

March 27, 2024

Frontier Management Inc.

Shoichiro Onishi representative director

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 our corporate value, we recognize the importance of accelerating decision-making to improve management efficiency, while at the same time strengthening risk management in management.

We are a company with a board of directors and a company with an audit and supervisory committee. We monitor management risks through the board of directors and audit and supervision by the Audit and Supervisory Committee, 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]

We are continuously implementing initiatives to strengthen corporate governance, and we believe that we are satisfying all of the principles of the Corporate Governance Code.

### [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] (Procedures 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 procedures, including the Companies Act, the Board of Directors approves and reports the implementation of such transactions.

[Replenishment Principles 2-4①] (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>

As of the end of December 2023, female employees accounted for 24.7% of our employees (compared to 21.9% in the same period of the previous fiscal year) and female employees accounted for 6.8% of our employees in management positions (compared to 6.9% in the same period of the previous fiscal 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 for fiscal 2026).

Target 2: Increase the ratio of female workers in managerial positions to 15% or more (target for fiscal 2026).

<Promotion of foreigners to managerial positions>

We have been continuously recruiting foreign nationals, and now have 25 employees, six 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, medium-term management plan, and 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, 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	①Deepening Diversity and Acceptance
	②Continued investment in human capital
	③Development and development of management personnel
	④Contributing to a society where people can

	play an active role by making the most of their individuality
Contributing to the Transformation of Society and Business Ideals	⑤Fostering business ethics
	⑥Promote the transition to a carbon-free, recycling-oriented society
	⑦Contribution to Regional Revitalization
Strengthening Corporate Growth and Resilience	⑧Enhance the long-term value of client companies
	⑨Pursuing 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 Shoichiro Onishi, President and Chief Executive Officer, and is composed of the chairs of major organizations.

<Initiatives for TCFD>

Our Group will contribute to climate change by promoting the reduction of greenhouse gas emissions and the reduction of environmental impact, while at the same time, supporting client companies in their transformation to a new business model in order to build a sustainable global environment and society.

We disclose information related to climate change on our website based on TCFD framework of Governance, Strategy, Risk Management, and Indicators and Targets.

Response to TCFD recommendations: Disclosed on the "<https://www.frontier-mgmt.com/sustainability/>" section of our website.

In November 2022, our Group established the Basic Policy on Sustainability and the Material Sustainability Issues (Materiality) that our Group should prioritize, and established the Sustainability Promotion Committee

in order to contribute to the sustainability of the entire Group over the medium to long term.

In the scenario analysis, we analyzed the financial impact in 2030 on our consulting and advisory business, which is our main business, assuming two scenarios: a 1.5°C scenario in which the impact in terms of transition materializes, and a 4°C scenario in which the impact in terms of physical aspects materializes.

While climate change has a negative impact on our consulting and advisory business due to natural disasters and other factors, there is a possibility that demand for our consulting and advisory business will increase as we move toward a carbon-free society and adapt to climate change.

The Group considers climate change risk to be one of the important risks. The Risk Management Committee anticipates and appropriately assesses business risks and takes measures to avoid, mitigate and transfer risks. In addition, the status of responses is reported regularly to the Board of Directors.

We calculate CO<sub>2</sub> emissions (Scope1, 2) at our domestic sites as 77.9t-CO<sub>2</sub> emissions for 5.5t-CO<sub>2</sub>(2022 fiscal year in fiscal 2023 and 0.3t-CO<sub>2</sub> emissions for 0.0t-CO<sub>2</sub>(2022 fiscal year in fiscal 2023 per employee. Since September 2022, we have switched the electricity used by our head office, which accounts for the majority of our electricity consumption, to green power, and the benefits of reducing CO<sub>2</sub> emissions have been remarkable.

Our carbon-related KPI are as follows.

KPI	Fiscal 2021 Results	Fiscal 2022 Results	Fiscal 2023 Results	Fiscal 2030 Targets	Target for FY2050
Scope1、2 (t-CO <sub>2</sub> )	105.9	77.9	5.5	—	Virtually zero
Scope1、2 (t-CO <sub>2</sub> ) Employees Per capita	0.4	0.3	0.0	Compared to fiscal 2021 50% reduction	

We have set the following targets aimed at achieving "virtually zero" carbon dioxide emissions.

- We will reduce greenhouse gas emissions by 50% from the fiscal year ended December 2021 by the fiscal year ending December 2030.
- We aim to achieve zero emissions of greenhouse gases from the fiscal year ended December 2021 by the fiscal year ended December 2050.
- We will work to reduce the use of disposable plastics in our offices.
- We will strive to encourage employees to make business trips in consideration of climate change.
- We will promote support for the transition to a carbon-free, recycling-oriented society for client companies.

In December 2022, we joined TCFD Consortium. We agreed to actively disclose financial data on climate-related changes. We will continue to 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.

[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] (Establishment of Advisory Committees with Independent Outside Directors as Major Members)

We are a company with an Audit and Supervisory Committee. Of the six directors, three are independent outside directors. Independent outside directors account for half of the Board of Directors. In addition, the voluntary Nomination and Compensation Advisory Committee consists of three independent outside directors and one internal director. The majority of these directors are independent outside directors, and the chairman of the committee is an independent outside director, thereby enhancing their 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 three outside directors. One of the three outside directors is a woman.



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

N a m e (Current position)	Attribute	Corporate Management	Economy	Finance Accounting	Corporate Investments and loans	Legal Affairs Risk Management	Sales Marketing	Global	Environment Society
Shoichiro Onishi (Representative Director)		•			•	•	•		•
Masao Nishihara (Directors)			•	•	•				•
Takeshi Umemoto (Audit and Supervisory Committee Member)			•	•	•				
Kazuhito Osugi (Audit and Supervisory Committee Member)	Outside the company Independent		•	•	•			•	
Keiko Unotoro (Audit and Supervisory Committee Member)	Outside the company Independent		•			•			•
Hikaru Minami (Audit and Supervisory Committee Member)	Outside the company Independent	•		•	•		•	•	

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

We disclose the status of important concurrent positions held by directors and those candidates annually 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)

We aim to achieve sustainable growth and increase corporate value over the medium to long term. To achieve this, we recognize that it is necessary to improve the effectiveness of the Board of Directors and further substantiate corporate governance.

We assessed the effectiveness of the Board of Directors in the fiscal year ended December 2023 and recognized issues that need to be addressed in order to further improve the effectiveness of the Board of Directors. The overview of these issues is as follows.

## 1. Outline of the Effectiveness Evaluation Method

### (1) Determination of valuation method

At a meeting of the Board of Directors held in January 2024, the effectiveness of the previous questionnaire method (a method for evaluating the effectiveness of the method of evaluating the subject by freely describing each question in the questionnaire) was recognized. Accordingly, it was concluded that the questionnaire method would be continued for the evaluation of the effectiveness of the Board of Directors for the fiscal year ended December 2023.

### (2) Feedback receiver

Excluding directors (6) and auditors (2) \* corporate auditors who resigned during the applicable period.

### (3) Evaluation method

① In January 2024, we conducted a questionnaire survey of those subject to the evaluation.

② At the Board of Directors meeting held in March 2024, after exchanging opinions on the results of the questionnaire, the effectiveness evaluation of the Board of Directors for the fiscal year ended December 2023 was finalized.

### (4) Evaluation items

Based on the issues identified through the "Fiscal 2022 Evaluation of the Effectiveness of our Board of Directors," we have formulated questions after discussing matters to be implemented in order to further improve the effectiveness of our Board of Directors.

The questionnaire for the fiscal year ended December 2023 contains the following major items. The system evaluates each question by 10 points, and a free response column is provided for each question.

① Effective oversight of directors and management (executive officers, etc.) (6 questions + open responses)

② Securing human resources (6 questions + open responses)

③ Initiatives related to sustainability (3 questions + open responses)

④ Other functions of the Board of Directors (2 questions + open responses)

## 2. Summary of Evaluation Results

### (1) Effective Supervision of Directors and Management (Executive Officers, etc.)

The Board of Directors was positively evaluated as follows: (i) discussing management strategies, management plans, important matters, etc. in a necessary and sufficient manner; (ii) establishing internal controls and risk management systems appropriately and supervising the directors and management team (executive officers, etc.) in an effective manner; and (iii) working closely with the Board of Corporate Auditors and the Internal Auditing Division.

On the other hand, there were opinions that discussions on management strategies to increase the Group's corporate value over the medium to long term should be conducted even more actively.

### (2) Securing Human Resources

The Board of Directors was positively evaluated as follows: (i) the nomination and remuneration system for directors and management (executive officers, etc.) is appropriately designed for the Board of Directors to supervise the directors and management in order to improve our corporate value; (ii) the nomination and

remuneration system for directors and management (executive officers, etc.) is appropriately designed for securing our human resources; and (iii) the nominating and remuneration advisory committee is appropriately functioning for securing the human resources of directors and management (executive officers, etc.).

On the other hand, there were opinions such as the importance of investment in human capital in order to secure human resources with diversity and expertise.

#### (3) Sustainability Initiatives

The Board of Directors was positively evaluated as follows: (i) discussing sustainability initiatives (basic policies, materiality, promotion systems, etc.), (ii) discussing long-term strategies that we should tackle in order to realize the sustainable growth and development of our group, and (iii) discussing long-term strategies that we should tackle in order to contribute to an affluent global environment and a sustainable society.

#### (4) Other functions of the Board of Directors

There was a positive opinion that outside directors and outside Audit & Supervisory Board members were able to express their opinions in a vigorous manner, and that they were making efforts to thoroughly discuss the issue without urgency depending on the proposal.

On the other hand, there were opinions such as the need to further strengthen the coordination between the mutual audit supervision of directors and internal controls and internal audits.

### 3. Initiatives to Improve the Effectiveness of the Board of Directors

Based on the issues recognized through the "Fiscal 2023 Evaluation of the Effectiveness of our Board of Directors," we will deliberate on matters to be implemented and decide on the policies for fiscal 2024 in order to further improve the effectiveness of our Board of Directors.

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

We have formulated the Executive Training Guidelines, which are internal regulations of the Board of Directors, with regard to the policy for training directors. 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.

[Measures for realizing management that is conscious of the cost of capital and stock price] <With English disclosure>

We consider ROE to be one of the key management indicators. Our ROE for the year ended December 31, 2023 was 23.6%.

In February 2024, we formulated and disclosed a medium-term management plan covering the period from the fiscal year ended December 2024 to the fiscal year ended December 2026. Major KPI in this plan are ① consolidated ordinary income of 3.5 billion yen or more, ② consolidated ordinary income ratio of 20% or more excluding Frontier Capital Inc. (FCI), and ③ maintaining ROE30% or more in the fiscal year ended December 2026, ④ consolidated number of employees (excluding FCI consolidated investees) of 620 or more, ⑤ investments in investing businesses of 8 cases (consolidated 2 cases) and investments of 15 billion yen, and ⑥ CxO dispatched personnel of 50 or more per year. Going forward, we will continue to make ROE one of the key management indicators to realize management that is conscious of the cost of capital and the stock price.

[Status of Dialogue with Shareholders]

We are actively engaged in interviews with domestic and foreign institutional investors by the representative director, the director in charge of IR, and the person in charge in the department in charge of IR. In addition, the Company actively provides information through IR website, materials for announcements of financial results, notices of general meetings of shareholders, etc. (including disclosure in English), and gathers opinions obtained through dialogue and feeds them back to management. IR activities for individual investors (shareholders) are also actively carried out by the representative director, the director in charge of IR, and the person in charge of

the department in charge of IR.

The activities for the year ended December 31, 2023 are as follows.

(i) Financial results briefing: 4 times

(ii) Interviews with institutional investors and analysts (total)

- Domestic institutional investors 43
- Overseas institutional investors 8

(iii) IR for individual investors.

- Appearance on radio programs for individual investors
- Video distribution to information websites for individual investors
- Implementation of questionnaire on potential shareholders

## 2. Capital Structure

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

Name	Number of shares held	Percentage (%)
Shoichiro Onishi	2,179,458	18.60
Masahiro Matsuoka	2,179,458	18.60
The Custody Bank of Japan, Ltd. (Trust Account)	878,200	7.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	657,300	5.61
Masaya Yajima	614,880	5.25
Takahiro Yamaguchi	503,200	4.29
Tomohiro Murata	258,500	2.21
ANTEMA	223,900	1.91
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	216,630	1.85
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	153,800	1.31

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

### 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, 2023 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 held their shares as of December 31, 2021, we were unable to confirm the actual number of shares held as of December 31, 2023. Accordingly, the figures are not included in the above list of major shareholders.

3. Company attributes

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	10 billion yen to less than 100 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.

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	Company with an Audit and Supervisory Committee
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[Directors]

Number of directors in the articles of incorporation	10 people
Term of directorships in the Articles of Incorporation	1 year
Chairman of the board of directors	President
Number of Directors	6 people
Appointment of outside directors	Be appointed
Number of Outside Directors	3 people
Number of outside directors appointed as independent director	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
Kazuhito Osugi	From other company								△			
Keiko Unotoro	From other company											
Hikaru Minami	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	We would like to see the Bank of Japan and IRCJ draw on their deep insight into the economy, finance, and business revitalization gained through their careers in the Bank of Japan and IRCJ to strengthen the supervisory function of our Board of Directors. In addition,

		Director, the Advisory Agreement was terminated in August 2018.	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.
Keiko Unotoro	○	—	We 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.
Hikaru Minami	○	—	Since joining Marubeni Corporation, He have been engaged mainly in fiscal, accounting, logistics, information, and real estate-related operations. I have served as Managing Executive Officer and Representative Director, and I hope that He will contribute to the enhancement of our corporate value in the future based on my financial and accounting expertise accumulated during his career as an Audit & Supervisory Board Member, and my



			knowledge of general trading company management and global business management. 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.
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[Audit and Supervisory Committee]

Composition of Committee Members and Attributes of the Chair

	All members (Name)	Full-time members (Name)	Internal directors (Name)	Outside Directors (Name)	Chairman (Chairman)
Audit and Supervisory Committee	4	1	1	3	Internal directors

Existence of directors and employees to assist the Audit and Supervisory Committee in its duties	Yes
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Matters related to the independence of such directors and employees from the managing directors

<p>We have established the Audit and Supervisory Committee Secretariat to assist the Audit and Supervisory Committee in its duties and have assigned employees. There are no directors who should assist the Audit and Supervisory Committee in its duties.</p> <p>When the employee serves as an assistant to the Audit &amp; Supervisory Committee, he or she shall not belong to the chain of command in the execution of business but shall comply with the instructions of the Audit &amp; Supervisory Committee, and the transfer, personnel evaluation, disciplinary action, etc. of the employee shall be subject to the consent of the Audit &amp; Supervisory Committee.</p>
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Cooperation among the Audit & Supervisory Committee, Accounting Auditors, and the Internal Audit Division

<p>The Audit and Supervisory Committee shall cooperate closely with the accounting auditor by holding meetings and exchanging information as necessary. In addition to exchanging information on a day-to-day basis with the Internal Audit Division, we will cooperate with each other by conducting audits jointly.</p>
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[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)
4	0	1	3	0	0	Outside Directors

Voluntary committee equivalent to the Compensation 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)
4	0	1	3	0	0	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 executive nomination and remuneration, etc., and to improve the fairness, objectivity, and transparency of the decision-making process at the Board of Directors, and to 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</p>
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remuneration, etc. for Directors and reports to the Board of Directors.

3. Committee structure

The Nomination and Compensation Advisory Committee consists of one representative director and at least two independent directors. The chairperson of the committee is selected by resolution of the committee from among the members who are independent outside directors.

[Independent Directors/Auditors]

Number of Independent Directors/Auditors	3 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

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)

Single-year performance-linked remuneration

The single-year performance-linked remuneration (cash bonus and stock remuneration A) is linked to the level of achievement of management targets for a single fiscal year and the degree of improvement in corporate value, etc. The amount of remuneration is determined based on our single-year performance, etc., and the amount of remuneration determined after the vesting of business results for each fiscal year is paid to the target directors through cash bonuses and restricted stock (stock remuneration A).

The composition ratio of the single-year performance-linked remuneration for each applicable director shall be 1/2 for cash bonuses and 1/2 for stock-based remuneration A.

The basic indicators for consolidated performance are the rate of share price increase and the amount of consolidated net income excluding Frontier Capital Inc. The amount of single-year performance-linked remuneration paid to each eligible director is determined based on the degree of performance contribution and the maximum amount of remuneration for the eligible director.

## (2) Medium-to Long-Term Performance-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.

Indicators of management targets for the medium-term management plan from 2024 to 2026 include the rate of increase in stock prices, consolidated net income excluding Frontier Capital Inc., and the degree of achievement of consolidated ROE excluding Frontier Capital Inc. 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, 2022, and 2024 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
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Disclosure of the policy for determining the amount of remuneration or the method of calculating remuneration

#### 1. Policy for determining director remuneration

##### (1) Basic Policy

Compensation that enables the Company to appoint talented individuals as directors who 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 improvement 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 directors serving as members of the Audit and Supervisory Committee and outside directors) consists of base remuneration, which is a fixed remuneration, and single-year performance-linked remuneration and medium-to long-term performance-linked remuneration, which fluctuate in accordance with performance, while balancing the elements listed in the basic policy above.

The remuneration of directors serving on the Audit and Supervisory Committee and outside directors consists solely of base remuneration from the perspective of their role and independence.

The composition ratio of each performance-linked remuneration to base remuneration for directors (excluding directors serving as Audit & Supervisory Committee members and outside directors) 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 for directors (excluding directors serving as members of the Audit and Supervisory Committee and outside directors) is determined by taking into account the level of other companies in the same industry, taking into consideration such factors as the nature of duties, scope of responsibility, length of service, contribution to short-term and medium-to long-term performance, and contribution to the improvement of corporate value.

Directors and outside directors serving on the Audit & Supervisory Committee shall be 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 the event of serious fiscal improprieties or large losses, a clash back clause shall be set to the effect that all or part of the paid share compensation A and share compensation B shall be refunded free of charge according to the responsibilities of each director.

2. Contents of the director's compensation system

(1) Compensation Composition Ratio, etc.

Remuneration for Directors consists of "base remuneration," which is a fixed remuneration, and "single-year performance-linked remuneration (cash bonus, stock remuneration A)," which is linked to the degree of achievement of single-year management targets for target directors and the degree of improvement in corporate value, etc., and "medium-to long-term performance-linked remuneration (stock remuneration B)," which is linked to the degree of achievement of management targets and the degree of improvement in corporate value, etc. under the Medium-Term Management Plan.

The compensation composition ratio of each performance-linked remuneration to base remuneration is determined according to the classification of officers.

(2) Basic remuneration

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

The basic remuneration amount shall be determined by taking into account the level of other companies in the same industry, taking into consideration such factors as 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. For outside directors, the basic remuneration amount shall be determined by taking into account the level of responsibilities and other companies.

(3) Annual performance-linked remuneration (cash bonus, stock-based remuneration A)

Performance-linked remuneration for a single fiscal year will be paid to eligible directors after the determination of business results for each fiscal year and before the ordinary general meeting of shareholders is held.

The annual performance-linked remuneration (total amount for all eligible directors) is the sum of the base remuneration for 16 months for the representative director and the base remuneration for each eligible director (excluding the representative director) for 9 months. The remuneration is calculated by multiplying the share price increase rate and the consolidated net income excluding Frontier Capital Inc. (net income attributable to owners of the parent, before deduction of single-year performance-linked remuneration and before deduction of additional bonuses for employees) by a certain ratio based on the achievement status.

The amount of single-year performance-linked remuneration for each applicable director will be determined

based on the degree of performance contribution and the maximum amount of remuneration for the applicable director.

The composition ratio of the single-year performance-linked remuneration for each applicable director shall be 1/2 for cash bonuses and 1/2 for stock-based remuneration A.

#### (4)Medium-to Long-Term Performance-Based Compensation (Stock Compensation B)

As mid-to long-term performance-linked remuneration, stock-based remuneration B will be allocated to the eligible directors at the beginning of each fiscal year based on the base amount of remuneration according to their position.

Medium-to long-term performance-linked remuneration (total amount for all eligible directors) shall be calculated by multiplying the sum of the base remuneration for 3 months for the representative director and the base remuneration for 1.5 months for each eligible director (excluding the representative director) by a certain ratio based on the rate of share price increase, consolidated net income excluding Frontier Capital Inc., and the achievement status of the consolidated ROE excluding Frontier Capital Inc.

The amount of mid-to long-term performance-linked remuneration for each eligible director will be determined based on the degree of performance contribution and the maximum amount of remuneration for the eligible director.

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.

### 3. Restrictions on Transfer of Performance-Based Stock Awards

#### (1)Stock grants A

A transfer restriction shall be imposed for a period of three years from the date on which the Subject Directors receive the delivery of such shares, during which the Subject Directors shall not transfer, mortgage or otherwise dispose of such shares (hereinafter referred to as the "Transfer, etc.").

In principle, the transfer restriction shall be terminated at the time of expiration of the transfer restriction period.

In the event the Subject Director resigns prior to the expiration of the Restriction on Transfer due to the expiration of the term of office, death or any other justifiable reason, the Restriction on Transfer shall be terminated with respect to all such shares granted to the Subject Director after reasonable adjustment as may be necessary for the time when the Restriction on Transfer is to be terminated.

If, prior to the expiration of the Restriction Period on Transfer, the Subject Directors retire from office without the expiration of their term of office or for any other reason deemed justifiable by our Board of Directors, we will, of course, acquire free of charge all such shares allocated to such Subject Directors.

In the event that, during the Restriction Period on Transfer, a merger agreement under which we become an extinguished company, a share exchange agreement, a share transfer plan, or other matters relating to organizational restructuring, etc. (hereinafter referred to as the "organizational restructuring agreement, etc.")

are approved at our general meeting of shareholders (provided, however, that, in the event that the approval of our general meeting of shareholders is not required for such organizational restructuring agreement, etc., the Board of Directors of the Company), the restriction on transfer shall be terminated with respect to all of the shares granted to such director after reasonably adjusting the time to terminate the restriction on transfer as necessary.

We will, of course, acquire without charge the shares for which the restriction on transfer has not been terminated at the time when the number of shares for which the restriction on transfer is terminated is determined.

In the event of serious fiscal improprieties or large losses, the Company will set a claimable back clause to the effect that all or part of the paid share compensation A will be refunded free of charge according to the responsibilities of each director.

#### (2) Stock grants B

A transfer restriction shall be established for a period of three years from the date on which the Subject Directors receive the delivery of such shares, and the Subject Directors shall not transfer, etc. such shares during such period.

In principle, after the end of the period covered by the Medium-Term Management Plan, the Company determines the number of shares for which the transfer restrictions will be lifted depending 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.

In the event the Subject Director resigns prior to the expiration of the Assignment Restriction Period due to expiration of the term of office, death, or any other justifiable reason, (i) in the event such resignation occurs during the period from the time when such shares are granted to the time when the number of shares for which transfer restrictions are to be cancelled is determined, the number of such shares for which transfer restrictions are to be cancelled and the time when the transfer restrictions are to be cancelled in accordance with the achievement level of the management goals of the Mid-term Management Plan and the degree of improvement in corporate value at that time, and (ii) in the event such resignation occurs during the period from the time when the number of shares for which transfer restrictions are to be cancelled to the time of expiration of the Transfer Restriction Period among such shares, the time when the transfer restrictions are cancelled shall be reasonably adjusted as required. If, prior to the expiration of the Restricted Transfers Period, the Subject Directors retire from our Directors without such cause as the expiration of their term of office or otherwise as our Board of Directors may deem justifiable, we will naturally acquire, without charge, all such allotted Shares.

In the event that a restructuring agreement, etc. is approved at a general meeting of shareholders of the Company (provided, however, that approval is not required at a general meeting of shareholders of the Company with respect to the relevant restructuring agreement, etc., at a meeting of the Board of Directors of the Company), (i) in the event such approval is given during the period from the time when the relevant shares are granted until the number of shares for which the restriction on transfer will be cancelled is determined, the number of shares for which the restriction on transfer will be cancelled and the time when the transfer restriction will be cancelled in accordance with the degree of achievement of the management goals of the medium-term management plan



and the improvement of corporate value at that time, and (ii) in the event such approval is given during the period from the time when the number of shares for which the restriction on transfer will be cancelled to the time when the restriction on transfer expires, the time when the restriction on transfer will be cancelled shall be reasonably adjusted as required.

We will, of course, acquire without charge the shares for which the restriction on transfer has not been terminated at the time when the number of shares for which the restriction on transfer is terminated is determined.

In the event of serious fiscal improprieties or large losses, a clash back clause shall be set to the effect that all or part of the paid share compensation B shall be refunded free of charge according to the responsibilities of each director.

[Support System for Outside Directors]

Support for outside directors is provided by the Board of Directors (Corporate Administration Department).

In addition, to ensure that the Board of Directors has sufficient time to consider proposals, the Board of Directors sends relevant materials in advance, and the Board of Directors' Secretariat holds a pre-briefing session on proposals for outside 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 meets once a month and extraordinary meetings are held as necessary. In accordance with the Articles of Incorporation and laws and regulations, the Board of Directors makes decisions on important management issues and business execution, including legal resolutions and management policies, and also supervises the status of directors' business execution. Directors serving as members of the Audit and Supervisory Committee also attend meetings of the Board of Directors to audit the status of directors' business execution.

There are currently six directors (including directors serving on the Audit and Supervisory Committee), three of whom are independent outside directors.

b. Audit and Supervisory Committee

We transitioned to a company with an audit and supervisory committee. There are currently four directors serving on the Audit and Supervisory Committee, three of whom are independent outside directors, and one of whom is a full-time internal director.

In addition to the regular monthly meetings of the Audit and Supervisory Committee, the Audit and Supervisory Committee holds extraordinary meetings as necessary when important matters arise.

The Audit and Supervisory Committee resolves important matters and reports on the progress of operations in accordance with laws and regulations, the Articles of Incorporation, and our Audit and Supervisory Committee rules.

In addition, the Board of Directors attends meetings of the Board of Directors and other important meetings to

express opinions on the directors' business execution as appropriate, and to monitor and audit the overall business execution. In addition, the Audit & Supervisory Committee shall cooperate closely with the personnel in charge of internal audits and the accounting auditor to conduct audits based on the annual audit plan, request reports from officers and employees as necessary, and discuss matters discovered through audits, etc. at the Audit & Supervisory Committee and submit items pointed out in the audit to the Board of Directors.

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

Keinori Saito, a designated limited liability partner and executive officer employee

In addition, three certified public accountants and three other assistants provide assistance with auditing services.

d. Business Execution Structure

The Company has adopted an executive officer system under the supervision of the Representative Director.

The President and Chief Executive Officer leads other executive officers and oversees the execution of company-wide businesses.

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 Management Committee as preliminary advisory bodies to the Board of Directors.

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, and those appointed by the Chairman of the Board of Directors. In principle, meetings are held once a month. In addition, meetings are held and discussed if there are matters requiring promptness and matters requiring confidentiality, such as important human resources and business alliances with other companies.

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

e. Authority to make decisions

The authority for decision-making is clarified in the administrative authority regulations. Major decisions are made by the Board of Directors after consulting with the Executive Committee or the Management Committee.

## f. Contents of Contract for Limitation of Liability

We and our directors (excluding those who are executive officer directors, etc.) have concluded an agreement to limit their liability for damage under Article 423, Paragraph 1 of the Companies Act in accordance with the provisions of Article 427, 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 have shifted to a company with an Audit and Supervisory Committee with the aim of further enhancing the corporate governance system and achieving sustainable growth in corporate value by further strengthening the supervisory functions of the Board of Directors and improving the flexibility of business execution.

## 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 sent out the notice of convocation related to our 17th Ordinary General Meeting of Shareholders at an early date 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 Method	The exercise of voting rights by electronic means (Internet) is adopted.
Participation in Electronic Voting Platform and Efforts to Improve the Voting Environment of Institutional Investors	We participate in an electronic voting platform for institutional investors operated by ICJ Inc.
Provision of convocation notices (summary) in English	We provide 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 corporate/ir/management/governance.html).	
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 the Status and Position of Stakeholders	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.

Matters Related to IV. Internal-Control Systems

1. Basic approach to internal control systems and progress update

<p>At the Board of Directors meeting held on March 27, 2024, our Group revised the following in order to realize our management philosophy of "contributing to the interests of our clients, contributing to the interests of our stakeholders, and contributing to society."</p> <p>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</p>
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- (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) The Audit and Supervisory Committee shall conduct audits by the Audit and Supervisory Committee and the Internal Audit Office in order 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 the directors.

#### 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 to make decisions on important matters stipulated in the Board of Directors' rules and to supervise 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 discussing management as a corporate group through day-to-day communication with the directors of subsidiaries, confirm that subsidiaries are operating properly in accordance with our subsidiary

management regulations.

6 .Matters concerning directors and employees to assist the Audit and Supervisory Committee in its duties

Establish the Secretariat of the Audit and Supervisory Committee to assist the Audit and Supervisory Committee in its duties and assign employees. There are no directors who should assist the Audit and Supervisory Committee in its duties.

7 .Matters concerning independence of employees from directors who are not Audit and Supervisory Committee members in the previous item

When an employee as set forth in the preceding item is engaged in assisting the Audit and Supervisory Committee, he/she shall comply with the instructions and orders of the Audit and Supervisory Committee without belonging to the chain of command for the execution of business, and with regard to the transfer, personnel evaluation, disciplinary action, etc. of the said employee, the matters to be agreed upon by the Audit and Supervisory Committee shall apply.

8 .Matters concerning the assurance of the effectiveness of instructions to employees under Item 6 of the Audit and Supervisory Committee

The Audit and Supervisory Committee shall hold regular meetings with employees listed in Item 6 to confirm the status of the performance of businesses by these employees.

9 .System for directors and employees who are not Audit & Supervisory Committee members and directors, Audit & Supervisory Board members and employees of our subsidiaries to report to the Audit & Supervisory Committee

- (1) Directors and employees who are not Audit and Supervisory Committee members shall report on the status of execution of duties and other matters at the request of the Audit and Supervisory Committee.
- (2) Members of the Audit and Supervisory Committee attend meetings of the Managing Board and other important meetings and receive reports on important matters from directors and employees who are not members of the Audit and Supervisory Committee.
- (3) The Audit and Supervisory Committee receives reports from the directors, statutory auditors and employees of subsidiaries, either directly or through Audit and Supervisory Committee members and internal auditors, in accordance with the Subsidiary Management Rules and the Internal Audit Rules.

1 0 .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

We prohibit any person who has made the report in the preceding item from treating such person disadvantageously on the grounds that he or she has made the report, and shall operate the report in accordance with or in accordance with the Internal Reporting Rules.

1.1. Matters concerning advance payment or reimbursement procedures for expenses arising from the execution of duties by Audit and Supervisory Committee members and other matters concerning policies for the disposal of expenses or liabilities arising from the execution of duties

- (1) The Audit and Supervisory Committee ensures the budget necessary to implement the audit plan approved by the Audit and Supervisory Committee.
- (2) Where an Audit and Supervisory Committee member requests expenses, etc. for the execution of his/her duties, the Company shall promptly pay such expenses, except in cases where it is found clearly unnecessary to perform the duties of an Audit and Supervisory Committee member.
- (3) The management and execution of expenses related to the execution of duties by Audit & Supervisory Committee members shall be conducted by the employees who should assist the Audit & Supervisory Committee members and Audit & Supervisory Committee members.

1.2. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

- (1) The Audit and Supervisory Committee establishes the Audit and Supervisory Committee Rules and Audit and Supervisory Committee Audit Standards, prepares an audit plan, explains the contents thereof at the Board of Directors meetings, and obtains understanding and cooperation with regard to the conduct of audits.
- (2) The Audit and Supervisory Committee exchanges opinions with the representative directors through regular meetings.
- (3) The Audit and Supervisory Committee shall ensure the effectiveness of audits by exchanging opinions with internal auditors and through close cooperation with relevant departments.

1.3. 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.

1.4. 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.

**Corporate Governance**  
CORPORATE GOVERNANCE

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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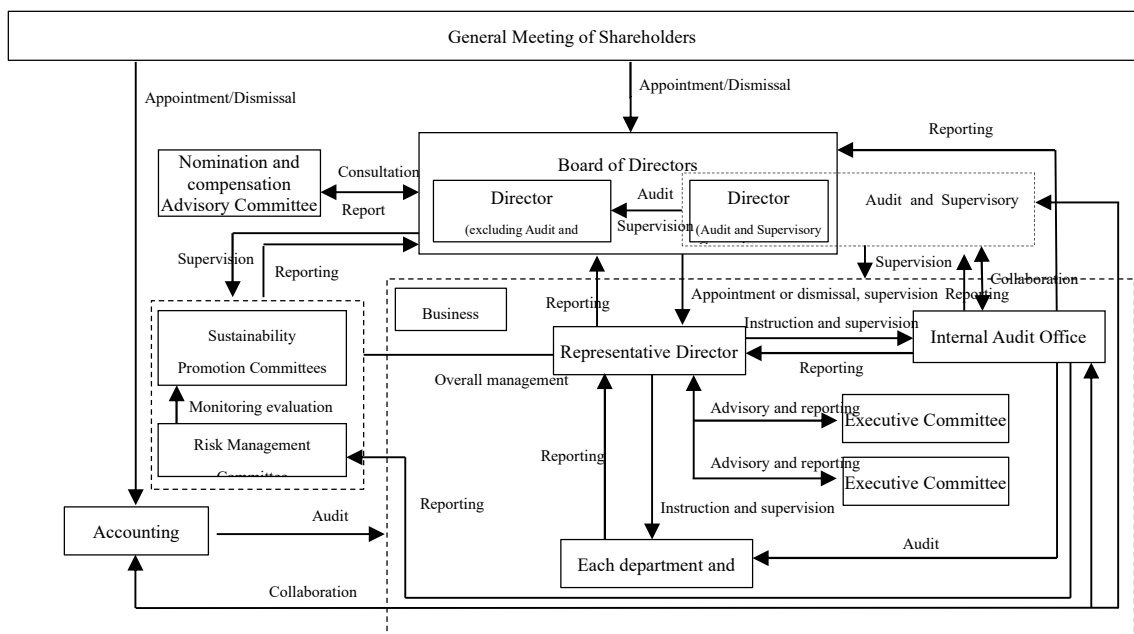
Supplementary Explanation

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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.

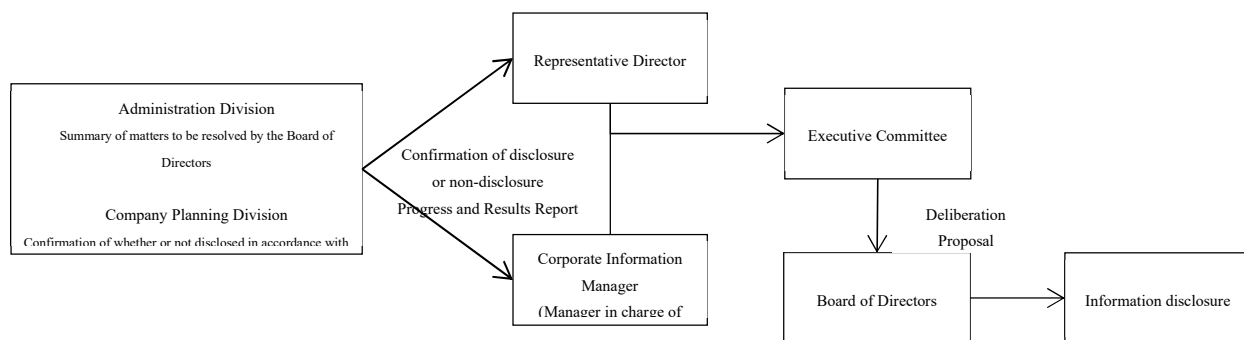
[Diagram (Reference)]



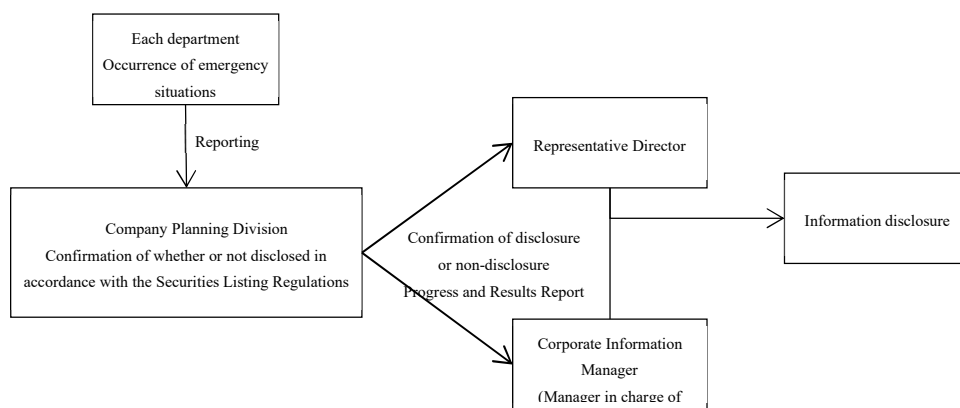


[Overview of Timely Disclosure System (Diagram)]

<Information on decision facts and settlement of accounts, etc.>



<Information regarding facts that have occurred>



Or more