

*Note: This document is an English translation of the original Japanese language document and has been prepared solely for reference purposes. No warranties or assurances are given regarding the accuracy or completeness of this English translation. In the event of any discrepancy between this English translation and the original Japanese language document, the original Japanese language document shall prevail in all respects.*

## Corporate Governance

CORPORATE GOVERNANCE

freee K.K.

**Last Update: October 4, 2024**

**freee K.K.**

Daisuke Sasaki, CEO and Representative Director  
Contact: Legal and Risk Management Department  
Securities code: 4478

The status of corporate governance of freee K.K. (the “Company”) is as described below.

## I. Basic Policies on Corporate Governance, Capital Structure, Company Attributes, and Other Basic Information

### 1. Basic Policies

Pursuant to our mission, “Empower Small Businesses to Take Center Stage,” the Company’s group recognizes our corporate social responsibility and makes efforts to bring harmonized benefits to our stakeholders. Thus, the Company will promote a monitoring system for business execution and disclose information in a timely manner in order to ensure transparency and objectivity in our business activities for the development of appropriate corporate management systems.

### Rationale for Not Implementing Principles of the Corporate Governance Code

The Company has implemented all five basic principles of the Corporate Governance Code.

### 2. Capital Structure

Foreign Shareholding Ratio	30% or more
----------------------------	-------------

### Major Shareholders **Updated**

Name or Designation	Number of Shares Owned	Ratio (%)
Daisuke Sasaki	11,018,100	18.80
MSIP CLIENT SECURITIES	5,812,910	9.91
GOLDMAN SACHS & CO.REG	4,389,165	7.49
Morgan Stanley MUFG Securities Co., Ltd.	3,186,661	5.43
Recruit Co., Ltd.	2,277,267	3.88
INTERACTIVE BROKERS LLC	2,276,660	3.88
Ryu Yokoji	2,046,100	3.49
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	1,652,422	2.81
MSCO CUSTOMER SECURITIES	1,464,938	2.49
THE BANK OF NEW YORK MELLON 140051	1,168,500	1.99

Controlling Shareholders (excluding Parent Company)	—
Parent Company	Not applicable

#### Supplementary Explanation

· The change report of possession of large volume made available for public inspection on December 6, 2023, states that Baillie Gifford & Co. and its joint owner owns 3,848,727 shares (6.62%). However, as the Company cannot confirm the substantive number of shares owned as of June 30, 2024, this information is not included in the above stated Status of Major Shareholders.

· The report of possession of large volume made available for public inspection on March 8, 2024, states that Kora Management, L.P. owns 2,923,000 shares (5.01%). However, as the Company cannot confirm the substantive number of shares owned as of June 30, 2024, this information is not included in the above stated Status of Major Shareholders.

### 3. Company Attributes

Listing Market Classification	TSE Growth
Term-End	June
Category of Business	Information and telecommunication
(Consolidated) Number of Employees as of Preceding Term-End	1,000 or more
(Consolidated) Revenue as of Preceding Term-End	10~100 billion JPY
Consolidated Number of Subsidiaries as of Preceding Term-End	Less than 10 companies

### 4. Guidelines for Protection of Minority Shareholders in Transactions with Controlling Shareholders

—

### 5. Other Special Circumstances That May Have a Material Impact on Corporate Governance

—

## II. Corporate Management Organization and Other Corporate Governance Matters Related to Decision Making, Business Execution, and Supervision in Corporate Management

### 1. Organizational Structure and Operations

Organizational Form	A company with an Audit & Supervisory Committee
---------------------	---

#### Matters Related to Directors

Maximum Number of Directors Stipulated in the Articles of Incorporation	14
Term of Office of Directors Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	CEO
Number of Directors <b>Updated</b>	6
Appointment of Outside Directors	Appointed
Number of Outside Directors	4

Number of Independent Directors	4
---------------------------------	---

## Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Yoko Naito	From another company											
Masao Hirano	Academic											
Shinji Asada	From another company								△			
Yumi Hosaka Clark	From another company											

\* Categories of "Relationship with the Company"

\* ○: shows the item is/was applicable to the outside director either currently or until recently;

△: shows the item was applicable to the outside director in the past

\* ●: shows the item is/was applicable to a close relative of the outside director either currently or until recently;

▲: shows the item was applicable to a close relative of the outside director in the past

a. An executive of the Company or its subsidiary

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

c. An executive of a fellow subsidiary of the Company

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

e. A major client or supplier of the Company or an executive thereof

f. A consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an officer

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

h. An executive of a client or supplier of the Company (which does not fall under any of d, e, and f) (the Director himself/herself only)

i. An executive of a company to and from which outside officers are mutually appointed (the Director himself/herself only)

j. An executive of a party that receives a donation from the Company (the Director himself/herself only)

k. Other

Relationship with the Company (2)

Name	Member of Audit & Supervisory Committee	Designation as an Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoko Naito	○	○	-----	<p>Ms. Naito has profound insight as a certified public accountant. Having served as a full-time Audit &amp; Supervisory Board Member since 2018 and a full-time Audit &amp; Supervisory Committee Member since 2021, she has attended important internal meetings such as those of the Management Meeting and the Risk Management Committee, held hearings with executives and employees, and actively monitored the execution of business of the Company. She is expected to continue to fulfill her role, including providing highly effective supervision of the management of the Company, from an independent and objective standpoint as an Outside Director.</p> <p>She is unlikely to have conflicts of interest with general shareholders because she falls under none of the judgment criteria regarding independence.</p>
Masao Hirano	○	○	-----	<p>Mr. Hirano has deep insight into corporate management, acquired over many years as a management consultant and university (business school) professor. Additionally, he has a wealth of experience as a manager at business companies, consulting companies, and investment funds. He is expected to fulfill his role, including providing advice and highly effective supervision of the management of the Company alongside strengthening corporate governance, from an independent and objective standpoint as an Outside Director.</p> <p>He is unlikely to have conflicts of interest with general shareholders because he falls under none of the judgment criteria regarding independence.</p>

Name	Member of Audit & Supervisory Committee	Designation as an Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Shinji Asada	○	○	The Company has system usage fees and other amounts to pay to Salesforce Japan Co., Ltd., where Mr. Shinji Asada served as an executive from February 2018 to March 2020. However, the amount paid by the Company to Salesforce Japan during the fiscal year 2024 accounts for less than 1% of Salesforce Japan's consolidated net sales and is insignificant. Taking into account the nature of the business transaction, Mr. Asada is deemed to be sufficiently independent and unlikely to have conflicts of interest with general shareholders.	<p>Mr. Asada has extensive insight into the SaaS industry, acquired over many years. As an Audit &amp; Supervisory Committee Member of the Company, he actively provides advice on a broad range of matters such as management strategy, investment, and governance. He is expected to continue to fulfill his role, including providing highly effective supervision of the management of the Company, from an independent and objective standpoint as an Outside Director.</p> <p>While he was an executive of the Company's business partner, he has already retired from the company and is unlikely to have conflicts of interest with general shareholders considering the transaction size as stated in the left column.</p>
Yumi Hosaka Clark		○	———	<p>Ms. Clark has served in key positions at international fintech companies, and has abundant experience in development linking traditional financial networks with the latest apps, as well as post-development scale-up. She also has extensive experience servicing the small business segment, and in investment and corporate acquisitions, actively providing a wide range of advice concerning the Company's products, businesses, and investments, etc., to the Board of Directors. Thus, she is expected to continue to provide appropriate advice on the management of the Company from an objective and global perspective as an Outside Director.</p> <p>She is unlikely to have conflicts of interest with general shareholders because she falls under none of the judgment criteria regarding independence.</p>

## Audit & Supervisory Committee

### The Committee's Composition and Attributes of Its Chairperson

	Number of Committee Members	Number of Full-time Committee Members	Number of Inside Directors	Number of Outside Directors	Chairperson
Audit & Supervisory Committee	3	1	0	3	Outside Director

### Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee

No

### Reasons for Adopting the Current System

Please refer to "IV.1.Basic Approach in Relation to the Internal Control System and the Progress of Development Thereof" below.

### Cooperation among the Audit & Supervisory Committee, Accounting Auditors and Internal Auditing Department **Updated**

The Audit & Supervisory Committee, Internal Auditors, and Accounting Auditors mutually cooperate and hold periodic meetings to share information for issues and improvements, etc.

For improvement of audit effectiveness and efficiency, at the beginning of the period, the Audit & Supervisory Committee has exchanged opinions comprehensively with the Accounting Auditors regarding the audit plan, key audit areas and other matters. The Audit & Supervisory Committee receives reports from Accounting Auditors on performance and results of their duties, etc. every quarter and exchanges information and opinions with them. At the end of the period, reports on the financial audit and evaluation of internal control are provided, and any issues identified are shared. This collaboration ensures that these considerations are taken into account in planning audits for the subsequent periods, thereby enhancing the effectiveness of the audits. Also, Internal auditors submit reports on the audit plans and results to the Audit Committee and engage in regular meetings with full-time Audit Committee members to share information and exchange opinions to support the execution of efficient and effective audits.

## Voluntary Establishment of Committee(s)

### Voluntary Establishment of Nomination Committee and/or Remuneration Committee **Updated**

Established

### Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson **Updated**

	Committee's Name	Number of Committee Members	Number of Full-time Committee Members	Number of Inside Directors	Number of Outside Directors	Number of Outside Experts	Number of Others	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	—	—	—	—	—	—	—	—
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Committee	2	0	1	1	0	0	Outside Director

### Supplementary Explanation **Updated**

The Company has voluntarily established the Compensation Committee as an advisory body to the Board of Directors to discuss the compensation system for Directors and other matters more efficiently while ensuring transparency. The Compensation

Committee consists of two members: Daisuke Sasaki, the Representative Director, and Mr. Masao Hirano, an Independent Outside Director. To ensure independence, Mr. Masao Hirano, an Independent Outside Director, is serving as the Chairperson of the committee. The Compensation Committee deliberates and provide opinions to the Board of Directors regarding the compensation system for Directors and other matters based on consultation of the Board of Directors.

## Matters Related to Independent Officers

Number of Independent Officers	4
--------------------------------	---

### Other Matters Related to Independent Officers

Every person eligible to be an Independent Officer has been appointed as an Independent Officer.

#### [Insignificance Criteria]

The Company omits the description and overview of applicable attribute information if transactions or donations associated with an outside officer fall within the following insignificance criteria.

#### (Transactions)

- For the latest fiscal year, the payment amount from the Company is less than 1% of the payee's annual consolidated net sales (including those equivalent) or less than JPY 10 million, whichever is lower.
- For the latest fiscal year, the payment amount to the Company is less than JPY 10 million.

#### (Donations)

- For the latest fiscal year, the donation amount received from the Company is less than JPY 500,000.

## Matters Related to Incentives

Status of Initiatives to Provide Incentives to Directors	Introduction of a performance-based remuneration system / Introduction of a stock-option system / Others
--	--

### Supplementary Explanation

A stock-option system to increase appetite and motivation toward greater business performance of the Company with the aim of increasing its medium- to long-term stock value, as well as a restricted share (RS) compensation plan and a performance-based remuneration system for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) has been introduced.

Persons Eligible for Stock Options	Inside Directors, Outside Directors, Employees, Others
------------------------------------	--

### Supplementary Explanation

The system has been introduced to increase appetite and motivation toward greater business performance of the Company among the eligible persons listed above.

## Matters Related to Director Remuneration

Disclosure status	Individual remuneration amounts are not disclosed.
-------------------	--

### Supplementary Explanation

Since no Director receives remuneration of JPY 100 million or above in total, remuneration amounts of individual Directors are not disclosed. Total remuneration of Directors and Directors who are Audit & Supervisory Committee Members by officer types are disclosed.



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

(1) The compensation for the Company's Directors (excluding Directors who are Audit & Supervisory Committee Members) will be determined based on the following fundamental principles:

- The compensation system should function effectively as an incentive for strong commitment to achieving the Company's annual and medium- to long-term management plans and financial goals, as well as the sustainable enhancement of corporate value.
- The compensation level should be determined in consideration of surveys and other assessments of the status of domestic and international companies in the same industry conducted by external organizations.

(2) The compensation for the Inside Directors will consist of basic compensation (monetary compensation) and stock compensation (performance share unit and restricted stock compensation) based on the principles outlined in (1) above (provided that stock compensation will be granted only to those residing in Japan).

(3) The compensation for Outside Directors (excluding Directors who are Audit & Supervisory Committee Members) will consist of basic compensation (monetary compensation) and stock compensation (restricted stock compensation) based on the principles outlined in (1) above (provided that stock compensation will be granted only to those residing in Japan).

(4) The compensation for Company's Directors who are Audit & Supervisory Committee Members will consist of basic compensation (monetary compensation) and stock compensation (restricted stock compensation). This compensation will be determined through consultation among all Audit & Supervisory Committee Members, taking into account their responsibilities, economic conditions, and other relevant factors (provided that stock compensation will be granted only to those residing in Japan).

**Supporting System for Outside Directors (and Outside Audit & Supervisory Committee Members)** **Updated**

While no dedicated employees are allocated for services of Outside Directors, the Legal and Risk Management Department arranges support as necessary.

**Status of Persons who have Retired as Representative Director and President, etc.**

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.)  
After Retiring as Representative Director and President, etc.

—

Other Related Matters **Updated**

There are no applicable persons.

## 2. Matters on Functions such as Business Execution, Auditing/Supervision, Nomination, and Remuneration Decisions (Overview of the Current Corporate Governance System) **Updated**

### a. Board of Directors and Composition of Officers

The Company's Board of Directors is composed of four Directors (including one Outside Director) and three Directors who are Audit & Supervisory Committee Members (including three Outside Directors) and authorized to make decisions on the Company's business execution and supervise execution of duties of the Directors. The Company has invited Ms. Yumi Hosaka Clark, Ms. Yoko Naito, Mr. Shinji Asada and Mr. Masao Hirano as Independent Directors to promote establishment of our management organization that enables creation of values, management decision making, and management supervision from outside based on broader perspectives. Furthermore, the Company's Board of Directors deliberates and reports on and resolves legal and important management matters at the regular meetings of the Board, which are held monthly in principle, and extraordinary meetings of the Board, which are held as necessary, with attendance of the Directors and Directors who are Audit & Supervisory Committee Members. In addition to making decisions on important matters concerning business execution, the Company's Board of Directors supervises management by considering Outside Directors' perspectives. Additionally, an evaluation of the effectiveness of the Board of Directors is conducted annually through surveys and interviews. This assessment determines whether the Board is effectively fulfilling its roles, and any identified issues are continuously addressed for improvement.

### b. Audit & Supervisory Committee

The Company has an Audit & Supervisory Committee.

The Company's Audit & Supervisory Committee consists of three Directors who are Audit & Supervisory Committee Members: Ms. Yoko Naito (full-time), Mr. Masao Hirano (part-time), and Mr. Shinji Asada (part-time). The Audit & Supervisory Committee meeting is held once a month in principle and on an ad-hoc basis as necessary. The Directors who are Audit & Supervisory Committee Members audit and supervise the status of execution of duties by Directors through attendance at the General Meeting of Shareholders and Board of Directors meetings, exercise of their legal rights such as receiving reports from the Directors, employees, and Accounting Auditors. In addition, the Director who is a full-time Audit & Supervisory Committee Member engages in viable monitoring activities including attendance at management meetings and other important meetings and inspection of important documents.

### c. Internal Audit

The Internal Auditing Department (three persons), which is under the immediate supervision of the Company's Representative Director, is responsible for internal audits of the Company's group. In order to ensure compliance with laws and regulations, reliability of financial reporting, and operational effectiveness and efficiency, the Internal Auditing Department conducts internal audits based on an internal audit plan approved by the Representative Director, reports audit results to the Representative Director and the Board of Directors, as well as the Audit & Supervisory Committee, and if identifying any deficiencies, presents findings to relevant departments for corrections and improvements, and later verifies progress of improvements.

### d. Accounting Auditors

The Company has concluded an auditing contract with KPMG AZSA LLC. There are no particular interests between the Company and the auditing company and/or its employees who execute audits on the Company.

### e. Compensation Committee

The Company has voluntarily established the Compensation Committee as an advisory body to the Board of Directors to discuss the compensation system for Directors and other matters more efficiently while ensuring transparency. The Compensation Committee consists of two members: Daisuke Sasaki, the Representative Director, and Mr. Masao Hirano, an Independent Outside Director. To ensure independence, Mr. Masao Hirano, an Independent Outside Director, is serving as the Chairperson of the committee. The Compensation Committee deliberates and provide opinions to the Board of Directors regarding the compensation system for Directors and other matters based on consultation of the Board of Directors.

## 3. Rationale for Adopting the Current Corporate Governance System **Updated**

The Company considers the enhancement and strengthening of our corporate governance structure as a significant managerial priority, and is actively pursuing ongoing initiatives in this challenge. The Company has adopted a "company with an Audit & Supervisory Committee" system, aiming at strengthening the supervisory function of the Board of Directors and quicker decision making by segregation of supervisory and executive functions. In addition to the statutory organizations, namely the General Meeting of Shareholders, Board of Directors, Audit & Supervisory Committee, and Accounting Auditors, the Company has established the Compensation Committee as a voluntarily established committee, and appointed a person responsible for internal auditing on daily operations. The Company believes this system continuously increases our enterprise value and maintains the

effective governance structure through mutual collaborations among these organizations.

### III. Status of Initiatives Related to Shareholders and Other Stakeholders

#### 1. Initiatives to Facilitate the General Meeting of Shareholders and Exercise of Voting Rights **Updated**

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The Company makes efforts to send a convocation notice of the General Meeting of Shareholders before the statutory deadline to enable shareholders to exercise their voting rights based on their thorough consideration on proposed matters. Additionally, the convocation notice is disclosed on the Company's website ahead of its sending. In the case of 2024, the Company sent out the notice three business days before the statutory deadline and disclosed it on its website more than three weeks prior to the date of the General Meeting of Shareholders.
Scheduling General Meeting of Shareholders to Avoid Peak Time	The Company's fiscal year ends every June and the General Meeting of Shareholders is held every September, which is not a month where general shareholder meetings of other companies are held in high concentration.
Electronic Exercise of Voting Rights	Exercise of voting rights via the Internet is allowed.
Electronic Voting Platform and Other Initiatives to Promote Exercise of Voting Rights by Institutional Investors	The Company considers participating in an electronic voting platform taking into account changes in the shareholder structure.
Provision of Convocation Notice (Summary) in English	The Company posts the notice in English on the IR section of Company's website as is the case with the Japanese version.
Other	The Company accept pre-submitted questions related to the purpose of the shareholders meeting. Furthermore, to ensure that all shareholders can attend equally, the Company holds general meetings of shareholders without a designated location, so-called "virtual-only general meetings of shareholders". Through the use of the internet, shareholders can exercise their voting rights, submit questions, and propose motions. These measures aim to enhance the engagement and efficiency of the shareholders meeting.

#### 2. IR Activities **Updated**

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The policy is disclosed on the IR section of the Company's website.	
Regular Investor Briefings for Individual Investors	The Company publish financial results presentation materials, a summary of consolidated financial results, and timely disclosures on our company website. At the annual general meeting of shareholders, the CEO provides an overview of the previous year's performance and outlines the medium- to long-term management strategy. Additionally, we engage in dialogue with individual investors through a Q&A session in the meeting.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds a financial results briefing for analysts and institutional investors for each quarter in principle to explain financial results and management policies.	Yes
Regular Investor Briefings for Overseas Investors	The Company provides information to overseas investors primarily on one-on-one investor meetings.	Yes
Disclosure of IR Materials on the Corporate Website	The Company discloses IR materials on the IR section of the Company's website.	
Department (Person) in Charge of IR	Department in charge: Finance strategy team, Finance and Accounting Department Officer in charge: CFO	

### 3. Status of Initiatives Related to Due Respect for Stakeholders **Updated**

	Supplementary Explanation
Establishment of Internal Rules for Due Respect for Stakeholders' Positions	The Company believes it is essential to gain trust from various stakeholders including shareholders, clients, and suppliers in expanding the business, and we conduct our business activities accordingly. Our compliance regulations define compliance within our company as "respecting our value standards while adhering to laws (including administrative notices and guidelines), internal regulations, and corporate ethics, in order not to lose the trust of stakeholders, including users." To meet the expectations of our stakeholders, we strive to establish a thorough compliance system and enhance our management control framework.
Environmental Conservation and CSR Activities, etc.	The Company discloses its ESG efforts toward achievement of a sustainable society on the ESG section of the Company's website.
Development of Policies on Information Provision to Stakeholders	The Company has a policy of actively disclosing information to stakeholders through our corporate website and financial results briefing.

## IV. Matters Related to the Internal Control System

### 1. Basic Approach in Relation to the Internal Control System and the Progress of Development Thereof

(Overview of the System to Ensure Properness of the Business Operations)

The Company has developed an internal control system pursuant to a basic policy on internal control system development. Described below is the overview of the system.

- Overview of the Basic Policy for Development of the Internal Control System

a. System to Ensure Execution of Duties by Directors and Employees in Compliance with Applicable Laws and Regulations and the Articles of Incorporation

The Company acknowledges that it is essential for continuation and development of the Company that all Directors and employees behave in strict compliance with laws and regulations and at high levels of ethics.

(a) Directors behave in accordance with appropriate corporate ethics and social norms as a member of the society and strive to conduct sound corporate management.

(b) Executive Directors execute their assigned duties based on appropriate decisions made by the Board of Directors and report the status of execution thereof to the Board of Directors in an appropriate and prompt manner.

(c) The Board of Directors institutes policies regarding execution of duties, such as "Board of Directors rules" and "rules on division of duties," and Directors and employees execute their duties pursuant to the instituted rules and policies.

(d) The Company has instituted "compliance policies" and regularly convened the Compliance Committee chaired by the Representative Director, where compliance matters within the Company's group are reported and deliberated on. Additionally, the Company is committed to continuous education and dissemination activities in relation to compliance.

(e) A whistle-blowing system is developed to facilitate the early detection of events that may constitute compliance violations and to establish a framework for appropriate responses.

(f) A regular internal audit system is established to ensure operations in compliance with laws, regulations, the Articles of Incorporation, and internal rules and policies, audit compliance with laws and regulations, reliability of financial reporting, and the status of operational effectiveness and efficiency, and promptly report results to the Representative Director and the Board of Directors, as well as the Audit & Supervisory Committee.

b. System for Storage and Management of Information Related to Execution of Duties by Directors

Documents related to execution of duties by Directors including minutes of the Board of Directors meetings and other important meetings, contracts, and written requests for approval, etc. are kept in a hardcopy or electronic format and securely maintained and managed pursuant to "document control rules."

c. Regulations and Other Systems Related to Management of the Risk of Losses

For significant risks and risks of losses associated with our business activities, the Company has instituted "risk management rules" and regularly convened the Risk Management Committee to identify, assess, and monitor risks across the Company and thereby prevent risks from materializing. The Company will quickly and appropriately respond to any manifested risk under the instruction of a risk management officer, and will minimize losses and damages arising out of the risk.

Furthermore, the Company strives to reduce legal risks through credit management by an external agency and cooperation with outside legal counsels in responding to important legal issues.

d. Systems for Ensuring the Efficient Performance of Duties by Executive Directors

The Company holds a regular Board of Directors meeting monthly and proposes all relevant matters stipulated in the "Board of

Directors rules” and the “list of authorities” to the Board of Directors for resolution of important matters. Furthermore, the Board of Directors regularly receives reports on the progress of execution of duties from each Director and supervises adequacy and efficiency thereof.

For routine execution of duties, the Company delegates authorities pursuant to provisions of the “rules on division of duties” and ensures quick execution of duties by clarifying assignment of authorities and responsibilities. The Company also reviews the regulations as necessary and establishes a system that ensures appropriate and efficient execution of duties by Directors.

e. System to Ensure Propriety of Business Activities of the Corporate Group Consisting of the Company and its Subsidiaries

In order to ensure management of risks of loss, efficient execution of duties of directors, execution of duties of directors and employees in compliance with laws, regulations, and the Articles of Incorporation, and appropriate reporting on situations of directors’ executions of their duties at subsidiaries, the Company takes the following actions.

(a) The Company dispatches the Company’s officers to its subsidiaries as Directors or Auditors of the subsidiaries and manages and supervises business operations of the subsidiaries pursuant to the “affiliate management rules.”

(b) The Company deliberates on important management decisions of subsidiaries in advance and receives ex post reporting.

(c) Internal auditors conduct audits on subsidiaries pursuant to the “internal audit rules.”

(d) The Audit & Supervisory Committee of the Company receives reports and explanations about management of subsidiaries from the Company’s Directors and employees, and requests business reporting or investigates the operational and financial status of subsidiaries as necessary.

f. Matters Related to Employee(s) Assisting in Duties of the Audit & Supervisory Committee

If needed, the Company may assign employee(s) to employee(s) assisting in duties of the Audit & Supervisory Committee .

g. Matters Related to Independence of the Said Employee(s) in the Previous Sentence from Directors (excluding Audit & Supervisory Committee Members) and Matters on Ensuring the Practicability of Instructions Given by the Audit & Supervisory Committee to the Said Employee(s)

Any employee(s) placed to assist in Audit & Supervisory Committee Members shall report only to the Audit & Supervisory Committee Members in their duties and be held free from the reporting line under Directors (excluding the Audit & Supervisory Committee Members) and other employees. For selection, transfer, and performance evaluation of the said employee(s), the Company shall consult with the Audit & Supervisory Committee Members and give sufficient considerations to their independence.

h. System Related to Reporting to the Audit & Supervisory Committee

Once becoming aware of any material breach of laws, regulations, and/or the Articles of Incorporation or any misconduct in business operations under their charge or any fact that could lead to significant damage to the Company, Directors (excluding Audit & Supervisory Committee Members) and employees will immediately report it to the Audit & Supervisory Committee. No disadvantage will be imposed on Directors and employees who report any incident to the Audit & Supervisory Committee.

i. Matters Related to the Policy on Proceedings for Advance Payment and Reimbursement of Expenses Incurred for Execution of Duties of the Audit & Supervisory Committee and Processing of Expenses or Liabilities Arising from Execution of such Duties  
When the Audit & Supervisory Committee requests the Company for advance payment of expenses based on Clause 4 of Article 399-2 of the Companies Act, a responsible department will validate and promptly process the expenses or liabilities unless the requested expenses and liabilities are proven to be unnecessary for execution of duties of the Audit & Supervisory Committee.

j. Other Systems to Ensure Effective Auditing by the Audit & Supervisory Committee

(a) The Audit & Supervisory Committee shall have regular meetings with the Representative Director and exchange opinions with the Representative Director on matters such as issues that the Company should address, risks surrounding the Company, development of an appropriate environment for Audit & Supervisory Committee’s audits, and important issues in auditing.

(b) The Audit & Supervisory Committee shall cooperate and exchange information with Accounting Auditors and internal auditors as necessary to ensure effective and efficient auditing.

## **2. Basic Approach and Progress of Exclusion of Antisocial Forces**

(a) The Company has developed a manual for exclusion of antisocial forces and commits to thorough exclusion of antisocial forces.

(b) The manual for exclusion of antisocial forces requires the Company’s officers and employees not to have any relationship with antisocial forces and organizations and to promote initiatives to clock such relationships. Furthermore, the Company deals with antisocial forces and organizations in an organized manner with collaboration with attorneys and the police, etc.

## V. Other Matters

### 1. Anti-Takeover Measures

Anti-Takeover Measures	Not established
------------------------	-----------------

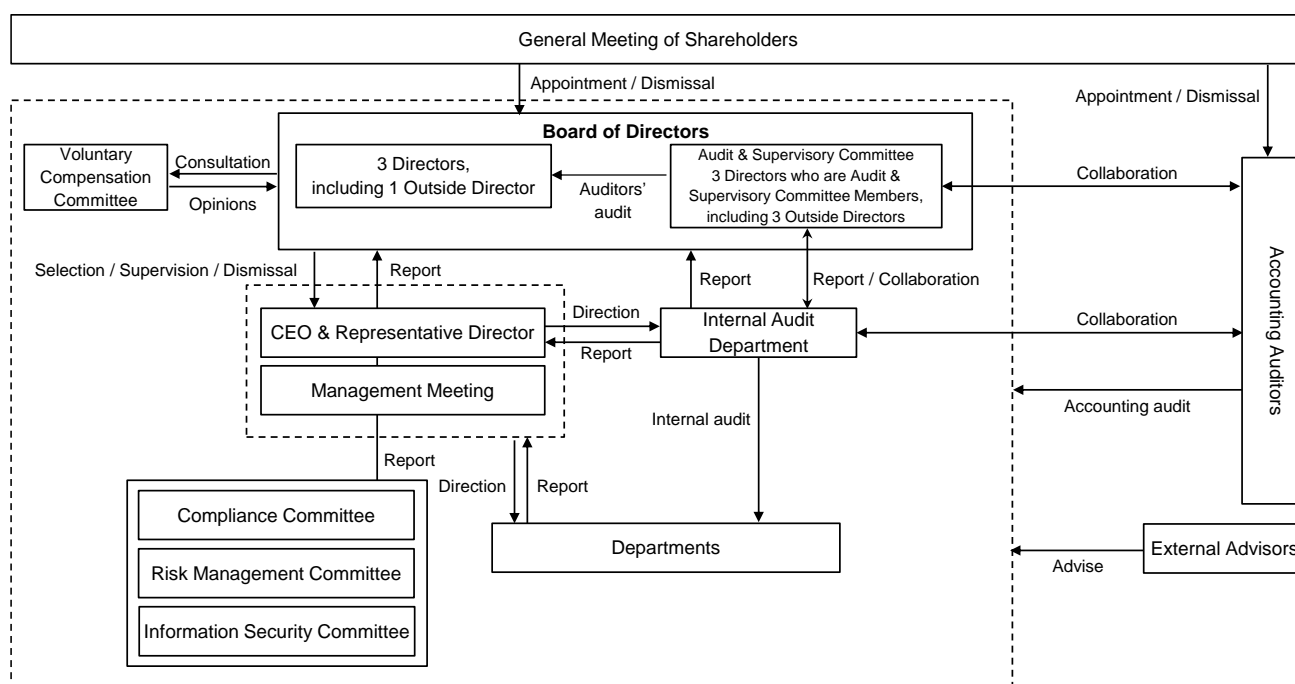
Supplementary Explanation
---------------------------

—

### 2. Other Matters Related to Corporate Governance Systems, etc. **Updated**

—

[Schematic Chart (Reference)]



[Overview of the Timely Disclosure System (Schematic Chart)]

