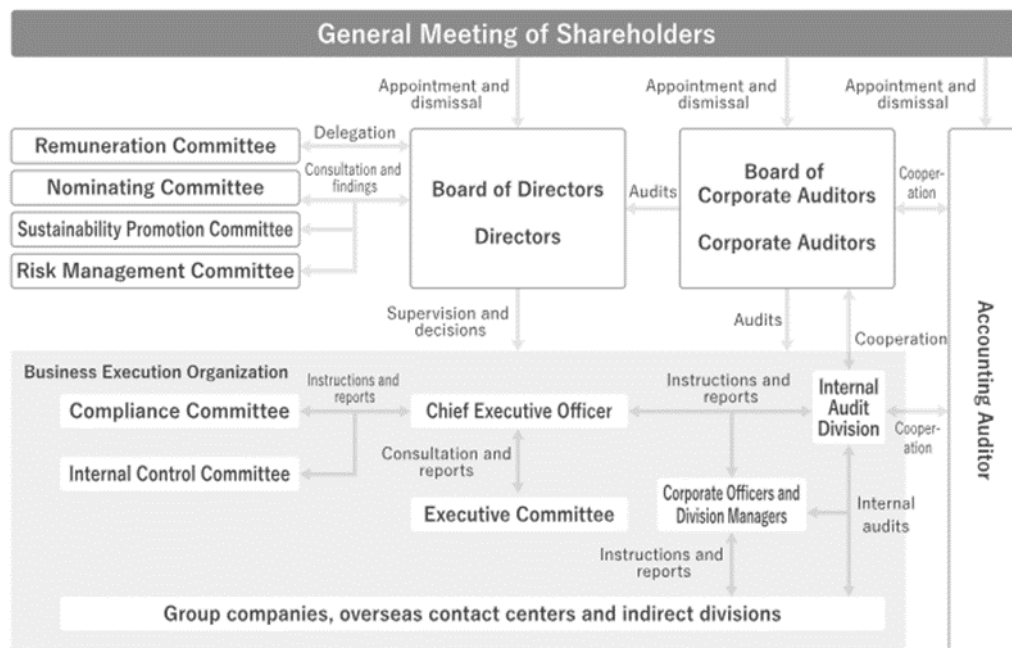
- Executive Committee

The Executive Committee consists of all the Corporate Officers including the President, CEO listed in "(2) Officers (i) List of Officers Note\*7." Under the chair of the President, CEO, this council meets once a week in principle with the attendance of the Full-time Corporate Auditor and others designated by the President, CEO. We have positioned the Executive Committee as an advisory body when the President, CEO is determining important matters within the range delegated to Corporate Officers as resolved upon by the Board of Directors. Together with this, it also functions effectively as a forum for information sharing and discussion among the Corporate Officers.

- Accounting Auditor

We have appointed PricewaterhouseCoopers Aarata LLC as our Accounting Auditor and have entered into an audit contract with the firm. Under this contract, we are properly audited in accordance with the auditing standards generally accepted as fair and just in Japan. The Corporate Auditors hold meetings with and receive reports from the Accounting Auditor on a periodic basis and as needed. At the same time, they work closely with the Accounting Auditor such as by exchanging opinions as appropriate.

We give below a schematic diagram showing our corporate governance structure development.



(iii) Other Matters Relating to Corporate Governance

a. Development of the Internal Controls System

We give below our basic policy for the development of a system to ensure that Directors conform with laws, regulations and the Articles of Incorporation in the performance of their duties and a system (internal controls system) to ensure the appropriateness of our other corporate operations.

(1) System Ensuring That Directors and Employees of BellSystem24 (the "Company") Conform with Laws, Regulations and the Articles of Incorporation of the Company in the Performance of Their Duties

- i. The Board of Directors makes important decisions pursuant to laws, regulations, the Articles of Incorporation, and company regulations and oversees the Directors' performance of their duties. The Board of Directors includes independent Outside Directors to strengthen its function of supervising the Directors' performance of their duties.
- ii. The Company has established the Code of BELLSYSTEM24 Group Conduct ("Code of Conduct") as the standard for basic activities all of the executives and employees of the Company and its subsidiaries should voluntarily practice and clearly states that it will comply with laws and regulations. Directors, Corporate Officers, and employees of the Company and its subsidiaries must abide by the Code of Conduct to thoroughly comply with laws and regulations.
- iii. The Company takes the following specific measures to act in good faith based on the ethics and values required as a member of society ("Compliance"), including compliance with laws, regulations, the Articles of Incorporation, company regulations, and social standards ("Laws, etc."):
  - (i) Directors and Corporate Officers take the initiative to ensure compliance with Laws, etc. pursuant to the Code of Conduct. The Company develops educational programs with a focus on Compliance and provides Directors, Corporate Officers, and employees with education and training to ensure that compliance with Laws, etc. becomes the foundation of all corporate activities.
  - (ii) The Company appoints a Chief Compliance Officer (CCO) as the general manager responsible for establishing and maintaining the compliance system of the Company and its subsidiaries. As the Chair of the Compliance Committee established to ensure the Company and its subsidiaries thoroughly operate the compliance system and follow its practices, the CCO works to instill the compliance system in the Company.
  - (iii) Directors and Corporate Officers have established the Corporate Ethics Hotline to be a point of contact for the whistleblowing system for the reporting of Compliance violations provided by the management divisions in the Company, attorneys outside the Company, and the Full-time Corporate Auditor independent of management and they inform all Directors, Corporate Officers, and employees of the Company and its subsidiaries of the system. In the operation of the whistleblowing system, Directors and Corporate Officers ensure that the anonymity of whistleblowers is guaranteed and that they are not treated disadvantageously.
  - (iv) The Audit Division conducts internal audits to determine whether the Company and its subsidiaries' performance of their duties is appropriate, efficient and conforms with Laws, etc. The division reports its results to Directors, the Chief Risk Officer (CRO) and Corporate Officers as necessary.

- (v) Upon discovering a Compliance-related issue that may seriously impact the Company or its subsidiaries through the whistleblowing system or an internal audit, Directors and Corporate Officers promptly establish measures to prevent recurrence and thoroughly communicate and implement these measures.
  - (vi) Pursuant to the Code of Conduct and the BELLSYSTEM24 Group Basic Rules for Measures Addressing Antisocial Forces, Directors, Corporate Officers, and employees have established an internal system to prevent any relationship whatsoever with antisocial forces and related groups, including business relationships, that may threaten the order and safety of civil society. They also resolutely refuse and respond to any and all demands that a relationship with an antisocial force be established or unjust demands made by antisocial forces.
  - (vii) Pursuant to the Code of Conduct and the Basic Policy for the Prevention of Bribery and Corruption, Directors, Corporate Officers and employees comply with anti-bribery laws and regulations in Japan and each other country and region where the Company does business. They perform business in a transparent and sincere manner without engaging in any unfair provision of advantages to public officials whether directly or indirectly.
- (2) System for Storing and Managing Information about the Directors' Performance of Their Duties
- The Corporate Planning Division appropriately stores and maintains the minutes of General Meetings of Shareholders, meetings of the Board of Directors, and other important meetings, round robins, and other information about Directors' performance of their duties pursuant to the Basic Information Management Rules and the Document Management Rules. The division verifies the status of document management and modifies the rules as necessary. Directors and Corporate Auditors are permitted to view these documents anytime and anywhere.
- (3) Rules and Other Systems for Managing the Risk of Loss
- i. The Company has built an enterprise risk management (ERM) system for the Company and its subsidiaries (hereinafter collectively referred to as "the Group") by establishing Risk Management Rules, and, under the leadership of the Risk Management Division comprehensively managing past, current and future risks associated with the Group executing its management strategies. The aim of this is to make sound management decisions and to thereby sustainably improve corporate value.
  - ii. The Company appoints a Chief Risk Officer (CRO) to be the person responsible for integrated risk management in the Group. The CRO holds and administers the Risk Management Committee as the person with overall responsibility for risk management on the second line of defense, and manages the risks of the Group on an integrated basis.
  - iii. The CRO conducts a management risk assessment every year to comprehensively grasp risks in management strategies and to take effective steps against those risks in advance. In those risk assessments, the CRO identifies and evaluates the top risks, formulates measures against them and then reports the results of those measures to the Board of Directors.
  - iv. The Company appoints a Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) to prevent the outflow and leakage of confidential information including personal information. Under their direction of the CISO and CPO, the Legal Affairs and Compliance Division leads the development of an information protection system and the implementation of activities to ensure permeation of the operation and maintenance of the system among the Directors, Corporate Officers, and employees.
  - v. The Company has established a Computer Security Incident Response Team (CSIRT). This is a specialist organization under the Chief Information Officer (CIO). We established it to be able to respond promptly in the event a cyber-attack results in an incident.
- (4) System for Ensuring Directors' Efficient Performance of Their Duties
- i. The Company has adopted a corporate officer system, under which the Directors' efficient performance of their duties is ensured by delegating the authority of Directors to perform their duties to the Corporate Officers.
  - ii. The Company ensures the Directors' efficient performance of their duties by defining the authorities of their jobs and the division of duties pursuant to the Job Authority Rules and the Rules for the Division of Duties.
  - iii. The Company has established the Round Robin Rules and Expense Expenditure Approval Rules to ensure the efficient performance of Corporate Officers and employees' duties.
  - iv. The Company simplifies the decision-making process by delegating job authorities and accelerates decision making while more important decisions are made through consultation or inquiries at meetings of the Board of Directors, the Executive Committee, the advisory body to the President & CEO, and other meetings attended by management to ensure that decisions are made more carefully, and that duties are performed appropriately and efficiently.

- (5) System for Ensuring the Appropriateness of the Operations of the Corporate Group Which Consists of the Company and Its Subsidiaries
- The Company has established its Internal Control Committee chaired by the Corporate Officer responsible for the Corporate Planning Division as an organization that examines issues concerning the internal controls systems of the Company and its subsidiaries (the "Group") and determines and implements measures to continuously improve and operate the internal controls system of the Group.
- i. System of Reporting Matters Concerning the Performance of Duties of Subsidiaries' Directors, Corporate Officers, and Others in Equivalent Positions ("Directors, etc.") and Employees
- The Company has established the Group Company Management Rules and requires that its subsidiaries obtain approval for or report important matters in the management of the subsidiary to the Company in order to build and maintain the governance system that is necessary for the Group while also respecting the autonomy of each subsidiary. The Company also receives reports from subsidiaries on a regular or irregular basis regarding the status of performance of duties by Directors, etc. and employees, business performance, financial conditions and other significant issues that seriously affect their business. Directors, etc. and employees of subsidiaries must immediately report to the Directors and Corporate Officers of the Company any fact that may seriously damage the company, misconduct or serious violations of laws, regulations and the Articles of Incorporation by a Director, etc., or employee. The Company develops appropriate systems, including the introduction of this policy in stages, for affiliates according to the purposes of its capital contribution, capital contribution ratios, and relationships with other shareholders while respecting the independence of the affiliates. For overseas affiliates, the Company comprehensively considers local laws and regulations, differences in business customs, and other matters.
- ii. Rules and Other Systems for Managing the Risk of Loss at Subsidiaries
- These are as in "(3) Rules and Other Systems for Managing the Risk of Loss" above.
- iii. System for Ensuring That Directors, etc. of Subsidiaries Efficiently Perform Their Duties
- Based on management guidance agreements signed between the Company and its subsidiaries, the Company controls and provides guidance on business administration by its subsidiaries particularly via its administrative divisions to increase the efficiency and improve the appropriateness of the performance of duties.
- iv. System for Ensuring That Subsidiaries' Directors, etc. and Employees' Performance of Their Duties Conforms with Laws, Regulations and the Articles of Incorporation
- (i) The Company explains its idea of legal compliance in the Code of Conduct and thoroughly communicates this to the Directors, etc. and employees of its subsidiaries to ensure the legal compliance of the Group.
- (ii) Specific measures to ensure the compliance of the Company are implemented also by subsidiaries to ensure the compliance of subsidiaries.
- (6) System for Ensuring the Reliability and Validity of Financial Reports
- The Company builds and maintains an internal controls system for its financial reports to submit effective and appropriate internal control reports pursuant to the Financial Instruments and Exchange Act for the purpose of ensuring the reliability and validity of its financial reports. The Company ensures its compliance with the Financial Instruments and Exchange Act and other applicable laws and regulations by continuously evaluating the effective functioning of this mechanism and correcting any inadequacy as necessary.
- (7) Matters Concerning Employees Assisting the Corporate Auditors in Their Duties
- One or more assistants are placed directly under the Corporate Auditors to assist them in the performance of their duties.
- (8) Matters Concerning the Independence of the Employees in (7) from Directors and Matters Concerning Ensuring the Effectiveness of the Instructions Given by the Corporate Auditors to Employees
- i. The appointment, change, and appraisal of the assistants in (7), and any disciplinary action impacting them must be discussed with and approved by the Corporate Auditors in advance.
- ii. Instructions given to the assistants in (7) will be given by the Corporate Auditors. The assistants must follow the instructions of the Corporate Auditors.
- iii. Directors, Corporate Officers, and employees must cooperate with the Corporate Auditors in the development of an audit environment to facilitate the operations of the assistants.

- (9) System for the Directors and Employees of the Company and Its Subsidiaries to Report to the Corporate Auditors
  - i. Directors and Corporate Officers of the Company and its subsidiaries must periodically report the status of the performance of their duties and any significant issues seriously affecting the Group's business to the Board of Directors and at important meetings attended by the Corporate Auditors. Decisions that may significantly impact the Company must be promptly reported to the Corporate Auditors.
  - ii. Directors, Corporate Officers, and employees of the Company and its subsidiaries must immediately report to the Corporate Auditors any fact that may seriously damage the company, misconduct or serious violations of laws, regulations or the Articles of Incorporation by a Director, Corporate Officer, or employee.
  - iii. A party that has received a report from a Director, Corporate Officer, or employee of a subsidiary must immediately report to the Corporate Auditors any significant issue that will seriously affect business, fact that may seriously damage the company, misconduct or serious violations of laws, regulations or the Articles of Incorporation by a Director, Corporate Officer, or employee.
  
- (10) System for Preventing the Party Submitting the Report in (9) from Being Unfairly Treated Because of the Report
  - i. The Company clearly states that a person who has submitted a report to a Corporate Auditor will not be disadvantageously treated because of the report and it thoroughly instructs Directors, Corporate Officers, and employees of the Company and its subsidiaries to protect any person who has submitted a report to a Corporate Auditor.
  - ii. The Corporate Auditors may demand that Directors and Corporate Officers explain a change, personnel appraisal, or disciplinary action impacting an employee who has submitted a report.
  
- (11) Matters Concerning Expenses Incurred by the Corporate Auditors in the Performance of Their Duties or Policy Regarding the Disposal of Liabilities
  - i. A budget planned by the Corporate Auditors is posted in each fiscal year to be appropriated for the payment of expenses incurred by the Corporate Auditors in the performance of their duties.
  - ii. Any expense not included in the budget in (i) that the Corporate Auditors demand the Company pay in connection with the performance of their duties is paid promptly if Corporate Auditors submit a claim for the advance payment of expenses or disposal of debts pursuant to Article 388 of the Companies Act unless the expense or debts in the claim are proven to have not been incurred in the Corporate Auditors' performance of their duties.
  
- (12) Other Systems for Ensuring the Effectiveness of the Audits Performed by Auditors
  - i. The Corporate Auditors may attend and voice opinions at important meetings of the Company and its subsidiaries if they deem it necessary. The Corporate Auditors may regularly exchange information with Directors, Corporate Officers, and employees of the Company and its subsidiaries or request reports at any time as necessary.
  - ii. Directors, Corporate Officers, and employees performing the duties of the Company and its subsidiaries shall promptly provide the Corporate Auditors with a report on the performance of their duties and the status of assets if it is requested by the Corporate Auditors. The Corporate Auditors interview Directors, Corporate Officers, and employees of the Company and its subsidiaries as necessary and are given the opportunities to view the information they require. If the Corporate Auditors are investigating the status of a subsidiary's performance of its duties or assets based on their right to investigate subsidiaries, the Directors, Corporate Officers, and employees of the subsidiary must promptly and appropriately cooperate with the investigation.
  - iii. The Corporate Auditors exchange information as appropriate with the Audit Division and other relevant divisions of the Company and its subsidiaries and may request reports as necessary.
  - iv. The Corporate Auditors cooperate closely with the Accounting Auditor and receive reports from the Accounting Auditor based on annual plans and other reports as necessary.
  - v. The Corporate Auditors may receive advice from lawyers, certified public accountants, and other external experts as necessary at the expense of the Company.
  - vi. Directors, Corporate Officers, and employees must cooperate to facilitate the effective audit activities of the Corporate Auditors based on the Regulations for the Board of Corporate Auditors and the Auditors Audit Standards established by the Board of Corporate Auditors.
  - vii. The Corporate Auditors hold regular meetings to strengthen the relationships with the Accounting Auditor and Audit Division in three-party audits.
  - viii. The Audit Division provides the Corporate Auditors with reports and information such as audit plans, audit results, and risk information to help increase the efficiency and effectiveness of audits.
  - ix. When the Corporate Auditors order or request an investigation to facilitate efficient audit activities, the Audit Division shall cooperate with the Corporate Auditors.

- x. The Corporate Auditors may request an advance report and voice their opinions on the appointment or dismissal of the head of the Audit Division and any disciplinary action against the head of Audit Division.

b. Overview of the Operation of the Structure to Ensure Appropriateness of Operations

We are striving to develop an internal controls system and to appropriately operate it. We give below an overview of the operation of that system.

(1) Compliance Structure

We have enacted the Code of BELLSYSTEM24 Group Conduct ("Code of Conduct"). We are continuing to provide compliance training through e-learning for all officers and employees group-wide so that Directors and employees perform their duties in compliance with the Code of Conduct and transmit an e-mail magazine to share serious compliance-related incidents in other companies to prevent similar incidents occurring in the Company. We continued to produce and horizontally deploy explanatory videos and provided remote training to further instill the Code of Conduct in the fiscal year ended February 28, 2023.

We have established a Compliance Committee chaired by the Chief Compliance Officer (CCO). The committee again met once a quarter in the fiscal year ended February 28, 2023. The Full-time Corporate Auditor also attends the meetings of the Compliance Committee. The committee aggregates and analyzes the compliance situation group-wide to grasp compliance issues. Upon that, it supervises and supports initiatives for continuous improvement such as by formulating measures against those issues and giving instructions on them.

We conducted activities on a continuous basis to raise awareness of the importance of personal information protection in the fiscal year ended February 28, 2023 to respond to the Act on the Protection of Personal Information revised on April 1, 2022. We internally deployed a video of the revised points and Q&As. Moreover, we revised the BELLSYSTEM24 Group Whistleblower System Operation Rules to respond to the Whistleblower Protection Act revised on June 1, 2022. We have further strengthened protection for whistleblowers. For example, we have clarified the duty of confidentiality for those engaged in operations to deal with whistleblowers. Through these efforts, in addition to the protection in law for whistleblowers, we are providing protection based on these rules for the Group. That protects whistleblower from acts of retaliation.

The Audit Division audits the Company and its subsidiaries in regards to compliance including information security in addition to matters relating to the Code of Conduct. The division reports the results of those audits to Directors, Corporate Officers and the Full-time Corporate Auditor.

We do not engage in transactions with anti-social forces. We state terms for the exclusion of anti-social forces in contracts when entering into transactions. In addition, we check associated companies based on the BELLSYSTEM24 Group Basic Regulations for Countermeasures Against Anti-social Forces. We also cooperate with related organizations such as the Tokyo Metropolitan Police Department's Tokyo Center for Removal of Criminal Organizations and the Special Violence Prevention Measures Association (Tokubouren) to which we belong.

(2) Storage and Management of Information

We appropriately store and manage information relating to the performance of duties by Directors within the stipulated period based on laws, regulations and company regulations such as the Document Management Rules. At the same time, we ensure this information can be viewed by Directors and Corporate Auditors at any time.

(3) Risk Management

This is as stated in "2: Business, 2. Business Risks."

(4) Ensuring Efficiency in Performance of Duties

We have adopted a corporate officer system. Under this system, we delegate the authority of Directors to perform their duties to the Corporate Officers excluding matters to be decided by the Board of Directors. In particular, we decide important management matters through deliberation and consideration in the Executive Committee held once a week in principle comprised of Corporate Officers and also attended by the Full-time Corporate Auditor. That allows us to ensure appropriateness in decision-making while making flexible decisions and ensuring efficiency in performance of duties.

(5) Group Company Management

We approve, or receive reports on, important management matters in group companies based on the Group Company Management Rules. In addition, we set up opportunities to receive reports on the management in our group companies on a periodic basis. We manage and supervise the management of group companies through those activities. That ensures the efficiency and effectiveness of our group management.

Moreover, our Corporate Auditors held Corporate Auditor Liaison Meetings with the Corporate Auditors in our group companies twice a year in the fiscal year ended February 28, 2023. Together with that, they worked in close cooperation by holding meetings as necessary to receive reports and exchange opinions as appropriate.

The Internal Control Committee met four times during the fiscal year ended February 28, 2023. This committee is an organization which considers issues in the Group's internal controls system and then determines and promotes measures against them. It discussed and examined issues in the Group's internal controls system during the fiscal year ended February 28, 2023.

(6) Ensuring the Reliability of Financial Reports

We formulate annual fiscal plans on the development and evaluation of internal controls based on the Internal Controls Rules for Financial Reports to ensure the reliability and appropriateness of our financial reports. Upon that, the Audit Division conducts an independent evaluation on the maintenance and operation of internal controls in close cooperation with the Accounting Auditor. It then reports the effectiveness of the internal controls to the Board of Directors.

(7) Audits by Corporate Auditors

This is as stated in "4: Information about Reporting Company, 4. Corporate Governance, (3) Audits, (i) Auditor Audits."

c. Overview of the Details of Contracts for Limitation of Liability

We enter into contracts for limitation of liability for the damages in Article 423, Paragraph 1 of the Companies Act based on the provisions in Article 427, Paragraph 1 of that act with Directors (excluding those who are executive directors) and Outside Corporate Auditors. The limit of liability for damages based on this contract is the amount stipulated in laws and regulations for both Directors (excluding those who are executive directors) and Outside Corporate Auditors. These contracts for limitation of liability are only permitted when there are good intentions and no gross negligence in the performance of duties resulting in liability by those Directors (excluding those who are executive directors) and Outside Corporate Auditors.

d. Number of Directors

We stipulate in the Articles of Incorporation that the Company shall have no more than 15 Directors.

e. Requirements for a Resolution to Elect a Director

We stipulate in the Articles of Incorporation that resolutions to elect a Director shall be passed when shareholders with at least one third of the voting rights of shareholders who can exercise voting rights are in attendance at the General Meeting of Shareholders and when a majority of those voting rights are in favor of that resolution. Moreover, we stipulate in the Articles of Incorporation that cumulative voting shall not be used for resolutions to elect a Director.

f. Requirements for a Special Resolution at a General Meeting of Shareholders

We stipulate in the Articles of Incorporation that the requirements for a special resolution at a General Meeting of Shareholders stipulated in Article 309, Paragraph 2 of the Companies Act shall be the attendance of shareholders with at least one third of the voting rights of shareholders who can exercise voting rights with at least two thirds of those voting rights being cast in favor of the said resolution. The purpose of this is the smooth operation of General Meetings of Shareholders by easing the quorum for special resolutions at those meetings.

g. Exemption of Liability for Directors and Corporate Auditors

We stipulate in the Articles of Incorporation that we may exempt Directors (including former Directors) and Corporate Auditors (including former Corporate Auditors) from liability for damages due to negligence of duties with a resolution by the Board of Directors within the limits of laws and regulations pursuant to the provisions in Article 426, Paragraph 1 of the Companies Act. This is to enable those Directors and Corporate Auditors to appropriately perform their duties without fear and to be able to fully demonstrate the roles expected of them by eliminating their anxieties about liability for damages.



In addition, we stipulate in the Article of Incorporation that we may enter into a contract with Directors (excluding those who are executive directors) and Outside Corporate Auditors to limit their liability for damages due to negligence of duties within the limits of laws and regulations pursuant to the provisions in Article 427, Paragraph 1 of the Companies Act.

h. Organizational Decisions on Dividends of Surplus

We stipulate in the Articles of Incorporation that we may pay an interim dividend with a record date of August 31 every year with a resolution by the Board of Directors pursuant to the provisions in Article 454, Paragraph 5 of the Companies Act to flexibly return profits to our shareholders.

i. Acquisition of Our Own Shares

We stipulate in the Articles of Incorporation that we may acquire our own shares with a resolution by the Board of Directors pursuant to the provisions in Article 165, Paragraph 2 of the Companies Act to enable flexible implementation of various management measures such as financial policies in regards to the acquisition of our own shares.

(2) Officers

(i) List of Officers

Nine men and three women (ratio of female officers: 25.0%)

Position	Name	Date of Birth	Career Summary	Term of Office	Number of Shares Held
Representative Director, President, CEO	Shunsuke Noda	May 7, 1962	<p>April 1987 November 2000</p> <p>April 2006</p> <p>June 2008</p> <p>April 2012</p> <p>April 2015</p> <p>September 2015</p> <p>April 2017</p> <p>April 2018</p> <p>April 2019</p> <p>May 2020</p> <p>May 2020</p> <p>Joined ITOCHU Corporation Director, Internet Start-up Business Development Unit, ICT Division, ITOCHU Corporation General Manager, Business Solution Department, ITOCHU Corporation Representative Director and President, Excite Japan Co., Ltd. Chief Operating Officer, ICT, Insurance &amp; Logistics Division, ITOCHU Corporation Chief Operating Officer, ICT Division, ITOCHU Corporation Director, the Company Executive Officer, General Manager, Corporate Planning &amp; Administration Division, ITOCHU Corporation Executive Officer, CSO, General Manager, CP &amp; CITIC Business Development Department, ITOCHU Corporation Managing Executive Officer, CDO, CIO, ITOCHU Corporation Representative Director, President, CEO, the Company (current position) Representative Director, President, CEO, BELLSYSTEM24, Inc. (current position)</p>	*3	7,100
Director, Executive Vice President	Noriyuki Hayata	January 27, 1959	<p>April 1981 March 2004</p> <p>April 2009</p> <p>April 2013</p> <p>April 2015</p> <p>April 2015</p> <p>May 2015</p> <p>September 2015</p> <p>March 2017</p> <p>May 2017</p> <p>May 2021</p> <p>May 2021</p> <p>Joined ITOCHU Corporation Seconded to Yellow Hat (Shanghai) Consulting Ltd. as Director and General Manager General Manager, Planning and Administration Department, Machinery Company, ITOCHU Corporation Executive Officer, General Manager, Secretariat, ITOCHU Corporation Director and Corporate Officer SVP, former BELLSYSTEM24 Holdings, Inc.(2) Director, Bell Medical Solutions, Inc. (currently BELLSYSTEM24, Inc.) Representative Director and President, Bell Medical Solutions, Inc. Director, Corporate Officer SVP, the Company Director, Corporate Officer EVP, the Company Corporate Officer EVP, BELLSYSTEM24, Inc. Director, Executive Vice President, the Company (current position) Executive Vice President, BELLSYSTEM24, Inc. (current position)</p>	*3	17,600
Director, Corporate Officer SVP	Toyohisa Tsuji	April 11, 1964	<p>April 1989 November 2005</p> <p>January 2006</p> <p>April 2009</p> <p>October 2014</p> <p>October 2014</p> <p>March 2015</p> <p>September 2015</p> <p>December 2019</p> <p>May 2020</p> <p>March 2021</p> <p>March 2021</p> <p>Joined ITOCHU Corporation Seconded to arukikata.com Co., Ltd. (currently GIO CLUB Co., Ltd.) as Representative Director Seconded to Chikyuno Arukikata T&amp;E Co., Ltd. (currently GIO CLUB Co., Ltd.) as Representative Director and Executive Vice President Seconded to ITOCHU Electronics Corporation (currently ITOCHU Interactive Corporation) as Representative Director and President Corporate Officer, former BELLSYSTEM24 Holdings, Inc.(1) Corporate Officer, BELLSYSTEM24, Inc. Corporate Officer, former BELLSYSTEM24 Holdings, Inc.(2) Corporate Officer, the Company Director, True Touch Co., Ltd. Director, Corporate Officer, the Company Director, Corporate Officer SVP, the Company (current position) Corporate Officer EVP, BELLSYSTEM24, Inc. (current position)</p>	*3	3,600

Position	Name	Date of Birth	Career Summary	Term of Office	Number of Shares Held	
Director, Corporate Officer SVP	Takehiko Go	April 1, 1971	<p>April 1994 April 1997 March 2005</p> <p>March 2008 March 2009 March 2010 March 2012 March 2012</p> <p>March 2014 May 2016</p> <p>July 2017 May 2020 March 2022 May 2022</p>	<p>Joined Osaka Chuo Seika Co., Ltd. Joined the former BELLSYSTEM24, Inc. Seconded to BB Call, Inc. (currently BELLSYSTEM24, Inc.)</p> <p>Corporate Officer, BB Call, Inc. Director, BB Call, Inc. Managing Director, BB Call, Inc. Corporate Officer, former BELLSYSTEM24, Inc. Representative Director and President, BB Call, Inc. (currently BELLSYSTEM24, Inc.)</p> <p>Corporate Officer SVP, COO, BELLSYSTEM24, Inc. Corporate Officer EVP, BELLSYSTEM24, Inc. (current position)</p> <p>Director, CTC First Contact Corporation Director, TB Next Communications Co., Ltd. Director, Horizon One Inc. (current position) Director, Corporate Officer SVP, the Company (current position)</p>	*3	2,400
Director	Hiroshi Kajiwara	December 23, 1966	<p>April 1990 July 2010 June 2012</p> <p>April 2013</p> <p>March 2015 April 2015</p> <p>April 2016</p> <p>April 2017</p> <p>April 2020</p> <p>June 2020</p> <p>April 2021</p> <p>May 2023</p>	<p>Joined ITOCHU Corporation Outside Director, ITOCHU Cable Systems Corp. Outside Director, SPACE SHOWER NETWORKS INC. (current position)</p> <p>Deputy General Manager, Communication &amp; Mobile Business Department, ITOCHU Corporation Outside Director, Asurion Japan K.K. General Manager, Communication &amp; Mobile Business Department, ITOCHU Corporation</p> <p>Representative Director, ITOCHU Fuji Partners, Inc. (current position) Deputy Chief Operating Officer, ICT Division, ITOCHU Corporation</p> <p>Chief Operating Officer, ICT Division, ITOCHU Corporation Director, ITOCHU Techno-Solutions Corporation (current position) Executive Officer, Chief Operating Officer, ICT Division, ITOCHU Corporation (current position) Director, the Company (current position)</p>	*1 and 3	-
Director	Ikuo Koshiro	February 8, 1964	<p>April 1986 April 1991 April 2012</p> <p>April 2016</p> <p>April 2018 April 2020 April 2022</p> <p>April 2023</p> <p>May 2023</p>	<p>Joined Caterpillar Mitsubishi Ltd. Joined Toppan Inc. General Manager, Business Innovation Department, Information &amp; Communication Division, Toppan Inc. Senior General Manager, Marketing Division, Toppan Inc.</p> <p>Head of Toppan Idea Center, Toppan Inc. General Manager, Marketing Sub-division, Toppan Inc. Executive Officer, General Manager, Marketing Sub-division, Toppan Inc. Executive Officer, Head of Frontier Business Development Center, Toppan Inc. (current position) Director, the Company (current position)</p>	*1 and 3	-
Director	Nobuya Ishizaka	December 10, 1966	<p>April 1990 May 2000</p> <p>June 2012</p> <p>August 2013 September 2014</p> <p>April 2015 May 2015 September 2015 April 2016 November 2016</p> <p>April 2017</p> <p>November 2017</p> <p>July 2018</p> <p>March 2021</p>	<p>Joined Mitsubishi Corporation Established Golf Digest Online Inc. as President and Representative Director (current position) Representative Director and President, Insight Co., Ltd. Director, Venture Republic Inc. President and Representative Director, GDO GolfTEC Co., Ltd. (currently Golf Digest Online Inc.) Director, Insight Co., Ltd. Director, former BELLSYSTEM24 Holdings, Inc.(2) Director, the Company (current position) Director, GolfTEC Enterprises, LLC (USA) President and Representative Director, KIDS GOLF Inc. President and Representative Director, GDO Sports, Inc. (USA) (current position) Representative Director, Japan Speedgolf Association (current position) Chairman and Director, GolfTEC Enterprises, LLC (USA) (current position) Director, GDO GolfTEC Co., Ltd. (currently Golf Digest Online Inc.)</p>	*1 and 3	-
Director	Aki Tsurumaki	November 17, 1968	<p>April 1993 October 1994 April 1995 April 1997 September 2002</p> <p>June 2012</p> <p>May 2016</p>	<p>Joined Tokyo Metropolitan Government Passed bar examination Joined Legal Training and Research Institute of Japan Registered as an attorney (Tokyo Bar Association) Co-Representative, Kamijo &amp; Tsurumaki Law Office (current position) Outside Corporate Auditor, Ichikoh Industries, Ltd. (current position) Director, the Company (current position)</p>	*1 and 3	-

Position	Name	Date of Birth	Career Summary	Term of Office	Number of Shares Held
Director	Makiko Takahashi	May 12, 1967	<p>April 1993 January 2004 September 2006 April 2010 September 2010 July 2014 May 2017 March 2021</p> <p>Joined Kanagawa Academy of Science and Technology Project Associate Professor, Intellectual Property and Technology Transfer, Office of Industry Liaison, Tokyo Institute of Technology Project Associate Professor, Center for Research Strategy and Support, Tohoku University Research Strategy Planning Member, Committee for Research Strategy, Institute of Physical and Chemical Research (currently RIKEN) Doctor (Engineering), School of Engineering, Tohoku University Professor, Graduate School of Innovation Management, Kanazawa Institute of Technology (current position) Director, the Company (current position) Outside Director, Golf Digest Online Inc. (current position)</p>	*1 and 3	-
Full-time Corporate Auditor	Satoko Hamaguchi	August 8, 1960	<p>April 1983 May 1984 September 1986 August 2003 March 2005 March 2009 March 2010 March 2011 October 2013 March 2014 March 2014 March 2015 September 2015 November 2021</p> <p>Joined Takarazuka Enterprise Co., Ltd. (currently Resorttrust, Inc.) Joined GLOBAL JAPAN. CO., LTD. Joined the former BELLSYSTEM24, Inc.(1) Corporate Officer, former BELLSYSTEM24, Inc. Corporate Officer SVP, former BELLSYSTEM24, Inc. Corporate Officer SVP, former BELLSYSTEM24, Inc. Corporate Officer EVP, former BELLSYSTEM24, Inc. Representative Director and President, BellSoleil, Inc. Corporate Officer, former BELLSYSTEM24, Inc.(3) Corporate Officer, BELLSYSTEM 24, Inc. Director, former BELLSYSTEM24 Holdings, Inc.(1) Corporate Auditor, former BELLSYSTEM24 Holdings, Inc.(2) Full-time Corporate Auditor, the Company (current position) Auditor, Japan Audit &amp; Supervisory Board Members Association (current position)</p>	*4	600
Corporate Auditor	Yoshiko Hayama	October 7, 1959	<p>April 1983 September 1984 October 1990 March 1994 January 2007 January 2015 June 2015 May 2016 August 2016 June 2017 May 2018 June 2020 May 2023</p> <p>Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.) Joined Surugadai Academy Joined Tohmatsu &amp; Co. (currently Deloitte Touche Tohmatsu LLC) Certified Public Accountant, Tohmatsu &amp; Co. Joined Ernst &amp; Young ShinNihon (currently Ernst &amp; Young ShinNihon LLC) as a Certified Public Accountant Representative, Yoshiko Hayama Certified Public Accountant Office (current position) Outside Audit &amp; Supervisory Board Member, COCO'S JAPAN CO., LTD. Outside Director, Sugi Holdings Co., Ltd. (current position) Senior Researcher, The Japanese Institute of Certified Public Accountants (current position) Outside Director, COCO'S JAPAN CO., LTD. Outside Audit &amp; Supervisory Board Member, Adastria Co., Ltd. (current position) Outside Director, Zensho Holdings Co., Ltd. (current position) Corporate Auditor, the Company (current position)</p>	*4	-
Corporate Auditor	Kenichiro Soma	November 7, 1966	<p>April 1989 May 2012 May 2016 May 2018 June 2020 June 2020 June 2020 June 2020 May 2022 April 2023 April 2023 May 2023</p> <p>Joined ITOCHU Corporation General Manager, Structured Finance Department, Finance Division, ITOCHU Corporation Deputy General Manager, Finance Division, ITOCHU Corporation Assistant General Manager, Asia &amp; Oceania Bloc and in Charge of Business Management (residing in Singapore), ITOCHU Corporation CFO, Food Company, ITOCHU Corporation Director, TAPEI FINANCIAL CENTER CORP Commissioner, PT. ANEKA TUNA INDONESIA Outside Auditor, Dole International Holdings Outside Corporate Auditor, Prima Meat Packers, Ltd. (current position) Outside Corporate Auditor, NIPPON ACCESS INC. CFO, ICT &amp; Financial Business Company, ITOCHU Corporation (current position) Outside Corporate Auditor, POCKET CARD CO., LTD. (current position) Corporate Auditor, the Company (current position)</p>	*4	-
Total					31,300

Notes:

1. Mr. Hiroshi Kajiwara, Mr. Ikuo Koshiro, Mr. Nobuya Ishizaka, Mr. Aki Tsurumaki and Ms. Makiko Takahashi are Outside Directors as stipulated in Article 2, (xv) of the Companies Act.
2. Ms. Yoshiko Hayama and Mr. Kenichiro Soma are Outside Corporate Auditors as stipulated in Article 2, (xvi) of the Companies Act.
3. The term of office of the Directors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended February 28, 2023 to the end of the Ordinary General Meeting of Shareholders for the fiscal year ending February 29, 2024.
4. The term of office of the Corporate Auditors is from the end of the Ordinary General Meeting of Shareholders for the fiscal year ended February 28, 2023 to the end of the Ordinary General Meeting of Shareholders for the fiscal year ending February 28, 2027.
5. We give the number of shares held as of the end of the fiscal year ended February 28, 2023.
6. We have elected a substitute Corporate Auditor as stipulated in Article 329, Paragraph (3) of the Companies Act in preparation for a shortfall in the number of Corporate Auditors as provided for in laws and regulations. The career summary of the substitute Corporate Auditor is as below. The term of office of the substitute Corporate Auditor is from when appointed to the expiration of the term of office of the Corporate Auditor who retired.

Name	Date of Birth	Career Summary	Number of Shares Held
Michiharu Matsuda	February 14, 1961	April 1983      Joined Japan Finance Corporation for Small and Medium Enterprise (currently Japan Finance Corporation) October 2010    Office Manager, Saitama Office, Deloitte Touche Tohmatsu LLC September 2017   Established Matsuda Certified Public Accountants Office (current position) November 2017   Director, MANI, INC. (current position) November 2018   Director, Member of the Audit & Supervisory Committee, Saizeriya Co., Ltd. (current position) June 2019        Auditor, Open Door Inc. (current position)	-

7. We have adopted a corporate officer system. The names and responsibilities of our Corporate Officers are as below.

Position	Name	Responsibilities
Representative Director, President, CEO	Shunsuke Noda	Company-wide oversight as President, CEO and general group management
Executive Vice President	Noriyuki Hayata	Human resource development, and legal affairs and compliance
Corporate Officer SVP	Toyohisa Tsuji	Corporate planning and business strategies, PR and IR, solution promotion, and subsidiary business oversight
Corporate Officer SVP	Takehiko Go	Operational oversight
Corporate Officer SVP, CIO, CTO, CSO, CRO	Shinsuke Kageyama	Sustainability promotion, information systems and risk management
Corporate Officer, CFO	Masaaki Obayashi	Financial affairs oversight, and general affairs and business management

(ii) Outside Officer Situation

We have five Outside Directors.

Mr. Hiroshi Kajiwara, Outside Director, has business experience in the information and communications field at a trading company. Together with that, as a representative director of other companies in the same field, he has accumulated a wealth of experience and knowledge such as by participating in management decision-making. Therefore, we expect him to supervise the Board of Directors and to offer useful advice for the management of the Company from a professional point of view. He currently serves as the Chief Operating Officer, ICT Division of ITOCHU Corporation, which holds 40.73% of the Company's total number of issued shares, Outside Director of SPACE SHOWER NETWORKS INC., Representative Director of ITOCHU Fuji Partners, Inc. and Director of ITOCHU Techno-Solutions Corporation. We have a business relationship such as by providing services with ITOCHU Corporation. However, that is routine business and Mr. Kajiwara has no personal interests in it. There is no personal relationship, capital relationship or other interests between the Company and Mr. Kajiwara.

Mr. Ikuo Koshiro, Outside Director, has accumulated a wealth of experience and knowledge in the field of information communications, especially in the fields of marketing and new business development, at a printing company. Therefore, we expect him to offer useful advice for the supervision of the Board of Directors and the management of the Company from a professional point of view. He currently serves as the Executive Officer, Head of Frontier Business Development Center of Toppan Inc., which owns 14.33% of the Company's total number of issued shares. We have a business relationship such as by providing services with Toppan Inc. However, that is routine business and Mr. Koshiro has no personal interests in it. There is no personal relationship, capital relationship or other interests between the Company and Mr. Koshiro.

Mr. Nobuya Ishizaka, Outside Director, is expected to act on the basis of protecting the interests of general shareholders as an independent officer. He has broad experience at a trading company and has also accumulated a wealth of experience and knowledge as a representative director of a listed company. Based on that, we expect him to offer useful advice from an objective point of view. Mr. Ishizaka attended 14 out of the 16 Board of Directors' meetings held in the fiscal year ended February 28, 2023. He offered advice based on his experience and knowledge as appropriate. He currently serves as Director of Golf Digest Online Inc., President and Representative Director of GDO Sports, Inc., Representative Director of Japan Speedgolf Association, and Chairman and Director of GolfTEC Enterprises, LLC. There is no personal relationship, capital relationship or other interests between the Company and those organizations or Mr. Ishizaka.

Mr. Aki Tsurumaki, Outside Director, is expected to act on the basis of protecting the interests of general shareholders as an independent officer. He also utilizes his experience and insight as an attorney to contribute to the Board of Directors' efforts on governance. Therefore, we expect him to continue offering useful advice for promoting compliance management of the Company from an objective point of view. Mr. Tsurumaki attended all 16 of the Board of Directors' meetings held in the fiscal year ended February 28, 2023. He offered advice based on his knowledge, experience and insight as appropriate. He currently serves as Co-Representative of Kamijo & Tsurumaki Law Office and Outside Corporate Auditor of Ichikoh Industries, Ltd. There is no personal relationship, capital relationship or other interests between the Company and those organizations or Mr. Tsurumaki.

Ms. Makiko Takahashi, Outside Director, is expected to act on the basis of protecting the interests of general shareholders as an independent officer. She has advanced expertise in knowledge creation through collaboration between industry and academia, as well as in research and development projects, technology transfer, and strategic management of intellectual property. She also has a wealth of experience in joint research with private companies and government institutions. Based on that, we expect her to offer useful advice from an objective point of view. Ms. Takahashi attended all 16 of the Board of Directors' meetings held in the fiscal year ended February 28, 2023. She offered advice based on her knowledge and experience as appropriate. She currently serves as Professor at the Graduate School of Innovation Management in Kanazawa Institute of Technology and Outside Director of Golf Digest Online Inc. There is no personal relationship, capital relationship or other interests between the Company and those organizations or Ms. Takahashi.

We have two Outside Corporate Auditors.

As a certified public accountant, Ms. Yoshiko Hayama, Outside Corporate Auditor, has knowledge in the fields of finance and accounting. She is capable of ensuring the appropriateness of auditing in these fields, which play a critical role in auditing. Moreover, she has experience serving as director and corporate auditor at multiple companies including listed companies. Therefore, we expect her to apply her knowledge and experience to the Company's auditing activities. She currently serves as Representative of Yoshiko Hayama Certified Public Accountant Office, Outside Director of Sugi Holdings Co., Ltd., Senior Researcher at The Japanese Institute of Certified Public Accountants, Outside Audit & Supervisory Board Member of Adastria Co.,

Ltd., and Outside Director of Zensho Holdings Co., Ltd. There is no personal relationship, capital relationship or other interests between the Company and those organizations or Ms. Hayama.

Mr. Kenichiro Soma, Outside Corporate Auditor, has been involved in the finance department of a trading company for many years. He has a wealth of knowledge in the field from inside and outside of Japan. He has also served as outside corporate auditor at multiple companies including listed companies. Therefore, we expect him to apply his knowledge and experience to the Company's auditing activities. He currently serves as CFO of the ICT & Financial Business Company at ITOCHU Corporation, which holds 40.73% of the Company's total number of issued shares, Outside Corporate Auditor of Prima Meat Packers, Ltd., and Outside Corporate Auditor of POCKET CARD CO., LTD. We have a business relationship such as by providing services with those companies. However, that is routine business and Mr. Soma has no personal interests in it. There is no personal relationship, capital relationship or other interests between the Company and those companies or Mr. Soma.

We have established standards for independence from the Company for nominating Outside Directors and Outside Corporate Auditors. We place emphasis on ensuring independence when nominating Outside Directors and Outside Corporate Auditors with reference to the requirements for independent officers as stipulated by the Tokyo Stock Exchange, Inc. (independence criteria as stipulated in 2 in III 5. (3) in the Guidelines for Listing Management of the Tokyo Stock Exchange, Inc.) and the Company's Independence Standards. We give below the details of the Company's Independence Standards.

Independence Standards for Outside Officers

<p>BELLSYSTEM24 Holdings, Inc. (the "Company") defines the following standards for determining that Outside Directors and Outside Corporate Auditors have independence (the "Independence Standards") and designates as independent officers stipulated by Tokyo Stock Exchange, Inc. those who do not fall under any of the Independence Standards.</p> <p>(1) A person (or its person performing an executive role) whose major customers*1 include the BELLSYSTEM24 Group (the "Group")*2  *1: Meaning cases in which sales between the counterparty and the Group exceed 2% of the consolidated net sales of the counterparty for the most recent business year  *2: Meaning the Company and its subsidiaries and affiliated companies</p> <p>(2) A counterparty (or its person performing an executive role) who is a major customer* of the Group  * Meaning cases in which sales between the counterparty and the Group exceed 2% of the consolidated revenue of the Group for the most recent business year</p> <p>(3) A consultant, accountant or lawyer who receives a large amount of monetary compensation or other property*, other than officer's remuneration, from the Group (if the person who receives the said property is a legal entity, association or other organizations, this means a person who belongs to the said organization)  * Meaning cases in which the payment amount for the most recent business year of the Group exceeds the following amounts</p> <ul style="list-style-type: none"> <li>• In the case of a legal entity, association or other organizations, the higher of 10 million yen and 2% of the annual sales (total revenue) of the said organization</li> <li>• In cases other than the above, 10 million yen</li> </ul> <p>(4) A person who receives a large amount of donation* from the Group (if the person who receives the said donation is a legal entity, association or other organizations, this means a person who belongs to the said organization)  * Meaning cases in which the total amount of donation from the Group exceeds 10 million yen for the most recent business year</p>	<p>(5) A major lender* (or its person performing an executive role) for the Group  * Meaning a person within the top three persons who are funding sources of the Group for the most recent business year</p> <p>(6) A major shareholder* (or its person performing an executive role) of the Company  * Meaning a person holding 10% or more of the Company's stock directly or indirectly</p> <p>(7) A person performing an executive role at a company whose major shareholder* is the Company  * Meaning cases in which the Company directly or indirectly owns 10% or more of the said company's stock</p> <p>(8) A person performing an executive role at an auditing corporation that serves as an accounting auditor of the Group</p> <p>(9) A person who fell under any of (1) to (8) above in the last 3 years</p> <p>(10) A close relative* of a person falling under any of the following (limited to an important person)</p> <ul style="list-style-type: none"> <li>(i) A person falling under any of (1) to (9) above</li> <li>(ii) A person performing an executive role at a subsidiary of the Company (including Non-Executive Directors or an accounting advisor in cases in which Outside Corporate Auditors are designated as independent officers)</li> <li>(iii) A person who was performing an executive role at a subsidiary of the Company (including Non-Executive Directors or an accounting advisor in cases in which Outside Corporate Auditors are designated as independent officers) for the past 3 years</li> <li>(iv) A person who was performing an executive role at the Company (including Non-Executive Directors in cases in which Outside Corporate Auditors are designated as independent officers) for the past 3 years</li> </ul> <p>* Meaning spouse and relatives within the second degree of relationship</p>
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End

(ii) Mutual Cooperation between Supervision or Audits by Outside Directors or Outside Corporate Auditors and Internal Audits, Auditor Audits and Accounting Audits, and the Relationship with the Internal Control Departments

Outside Directors and Outside Corporate Auditors receive reports on the development and operation of internal controls systems, the compliance situation and the risk management structure and then express their opinions as appropriate by attending Board of Directors' meetings.

In addition to that, Outside Corporate Auditors receive reports on the progress and results of auditor audits, internal audits and accounting audits from the Full-time Corporate Auditor, the Audit Division and the Accounting Auditor and then express opinions as appropriate from a broad perspective based on a professional viewpoint by attending Board of Corporate Auditors' meetings. Furthermore, they periodically receive reports from internal control departments and then exchange opinions with them on issues in internal controls.

Moreover, Outside Directors and Corporate Auditors periodically meet to share information and exchange opinions on the supervisory functions of the Board of Directors and the risk management structure.



(3) Audits

(i) Auditor Audits

a. Organization, Personnel and Procedures

The Company's Board of Corporate Auditors has stipulated the following as the criteria for it to agree to the nomination of Corporate Auditors: Candidates must have the appropriate experience and abilities as a Corporate Auditor and the required understanding of finance, accounting and legal affairs. In addition, at least one Corporate Auditor must have sufficient knowledge of finance and accounting. Furthermore, we also stipulate the nomination of those from within the Company who have operational experience and who are familiar with our business for a certain period of time in the Company due to necessity of advanced internal information collection.

The Company is a company with a board of corporate auditors. We have three Corporate Auditors: one Full-time Corporate Auditor and two Outside (Part-time) Corporate Auditors (one of whom is an independent officer). Furthermore, we station one dedicated member of staff with the appropriate abilities and experience to help the Corporate Auditors perform their duties. That member of staff supports the Corporate Auditors to perform their duties and serves as the secretariat of the Board of Corporate Auditors. The Board of Corporate Auditors grants this member of the Corporate Auditors staff with the appropriate investigation and information collection authorities. In addition, the Full-time Corporate Auditor directly gives instructions and orders and evaluates the performance of this member of the Corporate Auditors staff. This secures independence from the Directors and ensures the effectiveness of the instructions by the Corporate Auditors.

Satoko Hamaguchi, Full-time Corporate Auditor, served as the Chair of the Board of Corporate Auditors in the fiscal year ended February 28, 2023. Since joining the Company in 1986, Ms. Hamaguchi served as the officer in charge of sales and operation divisions, human resources divisions, and compliance divisions in the Group. She was then appointed the Full-time Corporate Auditor in 2015. She has the extensive operational knowledge required to conduct audits from that experience and those achievements.

Kazunori Watanabe, Outside Corporate Auditor, is qualified as a certified public accountant. Mr. Watanabe was appointed Partner of the current Ernst & Young ShinNihon LLC in 2002 and then Executive Partner of that firm in 2008. After that, he was appointed a Corporate Auditor at a listed company. He was then appointed the Company's Corporate Auditor in 2015. He has considerable knowledge of finance and accounting.

Shuichiro Yamaura, Outside Corporate Auditor, has been involved in duties in finance and accounting departments at ITOCHU Corporation for many years. Mr. Yamaura has considerable knowledge of finance and accounting.

b. Frequency of the Board of Corporate Auditors' Meetings and Attendance by Individual Corporate Auditors

All the Corporate Auditors attended all the Board of Corporate Auditors' meetings including those held on an extraordinary basis in addition to the regular meetings held once a month in the fiscal year ended February 28, 2023.

The average time required for Board of Corporate Auditors' meetings is approximately 1.5 hours.

	Name	Number of Meetings	Rate of Attendance
Full-time Corporate Auditor	Satoko Hamaguchi	19	100%
Outside Corporate Auditor (Independent Outside Corporate Auditor)	Kazunori Watanabe*1, 3	19	100%
Outside Corporate Auditor	Shuichiro Yamaura*2, 3	14	100%

Notes:

1. Kazunori Watanabe, Outside Corporate Auditor, is a member of the Nominating Committee and Remuneration Committee as an independent officer.
2. We have described the attendance of Shuichiro Yamaura, Outside Corporate Auditor, at Board of Corporate Auditors' meetings held since he was appointed on May 27, 2022.
3. Kazunori Watanabe and Shuichiro Yamaura, Outside Corporate Auditors, retired at the expiration of their terms in office with the conclusion of the Ordinary General Meeting of Shareholders for the fiscal year ended February 28, 2023.

We give below the number of proposals and the contents of the main proposals in the fiscal year ended February 28, 2023.

	Number of Proposals	Contents of the Main Proposals
Matters to be resolved	10	Accounting Auditor appointment/dismissal evaluation, consent to the nomination of Corporate Auditors, approval of the budget for the Board of Corporate Auditors, Auditor audit plans (audit policies, priority audit items, division of duties and site visit plans, etc.) and consent to the audit compensation of the Accounting Auditor
Matters to be discussed and deliberated	20	Results of the audit on the appropriateness of the contents of the proposals at Board of Directors' meetings, evaluation of the effectiveness of the Board of Corporate Auditors, results of the Companies Act internal controls system audit, report on the Board of Corporate Auditor audits, discussions on compensation for the Corporate Auditors and response of the Corporate Auditors to the revisions in the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA)
Matters to be reported	53	Activities by the Full-time Corporate Auditor, officer interview audits, Corporate Auditor site visits, whistleblowing cases, audits of each committee, individual incident audits, audit of the suitability of the Executive Committee proposals, results of the officer compensation audit, response of Corporate Auditors to the enforcement of the revised Whistleblower Protection Act

c. Main Matters to Be Considered by the Board of Corporate Auditors

We give below the risk issues recognized by the Board of Corporate Auditors in the fiscal year ended February 28, 2023.

- 1) Business Continuity
  - COVID-19
  - Business continuity planning (BCP) response in the event of a disaster
  - Improvement in employee engagement
- 2) Governance
  - Development and operation of a risk management structure integrated with management strategies  
Development and operation of internal controls (development of the 3-line-model)
  - Decision-making based on the management judgment principles in the Board of Directors' meetings and Executive Committee meetings
- 3) Sustainability Management
  - Response to sustainability issues  
Climate change (E)  
Human rights, human capital, diversity, and occupational health and safety (S)  
Protection of stakeholder rights and anti-corruption (G)
- 4) Improvement in Management Transparency
  - Enrichment of matters to be disclosed (emphasis on disclosure of non-financial information)  
Business risks  
MD&A  
Important accounting estimates

We give below the priority audit items being tackled by the Board of Corporate Auditors in light of the above risk issues.

1) Initiatives for Major Measures Supporting the Mid-Term Management Plan

The Board of Corporate Auditors interviewed Directors, Corporate Officers and employees and visited business sites to confirm the status of initiatives on the goals in the Company's Mid-Term Management Plan of "maximizing our workforce of 30,000 employees," "the creation of multifaceted value of voice data" and "growing with partners for credibility and co-creation." The Board made proposals to improve the matters discovered in the audits there to the Representative Director and the Corporate Officers in charge of those areas. At the same time, when commendable initiatives were discovered in business sites, they were reported to the Board of Directors in addition to the Board of Corporate Auditors and then shared with the Outside Directors.

2) Development and Operation of Governance and Internal Controls in the Corporate Group

The Board of Corporate Auditors confirmed the development and operation of the internal controls system by attending Board of Directors' meetings, Executive Committee meetings, Internal Control Committee meetings and Compliance Committee meetings, visiting business sites, and sharing information with internal audit departments and control departments. Moreover, the Board made proposals to the executive side about the necessity of building a company-wide risk management structure. It monitored progress in the development of structures on the executive side and then provided opinions on that as necessary. In particular, it confirmed the appointment of a Chief Risk Officer (CRO) and the establishment of the Risk Management Committee which are particularly important elements for building a risk management structure. At the same time, it monitored and verified the implementation of management risk assessments. The Board then made proposals to the Representative Director and the Corporate Officers in charge of those areas on the matters to be improved which were discovered in the audits.

3) Compliance with the Corporate Governance Code

The Board of Corporate Auditors monitored and verified the response of Directors to the Corporate Governance Code revised in 2021. It paid particular attention to the revised items for the Prime market: manifestation of the Board of Directors' functions and initiatives for sustainability issues. Moreover, the Board worked to strengthen cooperation with internal audit departments for items relating to ensuring the reliability of audits so that the Board of Directors and the Board of Corporate Auditors can fully demonstrate their functions.

4) Monitoring and Verification of the Financial Reporting and Information Disclosure Processes (Including Verification of Key Audit Matters (KAM))

The Board of Corporate Auditors paid attention to important accounting estimates in the Company's financial reporting. In particular, the Board held repeated discussions with financial supervision departments and the Accounting Auditor about the goodwill impairment assessment. It heard reports from financial supervision departments and internal control departments about the development and operation of internal controls to ensure the validity of the goodwill impairment assessment. It then verified the validity of the assessment. Together with that, the Board verified and exchanged opinions about the appropriateness of the audit by the Accounting Auditor concerning the goodwill impairment assessment. In addition, it periodically discussed with the Accounting Auditor about the key audit matters (KAM). It exchanged opinions as appropriate and then expressed its opinions in response to a report on a review of the Accounting Auditor and the implementation of audits for the applicable candidate items.

d. Activities of the Full-time Corporate Auditor and the Outside Corporate Auditors

We broadly divide the auditing activities of the Full-time Corporate Auditor and the Outside Corporate Auditors into operational audits and accounting audits. We monitor and verify compliance with laws and regulations, the development and operation of the risk management structure, the development and operation of the internal controls system, the appropriateness of financial reporting disclosures, and the appropriateness of the Accounting Auditor audit. The impact of COVID-19 was minor in the fiscal year ended February 28, 2023. Therefore, the Corporate Auditors strived to engage in efficient auditing activities both face-to-face and online in their attendance of various meetings, interviews with Directors, Corporate Officers, employees and Directors of subsidiaries, and meetings with the Accounting Auditor.

The Full-time Corporate Auditor uses her advanced internal information capabilities in daily auditing activities to grasp the situation of the corporate group. She shares information and exchanges opinions with the Outside Corporate Auditors as appropriate. In addition, she gives appropriate operational improvement proposals to Directors and Corporate Officers about items discovered in daily audits. The Outside Corporate Auditors express opinions from a broad perspective based on their extensive practical experience and advanced professional knowledge at Board of Directors' and Board of Corporate Auditors' meetings. Moreover, the Outside Corporate Auditors express opinions from an external perspective utilizing their professional knowledge and experience after receiving explanations about management policies in meetings to exchange opinions with the Representative Director, President, CEO.

Furthermore, the five Outside Directors (of whom three are Independent Directors) and the three Corporate Auditors hold meetings among themselves to exchange opinions. They held extensive discussions covering management issues and risk awareness for the fiscal year ended February 28, 2023 and the future.

◆ Main Auditing Activities and Division of Duties of the Full-time Corporate Auditor and the Outside Corporate Auditors

	Auditing Activities	Full-time Corporate Auditor	Outside Corporate Auditors
Operational Audits	<ul style="list-style-type: none"> <li>• Attend Board of Directors' meetings and express opinions</li> <li>• Exchange opinions with the Representative Director</li> <li>• Interview and exchange opinions with Corporate Officers and Directors of subsidiaries</li> <li>• Attend important meetings (Executive Committee, Internal Control Committee and Compliance Committee, etc.) and express opinions</li> <li>• Inspect and verify important materials (important approval materials, approval request documents and contracts, etc.)</li> <li>• Visit the Company's and its subsidiaries' major business sites and interview employees</li> <li>• Receive internal audit plans and audit results from internal audit departments and exchange opinions with those departments</li> <li>• Hear reports from control departments (financial supervision departments, corporate planning departments, legal compliance departments and human resource &amp; development departments, etc.) and exchange opinions with those departments</li> <li>• Exchange opinions with the Corporate Auditors of subsidiaries (hold group Corporate Auditor Liaison Meetings twice a year)</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>
Accounting Audits	<ul style="list-style-type: none"> <li>• Receive the Accounting Auditor audit plan</li> <li>• Receive quarterly review reports</li> <li>• Hold three-party audit liaison meetings</li> <li>• Receive the results of year-end financial audit result reports and exchange opinions</li> <li>• Accompany visits to business sites by the Accounting Auditor</li> <li>• Evaluate whether to appoint or dismiss the Accounting Auditor</li> <li>• Verify the Accounting Auditor's audit compensation</li> <li>• Discuss and verify Key Audit Matters (KAM)</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>	<ul style="list-style-type: none"> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> <li>●</li> </ul>

◆ Reference: Cooperation with the Accounting Auditor

Details of Cooperation	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb
Audit report		●										
Consideration of KAMs		●			●			●			●	
Audit plan				●								
Three-party audit liaison meeting				●		●			●			●
Quarterly review					●			●			●	
Accompaniment of the Accounting Auditor to business site visits								●				
IT control audit process												●
Evaluation on whether to appoint or dismiss the Accounting Auditor												●
Group Corporate Auditor Liaison Meetings				●						●		
Meetings with the Full-time Corporate Auditor				●		●	●		●			

◆ Cooperation with Outside Directors

The five Outside Directors and three Corporate Auditors individually exchanged opinions on the matters below in the fiscal year ended February 28, 2023.

- Themes: Issues in the Company’s sustainability management  
The Company’s initiatives and the activities of the Sustainability Promotion Division  
Sustainability disclosures and supervision by the Board of Directors
- Frequency: 5 times a year (individually)
- Time required: 1 hour a time

e. Evaluation of the Effectiveness of the Board of Corporate Auditors

The Board of Corporate Auditors conducted an evaluation on the effectiveness of the Board of Corporate Auditors again in the fiscal year ended February 28, 2023. We have disclosed an overview of that evaluation on our website. We have been conducting this effectiveness evaluation every fiscal year since the fiscal year ended February 28, 2017. The three Corporate Auditors (one Full-time Corporate Auditor and two Outside Corporate Auditors) review the auditing activities in that fiscal year and conduct an evaluation and analysis to improve audit quality. The Board recognizes initiatives to improve its effectiveness and then reflects them in the audit plan for the following fiscal year. All the Corporate Auditors evaluate all 16 items and then discuss them. As a result, the Board of Corporate Auditors has concluded that the auditing activities in the fiscal year ended February 28, 2023 functioned effectively and recognized them as being effective.

Evaluation Items (16)	<ol style="list-style-type: none"> <li>1. Effectiveness of the composition and operation of the Board of Corporate Auditors</li> <li>2. Effectiveness of the corporate group Auditor audit structure</li> <li>3. Effectiveness of the response to the Corporate Governance Code</li> <li>4. Effectiveness of the procedures for determining the appointment and dismissal of the Accounting Auditor</li> <li>5. Effectiveness of the response to Directors and the Board of Directors</li> <li>6. Effectiveness of the monitoring of the risk management structure</li> <li>7. Effectiveness of the monitoring and verification of the establishment of internal controls</li> <li>8. Effectiveness of the monitoring and verification of the legal compliance structure</li> <li>9. Effectiveness of the monitoring of internal audits and cooperation with Auditor audits</li> <li>10. Effectiveness of the monitoring of the Accounting Auditor audit and cooperation with the Auditor audits</li> <li>11. Effectiveness of the three-party audit cooperation structure</li> <li>12. Effectiveness of the monitoring and verification of financial reporting and information disclosure</li> <li>13. Effectiveness of the response to improprieties such as serious legal violations and inappropriate accounting procedures</li> <li>14. Effectiveness of the IT governance and information system structure</li> <li>15. Effectiveness of the Accounting Auditor audit documentation</li> <li>16. Effectiveness of the response to sustainability issues</li> </ol>
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In response to the results of the evaluation for the fiscal year ended February 28, 2023, the Board of Corporate Auditors unanimously confirmed it would work for further improvements in effectiveness in the fiscal year ending February 29, 2024 focusing on the following items.

- (i) Audit structure to verify the effectiveness of the group governance structure
- (ii) Audit structure to verify the effectiveness of financial and non-financial information disclosures
- (iii) Audit structure to verify the effectiveness of the risk management structure
- (iv) Audit structure to verify the effectiveness of the response to sustainability

The Board of Corporate Auditors will continue to strive to ensure the effectiveness of audits and to monitor business continuity activities to contribute to the sound and sustainable growth of the corporate group, the creation of medium- to long-term corporate value, and the establishment of a high-quality corporate governance structure which meets social trust. With those efforts, it intends to further strengthen corporate governance by collaborating with the Board of Directors.

(ii) Internal Audits

a. Internal Audit Organization, Personnel and Procedures

We have established the Audit Division with seven members including the head of the division as the structure to conduct internal audits. It serves as an internal audit department independent from the operational line directly under the Representative Director, President, CEO. The Audit Division conducts internal audits from the perspective of legality and rationality on the effectiveness of risk management, internal controls and governance processes for the performance of operations in the Company. It does that based on the Internal Audit Regulations, and the audit policies and audit plans approved by the Representative Director, President, CEO.

The internal audit departments report the results of internal audits and issues in internal controls to the Representative Director, President, CEO, the Full-time Directors, the Full-time Corporate Auditor, and also the Outside Directors. These departments are working to promote effective internal auditing activities to optimize internal controls.

Moreover, the internal audit departments report the audit results and audit plan to the Board of Corporate Auditors. The departments then exchange opinions with the board.

b. Mutual Cooperation with Internal Audits, Auditor Audits and Accounting Audits, and the Relationship with Internal Control Departments

The internal audit departments, Corporate Auditors and the Accounting Auditor periodically (once a quarter) meet to strengthen three-party audit cooperation. They share information obtained from audits with each other. At the same time, they discuss the state of how the three-party cooperation should be to develop an effective audit environment.

Furthermore, the internal audit departments evaluate the development and operation of the internal controls relating to financial reporting from an independent standpoint. The departments share those results with internal control departments and report them to the Board of Directors.

(iii) Accounting Audits

a. Name of the Accounting Auditor

PricewaterhouseCoopers Aarata LLC

We have entered into an audit contract with PricewaterhouseCoopers Aarata LLC. In addition to conducting regular accounting audits, it discusses and considers important accounting issues with us as needed

b. Ongoing Audit Period

8 years

c. Certified Public Accountants Who Performed the Audit Operations

We give below the names of the certified public accountants who performed the audit operations in the fiscal year ended February 28, 2023.

Naoyasu Ozawa, Designated Limited Liability Partner and Engagement Partner

Masaki Nitta, Designated Limited Liability Partner and Engagement Partner

d. Composition of Assistants Involved in Audit Operations

The composition of the assistants involved in the audit operations is determined based on the audit firm's selection criteria.

4 certified public accountants

14 other assistants

\* The other assistants are those who have passed the certified public accountant examination

e. Audit Firm Selection Policy and Reasons

The Board of Corporate Auditors selects the audit firm by evaluating the following items in line with the Criteria for Evaluating the Appointment and Dismissal of the Accounting Auditor stipulated by the Board of Corporate Auditors based on Article 35 (Procedures for Appointment of Accounting Auditor, etc.) of the Code of Audit and Supervisory Board Member Auditing Standards

- (i) Quality control of the audit firm
- (ii) Maintenance of the independence of the audit team, auditing abilities and appropriate utilization of IT
- (iii) Appropriateness of the audit compensation
- (iv) Communication with Corporate Auditors and executive management
- (v) Fraud risk response

In addition, we have confirmed the firm's response to the Audit Firm Governance Code enacted in 2017 (Principles 1 to 5). We use it as the criteria for evaluating the selection of the audit firm.

f. If the Board of Corporate Auditors Evaluated the Accounting Auditor, That Fact and Those Details

The Board of Corporate Auditors evaluated the audit firm again in the fiscal year ended February 28, 2023 based on Article 35 (Procedures for Appointment of Accounting Auditor, etc.) of the Code of Audit and Supervisory Board Member Auditing Standards. There were no problems in the evaluation of PricewaterhouseCoopers Aarata LLC as our current Accounting Auditor. The Board confirmed the firm satisfies the criteria for reappointment. Furthermore, the firm also complies with all the Principles 1 to 5 in the Audit Firm Governance Code. Accordingly, it has also set issues for the next fiscal year. Moreover, the Board obtained the results of inspections by external organizations (results of a quality control review by the Japanese Institute of Certified Public Accountants and results of an inspection by the Certified Public Accountants and Auditing Oversight Board) from the Accounting Auditor. It confirmed that there are no problems with the results.

In addition to the above, we did not find matters which should prevent reappointment in light of our policy approved by the Board of Corporate Auditors concerning the dismissal or non-reappointment of the Accounting Auditor pursuant to Article 126, Paragraph (4) of the Companies Act Enforcement Regulations. Accordingly, we determined that it is appropriate to reappoint PricewaterhouseCoopers Aarata LLC as our Accounting Auditor.

(vi) Details of Audit Compensation

a. Details of the Compensation for the Auditing Certified Public Accountants

Category	Fiscal Year Ended February 28, 2022		Fiscal Year Ended February 28, 2023	
	Compensation for Audit Certification Operations (millions of yen)	Compensation for Non-audit Operations (millions of yen)	Compensation for Audit Certification Operations (millions of yen)	Compensation for Non-audit Operations (millions of yen)
Reporting company	57	-	59	-
Consolidated subsidiaries	-	-	-	-
Total	57	-	59	-

b. Compensation for the Same Network (PwC Network Firm) as the Auditing Certified Public Accountants (Excluding a Above)

This item is not applicable.

c. Details of Other Compensation for Audit Certification Work

This item is not applicable.

d. Audit Compensation Determination Policy

The Company considers, discusses and determines the validity of the auditing man-hours based on the contents of the audit plan presented by the auditing certified public accountants when determining the compensation for the auditing certified public accountants.

e. Reasons Why the Board of Corporate Auditors Consented to the Accounting Auditor's Compensation

The Board of Corporate Auditors received the following information from the financial supervision departments. Furthermore, it confirmed the basis of the audit hours with the Accounting Auditor. It then verified the validity of the audit compensation.

- (i) Details of the Accounting Auditor's audit plan
- (ii) Performance of the accounting audit duties
- (iii) Basis for the calculation of the audit hours in the compensation estimate
- (iv) Changes in the audit hours per fiscal year and reasons for any increase or decrease
- (v) Details of the above verification performed by financial supervision departments

As a result of deliberating the above, we determined that the Accounting Auditor's audit hours and audit compensation in the fiscal year ended February 28, 2023 were valid. We then consented to the details of the verification performed by the financial supervision departments pursuant to Article 399, Paragraph (1) of the Companies Act.



(4) [Officer Compensation]

(i) Matters concerning policy on determining officer compensation amounts and said calculation method

a. The Company has established the following policy on determining amounts for Directors' compensation and on said calculation method.

1) Basic policy

Compensation for Company Directors shall be based on a compensation system that evaluates both medium- to long-term improvement in corporate value and shareholder interests. Compensation for individual Directors is determined via a resolution by the General Meeting of Shareholders and shall be comprised of the following:

Base compensation: Amount paid based on the Director's role and responsibilities;

Performance-linked compensation: Amount paid that is linked to performance during a given fiscal year;

Stock compensation: Compensation issued as stock subscription rights to incentivize Directors towards improving medium- and long-term performance and increasing our corporate value, and to enhance profit sharing with shareholders by getting Directors to hold the Company's shares during their terms of office.

Furthermore, as Outside Directors are independent of business execution, compensation is limited to base compensation and is not linked to performance.

2) Policy on determining individual amounts for basic compensation (including policy on determining the timing and conditions for paying base compensation)

Base compensation shall be a fixed monthly amount paid in cash. This shall be within a prescribed standard amount and shall be determined based on role and responsibilities. Furthermore, this amount shall be determined based on consideration of individual evaluations for each Director.

3) Policy on determining the details, amount and/or number of shares for performance-linked compensation and stock compensation (including policy on determining the timing and conditions for paying performance-linked compensation and issuing stock compensation)

To increase incentives towards improving performance within a given fiscal year, performance-linked compensation shall be a monetary amount that is determined based on performance indicators. Performance indicators for performance-linked compensation shall be the following: Consolidated sales revenue, consolidated operating income, net income attributable to owners of parent, and previous fiscal year consolidated operating income. Performance-linked compensation shall be calculated by multiplying the role-specific standard amount for each Director by a payment rate that is determined based on the level of achievement for each performance indicator, with a final decision on performance-linked compensation to be based on a comprehensive evaluation of the Director's individual contributions to performance. The final amount shall be paid in the form of an annual bonus issued at a specified time of the year. The consolidated sales revenue, consolidated operating income, net income attributable to owners of parent used as performance indicators shall be set each fiscal year in order to ensure consistency with the Mid-Term Management Plan. Furthermore, these indicators shall be reevaluated when necessary to reflect changes in the environment impacting overall Group business activities.

Stock compensation is based on the Board Incentive Plan, a performance-linked stock compensation system funded through an investment trust. We calculate the number of the Company's shares and money of an amount equivalent to the conversion into cash of the Company's shares to be granted and provided to Directors through this trust according to the number of points (performance-linked points and fixed points) to be granted to Directors each year. The composition ratio is 70% performance-linked points and 30% fixed points. The performance indicators for stock compensation shall be consolidated operating income and the employee engagement score. We shall grant the Company's shares equivalent to the number of the performance-linked points accumulated when a Director retires. We shall set the consolidated operating income as the performance indicator on a fiscal year basis so it aligns with the Mid-Term Management Plan. In addition, we shall calculate the fixed points based on the standard points determined in advance for each role. We shall grant the Company's shares equivalent to the fixed points granted once three years have passed from when the fixed points were granted in each fiscal year in principle. However, if a Director retires before three years have passed from being granted fixed points, we shall grant the said Director the Company's shares equivalent to the fixed points granted up to that point in time immediately after retirement.

- 4) Policy on determining the ratio of monetary compensation, performance-linked compensation, and stock compensation comprising individual compensation for Directors

The ratio of compensation shall be in accordance with compensation standards determined by referencing the survey results of companies utilizing stock compensation systems similar to our Company. To ensure this compensation serves as incentive for continuous and medium- to long-term performance improvements, the Company shall set ratios for performance-linked compensation and stock compensation based on the role and responsibilities of each Director, with base compensation then to be set based on those ratios. However, we shall set the ratio of performance-linked compensation and stock compensation of the total amount of compensation as at least 40% (when performance is standard) for the Representative Director.

- 5) Matters concerning consigning decisions related to the details of compensation for individual Directors

In accordance with a resolution by the Board of Directors, a Remuneration Committee with a majority of the members accounted for by the Representative Director and CEO, Directors without executive duties, Independent Outside Directors, and Independent Outside Corporate Auditors shall be consigned to make decisions concerning compensation for individual Directors. The extent of this Committee's authority shall be to determine and review officer compensation standards based on this Policy, and decide on individual compensation based on officer compensation standards and the results of individual Director evaluations. Furthermore, the advice and opinions of external experts shall be sought in order to validate the adequacy and appropriateness of decisions by the Remuneration Committee.

- 6) Other important matters concerning decisions on compensation for individual Directors

To ensure decisions on matters concerning compensation for individual Directors are conducted in accordance with this Policy, the Board of Directors shall draft and enact Rules on Compensation for Directors.

- b. At the Extraordinary General Meeting of Shareholders convened on August 27, 2015, a resolution was passed to set the maximum amount of annual compensation for Directors to 750 million yen, and to 40 million yen for Corporate Auditors. Furthermore, at the 4th Ordinary General Meeting of Shareholders convened on May 25, 2018, a resolution was passed concerning the performance-linked stock compensation system funded through an investment trust for eligible Company Directors. Pursuant to this resolution, the maximum amount of cash to be contributed by the Company during the applicable period, the three-year period of the Mid-Term Management Plan, was set to 189 million yen (separate from the resolution concerning the maximum amount of Director's compensation passed at said Extraordinary General Meeting of Shareholders). Furthermore, this resolution set the maximum number of points allocated to eligible Directors each year to 39,000 points, and stipulated that Company stock equivalent to this number of points is to be issued and paid as cash (Company stock and the amount equivalent to the conversion and disposal price for Company stock paid to be Directors).
- c. In accordance with a resolution by the Board of Directors, we consign decisions related to the details of compensation for individual Directors to a Remuneration Committee comprised of the Representative Director and CEO, Directors without executive duties, Independent Outside Directors, and Independent Outside Corporate Auditors. Compensation matters are deliberated and validated by the Committee in accordance with Rules on Compensation for Directors and Officer Compensation Standards, and a final decision requires a consensus by the Committee. The Board of Directors receives reports from the Remuneration Committee, including details on the total amount of compensation for Directors for that fiscal year decided via the above proceedings. As such, the Board of Directors has determined that the compensation for Directors for a given fiscal year is in line with prescribed decision-making policies. Furthermore, decisions on individual compensation for Corporate Auditors is determined through deliberations held by all Corporate Auditors at the Board of Corporate Auditors meetings. The Corporate Auditors are independent from business execution. Therefore, their compensation consists solely of basic compensation without being linked to performance. Those decisions are made by referencing auditing officer compensation standards for member companies published by the Japan Audit & Supervisory Board Members Association.
- d. Activity details for the Board of Directors and the Remuneration Committee in relation to the process of determining Director compensation amounts for the fiscal year ended February 28, 2023 are as indicated below.
- In principle, the Remuneration Committee is convened once per quarter, and meetings were held five times this fiscal year. The member attendance rate was 100%. Matters concerning the total amount of compensation for Directors deliberated and voted on by the Remuneration Committee were reported to the Board of Directors.

- (ii) Total amount of compensation for each officer class, total amount by type of compensation, and number of eligible officers

In the fiscal year ended February 28, 2023, officer compensation for Directors and Corporate Auditors was as follows.

Officer class	Total amount of compensation (millions of yen)	Total amount by type of compensation (millions of yen)				No. of eligible officers (people)
		Base compensation	Stock compensation	Bonuses	Retirement benefits	
Directors (excluding Outside Directors)	173	99	15	58	-	4
Corporate Auditors (excluding Outside Corporate Auditors)	18	18	-	-	-	1
Outside officers	41	41	-	-	-	8
Total	232	158	15	58	-	13

Notes:

1. The above figures are rounded to the indicated unit.
2. The amount of compensation for Directors is indicated based on the amount calculated as expenses for the fiscal year ended February 28, 2023, regardless of the amount paid during the fiscal year ended February 28, 2023 (includes amounts recorded as expenses based on estimate conditions, the same to apply below). As such, amounts will differ from actual amounts paid during the fiscal year.
3. The amount indicated for stock compensation is the amount recorded as expenses for the four Directors eligible during the fiscal year ended February 28, 2023.
4. The number of officers as of the end of the fiscal year ended February 28, 2023 is nine Directors and three Corporate Auditors. The difference in the number of eligible officers indicated above is due to the inclusion of one Corporate Auditor who resigned on May 27, 2022.

- (iii) Total amount of consolidated compensation for each officer of the submitting company

Not indicated as there are no officers whose total consolidated compensation is 100 million yen or more.

(5) Share Holdings

(i) Criteria and Concept of the Classification of Investment Shares

We classify investment shares into two: investment shares held purely for investment purposes and investment shares held for purposes other than pure investment. Investment shares held purely for investment purposes refer to shares we only hold to receive profits from fluctuations in the share price or dividends relating to the shares. Investment shares held for purposes other than pure investment refer to shares we hold to facilitate business relationships between companies.

All the shares we hold are investment shares held for purposes other than pure investment.

(ii) Investment Shares Held for Purposes Other Than Pure Investment

a. Holding Policy, Method of Verifying the Rationality of Holdings and Details of the Verification by the Board of Directors Relating to the Suitability of Holding Individual Stocks

We have set the following as our basic policy when investing for purposes other than pure investment: We shall determine the pros and cons of the investment depending on whether it is possible to expect synergistic effects in the Group's business through business partnerships and information sharing with the companies into which we invest. We shall also determine whether it is possible to expect synergistic effects in the same way in regards to reducing our holding. Furthermore, we consider the pros and cons of the holding of individual stocks every year including in terms of reducing our holding from the perspective of improving capital efficiency. We consider whether or not the stock has a dividend and performance trends and the possibility of recovery in the future for poorly performing stocks from the perspective of economic rationality.

The Board of Directors verified the pros and cons of continuing to hold one stock (amount on the balance sheet: 20 million yen) as a cross-holding in a listed company. We decided to continue holding it.

We have also set a basic policy on exercising voting rights for cross-shareholdings: We make a comprehensive judgment of whether or not to exercise voting rights for each proposal in terms of will it lead to medium- to long-term improvement in the corporate value of the company into which we are investing and increase shareholder returns. We also look at whether those proposals will demonstrate the synergistic effects which is the purpose of our investment to the maximum extent and whether that will contribute to an improvement in the corporate value of the Group.

b. Number of Stocks and Amount on the Balance Sheet

	Number of Stocks	Total Amount on the Balance Sheet (millions of yen)
Unlisted shares	3	714
Shares other than unlisted shares	1	20

(Stocks in Which We Increased the Number of Shares We Hold in the Fiscal Year Ended February 28, 2023)

	Number of Stocks	Total Amount of the Acquisition Price Relating to the Increase in the Number of Shares (millions of yen)	Reason for the Increase in the Number of Shares We Hold in the Stock
Unlisted shares	3	530	To facilitate business relationships

(Stocks in Which We Decreased the Number of Shares We Hold in the Fiscal Year Ended February 28, 2023)

	Number of Stocks	Total Amount of the Sale Price Relating to the Decrease in the Number of Shares (millions of yen)
Unlisted shares	2	1,440

c. Information on the Number of Shares and Amount on the Balance Sheet for Each Stock of Special Investment Shares and Shares Deemed to Be Held

Special Investment Stocks

Stock	Fiscal Year Ended February 28, 2023	Fiscal Year Ended February 28, 2022	Purpose of Shareholding, Quantitative Effect of the Shareholding and Reason for Increasing the Number of Shares We Hold in the Stock	Whether or Not the Applicable Company Holds Our Shares
	Number of Shares	Number of Shares		
	Amount on the Balance Sheet (millions of yen)	Amount on the Balance Sheet (millions of yen)		
SENSHUKAI Co., Ltd.	50,000	50,000	To facilitate business relationships	No
	20	18		

Note:

It is difficult to state the quantitative effect of the shareholding. However, the Board of Director periodically examines the rationality of the holding of each stock comprehensively taking into account the synergistic effect and economic rationality of the Group's business.

(iii) Investment Shares Held Purely for Investment Purposes

This item is not applicable.

(iv) Stocks Whose Classification Changed from Investment Shares Held Purely for Investment Purposes to Investment Shares Held for Purposes Other Than Pure Investment in the Fiscal Year Ended February 28, 2023

This item is not applicable.

(v) Stocks Whose Classification Changed from Investment Shares Held for Purposes Other Than Pure Investment to Investment Shares Held Purely for Investment Purposes

This item is not applicable.