

March 24, 2023

Frontier Management Inc.

Representative Director Shoichiro Onishi

Contact: Company Planning Division

03-6862-8335

The status of our corporate governance is as follows.

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

### 1. Basic policy

In order to continuously increase corporate value, we recognize the importance of accelerating decision-making to improve management efficiency and strengthening risk management in management.

We have adopted a board of directors system and a board of corporate auditors system. We monitor management risks through the board of directors and audits by corporate auditors, and through audits by the Internal Audit Office, we strive to ensure thorough compliance and strengthen self-purification capabilities.

Through these measures, we will ensure the effectiveness of corporate governance and further enhance our group's business management organization.

### [Reasons for not implementing each principle of the Corporate Governance Code]

[Replenishment Principle 3-1③] (Initiatives regarding Sustainability)

<Initiatives for TCFD>

Our main business is the management consulting business and M&A advisory business. At present, we do not anticipate that climate change issues will have a material impact on our business activities. We do not disclose information on disclosed items recommended based on TCFD recommendations, such as impact analyses and specific initiatives due to climate change. On the other hand, in order to realize sustainable growth for our customers, we view consulting for resolving various issues, including climate change issues, as a profit opportunity for our group. We recognize that addressing climate change is an important issue at home and abroad, and in the future we will continue to collect necessary data on the impact of climate change-related risks and profit opportunities on our business activities and earnings, etc., and will appropriately disclose relevant information in accordance with the importance of the risks identified in the process.

### [Disclosure based on each principle of the Corporate Governance Code]

[Principle 1-4] (Policy for holding policy shareholdings and voting rights exercise criteria)

We do not currently hold any listed shares as strategic shareholdings.

If we decide to hold listed shares for the purpose of strategic holding in the future, we will examine whether it will

contribute to enhancing the corporate value of our group from a medium-to long-term perspective, taking into account our business strategy, business relationships, and other factors. Depending on the results, we will take measures such as reducing the number of shares held. We plan to disclose the details of the verification in a timely and appropriate manner in a manner that contributes to the interests of shareholders. In addition, with regard to the exercise of voting rights related to strategic shareholdings, we plan to formulate specific standards from the perspective of enhancing the corporate value of our group, and disclose them appropriately in a manner that contributes to the interests of shareholders.

[Principle 1-7] (Processes and Monitoring System for Transactions between Related Parties)

When we engage in transactions (including conflicts of interest transactions) with related parties, such as our executives and major shareholders, we pay attention to ensuring that such transactions do not harm the interests of the Company and the common interests of shareholders. In addition, in order to implement legal processes, including the Companies Act, the Board of Directors approves and reports the implementation of such transactions.

[Replenishment Principles 2-4 ①] (Securing diversity by promoting women, foreigners, and mid-career recruitments to managerial positions)

(1) Approach to Securing Diversity

In order to continue to seize the diversifying needs of our customers and establish a position as a pioneer company that opens up the future of our clients with expertise and diverse solutions, we are working to develop a work environment that makes maximum use of the characteristics and abilities of our core human resources and to acquire management skills, while securing human resources with diverse attributes, sensibilities and values, such as women, foreigners and mid-career recruits with various career backgrounds.

In August 2022, we established DE&I Promotion Committee as an institution to exchange views and consider measures with the aim of realizing a workplace where the individuality of employees can be utilized and fostering an organizational culture with vitality, and we are proceeding with discussions.

(2) Voluntary and measurable targets to ensure diversity and the status thereof

<Promotion of female managers>

Currently, our group employs 74 women, compared to 338 employees (21.9%/21.4% in the same period of the previous year), and 11 women, compared to 159 in management positions (6.9%/3.4% in the same period of the previous year). We believe that promoting diversity within the company, including promoting the active participation of women, is an important measure to ensure our sustainable growth.

We will promote the creation of an environment in which women can play an active role, and will increase the number of female employees involved in management decision-making in the future while supporting the autonomous growth of employees.

<Target> Target 1: Increase the ratio of female workers among employees to 30% or more.

Target 2: Increase the ratio of female workers in managerial positions to 15% or more.

<Promotion of foreigners to managerial positions>

We have been continuously recruiting foreign nationals, and currently have 16 employees, five of whom are active in management positions.

At this time, we have not set a target for the ratio of foreign managers, but we will continue to recruit foreign human resources and promote them to managerial positions in order to expand our business domains by acquiring cross-border projects, create new businesses, and secure a competitive advantage.

<Promotion of mid-career recruits to management positions>

At present, our managers are occupied by mid-career recruitments.

We will continue to actively recruit and train mid-career employees based on our policy of securing management personnel and professional personnel and strengthening the diversity of women and foreigners.

(3) Human Resource Development Policy and Internal Environmental Development Policy for Securing Diversity, and Status

We recruit employees by job category and provide an environment that maximizes the capabilities of individual employees. We also support multifaceted career development by utilizing a system that allows employees to switch to other job types if they wish.

With regard to improving the internal environment, we are promoting work style reforms to create a work environment that is conducive to diverse human resources by appropriately managing and limiting working hours, reviewing our personnel system, further enhancing employee benefits, and providing thorough harassment education.

[Principle 2-6] (Exercise of corporate pension fund's function as asset owner)

We do not have a defined benefit pension plan and have a company defined contribution pension plan. As a result, we are not involved in, and do not plan to, invest in the funding of the corporate pension plan as the asset owner.

[Principle 3-1] (Enhancement of Information Disclosure)

(i) Corporate goals (management philosophy, etc.), corporate strategy and corporate planning

Management philosophy and plans are disclosed on our website and in our financial results briefing materials.

(ii) Basic Policy on Corporate Governance

Our basic approach to corporate governance is described on our website, this report, etc.

(iii) Policy and Procedures for Determining Remuneration of Directors, etc.

When determining director compensation, in order to increase transparency and fairness, based on the policies described in III of this report, the Nominating and Compensation Advisory Committee first deliberates, decides the draft of individual director compensation, and reports to the Board of Directors. The Board of Directors then deliberates the draft submitted by the Nomination and Compensation Advisory Committee and determines the individual compensation of each director.

(iv) Policies and Procedures for Election, Dismissal, and Nomination of Candidates for Director

This report is as described in [Supplemental Principles 4-11①].

(v) Explanation on the appointment, dismissal, and appointment of candidates for directors

When nominating candidates for directors and auditors, the reasons for individual election and dismissal shall be disclosed to the notice of convocation of the general meeting of shareholders.

[Replenishment Principle 3-1③] (Initiatives regarding Sustainability)

(1) Initiatives for the Company's Sustainability

Our Group has been working to contribute to the enhancement of corporate value and the building of a sustainable society by providing diverse solutions tailored to the business phases of our customers, such as consulting, M&A, management staffing, and revitalization support, to domestic and overseas companies through teams of specialist groups. To contribute to the sustainability of our entire Group more than ever before, we have established the "Basic Policy on Sustainability" and the "Material Issues for Sustainability (Materiality)" that our Group should prioritize, and have established the "Sustainability Promotion Committee."

<Basic Sustainability Policy>

Since its foundation, our group has been operating under the management philosophy of "Contributing to the interests of clients," "Contributing to the interests of stakeholders," and "Contributing to society."

Our Group will gather the wisdom of our diverse professionals and contribute to a prosperous global environment and a sustainable society by helping our customers solve their management issues. At the same time, we will realize the sustainable growth and development of our Group.

<Material Sustainability Issues (Materiality)>

In view of the fact that "human capital" is the core of the Group's management resources, the first important theme is "establishment of diversity and expertise in human resources." Our second important theme is to use human capital to "contribute to the transition of society and business." In addition, in order for our Group itself and our client companies themselves to grow, we have identified "strengthening corporate growth and resilience" as a third important theme, and we have established important issues (materiality) in accordance with these three important themes.

Our group will contribute to a sustainable global environment and society by tackling these important issues, and strive for further growth of our group. We believe that the growth of our group will have a positive effect on the enhancement of human capital.

Important theme	Material Issues (Materiality)
Establishing Human Resource Diversity and Expertise	① Deepening Diversity and Acceptance
	② Continued investment in human capital
	③ Development and development of management personnel
	④ Contributing to a Society Where People Take Advantage of Their Individuality
Contributing to the Transformation of Society and Business	⑤ Fostering business ethics
	⑥ Promote the transition to a carbon-free, recycling-oriented society
	⑦ Contribution to Regional Revitalization
Strengthening Corporate Growth and Resilience	⑧ Enhance the long-term value of client companies
	⑨ Pursuing a Sound Governance System

#### <Sustainability Promotion System>

We have established the Sustainability Promotion Committee to deliberate on action plans and targets for important sustainability issues (materiality), manage their progress, discuss matters related to the disclosure of such information, and issue business instructions, and regularly report and make proposals to the Board of Directors.

- Verification and proposals from a sustainability perspective regarding the Group's management policies and business strategies
- Determination of policies for dealing with key issues (formulation of KPI)
- Formulation of annual activity plans based on response policies and confirmation of progress (reports and proposals to the Board of Directors)
- For TCFD items, in addition to the items examined by the Risk Management Committee, company-wide risk management and cooperation are implemented.
- Formulation of information disclosure content related to the Group's sustainability initiatives

The Sustainability Promotion Committee is chaired by Morohiro Matsuoka, Representative Director, Co-President and Chief Executive Officer, and is composed of the chairs of major organizations.

#### <Initiatives for TCFD>

Our main business is the management consulting business and M&A advisory business. At present, we do not anticipate that climate change issues will have a material impact on our business activities. We do not disclose

information on disclosed items recommended based on TCFD recommendations, such as impact analyses and specific initiatives due to climate change. On the other hand, in order to realize sustainable growth for our customers, we view consulting for resolving various issues, including climate change issues, as a profit opportunity for our group. We recognize that addressing climate change is an important issue at home and abroad, and in the future we will continue to collect necessary data on the impact of climate change-related risks and profit opportunities on our business activities and earnings, etc., and will appropriately disclose relevant information in accordance with the importance of the risks identified in the process.

We calculate CO<sub>2</sub> emissions (Scope1, 2) at our domestic sites as 105.9t-CO<sub>2</sub> emissions for 77.4t-CO<sub>2</sub>(2021 fiscal year in fiscal 2022 and 0.4t-CO<sub>2</sub> emissions for 0.3t-CO<sub>2</sub>(2021 fiscal year in fiscal 2022 per employee. Since September 2022, we have been working to reduce CO<sub>2</sub> emissions by switching to green power for the head office, which accounts for the majority of our electricity consumption.

Our carbon-related KPI are as follows.

KPI	Fiscal 2020 Results	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2030 Targets	Target for FY2050
Scope1、2 (t-CO <sub>2</sub> )	96.5	105.9	77.4	—	Virtually zero
Scope1、2 (t-CO <sub>2</sub> ) Employees Per capita	0.5	0.4	0.3	Compared to fiscal 2021 50% reduction	

In December 2022, we joined TCFD Consortium. We agreed to actively disclose financial data on climate-related changes. We will actively disclose information on our own climate change-related risks and opportunities by utilizing information exchanges with companies and organizations endorsed by the consortium.

#### (2)Investments in human capital and intellectual property

As described in "(1) Initiatives Related to Our Company's Sustainability" above, the core of our Group's management resources is "human capital," and our important theme is "establishment of diversity and expertise in human resources."

With regard to investment in human capital, the Group's important strategy is to continue to actively recruit human resources and to recruit human resources with expertise in key industrial fields in order to build a support system for a wide range of industries. At the same time, as described in this report [Supplementary Principles 2-4①], the Group is working to secure diversity by appointing core human resources (women, foreigners, mid-career recruits, etc.).

In addition, based on our management strategy, our group actively engages in investment in intellectual property that enables us to provide diverse solutions for clients' problems by appointing professionals such as lawyers,

accountants and tax accountants, as well as management consultants, industrial analysts and other professionals. In November 2022, we participated in the Human Capital Management Consortium, which was established with the aim of promoting human capital management in Japanese companies both in terms of practice and disclosure. We will make use of this information to promote our human capital management through sharing of advanced examples of human capital management practices and discussions on cooperation between companies.

For more information on the Group's sustainability initiatives, please refer to the Announcement on the Establishment of the Basic Policy on Sustainability and Material Issues (Materiality) and the Establishment of the Sustainability Promotion Committee.

[https://www.frontier-mgmt.com/wp-content/uploads/2022/11/20221111\\_4.pdf](https://www.frontier-mgmt.com/wp-content/uploads/2022/11/20221111_4.pdf)

[Replenishment Principle 4-1①] (Scope of Delegation to Management)

We stipulate matters to be judged and decided by the Board of Directors in the rules of the Board of Directors. Matters delegated to management are stipulated in the Rules for Administrative Authority and the Rules for Executive Officers.

[Principle 4-9] (Independence Criteria for Appointing Independent Outside Directors)

The Board of Directors has formulated the Board of Directors Composition and Guidelines for the Appointment of Director Candidates. The internal rules stipulate the following criteria for determining independence in the appointment of independent outside directors.

The Board of Directors and the Nomination and Compensation Advisory Committee determine that an outside director is independent if the outside director does not fall under any of the following items.

- (1) A close relative within the second degree of kinship of the said outside director is currently or has held office as a director, executive officer, executive officer, department manager or other important executive officer of the Company or any of its subsidiaries in the past year.
- (2) In the event that the outside director currently serves as an executive director, executive officer or employee and receives payment from us or pays payment to us in exchange for the provision of products or services, the amount of the transaction exceeds 10% of the consolidated net sales of any company in any of the past three fiscal years
- (3) In the event that such outside directors receive remuneration (other than remuneration as a director of the Company) in excess of 10 million yen directly from us as legal, accounting or tax specialists, consultants or advisors in any of the past three fiscal years

[Replenishment Principles 4-10①] (Install of Advisory Committees with Independent Outside Directors as Major Members)

We are a company with a board of auditors. Of the six directors, two are independent outside directors and the majority of the board of directors are independent outside directors. However, we have established a voluntary Nomination and Compensation Advisory Committee, chaired by an independent outside director, which consists of two independent outside directors, two independent outside auditors, and two internal directors. Outside directors make up the majority of the Board of Directors and the Chairman of the Committee is an independent outside director, thereby enhancing independence and objectivity. Deliberates on matters related to the nomination and compensation of directors and executive officers at the level of managing directors and executive officers consulted by the Board of Directors, and reports the details to the Board of Directors.

[Replenishment Principles 4-11①] (Approach to Balance, Diversity and Scale of the Board of Directors)

In light of our medium-to long-term management direction and business strategy, the Board of Directors is composed of directors with diverse backgrounds, taking into account the knowledge and experience required of directors. The Board of Directors maintains an appropriate size that enables the Board of Directors to effectively perform its functions.

The Board of Directors consults with the Nominating and Compensation Advisory Committee regarding director candidates, and subsequently deliberates the draft determined by the committee and appoints director candidates. In doing so, the Board of Directors and the Nominating and Compensation Advisory Committee appoint candidates in accordance with the following policies stipulated by the Board of Directors Composition and Policy on Appointment of Director Candidates, which are internal regulations of the Board of Directors.

#### Composition of the Board of Directors and Policy on Appointment of Director Candidates (excerpt)

The Board of Directors and the Nominations and Compensation Advisory Committee shall consider the following when determining the candidates for the Board of Directors.

- (1) The prospective director is a person with excellent personality and insight.
- (2) Candidates for directors (excluding outside directors) have excellent track records in our businesses, both inside and outside the company.
- (3) Candidates for outside directors shall have expertise or practical experience in management, economics, finance, accounting, finance, tax, legal, risky, IT, engineering, administration and other areas, in addition to meeting the criteria for determining independence set forth in the following Article.

At present, our Board of Directors is composed of six members, including two outside directors. One of the two outside directors is a woman.



## &lt;Skills Matrix for Our Directors&gt;

Name (Current position)	Attributes	Corporate management	Economy	Finance And accounting	Corporate Loans And investments	Management of legal risks	Sales And marketing	Global	Environment and society
Shoichiro Onishi (Representative Director)		•			•	•	•		•
Masahiro Matsuoka (Representative Director)		•	•		•		•	•	
Tadaaki Komori (Director)				•	•		•	•	
Masao Nishihara (Candidate for Director)			•	•	•				•
Kazuhito Osugi (Director)	Outside Independent		•	•	•			•	
Keiko Unotoro (Director)	Outside Independent		•			•			•
Takeshi Umemoto (Audit & Supervisory Board Member)	Outside Independent		•	•	•				
Kazuhiko Shimokobe (Audit & Supervisory Board Member)	Outside Independent	•	•			•			
Nobumichi Hattori (Audit & Supervisory Board Member)	Outside Independent		•	•	•			•	
Hiroko Noda (Candidate for Substitute Audit & Supervisory Board Member)	Outside Independent	•		•					•

[Replenishment Principles 4-11②] (Interlocking Position in Cases Where Directors Have Been Executives of Other Listed Companies)

The Company annually discloses the status of important concurrent positions held by directors and corporate auditors, as well as those candidates, in the Notice of Convocation of the General Meeting of Shareholders and the

Annual Securities Report.

[Replenishment Principles 4-11③] (Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole)

Disclosed on our website.

[Replenishment Principles 4-14②] (Policy of Training for Directors and Audit & Supervisory Board Members)

We have formulated the Executive Training Guidelines, which are internal rules of the Board of Directors, with regard to the policy of training for directors and corporate auditors. These internal rules have generally stipulated the following as a training policy.

- Directors shall attend external seminars as necessary to deepen their insight into the duties and responsibilities of officers. We shall bear the expense of the training.
- We shall establish opportunities for directors to meet with each other and cultivate the knowledge of our industry and our knowledge.

[Principle 5-1] (Policy for Establishing a System to Promote Constructive Dialogue with Shareholders)

(Basic Approach)

We believe it is important to engage in constructive dialogue with shareholders and investments in order to increase corporate value over the medium to long term. Through dialogue, we strive to gain shareholders and investors an understanding of our management policies, etc., and to appropriately reflect the opinions of shareholders and investors in our management policies, etc.

(Supervising Manager)

In order to achieve constructive dialogue with shareholders and investors, the Company has appointed a director in charge of the Corporate Planning Department or a person appointed by such director as the person in charge of IR.

(Initiatives)

The Corporate Planning Department is the department in charge of IR, and related departments, centered on this department, share information and other internal coordination.

(Means of Dialogue)

We strive to enhance the means of dialogue by holding general shareholders' meetings, financial results briefings and group meetings for institutional investors, and briefings for individual investors.

(Feedback Measures)

Shareholders' views obtained through dialogue are compiled by the department in charge of IR, and appropriate feedback is provided to the Representative Director or the Board of Directors by the person in charge of IR as needed.

(Measures for Management of Insider Information)

For dialogue, insider information is appropriately managed in accordance with the Internal Information Management Regulations, which are internal regulations.

## 2. Capital Structure

Foreign shareholding ratio	Less than 10%
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### [Major Shareholders]

Name	Number of shares held	Percentage (%)
Shoichiro Onishi	2,169,974	18.93
Mohiro Matsuoka	2,169,974	18.93
The Master Trust Bank of Japan, Ltd. (Trust Account)	875,300	7.64
The Custody Bank of Japan, Ltd. (Trust Account)	805,600	7.03
SBI SECURITIES Co., Ltd.	622,715	5.43
Masaya Yajima	614,880	5.36
Tomohiro Murata	266,880	2.33
Takahiro Yamaguchi	160,000	1.40
Toshiyuki Mitsuzawa	146,000	1.27
Akinori Nishida	112,200	0.98

Name of controlling shareholders (excluding parent company)	-----
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Name of parent company	None
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Parent company's stock exchange	-----
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### Supplementary Explanation

Although Sparks Asset Management Co., Ltd. owned shares as of March 15, 2021 in a report of large shareholdings made available to the public on March 17, 2021, the number of shares beneficially owned as of December 31, 2022 has not been confirmed as a result, and is not included in the above list of major shareholders.

In addition, although the "Report of Changes" made available to the public on January 7, 2022 stated that Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. jointly own shares as of December 31, 2021, we have not confirmed the actual number of shares held as of December 31, 2022. Therefore, the figures are not included in the above list of major shareholders.

## 3. Company attributes

## Corporate Governance

CORPORATE GOVERNANCE

Listed exchange and market division	Tokyo Prime
Fiscal year end	December
Industry type	Service industry
Number of employees (consolidated) as of the end of the immediately preceding fiscal year	100 to less than 500
(Consolidated) sales for the immediately preceding fiscal year	Less than 10 billion yen
Number of consolidated subsidiaries at the end of the immediately preceding fiscal year	Less than 10 companies

#### 4.Guidance on measures to protect minority shareholders when conducting transactions with controlling shareholders

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

Not applicable.
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Status of II.'s corporate governance system, including the business management organization for decision-making, execution, and supervision

#### 1.Organizational structure and operation

Organizational structure	A Company with Board of Company Auditors;
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[Directors]

Number of directors in the articles of incorporation	7
Term of directorships in the Articles of Incorporation	2 years
Chairman of the board of directors	President
Number of Directors	6 people
Appointment of outside directors	Be appointed
Number of Outside Directors	2 people
Number of outside directors appointed as independent director	2 people

#### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)										
		A	B	C	D	E	F	G	H	I	J	K

Kazuhito Osugi	From other company										△			
Keiko Uto	From other company													

※ Nature of relationship with the Company

※ "○" when the person corresponds to "Present/Recent" or "△" when the person corresponds to "Previous"

※ "●" if the family corresponds to "Present/Recent" and "▲" if it corresponds to "Past"

- a. Managing Person of a Listed Company or its Subsidiary
- b. Executive officer or non-executive director of the parent company of a listed company
- c. Executive officer of a sister company of a listed company
- d. A person whose main business partner is a listed company or the person who executes the business thereof
- e. Major clients of listed companies or their business executives
- f. Consultants, accounting professionals and legal professionals who receive substantial sums of money and other property in addition to executive compensation from listed companies
- g. Major shareholders of listed companies (in cases where the relevant major shareholder is a corporate, the business executive of the said corporation)
- h. Business executives of listed companies' business partners (those who do not fall under any of d, e, or f) (for the individual only)
- i. Executive officers who are mutually appointed as outside officers (for the individual only)
- j. Executors who are donated by listed companies (individual only)
- k. Other

Relationship with Companies (2)

Name	Independent Officers	Supplementary Explanation Concerning Relationship with the Company	Reason for appointment
Kazuhito Osugi	○	The Company has entered into advisory agreements for the purpose of providing business support to financial institutions. Upon appointment as Director, the Advisory Agreement was terminated in	I hope that the Bank of Japan and IRCJ will draw on their deep knowledge of the economy, finance, and business revitalization gained through their careers in the BOJ and IRCJ to strengthen the supervisory function of our Board of Directors. In addition, he meets the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and the Company has determined that

		August 2018.	there is no risk of conflicts of interest with general shareholders and has designated him as an independent director.
Keiko Uto	○	—	I would like to see you contribute to the strengthening of the supervisory function of our Board of Directors based on your deep insight and extensive experience in economic laws and competition policies and corporate compliance, which you have cultivated during your career as a key member of the Fair Trade Commission. In addition, he meets the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated him as an independent director.

[Voluntary committees]

Existence of a nominating committee or a voluntary committee equivalent to the compensation committee	Yes
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Status of the establishment of voluntary committees, composition of committee members, and attributes of the chairperson

Voluntary committee equivalent to the nominating committee

Title of the committee			Nomination and Compensation Advisory Committee			
All members (Name)	Full-time members (Name)	Internal directors (Name)	Outside Directors (Name)	Internal experts (Name)	Other (Name)	Chairman (Chairman)
6	0	2	2	0	2	Outside Directors

Voluntary committee equivalent to the Compensation Committee

Title of the committee			Nomination and Compensation Advisory Committee			
All members	Full-time	Internal	Outside	Internal	Other	Chairman

(Name)	members (Name)	directors (Name)	Directors (Name)	experts (Name)	(Name)	(Chairman)
6	0	2	2	0	2	Outside Directors

## Supplementary Explanation

<ul style="list-style-type: none"> <li>• Nomination and Compensation Advisory Committee</li> </ul> <p>1.Purpose of establishing the committee</p> <p>The Company aims to ensure appropriate opportunities for the involvement and advice of independent directors with regard to decisions on the nomination and remuneration of directors and corporate auditors, improve the fairness, objectivity and transparency of the decision-making process at the Board of Directors, and further enhance and strengthen the corporate governance system.</p> <p>2.Work of the committee</p> <p>(1)Nominating Consultation Matters</p> <p>In response to inquiries from the Board of Directors, the Board of Directors shall deliberate on matters relating to the nomination of Directors and other relevant matters and report to the Board of Directors.</p> <p>(2)Compensation Advisory Matters</p> <p>In response to inquiries from the Board of Directors, the Board of Directors deliberates on matters related to remuneration, etc. for Directors and reports to the Board of Directors.</p> <p>3.Committee structure</p> <p>The Nomination and Compensation Advisory Committee consists of two Representative Directors and four Independent Directors and the chairperson is selected by resolution of the committee from among the members who are Independent Outside Directors.</p> <p>Of the members, the attributes of the other two members are independent outside auditors.</p>
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## [Auditors]

Adoption of an Auditor System	Have in place
Number of Kansayaku in the Articles of Incorporation	4 people
Number of Auditors	3 people

## Collaboration between Auditors, the Accounting Auditor, and the Internal Auditing Division

In addition to exchanging information on a daily basis with the internal auditors and the auditors, each audit is

conducted jointly in order to promote mutual cooperation. In addition, the internal auditors and the corporate auditors cooperate closely with the accounting auditors by holding meetings and exchanging information as necessary.

Status of External Auditors	Be appointed
Number of Outside Auditors	3 people
Number of outside auditors appointed as independent auditor	3 people

## Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)												
		A	B	C	D	E	F	G	H	I	J	K	L	M
Takeshi Umemoto	From other company													
Kazuhiko Shimokawabe	Legal Counsel													
Nobuhitsu Hattori	Academic													

※ Nature of relationship with the Company

※ "○" when the person corresponds to "Present/Recent" or "△" when the person corresponds to "Previous"

※ "●" if the family corresponds to "Present/Recent" and "▲" if it corresponds to "Past"

a. Managing Person of a Listed Company or its Subsidiary

b. Non-executive directors or accounting advisors of a listed company or its subsidiaries

c. Executive officer or non-executive director of the parent company of a listed company

d. Corporate auditors of the parent company of a listed company

e. Executive officer of a sister company of a listed company

f. A person whose main business partner is a listed company or the person who executes the business thereof

g. Major clients of listed companies or their business executives

h. Consultants, accounting professionals and legal professionals who receive substantial sums of money and other property in addition to executive compensation from listed companies

i. Major shareholders of listed companies (in cases where the relevant major shareholder is a corporate, the business executive of the said corporation)

j. Executor of a listed company's business partners (who do not fall under any of f, g, or h) (individual only)

k. Executive officers who are mutually appointed as outside officers (for the individual only)

l. Executors who are donated by listed companies (individual only)

m. Other

## Relationship with Companies (2)

Name	Independent	Supplementary	Reason for appointment
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	Officers	Explanation Concerning Relationship with the Company	
Takeshi Umemoto	○	—	In order to provide advice and proposals on the execution of duties by our directors by making use of our experience in auditing businesses at financial institutions. In addition, he meets the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated him as an independent director.
Kazuhiko Shimokawabe	○	—	As an attorney-at-law, I use my experience involved in numerous corporate revitalization cases to monitor management and provide appropriate advice as an outside corporate auditor. In addition, he meets the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated him as an independent director.
Nobuhitsu Hattori	○	—	Mr. Yamada is a leading U.S. investment banker and a university professor. Mr. Yamada utilizes his knowledge in the management field to monitor management and provide appropriate advice as an outside corporate auditor. In addition, he meets the requirements for independent directors as stipulated by the Tokyo Stock Exchange, and the Company has determined that there is no risk of conflicts of interest with general shareholders and has designated him as an independent director.

[Independent Directors/Auditors]

Number of Independent Directors/Auditors	5 people
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Other matters concerning independent directors/auditors

All outside directors who qualify as ID/As are appointed as ID/As.
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[Incentive Relationship]

Initiatives and Implementation Status Concerning Incentives for Directors	Introduction of performance-linked remuneration system Introduction of stock option plan
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Supplementary Explanation

1. We have introduced a restricted stock compensation plan as a performance-based compensation plan for directors (excluding outside directors; hereinafter referred to as "eligible directors"). The content consists of cash bonuses and stock-based compensation A as single-year performance-based compensation, and stock-based compensation B as medium-to long-term performance-based compensation.

(1) Non-consolidated performance-based compensation (cash bonus and stock-based compensation A)

The single-year performance-linked remuneration (cash bonus and stock compensation A) is linked to the consolidated performance of a single fiscal year. The amount of remuneration is determined based on our single-year performance, etc., and the amount of remuneration, which is determined after the vesting of the performance in each fiscal year, is paid to eligible directors through cash bonuses and restricted stock (stock compensation A). The composition ratio of the single-year performance-linked remuneration for each applicable director is 1/3 for cash bonuses and 1/3 for stock-based remuneration A.

The indicators of consolidated performance are based on consolidated operating income, etc., and the amount of single-year performance-linked remuneration for each applicable director is determined based on the degree of performance contribution and the maximum amount of remuneration for the applicable director.

(2) Medium-to Long-Term Business result-Based Compensation (Stock Compensation B)

Medium-to long-term performance-linked remuneration (stock remuneration B) is linked to the level of achievement of management targets and the degree of improvement in corporate value in the medium-term management plan. The Company will pay restricted stock (stock remuneration B) to eligible directors based on the base amount of remuneration according to their position at the beginning of each fiscal year. In principle, after the end of the period covered by the Medium-Term Management Plan, the number of shares for which the transfer restrictions will be lifted will be determined based on the degree of achievement of the management targets of the Medium-Term Management Plan and the degree of improvement in corporate value with respect to the shares granted during the applicable period.

The indicators of management targets for the medium-term management plan from 2021 to 2023 include the consolidated sales growth rate, the consolidated operating income margin, and the degree of achievement of consolidated ROE, etc. In the event that a new medium-term management plan is formulated in the future,

indicators of such management targets may be changed by resolution of the Board of Directors.

2. In 2018, we granted stock options to directors with the aim of further enhancing the motivation and morale of directors to contribute to the medium-to long-term improvement of business performance and enhancement of corporate value.

The number of awards granted is determined based on a comprehensive consideration of each person's contribution to performance and expectations for the future.

All three directors who were granted stock options exercised their rights to acquire common stock.

Eligible persons for stock options

Internal directors and employees

Supplementary Explanation

Stock options for internal directors are as described in the "Supplementary Explanation on Relevant Items" section of "Implementation of Measures for Incentive Grants for Directors" above.

Stock options for employees were granted in 2018, 2021, and 2022 to raise employee sense of belonging to the Company, to promote businesses with an awareness of enhancing shareholder value, and to provide incentives for future contributions of all employees.

[Director Compensation]

Disclosure Status

Disclosure of individual compensation is not made.

Supplementary Explanation

Since there are no persons whose total remuneration amount is 100 million yen or more, individual disclosure of remuneration is not provided. Compensation for directors and corporate auditors is disclosed on a gross basis.

Whether or not there is a policy for determining the amount of remuneration or the method for calculating that amount

Yes

Disclosure of the policy for determining the amount of remuneration or the method of calculating remuneration

1. Outline of the policy for determining director remuneration

(1) Basic Policy

Compensation shall be provided for the appointment of outstanding human resources as directors who will put the corporate philosophy into practice and contribute to the achievement of short-term performance targets, the achievement of medium-to long-term performance targets, and the sustained enhancement of corporate value.

We have a highly transparent, fair, and rational compensation system that enables us to fulfill our accountability to our stakeholders.

(2) Compensation structure

Remuneration for Directors (excluding Outside Directors) consists of base remuneration, which is a fixed remuneration while balancing the elements listed in the basic policy above, and single-year performance-linked remuneration and medium-to long-term performance-linked remuneration, which fluctuate according to performance.

Remuneration for Outside Directors consists solely of base remuneration from the perspective of their role and independence.

The composition ratio of each performance-linked remuneration of directors (excluding outside directors) to base remuneration is determined according to the classification of officers.

### (3) Basic remuneration

Basic remuneration, which is a fixed remuneration, is paid to directors on a monthly basis.

Basic remuneration amounts for directors (excluding outside directors) are determined by considering the level of other companies in the same industry, taking into account the job content, scope of responsibility, length of service, contribution to short-term and medium-to long-term performance, and contribution to the improvement of corporate value. Outside directors are determined in consideration of their responsibilities and the level of other companies.

### (4) Single-year performance-linked remuneration and medium-to long-term performance-linked remuneration

For single-year performance-linked remuneration and medium-to long-term performance-linked remuneration, please refer to "Supplementary Explanation on Relevant Items" under "Implementation of Measures for Incentive Grants for Directors" above.

### (5) Compensation governance

Directors' remuneration (basic remuneration, single-year performance-linked remuneration, and medium-to long-term performance-linked remuneration) is determined by a resolution of the Board of Directors based on the deliberations and reports of the Voluntary Nominating and Compensation Advisory Committee.

In addition, in the allocation agreements concluded when allocating stock-based compensation A and medium-to long-term performance-based compensation B among the single-year performance-linked awards, clawback provisions will be established to the effect that all or part of the paid share-based compensation A and share-based compensation B will be repaid free of charge in accordance with the responsibilities of each officer in the event of certain events, such as significant accounting improprieties or large-scale losses.

## 2.Details of remuneration for directors

(1) Monetary remuneration for our directors will be determined within the scope of the annual remuneration limit of 400 million yen (including 25 million yen for outside directors) (resolved at the Ordinary General Meeting of Shareholders held on March 24, 2022).

Monetary remuneration consists of a base remuneration and a cash bonus among the single-year performance-linked remuneration.

(2) Apart from the monetary compensation described in (1) above, restricted stock awards are granted to our directors (excluding outside directors) as stock-based compensation A and medium-to long-term performance-based compensation B among the single-year performance-based awards. In principle, the Subject Directors shall issue or dispose of our common shares without requiring payment of money or delivery of the Properties Contributed in Kind for each business year and shall hold such shares.

We enter into a restricted stock allotment agreement (the "Allotment Agreement") with the applicable director. The Subject Directors shall not be free to transfer, mortgage or otherwise dispose of the Shares (hereinafter referred to as the "Allotment Shares") issued under this Allotment Agreement (hereinafter referred to as the "Restriction on Transfer") during the certain period set forth in this Allotment Agreement (hereinafter referred to as the "Restriction on Transfer") (such restriction on Transfer shall hereinafter be referred to as the "Restriction on Transfer").

① Calculation method for the timing and number of shares to be paid

As described in "Supplementary Explanation Regarding Applicable Items" in "Implementation of Measures for Incentive Grants for Directors" above, the amount of compensation for stock-based compensation A will be determined based on our results for a single fiscal year, and a portion of the amount of compensation determined will be paid to the applicable directors in the form of restricted stock after the vesting of business results for each fiscal year.

As stated in the "Supplementary Explanation on Applicable Items" under "Implementation of Measures Regarding Incentive Grants for Directors" above, restricted stock will be allocated to eligible directors at the beginning of each fiscal year based on the compensation base amount according to their position.

② Maximum amount of compensation and number of shares

With respect to share-based compensation A, the maximum amount of share-based compensation shall be 100 million yen per annum and the maximum number of shares allotted shall be 40,000 shares per annum.

For Share-based Compensation B, the maximum amount of share-based compensation shall be no more than 50 million yen per year and the maximum number of shares allotted shall be no more than 20,000 shares per year.

Provided, however, that in the event that a share split or consolidation of shares of common stock of the Company takes place, or in any other event that it is necessary to adjust the total number of shares to be allotted in accordance with such cases, a reasonable adjustment shall be made to the total number of shares to be allotted.

③ Restriction Period on Transfer

With respect to any share-based remuneration, a transfer restriction shall be imposed for a period of three years from the date on which the applicable director shall be entitled to receive the Allotment Shares, during which period the applicable director shall not transfer or otherwise transfer such shares.

④ Other

The details of other conditions and the share-based compensation are described in the "Notice Concerning

Amendments to the Directors' Compensation Plan and Introduction of the Restricted Stock Compensation Plan" that we disclosed on February 9, 2021, or in the Explanatory section of Proposal No. 3 of "Notice of Convocation of our 14th Ordinary General Meeting of Shareholders."

[Support System for Outside Directors (Outside Corporate Auditors)]

Support for outside directors is provided by the Board of Directors (Corporate Administration Department) and support for outside corporate auditors is provided by the Audit & Supervisory Board (Corporate Administration Department).

In addition, to ensure that the Board of Directors has sufficient time to consider proposals, the Board of Directors submits relevant materials in advance, and the Secretariat of the Board of Directors holds prior briefings on proposals for outside directors and outside Audit & Supervisory Board members to ensure lively discussions at meetings of the Board of Directors. In addition, information is transmitted by telephone or E-mail as appropriate.

2. Matters related to functions such as business execution, auditing and supervision, nomination, and compensation determination (outline of the current corporate governance system)

a. Board of Directors

The Board of Directors has the authority to decide on the execution of our business and to supervise the execution of the duties of directors.

The Board of Directors meets once a month and extraordinary meetings are held as necessary. In the fiscal year ended December 31, 2022, the Board of Directors met 15 times. Directors Shoichiro Onishi, Director Masahiro Matsuoka, Director Kazuhito Osugi, Director Keiko Uoro, Audit & Supervisory Board Member Takeshi Umemoto, Audit & Supervisory Board Member Kazuhiko Shimokawabe, and Audit & Supervisory Board Member Nobuyatsu Hattori attended all 15 meetings. Director Yoshiaki Takahashi attended all four Board of Directors meetings held before our retirement as a director, and Director Tadaaki Komori attended all 11 Board of Directors meetings held after our appointment as a director.

b. Board of Auditors

The Board of Corporate Auditors monitors the state of corporate governance and its operation, and conducts audits of day-to-day activities, including the execution of duties by directors. Audit & Supervisory Board members are professors of universities who have experience in auditing operations, lawyers, and business experience at financial institutions. The Audit & Supervisory Board members conduct management oversight utilizing their respective knowledge.

The Board of Corporate Auditors meets once a month, and extraordinary meetings are held as necessary. In the fiscal year ended December 2022, the Board of Corporate Auditors met 14 times, and Mr. Takeshi Umemoto, Audit & Supervisory Board Member, Mr. Kazuhiko Shimokawabe, and Mr. Tomotsu Hattori, Audit & Supervisory Board Member, attended all 14 times.

Audit & Supervisory Board Members express their opinions to those persons who attend the General Meeting of Shareholders and the Board of Directors, as well as the exercise of legal rights, such as receipt of reports from directors, executive officers, employees, and accounting auditors, as necessary.

Out of the Audit & Supervisory Board members, full-time Audit & Supervisory Board members engage in effective monitoring by attending important meetings such as the Executive Committee and the Executive Committee, and conducting audits jointly with the Internal Audit Office.

#### c. Accounting Auditor

We are a company with accounting auditors. When selecting accounting auditors, we appoint them as candidates for accounting auditors at the Audit & Supervisory Board and consult with the General Meeting of Shareholders, taking into account the audit results and other factors of the auditing firm. Our independent auditor is AZSA LLC.

The name of the certified public accountant who executed the corporate is as follows.

Naruki Sugiyama, a designated limited partner executive employee

Eiki Kawamura Business Partner, Designated Limited Liability Partner

In addition, three certified public accountants and four other assistants are appointed to assist in auditing businesses.

#### d. Business Execution System

With regard to the business execution system, two representative directors have been appointed and an executive officer system has been adopted under these representative directors.

The two Representative Directors supervise the executive officers and oversee the business execution of the Company as a whole, while maintaining checks and balances with each other. In addition, Shoichiro Onishi, Representative Director, has expertise in the legal field because he has experience as an attorney. In particular, he demonstrates his expertise in the General Meeting of Shareholders and the operation of the Board of Directors. Masahiro Matsuoka, Representative Director, leverages his experience as an analyst at a securities company, etc., and demonstrates his expertise in IR and other situations.

The executive officer system has been introduced to strengthen, streamline, and accelerate the business execution functions of management. We have also established the Executive Committee and the Executive Committee as preliminary advisory bodies to the Board of Directors.

The Executive Committee is attended by representative directors, standing directors, president and executive vice presidents, senior executive vice presidents, senior management executive officers, managing executive officers, full-time corporate auditors, the head of the Internal Audit Office, and other executive officers, division heads, deputy division heads, or general managers designated by the representative directors. It meets once a month as a general rule, and extraordinary meetings are held as necessary to share information on the status of business execution and discuss matters related to important business execution.

The Managing Directors' Meeting is attended by Representative Directors, Full-time Directors, President & Chief Executive Officer, Executive Vice President, Senior Managing Executive Officers, Senior Executive Officers, those

appointed by the Chairman, and Full-time Audit & Supervisory Board Members, and meets once a month in principle. In addition, matters requiring promptness and matters requiring confidentiality, such as important human resources and business alliances with other companies, are held and discussed.

e. Authority to make decisions

The authority for decision-making is clarified in the administrative authority regulations, and important decisions are decided by the Board of Directors after consulting with the Executive Committee or the Executive Committee.

f. Contents of Contract for Limitation of Liability

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, each of our directors (excluding those who are executive officer directors, etc.) and each of our corporate auditors has entered into an agreement to limit our liability for damages under Article 423, Paragraph 1 of the same Act. The limited amount of liability for damages under the applicable agreement is the minimum amount of liability as stipulated by law.

3.Reasons for Adoption of Current Corporate Governance System

We adopt the form of a company with a board of corporate auditors, taking into consideration the nature of our business and the scale of our business.

The Company has established the Nomination and Compensation Advisory Committee, which is a voluntary body consisting of two representative directors and four outside executives. As a result, the Company conducts adequate management oversight and appropriate business management.

III. Implementation of Measures for Shareholders and Other Interested Parties

1.Efforts to Invigorate the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary Explanation
Early Dispatch of Stockholder Meeting Convocation Notices	In order to ensure that shareholders have sufficient time to consider our agenda, we have sent out the notice of convocation related to our 16th Ordinary General Meeting of Shareholders as early as two weeks prior to the date of the meeting. The posting of convocation notices on our website is conducted approximately one week in advance of shipment.
Scheduling of Stockholder Meetings to Avoid Peak Periods	We hope to avoid the days when general meetings of shareholders of other companies are expected to be concentrated, and to set the days when it is easy for many shareholders to attend.
Voting by Electromagnetic	Effective from the 14th Ordinary General Meeting of Shareholders (held on March 25, 2021), the Company has adopted the exercise of voting rights by electronic means



Method	(Internet).
Participation in Electronic Voting Platform and Efforts to Improve the Voting Environment of Institutional Investors	Since the 16th Ordinary General Meeting of Shareholders (held on March 24, 2023), we have participated in an electronic voting platform for institutional investors operated by ICJ Inc.
Provision of convocation notices (summary) in English	Since our 15th Ordinary General Meeting of Shareholders (held on March 24, 2022), we have been providing the convocation notice (full text) in English on our website.

2. Investor Relations Activities

	Supplementary Explanation	Presentation by the Group CEO and President
Creation and publication of disclosure policy	Our IR website ( <a href="https://www.frontier-mgmt.com/">https://www.frontier-mgmt.com/</a> ) This is disclosed in <a href="https://www.frontier-mgmt.com/corporate/ir/management/governance.html">corporate/ir/management/governance.html</a> .	
Regular briefings for individual investors	It will be held as needed.	Yes
Regular briefings for analysts and institutional investors	We hold quarterly briefings for analysts and institutional investors. Individual visits to institutional investors are also made.	Yes
IR materials posted on the Company's website	We have a IR website that contains various IR materials (earnings reports, timely disclosure materials, financial reports and quarterly reports, materials for corporate briefings, status of corporate governance, notices of convocation for general meetings of stockholders, etc.).	
Creation of an IR Dept. (IR Officer)	A person in charge of IR has been appointed in the Corporate Planning Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Internal Rules and Regulations that Promote Respect for	Our corporate philosophy is to contribute to society, and our code of conduct calls for us to act in a way that contributes to a sustainable society.

the Status and Position of Stakeholders	
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#### Matters Related to IV. Internal-Control Systems

##### 1. Basic Policy and Structures Regarding Internal Control Systems

At the Board of Directors meeting held on February 10, 2022, our Group revised the following in order to embody our management philosophy of "contributing to the interests of our clients, contributing to the interests of our stakeholders, and contributing to society."

1. Structure to ensure that the execution of duties by directors and hired experts is in keeping with corporate law and the articles of incorporation

(1) Recognizing that thorough compliance is indispensable to ensuring the survival and sustainable growth of the company, we will make all directors and employees aware of compliance and conduct training on compliance for all directors and employees.

(2) Audits by corporate auditors and internal audits by the Internal Audit Office shall be conducted to confirm that the execution of duties by directors and employees is conducted appropriately without violating laws, regulations, the Articles of Incorporation, and internal rules.

(3) Establish a system for reporting violations of laws and regulations by establishing the Compliance Rules and Internal Reporting Rules, and promptly recognize and deal with such acts.

2. Structure and System to Maintain and Manage Information Relating to Directors in the Execution of their Duties

(1) Documents pertaining to the execution of duties by Directors (including electromagnetic records) shall be stored and managed in accordance with laws and regulations, the Articles of Incorporation, the Document Management Rules, and other relevant regulations.

(2) Such documents (including electromagnetic records) shall be available for perusal at all times upon the request of directors and auditors.

3. Systems for managing risks of loss including the relevant internal regulations

(1) The general manager in charge of risk management shall serve as the representative director, and the risk management rules shall be established to stipulate the necessary matters concerning risk management across the organization, and a risk management system shall be established based on these rules.

(2) Establish crisis management rules and establish a reporting and command and communication system in the event of an emergency, so as to identify emergencies promptly and appropriately and minimize losses.

4. System for ensuring efficient execution of Directors' duties

(1) In principle, the Board of Directors holds regular meetings once a month and extraordinary meetings as necessary. The Board of Directors makes decisions on important matters stipulated in the Board of Directors' regulations and supervises the execution of duties by directors.

(2) Matters submitted to the Board of Directors are subject to consultation at the discretionary Nominating and Compensation Advisory Committee, the Managing Directors' Meeting, or the Management Committee.

5. System to ensure the appropriateness of operations in the corporate group consisting of us and our subsidiaries

(1) In order to ensure the appropriateness of business as a corporate group consisting of us and our subsidiaries, we shall establish the Subsidiary Management Rules and implement the management of our subsidiaries in accordance with those rules.

(2) In addition to communicating with the directors of subsidiaries on a day-to-day basis and discussing management as a corporate group, confirm that subsidiaries are operating properly in accordance with our management policies.

6. Matters Concerning Requests by Corporate Auditors to Appoint Support Staff

When a corporate auditor requests that an employee be appointed to assist the corporate auditor in his/her duties, the director and the corporate auditor exchange opinions and make a decision.

7. Independence from the directors of the staff described in the above item

In the event that an employee as set forth in the preceding item is appointed, such employee shall comply with the instructions and orders of the auditor and not belong to the chain of command for the execution of business, and the opinion of the Board of Auditors shall be respected with regard to the transfer, personnel evaluation, disciplinary action, etc. of such employee.

8. Matters related to ensuring the effectiveness of instructions given to employees under Item 6 by the auditors

In the event that an employee as set forth in Item 6 hereof is appointed, the full-time auditor shall hold regular meetings with such employee to confirm the status of the performance of businesses by such employee.

9. System for reporting by the directors or employees to the auditors, as well as other systems for reporting to the auditors

(1) Directors and employees shall report on their business in response to the request of auditors.

(2) Full-time Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, and receive reports on important matters from directors and employees.

10. A system to ensure that the person who has made the report set forth in the preceding item is not treated

disadvantageously by reason of such person's having made the report

The Internal Reporting Regulations stipulate that no disadvantageous treatment shall be imposed for the reason that a report has been made, and shall operate in accordance with such regulations.

11. Matters concerning the policy pertaining to advance payment or reimbursement procedures for expenses incurred by the auditors in the performance of their duties and any other processing of expenses or liabilities incurred in the performance of duties

(1) The Supervisory Board ensures the budget necessary to implement the audit plan approved by the Supervisory Board.

(2) Where a company auditor requests expenses, etc. for the execution of his/her duties, the company auditor shall promptly pay such expenses, except in cases where it is deemed clearly unnecessary for the execution of the duties of the company auditor.

(3) The management and execution of expenses related to the execution of duties by the auditors shall be undertaken by the auditors and employees who are to assist with the duties of the auditors.

12. Other systems to ensure effective audits by Corporate Auditors

(1) The Audit & Supervisory Board establishes the rules of the Audit & Supervisory Board and the Audit Standards for Audit & Supervisory Board Members, prepares an audit plan, explains the contents thereof at the Board of Directors meetings, and obtains understanding and cooperation with regard to the implementation of audits.

(2) Audit & Supervisory Board Members exchange opinions with the representative directors through regular meetings.

(3) Audit & Supervisory Board Members shall attend internal audits by internal auditors, exchange opinions with internal auditors, and ensure the effectiveness of audits through close cooperation with relevant departments.

13. System to Ensure Appropriateness of Financial Reporting

Directors and employees shall ensure the appropriateness of financial reports through business execution in compliance with the Basic Policy Statement on the Development, Operation and Evaluation of Internal Control over Financial Reporting.

14. Basic Approach and Systems to Exclude Anti-Social Forces

We confront antisocial forces with a firm stance and block any relationship with them. In addition, in order to block relations with anti-social forces, the SDF will establish compliance rules and other internal rules to ensure a system for blocking relations with anti-social forces.

## 2. Basic Approach and Systems to Exclude Anti-Social Forces

We respect the "Guidelines for Companies to Prevent Damage from Anti-Social Forces" (the June 2007 meeting of the Executive Board of the Ministers on Crime Countermeasures), and are building and operating a system in accordance with these guidelines. Our policies and standards are stipulated in the Basic Policy of the Internal Control System, and we are working to ensure that the content of these policies and standards is thoroughly understood at major meetings and other opportunities.

The internal control department is responsible for operations business to the exclusion of anti-social forces, and as a practical provision, the Company has prepared the Bylaws Concerning Response to Anti-Social Forces, the Anti-Social Force Survey Manual, and the Unfair Demand Response Manual.

In addition, we have established provisions to eliminate anti-social forces in our contracts with our business partners, and are working to ensure that these provisions are thoroughly implemented.

With regard to cooperation with external organizations, the Company will consult with police stations, the Violence Abatement Promotion Center, etc. as necessary.

V. Other

1. Adoption of anti-takeover measures

Introducing the anti-takeover measure	None
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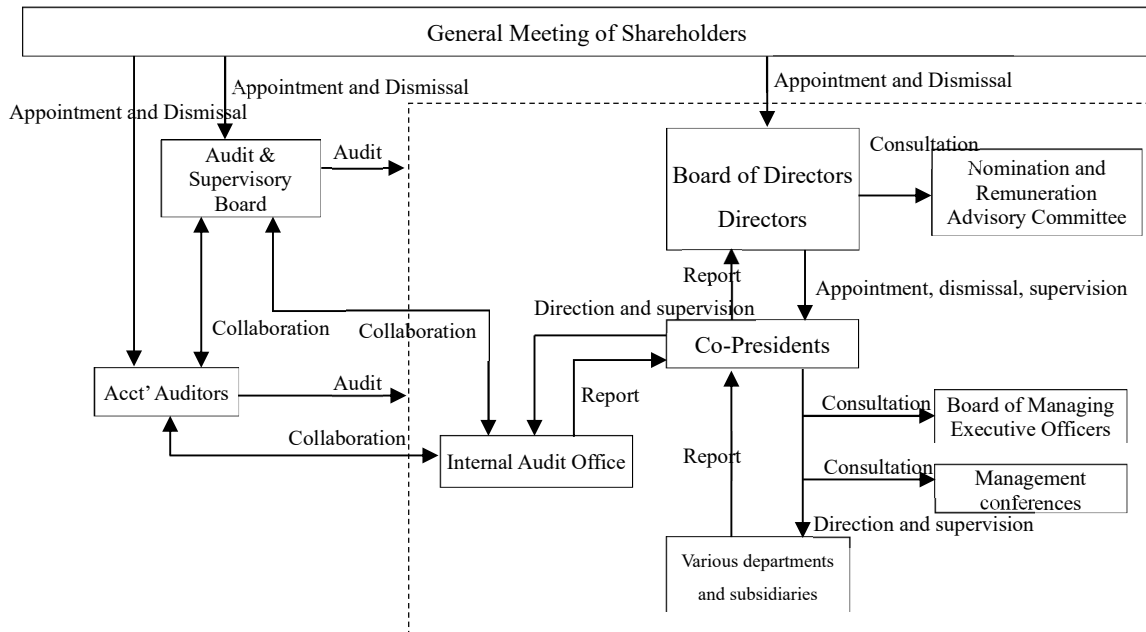
Supplementary Explanation

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2. Other corporate governance related matters

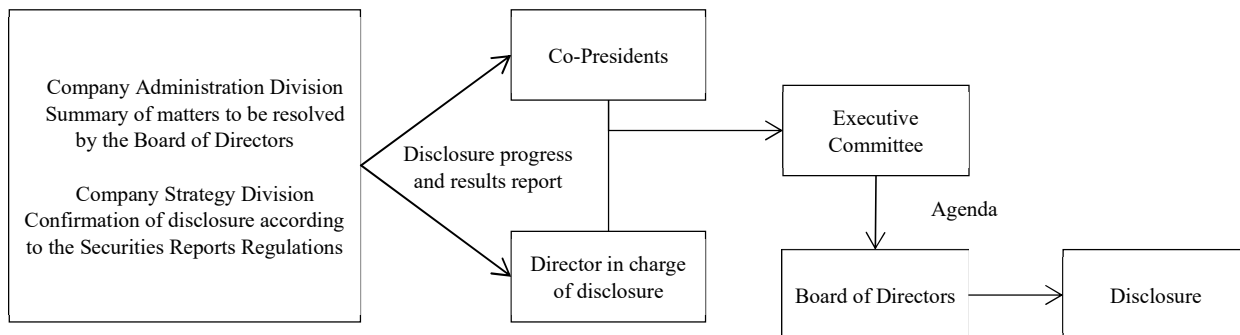
A diagram of the flow of our corporate governance system and procedures for timely disclosure is attached as reference materials.

[Diagram (Reference)]



[Summary of Timely Disclosure Diagram]

<Information on Determination Facts and Financial Reports>



<Emergency Events>

