

Updated: November 24, 2021

BELLSYSTEM24 Holdings, Inc.

President, CEO and Representative Director Shunsuke Noda

Inquiries: IR Office, Public Relations Division +81-3-6843-0024

Securities code: 6183

The state of corporate governance of BELLSYSTEM24 Holdings, Inc. ("the Company") is described below.

1. Fundamental Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Fundamental Views

The Company strives to ensure the transparency and soundness of its corporate operations while increasing efficiency based on its recognition that building good relationships with and gaining the trust of all stakeholders of the Company and its group companies (collectively, "the Group"), including shareholders, clients, business partners, and employees, is essential for maximizing the Group's corporate value and, to this end, establishing thorough corporate governance is an important management issue.

[Reasons for Non-compliance with Principles of Japan's Corporate Governance Code]

The reasons are presented based on the Code revised in June 2021.

[Supplementary Principle 1.2.4: Electronic Exercise of Voting Rights and Providing English Translations of Convocation Notices]

The Company has been using the electronic voting platform operated by Investor Communications Japan Inc. (ICJ, Inc.) since the Ordinary General Meeting of Shareholders held in May 2021. To date, the Company has yet to prepare English versions of its convocation notices. It will consider this in the future based on voting rights exercised and the ratio of foreign investors.

[Supplementary Principle 4.1.3: Appropriate Supervision of Succession Plan for the CEO and Other Top Executives]

While the Board of Directors does not establish succession plans for the President & CEO, the person in the highest managerial position who concurrently serves as the Representative Director, it recognizes the importance of roles that stakeholders expect of the manager in the highest position.

The Nominating Committee comprehensively determines whether a candidate satisfies the selection criteria for a candidate for Representative Director specified in the criteria for the appointment and dismissal of Directors, including the ability to make managerial decisions, courage as a corporate manager, and multifaceted vision and foresight, and makes proposals to the Board of Directors.

[Disclosure Based on Principles of Japan's Corporate Governance Code]

[Principle 1.4: Cross-Shareholdings]

The basic policy is to determine whether to make investments other than those solely for the purpose of investment based on whether synergy is expected in the business of the Group through business alliances, information sharing, and other joint activities with the invested companies. The decision to reduce investments is also determined based on whether synergy can be expected. In addition, the Company examines individual stocks every year to determine whether to continue holding the stocks in view of economic rationality or to reduce the amount held in view of increasing capital efficiency, including dividend payment and, for underperforming stocks, outlook for future performance and potential for recovery.

The Board of Directors discussed the continued holding of one stock (for which 19 million yen is posted in the balance sheet) for the cross-shareholding of a stock of a listed company held by the Company and decided to continue holding the stock.

The basic policy for the exercise of voting rights associated with cross-shareholdings is to determine whether to exercise the rights based on a comprehensive assessment of each agenda item as to, for example, whether it will contribute to a medium- to long-term increase in corporate value or shareholder returns of the invested companies or whether synergy will be maximized as is the goal of the Company through investment, leading to the growth of the corporate value of the Group.

[Principle 1.7: Related Party Transactions]

The Company establishes rules for the management of related party transactions and criteria for distinguishing between transactions that require the approval of the Board of Directors and those that do not based on the size, nature, and other attributes of the transactions.

Irrespective of the approval of the Board of Directors, the Company seeks the Board of Directors' approval for continuous related party transactions at the beginning of every fiscal year, thereby enabling the Board of Directors to monitor the appropriateness of transactions.

The Company currently has no parent company; however, if it does in the future and the decision of the Board of Directors in conducting transactions with the parent company is inconsistent with the opinions of Outside Directors, the Company will disclose these opinions by including them in business reports.

[Supplementary Principle 2.4.1: Ensuring Diversity in the Recruitment, etc. of Core Human Resources]

(1) Ensuring diversity

The Company respects the diversity of its employees based on its corporate vision and actively engages in activities such as the development of an environment that enables people of all attributes to work energetically, the establishment of a flexible personnel system, and the provision of educational opportunities that support autonomous growth.

(2) Women

The Company actively promotes the active participation of women, which is recognized by external organizations through various commendations and certifications. The Company will continue to improve its work environment, provide opportunities to build experience, and support autonomous career development, carry out activities to form pipelines at each hierarchical level and increase the percentages of women in various categories, and increase the number of female employees involved in management decision-making in the future.

Female manager ratio target: The Ministry of Health, Labour and Welfare (MHLW)'s database regarding the promotion of the active participation of women

Refer to the action plans of general business operators based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace <https://positive-ryouritsu.mhlw.go.jp/positivedb/detail?id=11012> (Japanese)

(3) Recruitment of non-Japanese workers

The Company is recruiting human resources with an array of nationalities from all around the world and currently has approximately 170 regular or non-regular non-Japanese employees working in Japan or abroad. The Company's principal business domain is currently in Japan and it will recruit personnel for managerial positions in line with the Company's overseas business development in the future according to their abilities and achievements regardless of nationality, sex, and other attributes.

(4) Mid-career employment

The Company actively employs mid-career workers (including a change from contract employment to regular employment) to secure readily available human resources. Mid-career recruits account for approximately 75% of current employees and approximately 80% of those in management positions and are contributing to the Company's business at every level and post. The Company will continue to actively employ mid-career workers and further expand its employee diversity.

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

The Company has no corporate pension system under which the Company becomes an asset owner.

[Principle 3.1: Full Disclosure]

(1) Company objectives (e.g., business principles), business strategies, and business plans

This information is disclosed on the Company's website, at financial result briefings, in business reports, at General Meetings of Shareholders, etc.

(2) Basic views and guidelines on corporate governance based on each of the principles of the Code

This information is disclosed on the Company's website, in corporate governance reports, in securities reports, etc.

(3) Board policies and procedures in determining the remuneration of the senior management and Directors

Policies and procedures for determining the remuneration, etc. of Directors and other members of senior management (executive directors) are disclosed in the notices of convocation of Ordinary General Meetings of Shareholders, corporate governance reports, securities reports, etc.

(4) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of candidates for Directors and Corporate Auditors

The Nominating Committee selects candidates for members of senior management (executive directors) from individuals that possess rich experience, deep insight, and advanced specialization (for Outside Directors, in particular, those satisfying the Company's criteria for independence based on the criteria for independence of the Tokyo Stock Exchange, who are able to express opinions from an independent position and specialized standpoint, leveraging knowledge and experience in their respective fields) from both inside and outside the Company and all genders, age groups, nationalities, and other attributes pursuant to the standards for electing Directors approved by the Board Directors, prepares a candidate proposal, and obtains the approval of the Board Directors.

The Nominating Committee prepares a dismissal proposal and obtains the approval of the Board of Directors for the dismissal of senior management members (executive directors) pursuant to the standards for the dismissal of Directors approved by the Board of Directors.

The Nominating Committee selects candidates for Corporate Auditors, including at least one who is a certified public accountant or has knowledge of tax affairs and accounting, who are capable of guaranteeing appropriate audits in these fields, which are important roles of the auditors, pursuant to the standards for electing Corporate Auditors approved by the Board of Directors, prepares a candidate proposal, obtains the consent of the Board of Corporate Auditors pursuant to the standards for consent established by the Board of Corporate Auditors, and obtains the approval of the Board of Directors.

(5) Explanations with respect to the individual appointments/dismissals and nominations based on (4) above

The reasons for the selection of candidates for Directors and Corporate Auditors are disclosed in the convocation notices for the General Meeting of Shareholders. The reasons for the dismissal of members of senior management (executive directors) are disclosed in the convocation notices for the General Meeting of Shareholders.

[Supplementary Principle 3.1.3: Initiatives for Sustainability, etc.]

The Medium-term Management Plan announced on October 7, 2020, presents social issues and an image of achievement in addressing these issues as of the end of FY2022 based on the corporate vision, important issues, and focal measures.

In its investment in human resources, the Company is securing skilled human resources by converting terminable employment to permanent employment and improving human capital by providing candidates with special training before employment to enable them to acquire the necessary skills in advance to support their secure, long-term employment.

In terms of investing in intellectual property, the Company has included digital transformation (DX) in its Medium-term Management Plan and is strategically investing in artificial intelligence (AI) and systems.

The Company expects that the impact of risks and revenue opportunities associated with climate change on its business activities and revenue, etc. will be low and that the burden of its business activities on the environment will also be low.

The Company will identify risks and opportunities based on an understanding of the current conditions and scenario analysis in line with the TCFD framework, evaluate the impact of climate change on its business and associated risks, and establish targets, etc. The Company will also strengthen its mechanism for the governance of strategy planning and implementation and apply this mechanism in its medium- to long-term strategies and roadmaps as appropriate.

[Supplementary Principle 4.1.1: Scope of Matters Delegated to Management]

The Board of Directors makes decisions about particularly important matters specified by laws and regulations, the Articles of Incorporation, the Board of Directors' Regulations, Round Robin Rules, Group Company Management Rules, and other arrangements and delegates decision-making regarding other matters to the management of the Company.

More specifically, the Company designates important matters concerning the management of the Company and its group companies, which exceed a certain level, as matters to be decided by the Board of Directors and leaves other matters to be decided by Corporate Officers (or, for important matters, the President & CEO after consultation with the Executive Committee).

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

Based on the criteria for independence specified by the Tokyo Stock Exchange, the Company establishes criteria for the independence of candidates for independent Outside Directors and posts them on the Company's website.

<https://www.bell24.co.jp/ja/company/governance/corporategovernance/index.html>

[Supplementary Principle 4.10.1: Appropriate Involvement and Advice of Independent Outside Directors by Placing Independent Nominating Committee and Remuneration Committee]

The Company has chosen to establish the Nominating Committee, an advisory body to the Board of Directors that makes decisions on proposals regarding the selection of Director candidates, and the Remuneration Committee, an independent body delegated by the Board of Directors that determines remuneration for Directors. The Nominating Committee and the Remuneration Committee have established a decision-making system that ensures transparency and fairness through deliberations involving multiple independent Outside Directors and they both include the appropriate involvement of and receive advice from the independent Outside Directors. The Nominating Committee allows the participation of one independent Outside Corporate Auditor as an observer.

The Prime Market code will become effective on April 4, 2022. Thus, the Company will disclose it following the Ordinary General Meeting of Shareholders scheduled to be held in May 2022.

[Supplementary Principle 4.11.1: View on the Appropriate Balance between Knowledge, Experience, and Skills of the Board of Directors as a Whole, and on Diversity and Appropriate Board Size]

The Articles of Incorporation of the Company specify that the maximum number of Directors is 15. The current number of Directors is nine,

which is considered to be within the optimal range that enables the Board of Directors and the Group at their current size to effectively and efficiently function.

The Company has decided to appoint multiple independent Outside Directors and Outside Corporate Auditors to ensure the diversity and objectivity of the Board of Directors and the Board of Corporate Auditors. Of the nine current Directors and three Corporate Auditors, it has appointed three independent Outside Directors and one independent Outside Corporate Auditor.

The Company selects candidates for Directors and Corporate Auditors from individuals with rich experience, deep insight, and high specialization and candidates for independent Outside Directors and independent Outside Corporate Auditors, in particular, from individuals satisfying the Company's criteria for independence based on the criteria for independence of the Tokyo Stock Exchange, who are able to raise opinions from an independent position and specialized perspective leveraging their knowledge and experience in their fields, from both inside and outside the Company and of any gender, age group, nationality, or other attribute. From the Director candidates, at least one who has experience in corporate management must be elected and from the Corporate Auditor candidates, at least one who has a certain level of expertise in financial affairs and accounting must be elected.

The Company's policy for the selection of candidates for Directors and Corporate Auditors is to balance the knowledge, experience, and abilities of the Board of Directors and Board of Corporate Auditors as a whole and consider diversity, including gender diversity and internationality. The Nominating Committee develops proposals for candidates and obtains the approval of the Board of Directors. The knowledge, experience, abilities, etc. of the Directors and Corporate Auditors are disclosed as a skill matrix starting in the notice of convocation of Ordinary General Meeting of Shareholders held in May 2021.

Currently, of the twelve members of the Board of Directors and Board of Corporate Auditors, two are women.

[Supplementary Principle 4.11.2: Concurrent Positions of Directors and Corporate Auditors]

The Company confirms that any position concurrently held by a Director or Corporate Auditor at other listed companies is not in a competitive relationship or causing a conflict of interest with the Company and does not negatively affect the Director or Corporate Auditor's performance of their duties at the Company. The Company does not, in fact, recognize any such situation at present.

The Board of Corporate Auditors has established standards for agreeing to the appointment of Corporate Auditors and recommends that the number of companies in which an Outside Corporate Auditor holds concurrent positions is limited to two.

Information about important concurrent positions, including executives of other listed companies, is provided in the notice of convocation of the Ordinary General Meeting of Shareholders and securities report.

[Supplementary Principle 4.11.3: Analysis and Evaluation of Effectiveness of the Board of Directors as a Whole]

Again in the fiscal year under review, the Board of Directors has analyzed and evaluated the effectiveness of the Board of Directors as a whole based on the self-assessment of each Director and Corporate Auditor through questionnaires. The results are summarized on the Company's website.

<https://www.bell24.co.jp/ja/company/governance/corporategovernance/index.html>

Taking into account the results of the fiscal year under review, the Company will better facilitate the effective use of the knowledge of Outside Directors when holding online meetings of the Board of Directors, share more information particularly on measures to prevent COVID-19 infection as part of risk and crisis management on the assumption that another surge in infections caused by COVID-19 variants will occur, implement effective financial performance monitoring through explanations that will contribute to the understanding of the status of competitors and medium- to long-term issues, debate the opinions and requests received through dialogue with shareholders at meetings of the Board of Directors, and develop arguments to increase utility to stakeholders when disclosing or providing non-financial and other information.

The Board of Corporate Auditors again evaluated the effectiveness of the Board of Corporate Auditors in the fiscal year under review. Three Corporate Auditors (one Corporate Auditor and two Outside Corporate Auditors) reflected on the fiscal year under review, debated the activities of the Corporate Auditors, and assessed and analyzed the activities. The results are posted on the Company's website.

<https://www.bell24.co.jp/ja/company/governance/corporategovernance/index.html>

The three Corporate Auditors reflected on their audit activities during the fiscal year ended February 28, 2021, examined their effectiveness, and exchanged opinions on key issues for increasing the effectiveness of audits in the fiscal year ending February 28, 2022. They concluded that their audit activities in the fiscal year ended February 28, 2021, had effectively functioned.

The Board of Corporate Auditors will work to develop and improve the audit systems of corporate group auditors to improve the completeness and effectiveness of audit in the fiscal year ending February 28, 2022, and monitor and examine the development and operation of the internal control system as well as the risk management system by improving the three-party audits in cooperation with the Accounting Auditor and the Audit Division.

Additionally, the Board of Corporate Auditors will play a role in the supervisory functions of the Company in cooperation with the Board of Directors, achieve the sound and sustainable growth of the corporate group, create medium- to long-term corporate value, and establish a high-quality corporate governance system that will help the Company maintain the trust of society.

[Supplementary Principle 4.14.2: Training Policy for Directors and Corporate Auditors]

When appointing Directors and Corporate Auditors, including Outside Directors and Outside Corporate Auditors, from outside the Company, the Company is to provide them with orientation on the Group's business, financial affairs, organization, etc. and opportunities for business tours as necessary. The Company is to provide newly appointed Directors from within the Company with external training on the roles and responsibilities that Directors are expected to fulfill and corporate governance. They may demand that executives and employees in the Company provide explanations or submit information at any time necessary after taking office. The Company enables them to be continuously up to date by providing them with opportunities for additional external training.

In particular, the Company provides Directors and Corporate Auditors who perform duties with internal training on legal compliance every year, recommends that Corporate Auditors acquire the knowledge, etc. necessary for the performance of duties by participating in seminars, joining the Japan Audit & Supervisory Board Members Association, and building personal networks, etc. Expenses for this training are to be included in budgets in advance or paid by the Company based on requests.

[Principle 5.1: Policy for Constructive Dialogue with Shareholders]

The Company holds a constructive dialogue with its shareholders within a scope and using methods deemed appropriate by the Company in line with the following policies to contribute to sustainable growth and a medium- to long-term increase in the Company's corporate value.

- (1) The Company designates a Director in charge of IR, who comprehensively coordinates the dialogue with shareholders.
- (2) The IR division is positioned under the Director in charge of IR, which leads the appropriate exchange of information with the corporate planning division, the accounting and finance division, and other relevant divisions to establish organic partnerships.
- (3) The Company holds briefings on financial results when announcing its first-half and full-year results in an effort to improve its dialogue with shareholders.
- (4) The opinions, etc. of shareholders expressed through the dialogue are reported to the Director in charge of IR and related divisions as appropriate and also to the Board of Directors as necessary.
- (5) The dialogue is carried out in accordance with the Insider Trading Rules, which specify the prohibition of information transmission and transaction recommendations and the measures necessary for restricting the re-transmission of insider information.

2. Capital Structure

Percentage of Foreign Shareholders	10% or more and less than 20%
------------------------------------	-------------------------------

[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Percentage (%)
ITOCHU Corporation	30,030,000	40.75
Toppan Inc.	10,570,000	14.34
BBH FOR MATTHEWS ASIA DIVIDEND FUND	5,045,500	6.84
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,007,500	6.79
Custody Bank of Japan, Ltd. (Trust Account)	4,415,500	5.99
Custody Bank of Japan, Ltd. (Trust Account 9)	1,875,800	2.54
JP MORGAN CHASE BANK 385632	1,126,955	1.52
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,026,900	1.39
GOVERNMENT OF NORWAY	703,392	0.95
Japan Securities Finance Co., Ltd.	469,500	0.63

Controlling Shareholder (except for Parent Company)	-----
---	-------

Parent Company	None
----------------	------

The Change Report Pertaining to Report of Possession of Large Volume made available for the public to view on November 1, 2018, reports that the following corporation held shares of the Company's stock. However, the Company cannot confirm the number of shares that it actually held as of August 31, 2021, and therefore, it is not included in the above list of major shareholders.

The details of the Change Report Pertaining to Report of Possession of Large Volume are given below.

Name (the day on which the reporting obligation arose, the number of shares held, and the percentage of the number of shares held in the total number of shares outstanding)

Matthews International Funds (October 29, 2018; 5,309,900 shares; 7.21%)

The Change Report Pertaining to Report of Possession of Large Volume made available for the public to view on May 12, 2020, reports that Asset Management One Co., Ltd. and its joint holder, Asset Management One International Ltd., held the Company's shares as of April 30, 2020. However, the Company cannot confirm the number of shares that they actually held as of August 31, 2021, and therefore, they are not included in the above list of major shareholders.

The details of the Change Report Pertaining to Report of Possession of Large Volume are given below.

Name (the number of shares held, and the percentage of the number of shares held in the total number of shares outstanding)

Asset Management One Co., Ltd. (4,043,400 shares; 5.49%)

Asset Management One International Ltd. (734,500 shares; 1.00%)

The Change Report Pertaining to Report of Possession of Large Volume made available for the public to view on July 20, 2020, reports that the following corporation held the Company's shares. However, the Company cannot confirm the number of shares that it actually held as of August 31, 2021, and therefore, it is not included in the above list of major shareholders.

The details of the Change Report Pertaining to Report of Possession of Large Volume are given below.

Name (the day on which the reporting obligation arose, the number of shares held, and the percentage of the number of shares held in the total number of shares outstanding)

Nomura Asset Management Co., Ltd. (July 15, 2020; 4,244,700 shares; 5.77%)

The Change Report Pertaining to Report of Possession of Large Volume made available for the public to view on April 9, 2021, reports that the following corporation held the Company's shares. However, the Company cannot confirm the number of shares that it actually held as of August 31, 2021, and therefore, it is not included in the above list of major shareholders.

The details of the Change Report Pertaining to Report of Possession of Large Volume are given below.

Name (the day on which the reporting obligation arose, the number of shares held, and the percentage of the number of shares held in the total number of shares outstanding)

Matthews International Capital Management, LLC (April 2, 2021; 5,365,800 shares; 7.29%)

3. Corporate Attributes

Listed Exchange and Market Division	Tokyo Stock Exchange, First Section
Fiscal Year-End	February
Sector Classification	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	At least 1,000
Revenue (consolidated) for the Previous Fiscal Year	JPY 100 billion or more, but less than JPY 1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

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

One Outside Director and one Outside Corporate Auditor from ITOCHU Corporation, a principal shareholder of the Company, and one Outside Director from Toppan Inc., another principal shareholder of the Company, have taken office for the purpose of providing advice on corporate management based on their objective standpoint from outside the Company and their personal experience and knowledge. At the same time, the Company ensures that no restrictions are imposed on the Group's business activities and management decisions by these principal shareholders. Executives from these principal shareholders concurrently holding positions in both companies are not a majority of the Board of Directors and the Company has also appointed independent officers; therefore, the Company believes that it maintains its independence.

// Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution of Business, and Oversight

1. Organizational Composition and Operation

Organization Form	Company with Corporate Auditors
-------------------	---------------------------------

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	5
Number of Independent Directors Designated from among Outside Directors	3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Nobuya Ishizaka	From another company													
Aki Tsurumaki	Attorney-at-law													
Makiko Takahashi	Academic													
Masato Horiuchi	From another company							○	○					
Takuya Yamaguchi	From another company							○	○					

* Categories for "Relationship with the Company"

* "○" indicates that the director currently falls under the category, or did so recently, and "△" indicates that the director fell under the category in the past.

* "●" indicates that a close relation falls under the category, or did so recently, and "▲" indicates that a close relation fell under the category in the past.

a Executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries

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

c Executive of a fellow subsidiary of the Company

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

e Major client or supplier of the Company or an executive thereof

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

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

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

i Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)

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

k Other

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Nobuya Ishizaka	○	—	Mr. Ishizaka has been appointed to be an Outside Director. He is expected to continue providing the Company's management with beneficial advice from an objective perspective based on his extensive knowledge and experience gained from working for a general trading company, as a representative director of a listed company, and in business administration both in Japan and abroad. In addition, he has been appointed to be an independent Outside Director as he satisfies the Company's criteria for independence based on the criteria for independence of the Tokyo Stock Exchange and is unlikely to have a conflict of interest with general shareholders.
Aki Tsurumaki	○	—	Mr. Aki Tsurumaki has been appointed to be an Outside Director. He is expected to continue providing the Company with beneficial advice on its legal compliance from an objective viewpoint based on his highly specialized legal knowledge held as a lawyer and his contribution to the governance of the Board of Directors using his knowledge as a lawyer. In addition, he has been appointed to be an independent Outside Director as he satisfies the Company's criteria for independence based on the criteria for independence of the Tokyo Stock Exchange and is unlikely to have a conflict of interest with general shareholders.
Makiko Takahashi	○	—	Ms. Makiko Takahashi has been appointed to be an Outside Director. She is expected to continue providing the Company with beneficial advice on process management, managerial human resource development, activities in response to new technologies, etc. from an objective viewpoint based on her significant expertise in knowledge creation, research and development projects, technology transfer, strategic management of intellectual property, etc. acquired through industry-academia partnerships and rich experience in joint research with private-sector companies and administrative bodies. In addition, he has been appointed to be an independent Outside Director as he satisfies the Company's criteria for independence based on the criteria for independence of the Tokyo Stock Exchange and is unlikely to have a conflict of interest with general shareholders.
Masato Horiuchi		Mr. Masato Horiuchi, an Outside Director, is the Deputy Chief Operating Officer of the ICT Division of ITOCHU Corporation, a principal shareholder of the Company.	He has been appointed to be an Outside Director. He is expected to continue providing the Company with beneficial advice on its management from an objective standpoint based on his business experience in the information and communication field at a general trading company and his extensive knowledge and experience as an executive at a business company.
Takuya Yamaguchi		Mr. Takuya Yamaguchi, an Outside Director, is an Executive Officer and the Director of the Business Strategy Department of the Information & Communication Division at Toppan Inc., a principal shareholder of the Company.	He has been appointed to be an Outside Director. He is expected to continue providing the Company with beneficial advice on its management from an objective viewpoint based his extensive knowledge and experience in information, communication, and Business Process Outsourcing (BPO) fields at the printing company.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee

Yes

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Inside Director	Outside Director	Outside Experts	Other	Chairperson
Committee Corresponding to Nomination Committee	Nominating Committee	6	0	1	5	0	0	Inside Director
Committee Corresponding to the Compensation Committee	Remuneration Committee	6	0	1	5	0	0	Inside Director

Supplementary Explanation

The Nominating Committee is an advisory body to the Board of Directors which examines and develops proposals for candidates based on the criteria for the appointment of Directors and Corporate Auditors approved by the Board of Directors.

The Remuneration Committee is an independent body delegated by the Board of Directors to examine and determine individual remuneration plans for Directors based on the criteria for executive compensation pursuant to the basic policy for executive compensation and resolutions of the General Meeting of Shareholders.

The Nominating Committee and the Remuneration Committee are constituents of the Board of Directors which consist of the Representative Director who is the President & CEO and five non-executive directors (including three independent Outside Directors). They have established decision-making systems that guarantee transparency and fairness through deliberations involving a majority of non-executive directors, including independent Outside Directors. Overviews of the operations of the Nominating Committee and the Remuneration Committee are presented below.

Nominating Committee

(1) Frequency of meetings and attendance

In principle, the Committee is to meet at least once in every fiscal year, and one meeting was held between March 2021 and November 2021. The attendance of the committee members is 100%.

(2) Establishment of an administrative organization

The Company has established an administrative organization to facilitate the operations of the Nominating Committee.

(3) Reasons for the selection of the committee members and their roles

The Nominating Committee is chaired by the Representative Director, who is also President & CEO, to determine proposals for candidate Directors, Representative Director, and Corporate Auditors of the Company and is composed of non-executive directors and independent Outside Directors to ensure transparency and fairness, and allows the participation of one independent Outside Corporate Auditor as an observer. Each member has the role of raising objective opinions from their respective areas of expertise.

Remuneration Committee

(1) Frequency of meetings and attendance

In principle, the Committee is to meet at least once in every fiscal year, and two meetings were held between March 2021 and November 2021. The attendance of the members is 100%.

(2) Establishment of an administrative organization

The Company has established an administrative organization to facilitate the operations of the Remuneration Committee.

(3) Reasons for the selection of the committee members and their roles

Remuneration Committee is chaired the Representative Director, who is also President & CEO, to determine proposals regarding the remuneration of individual Directors and is composed of non-executive directors and independent Outside Directors to ensure transparency and fairness. Each member has the role of raising objective opinions from their respective areas of expertise.

[Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum number of Corporate Auditors stipulated in the Articles of Incorporation	5
Number of Corporate Auditors	3

Cooperation between the Corporate Auditors, the Accounting Auditor, and the Internal Audit Department

Internal Audit Department reports the progress of internal audits on a monthly basis to the President, CEO and Representative Director, other relevant executive officers and the Corporate Auditor

The Corporate Auditor holds regular meetings with the Internal Audit Department, hold three-party-liason meetings including the Accounting Auditor on a quarterly basis to understand the purposes of each audit and the differences in the roles of the three parties with an awareness of their governance responsibilities and share the details of mutual audits and any issues, etc. discovered, thereby ensuring the effectiveness of the cooperative system.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Outside Corporate Auditors designated as Independent Auditors	1

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Kazunori Watanabe	Certified Public Accountant														
Fumitaka Horiuchi	From another company									○	○				

* Categories for "Relationship with the Company"

* "○" indicates that the director currently falls under the category, or did so recently, and "△" indicates that the director fell under the category in the past.

* "●" indicates that a close relation falls under the category, or did so recently, and "▲" indicates that a close relation fell under the category in the past.

a Executive (a person who executes business; hereinafter the same) of the Company or its subsidiaries

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

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

d Corporate Auditor of a parent company of the Company

e Executive of a fellow subsidiary of the Company

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

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

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

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

j Executive of a client or supplier of the Company (which does not correspond to f., g., or h.) (the Corporate Auditor him or herself)

k Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)

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

m Other

Relationship with the Company (2)

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Kazunori Watanabe	○	—	Mr. Kazunori Watanabe has been appointed to be an Outside Corporate Auditor. He is a certified public accountant with expertise in financial affairs and accounting, and is expected to help ensure the appropriateness of audits in these areas, which is an important role of audits, and apply his knowledge and experience gained while serving a large electrical machinery manufacturer as an outside director (member of the Audit Committee) to the Company's audit system. In addition, he has been appointed to be an independent Outside Director as he satisfies the Company's criteria for independence based on the criteria for independence of the Tokyo Stock Exchange and is unlikely to have a conflict of interest with general shareholders.

Fumitaka Horiuchi		Mr. Fumitaka Horiuchi, an Outside Corporate Auditor, is the CFO of the ICT & Financial Business Company of ITOCHU Corporation, a principal shareholder of the Company.	He has been appointed to be an Outside Corporate Auditor. He is considered appropriate as a Corporate Auditor based on his experience in the corporate management of an overseas operation of a general trading company, his responsibility for a department directly connected to the Board of Corporate Auditors, and deep insight into corporate management, internal control, and internal audits.
-------------------	--	--	--

[Independent Directors/Auditors]

Number of Independent Directors/Auditors	4
--	---

Matters Related to Independent Directors/Auditors

Based on the criteria for independence specified by the Tokyo Stock Exchange, the Company establishes criteria for the independence of candidates for independent Outside Directors and post them on the Company's website.
<https://www.bell24.co.jp/ja/company/governance/corporategovernance/index.html>

[Incentives]

Implementation of Measures to Provide Incentives to Directors and/or Executive Officers	Introduction of Performance-linked Remuneration and Stock Options
---	---

Supplementary Explanation

The remuneration for the Company's Directors is paid based on a system with the goal of achieving the medium- to long-term increase of corporate value and shareholder returns. The remuneration paid to individual Directors consists of basic compensation paid according to their responsibilities, performance-linked pay based on financial results in each fiscal year and stock-based compensation aiming to incentivize Directors to contribute to the medium- to long-term improvement of the Company's financial performance and growth of its corporate value. Individual amounts are determined by the Remuneration Committee primarily composed of independent Outside Directors.

Recipients of Stock Options	Internal Directors, other
-----------------------------	---------------------------

Supplementary Explanation

The purpose is to incentivize the recipients to contribute to the improvement of the Group's financial performance by linking the financial results to the benefits received by the recipients, thereby growing the Group's business. The eligible recipients include the Directors and executive officers of the Company and a major subsidiary of the Company, Bellsystem24, whose contributions make up a significant percentage of the Group's performance. Recipients are selected comprehensively considering the scope of impact on the growth potential and profitability of the Group.

[Remuneration for Directors/Executive Officers]

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

Supplementary Explanation

The total amount of remuneration paid to the Company's Directors for the fiscal year ended February 28, 2021, was 174 million yen (including 27 million yen paid to Outside Directors).

Policy on Determining Remuneration Amounts and Calculation Methods	Yes
--	-----

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Basic Policy

The remuneration for the Company's Directors is paid based on a system with the goal of the medium- and long-term increase of corporate value and shareholder returns. The remuneration paid to individual Directors pursuant to resolutions of the General Meeting of Shareholders consists of basic compensation paid according to their responsibilities, performance-linked pay based on financial results in each fiscal year, and stock-based compensation aiming to incentivize Directors to contribute to the medium- to long-term improvement of the Company's financial performance and the growth of its corporate value. Compensation for Outside Directors consists only of basic compensation and excludes compensation connection to financial results due to their independence from the Company's business operations.

2. Policy for determining basic compensation for individual Directors (including policy for determining the time or conditions for basic compensation)

Basic compensation is a fixed amount of cash paid monthly determined in consideration of the individual appraisal of each Director within the range of the amounts specified according to the Director's responsibilities and the significance of their roles.

3. Policy for the determination of conditions and amounts or methods of calculating the quantity of performance-linked pay and stock-based compensation (including the policy for the determination of time or conditions for giving performance-linked pay and stock-based compensation)

Performance-linked remuneration is paid in cash reflecting performance indicators to increase Directors' incentives to improve yearly financial results. The performance indicators used for performance-linked pay include consolidated revenue, consolidated operating income, net income attributable to owners of the parent, and consolidated operating income of the previous fiscal year. Compensation is calculated from a payment ratio to standard amounts according to the responsibilities of each Director based on the percentage of achievement of the target for each performance indicator and determined while comprehensively considering the evaluation in response to the contributions of an individual Director to the Company's financial results. The amount determined is paid as a bonus at a certain time each year. Consolidated revenue, consolidated operating income, and net income attributable to owners of the parent used as performance indicators are specified in each fiscal year to make them consistent with the Medium-term Management Plan and necessary adjustments are made depending on environmental changes that affect the corporate activities of the entire Group.

The stock-based compensation is the Officer Compensation BIP (Board Incentive Plan) Trust, a performance-linked stock-based compensation plan that uses a trust. The performance indicator for stock-based compensation is consolidated operating income. Points given to each Director based on his/her title are multiplied by a performance-linked coefficient that changes between 0% and 200% according to the level of achievement of the consolidated operating income target, with full achievement being 100%. The Company's shares corresponding to the cumulative total points are issued and cash in the amount equivalent to the shares is paid when the Director retires. Consolidated operating income used as a performance indicator is specified in each fiscal year to be consistent with the Medium-term Management Plan.

4. Policy for determining the ratio of monetary compensation, performance-linked compensation, and stock-based compensation for individual Directors

Percentages of remuneration are based on the remuneration levels determined using survey results of companies that have adopted a stock compensation plan similar to the Company as a reference. The percentages of performance-linked pay and stock-based compensation are specified based on the title and roles of Directors to serve as incentives contributing to the sustainable and medium- to long-term improvement of the Company's financial performance and basic compensation is determined taking into account the percentages.

5. Matters concerning the delegation of decisions on the details of remuneration, etc. paid individually to Directors

Decision on specific details of remuneration, etc. paid individually to Directors is delegated to the Remuneration Committee composed of the Representative Director who is also the President & CEO and non-executive directors (including independent Outside Directors) pursuant to a resolution of the Board of Directors. The authority of the Committee includes decisions and revisions of remuneration for Directors and other officers pursuant to this policy and decisions on remuneration, etc. paid individually to Directors, taking into account the appraisal of each of the Directors, based on the criteria for executive compensation. The Remuneration Committee may seek the advice of outside experts to ensure the appropriateness and legitimacy of its decisions.

6. Important matters concerning decisions on the details of remuneration, etc. paid individually to Directors in addition to the above

The Board of Directors passes resolutions to establish rules for Directors' remuneration to ensure operation in accordance with this policy.

[Supporting System for Outside Directors (and Outside Auditors)]

The supporting system for Outside Directors and Outside Corporate Auditors is described below.

- The Corporate Planning Department acting as the administrative body for meeting bodies such as the Board of Directors distributes reference materials related to the agenda of meetings to Outside Directors and responds to their inquiries in advance of ordinary and extraordinary meetings of the Board of Directors, etc.
- The Corporate Auditors' Office (Corporate Planning Department for the Board of Directors) assisting the Corporate Auditors distributes reference materials related to the agenda of meetings to Outside Corporate Auditors and responds to their inquiries in advance of ordinary and extraordinary meetings of the Board of Corporate Auditors and the Board of Directors, etc. The Full-Time Corporate Auditor provides Outside Corporate Auditors with the Company's information as appropriate.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System)

The Company has established the Board of Directors and the Board of Corporate Auditors and appointed an Accounting Auditor. It also adopted an executive officer system to promptly respond to changes in the Group's business environment and holds Executive Committee meetings to deliberate on important matters in the operation of business.

•Board of Directors

The Board of Directors meets every month and when necessary and makes important decisions pursuant to laws and regulations, the Articles of Incorporation, the Board of Directors' Regulations, and other internal rules. It also supervises the Directors and Corporate Officers' performance of their duties. The Board of Directors is composed of nine Directors, including three independent Outside Directors expected to help improve the supervisory functions of the Board of Directors. Three Corporate Auditors, including one independent officer, also attend the Board of Directors' meetings.

•Board of Corporate Auditors

The Board of Company Auditors comprises three Corporate Auditors, including two Outside Auditors and one independent officer. It meets every month and when necessary and audits the Directors' performance of their duties. Corporate Auditors attend the Board of Directors' meetings, while the Full-Time Corporate Auditor also attends important meetings such as Executive Committee meetings both in person and online, read important documents, and visit offices across Japan for auditing to learn about the Company's condition, investigate the process of important decision making and the status of the performance of duties, audit the status of compliance with laws and regulations, the Articles of Incorporation, and internal rules, etc. and the effectiveness of internal control (status of responses to assumed risks), and propose improvements as appropriate to the executive side. They receive quarterly online review reports from the Accounting Auditor, periodically cooperate with the Accounting Auditor to verify the appropriateness of the audits performed by the Accounting Auditor, hold quarterly three-party liaison meetings including the participation of the internal audit department to share information about risks and exchange opinions to

improve the quality of audits.

- Corporate Officers

Corporate Officers are delegated the authority to perform the Directors' duties within the range of delegation resolved by the Board of Directors, based on which they conduct the operations of which they are in charge.

- Executive Committee

The Executive Committee consists of the President & CEO and parties designated by President & CEO, and they are joined by the Full-Time Corporate Auditor in their meetings which are held, in principle, once a week. The Executive Committee is positioned as an advisory body for important decisions made by the President & CEO within the range of delegation resolved by the Board of Directors and functions effectively to provide opportunities for Corporate Officers to share information and consult.

- Accounting Auditor

The Company has appointed PricewaterhouseCoopers Aarata as its Accounting Auditor and has entered into an audit agreement with PricewaterhouseCoopers Aarata to undergo appropriate auditing that is in compliance with the audit standards generally accepted as fair and valid in Japan. Corporate Auditors closely collaborate with the Accounting Auditor by holding meetings regularly and when necessary to receive reports and exchange opinions as appropriate.

- Nominating Committee

The Nominating Committee, as an advisory body to the Board of Directors, reports the appointment and dismissal standards for Directors and Corporate Auditors and deliberates and makes decisions on individual draft personnel proposals for Directors, Representative Director, and Corporate Auditors pursuant to the standards for the selection and dismissal of Directors, Corporate Auditors, and Representative Director approved by the Board of Directors.

The Nominating Committee is a constituent of the Board of Directors, which consists of the Representative Director who is also the President & CEO and five non-executive directors (including three independent Outside Directors). It has built a decision-making system that guarantees transparency and fairness through the deliberations of its members, in which non-executive directors, including independent Outside Directors, comprise a majority. The Nominating Committee allows the participation of one independent Outside Auditor as an observer.

- Remuneration Committee

The Remuneration Committee is an independent body delegated by the Board of Directors to examine and determine individual remuneration plans of the Directors based on the criteria for executive compensation pursuant to the basic policy for executive compensation and resolutions of the General Meeting of Shareholders.

The Remuneration Committee is a constituent of the Board of Directors, which consists of the Representative Director who is also the President & CEO and five non-executive directors (including three independent Outside Directors). It has built a decision-making system that guarantees transparency and fairness through the deliberations of its members, in which non-executive directors, including independent Outside Directors, comprise a majority.

The Remuneration Committee may seek the advice of outside experts regarding its decisions on the amount of remuneration paid individually to Directors to ensure appropriateness and legitimacy.

Outline of Provisions of Liability Limitation Agreement

Pursuant to the provisions of Paragraph 1, Article 427 of the Companies Act, the Company has signed agreements with Directors (excluding those who are executive directors, etc.) and Outside Corporate Auditors to limit their liability for damages as stipulated in Paragraph 1, Article 423 of said Act.

The maximum amounts of liability for damages pursuant to these agreements are those specified by law in both the cases of the Directors (excluding executive directors, etc.) and the Outside Corporate Auditors. The limitation of liability applies only to the duties of the Directors (excluding those who are executive directors, etc.) and Outside Corporate Auditors performed in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

To improve the supervising function of the Board of Directors, the Company has adopted the system of company with a board of corporate auditors based on its recognition that the combination of the auditing function of Corporate Auditors, including Outside Corporate Auditors, is effective in the overall supervision of the Company in addition to the supervisory functions of the Outside Directors who are a majority of the Board.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The law requires that a notice of convocation of general meeting of shareholders be distributed in writing or through electromagnetic methods no later than two weeks prior to the deadline for the exercise of voting rights. The Company makes efforts to distribute these notices earlier than two weeks prior whenever possible.
Scheduling Annual General Shareholders Meeting Avoiding the Peak Day	The Company's business year ends in February and the Ordinary General Meeting of Shareholders is held in May every year, which is not considered to be a peak period.
Allowing Electronic Exercise of Voting Rights	The Company implemented the digitization of the exercise of voting rights starting in the Ordinary General Meeting of Shareholders held in May 2021 to promote shareholders' exercise of their voting rights.
Participation in Electronic Voting Platform and Other Initiatives to Enhance the Environment for Institutional Investors to Exercise Their Voting Rights	The Company has been using the electronic voting platform operated by Investor Communications Japan Inc. (ICJ, Inc.) since the Ordinary General Meeting of Shareholders held in May 2021.
Providing Convocation Notice in English	The Company will consider its response to this while observing the progress of the exercise of voting rights and trends in the percentage of foreign investors going forward.
Other	Notices of convocation of General Meeting of Shareholders are posted on the Company's IR website.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has added "Investors (Japanese/English)" in the menu of its official website and prepares and makes announcements as part of its content.	
Regular Investor Briefings for Individual Investors	While the Company holds briefings for individual investors, it will consider holding briefings on a regular basis, taking conditions into account.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds regular briefings on financial results at the times of the interim and year-end account settlements and holds large, small, and one-on-one meetings according to the situation.	Yes
Regular Investor Briefings for Overseas Investors	While currently there is no plan for such a briefing, the Company will consider holding one, taking the situation into account.	No
Posting of IR Materials on Website	The Company has added "Investors (Japanese/English)" in the menu of its official website and posts summaries of financial results, timely disclosure documents, securities reports, press releases, etc.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the IR Office within its Public Relations Division.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Internal Rules Stipulated for Respecting the Position of Stakeholders	The Code of BELLSYSTEM24 Group Conduct specifies the Group's relationships with its stakeholders. It states that the Group strives to promote dialogue with stakeholders, including shareholders, customers, suppliers, employees, local communities, and local governments, through the active and fair disclosure of information without limiting disclosure to that prescribed by laws and regulations. The Code also states that this disclosure of information be timely and appropriate and the information be comprehensible. It also requires that the Group recognize its responsibilities for the impact of its business activities on society and respect the needs and interest of stakeholders as much as possible, thereby operating a business that is in harmony with society.

<p>Implementation of Environmental Activities, CSR Activities, etc.</p>	<p>In view of the medium- to long-term increase of corporate value, the Board of Directors has passed a resolution and announced basic policies, including a human rights policy, environmental policy, and social contribution policy as part of its CSR policy, which will be the guidelines for the Company's efforts to achieve sustainability. In connection with human capital, in particular, the Company has stated the mission of supporting the enrichment of society through innovation and communication in its corporate vision and positions the diversity of human resources and working styles as the most important issue in its corporate management while defining the "material issues (materiality) that are shared by the Company and society" to accomplish its mission. The Company believes that creating a people-friendly workplace (community) that enables diverse people to enjoy working with peace of mind is its responsibility to society that contributes to its sustainable growth while it carries out its activities.</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>Based on its disclosure policy, the Company has established an IR policy of disclosing information about the Group's business performance, management policies, business strategies, important management indicators, and other types of information that contributes to the corporate value and investment decisions to all stakeholders in a timely, fair, and accurate manner. The Company announces important information delivered to the participants in transactions specified by the fair disclosure rules simultaneously or immediately to promote constructive dialogue with its stakeholders and it strives to achieve and maintain institutional investors, analysts, individual investors, market players, and others' fair access to information.</p>
<p>Other</p>	<p>The Group carries out diversity activities based on its corporate vision. More specifically, the Company develops and implements human resource development programs with the goal of increasing the percentage of people in each position that are women and promoting women to higher managerial positions, discovers and develops supervisors who are considerate and understanding about the needs of their subordinates and colleagues to care for children and their families and improve their work-life balance, supports the community activities of sexual minorities such as LGBTQ individuals, and promotes the employment of people with disabilities. The Group will continue to develop an environment that respects employee diversity and enables people of all attributes to work energetically and build flexible personnel systems.</p> <p>The percentage of employees and the percentage of employees in managerial positions that are women as of March 1, 2021, are as follows: Percentage of regular employees that are women: approx. 35.4% Percentage of employees in management positions that are women: approx. 15.8% One of nine Directors and one of three Corporate Auditors are women as of March 1, 2021.</p>

IV. Matters Related to the Internal Control System

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

1. System ensuring that Directors and employees of BellSystem24 (the "Company") conform with laws and regulations and the Articles of Incorporation of the Company in the performance of their duties

(1) The Board of Directors makes important decisions pursuant to laws and regulations, the Articles of Incorporation, and internal rules 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.

(2) The Company establishes 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.

(3) The Company takes the following specific measures to act in good faith based on the ethics and values required of members of society ("Compliance"), including compliance with laws and regulations, the Articles of Incorporation, internal rules, 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 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 chairperson of Compliance Committee established to ensure the Company and its subsidiaries thoroughly operate the compliance system and follow its practices, the CCO facilitates the penetration of the compliance system.

iii. Directors and Corporate Officers establish 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 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 that the Company and its subsidiaries' performance of their duties is efficient and conforms with Laws, etc. and the division reports its results to Directors and Corporate Officers as necessary.

v. Upon discovering a Compliance-related issue that may seriously impact the Company or its subsidiary 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.

iv. Pursuant to the Code of Conduct and the BELLSYSTEM24 Group Basic Rules for Measures Addressing Antisocial Forces, Directors, Corporate Officers, and employees establish 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 and 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.

2. System for storing and managing information about the Directors' performance of their duties

The Corporate Planning Department and the Legal Affairs and Compliance Department appropriately store and maintain 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 divisions verify the status of document management and modify 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

(1) The Company defines its risk management system by establishing Risk Management Rules, and, under the leadership of the Corporate Planning Department, defining comprehensively and cross-sectionally risks that have or may have a significant impact on the business of the Company and its subsidiaries, and assigning divisions responsible for managing each of the significant risks defined. The Company also determines actions to take when it faces such significant risks.

(2) The Company and its subsidiaries appoint a Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) to prevent the outflow and leakage of confidential information, including private information, which constitutes a significant business risk. Under the direction of CISO and CPO, the Legal Affairs and Compliance Department 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. The Company conducts internal audits to verify the appropriate operation of these systems.

(3) The Corporate Planning Department, in cooperation with relevant divisions, assesses business risks as necessary for establishing management strategies, developing business plans, and making other important decisions and provides Directors and Corporate Officers with the results of its assessment, which are important information that aids the Directors and Corporate Officers to make management decisions.

4. System for ensuring Directors' efficient performance of their duties

(1) The Company has adopted an executive 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.

(2) The Company ensures the Directors' efficient performance of their duties by defining the authorities of their jobs and the division of duties pursuant to Job Authority Rules and Rules for the Division of Duties.

(3) The Company establishes Round Robin Rules and Expense Expenditure Approval Rules to ensure the efficient performance of Corporate Officers and employees' duties.

(4) 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 establishes its Internal Control Committee chaired by the Corporate Officer responsible for the Legal Affairs and Compliance Department as an organization that examines issues concerning the internal control systems of the Company and its subsidiaries (the "Group") and determines and implements measures to continuously improve and operate the internal control system of the Group.

(1) 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 establishes 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 condition 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 or any misconduct or serious violation of laws and

regulations or 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.

(2) Rules and other systems for managing the risk of loss at subsidiaries

i. The Corporate Planning Department specifies a risk management system pursuant to the Risk Management Rules by defining risks that has or may significantly impact the business of the Company's subsidiaries and assigning the divisions within the Company that are responsible for managing each of the significant risks defined.

ii. Subsidiaries also appoint a Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) to prevent the outflow and leakage of confidential information, including private information, which constitutes a significant business risk. Under the direction of CISO and CPO, the Legal Affairs and Compliance Department 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, etc. and employees. The Company conducts internal audits, including of its subsidiaries, to verify that these systems operate appropriately.

iii. The Corporate Planning Department, in cooperation with the relevant divisions, assesses the business risks of the Company and its subsidiaries as necessary for the establishment of management strategies, the development of business plans, and other important decisions and provides Directors and Corporate Officers with the results of its assessments, which are important information that aid the Directors and Corporate Officers in their management decisions.

(3) System for ensuring that Directors, etc. of subsidiaries efficiently perform their duties

Based on management guidance agreements or business trust agreements signed between the Company and its subsidiaries, the Company controls and provides guidance on business administration particularly via its administrative divisions to increase the efficiency and improve the appropriateness of the performance of duties.

(4) 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 control 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 the preceding section from Directors and matters concerning ensuring the effectiveness of the instructions given by the Corporate Auditors to employees

(1) The appointment, change, and appraisal of the assistants in the preceding section, and any disciplinary action impacting them must be discussed with and approved by the Corporate Auditors in advance.

(2) Instructions given to the assistants in the preceding section will be given by the Corporate Auditors, and the assistants must follow the instructions of the Corporate Auditors.

(3) 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

(1) Directors and Corporate Officers of the Company and its subsidiaries must periodically report the status of their 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.

(2) Directors, Corporate Officers, and employees of the Company and subsidiaries must immediately report to the Corporate Auditors any fact that may seriously damage the company, misconduct or serious violation of laws, regulations or the Articles of Incorporation by a Director, Corporate Officer, or employee.

(3) 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 serious issue that will significantly affect business, fact that may seriously damage the company, misconduct or serious violation 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 the preceding section from being unfairly treated because of the report

(1) 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.

(2) 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

(1) 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.

(2) Any expense not included in the budget in the preceding paragraph that the Corporate Auditors demand the Company to 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

(1) 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.

(2) 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 status of assets and the performance of their duties 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 properly and appropriately cooperate with the investigation.

(3) 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.

(4) 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.

- (5) The Corporate Auditors may receive advice from lawyers, certified public accountants, and other external experts as necessary at the expense of the Company.
- (6) 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.
- (7) The Corporate Auditors hold regular meetings to strengthen the relationships with the Accounting Auditor and Audit Division in three-party audits.
- (8) 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.
- (9) When the Corporate Auditors order or request an investigation to facilitate efficient audit activities, the Audit Division shall cooperate with the Corporate Auditors.
- (10) 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.

2. Fundamental Approach to Eliminating Anti-Social Forces and State of Related Efforts

The section, "Prohibition of Relationships with Antisocial Forces and Groups," of the Code of BELLSYSTEM24 Group Conduct declares that the Group maintains no relationship with antisocial forces or groups, including organized crime groups, which threaten the order and safety of civil society. Before entering into a business relationship, the Group is to investigate any involvement of the other party with antisocial forces or groups. The Group will maintain this position resolutely and under no circumstances will the Group accept a business relationship that is demanded or an unfair demand made by any antisocial force.

Based on this declaration, the Group has established the BELLSYSTEM24 Group Basic Rules for Measures Addressing Antisocial Forces and the BELLSYSTEM24 Group Guidelines for Responding to Unfair Demands Made by Antisocial Forces. These are operated by the Legal Affairs and Compliance Department, and the head of Legal Affairs and Compliance Department is responsible for preventing unfair demands being placed upon the Group in the Group's efforts to prevent damage caused by antisocial forces, fulfill the Group's responsibilities to society, and achieve its sound development.

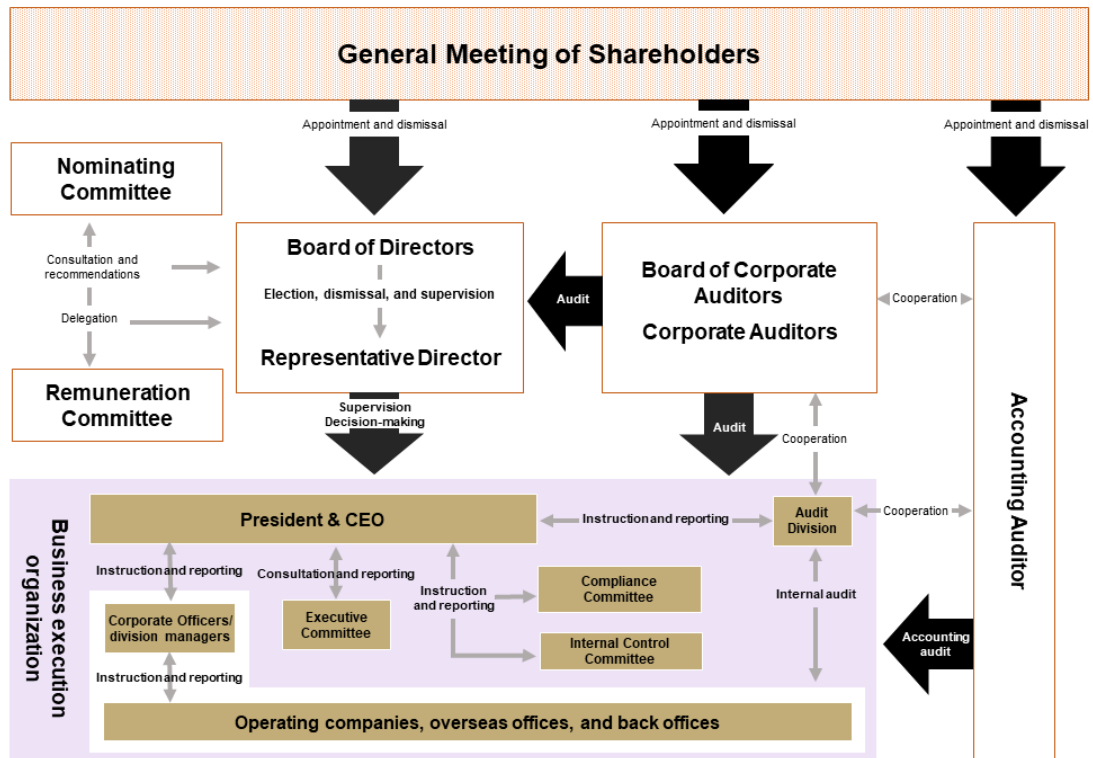
The Company has joined the Tokubouren (The Association for of Special Violence Prevention Measures under the jurisdiction of the Metropolitan Police Department), the Tsukishima Chiku Tokuboukyou (the Tsukishima District Council for Special Violence Prevention Measures), and the Japan National Crime Prevention Association's National Center for Removal of Criminal Organizations. The Company obtains the latest information about antisocial forces by participating in events held by these organizations such as regular information exchange meetings and seminars and examines the attributes of potential business counterparts before engaging in transactions using the information from these organizations and other databases to completely prevent any relationship with antisocial forces.

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

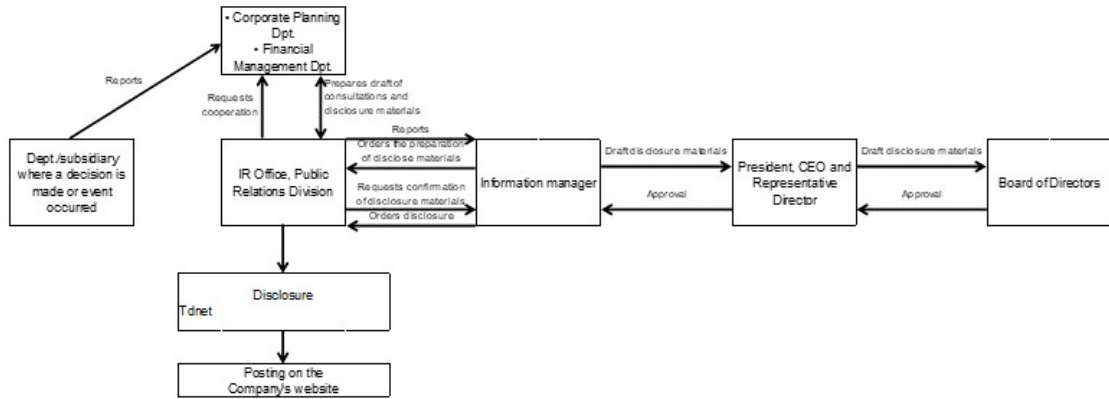
Supplementary Explanation

2. Other Matters Concerning the Corporate Governance System



Overview of the Timely Disclosure System (Diagram)

Work flow for the timely disclosure of information about decisions and occurrences



Work flow for the timely disclosure of information about financial results

