

The corporate governance of the ID Group is described below.

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

1. Basic views

The ID Group perceives “increasing corporate value in an ongoing manner” to be of top priority in its management. With this in mind, we are working steadily to improve our corporate governance and monitoring functions in accordance with the following guidelines: (1) Assurance of transparency and soundness through the separation of management and execution; (2) Speedy decision-making and execution of business (3) Clarification of accountability; (4) Prompt and appropriate/fair disclosure of information.

The Group has published its basic views concerning corporate governance on its website as “Corporate Governance Guidelines” (hereinafter, “the Guidelines”).

(Corporate Governance)

URL: <https://www.idnet-hd.co.jp/corporate/policy.html>

Reasons for non-compliance with the principles of the Corporate Governance Code Updated

The Group implements each principle of the Corporate Governance Code.

Disclosure based on the principles of the Corporate Governance Code Updated

[Principle 1.4 Cross-shareholdings]

(1) Policy on cross-shareholdings of listed shares

To support and strengthen business relationships and improve medium-to-long term corporate value, the Group sometimes holds shares in business partners and others. Each year the Board of Directors scrutinizes individual cross-shareholdings in detail, examining whether the purpose of each cross-shareholding and its risks and benefits are suitable in terms of its capital cost. The Board of Directors discloses the results of these examinations and, if it deems that continuing to hold the shares is no longer reasonable, sells the shares with appropriate timing.

(2) Criteria for exercising voting rights in cross-shareholdings

The Group judges whether to exercise its voting rights in cross-shareholdings based on overall consideration of the robustness of corporate governance at the invested company and the existence or otherwise of proposals conducive to the improvement of medium-to-long term corporate value, as well as the effect of the exercise of voting rights on the Group.

[Principle 1.7 Related-party Transactions]

Before they can conduct a transaction with the Group, Directors, Auditors and major shareholders must obtain the approval of the Board of Directors.

Before issuing such approval, the Board of Directors obtains confirmation by Independent Officers and Auditors of the appropriateness and reasonableness of the details of the transaction. Even after approval is granted, the Board of Directors confirms the status of said transactions on a regular basis.

[Supplementary Principle 2.4 (1) Securing Diversity in the Appointment, etc. of Core Personnel]

The Group recognizes that the active fusion and mobilization of a wide range of perspectives, backed by a corporate culture that celebrates diversity, is vital in maximizing the capabilities of the entire Group and creating an exciting future (Waku-Waku) for everyone. For this reason, the Group actively advances the hiring and appointment of people of diverse backgrounds, including nationality, experience, area of specialization, values, lifestyle, ability/disability and orientation. To enable that individuality to flourish, the Group makes great efforts to train employees and furnish supportive in-house environments, including promotion of work-life balance, providing training in cross-cultural communication and making in-house documents available in multiple languages.

In terms of measurable numerical targets, the Group stipulates and applies percentage targets for non-Japanese employees and for women in management positions. As of March 31, 2024, the percentage of management positions held by women was 14.3%. The Group aims to increase that share to 30% over the medium term.

No special targets are set for the proportion of non-Japanese and mid-career hires in management positions, as no disparity arising from nationality or year of entry is observed with respect to other employees in terms of promotion, appointment to management positions or the like. For information on the Group's policies on securing diversity in our workforce, our training policy, our policy for upgrading our in-house environment and our proportion of foreign nationals and mid-career hires in management positions, please visit the Group website.

(Sustainability (The ID Group in Numbers))

URL: <https://www.idnet-hd.co.jp/sustainability/numbers.html>

(Sustainability (Toward Human Capital Management))

URL: <https://www.idnet-hd.co.jp/sustainability/human.html>

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

As part of its system of benefits for its employees, the Group has introduced a defined contribution pension scheme. Although it is not in the position of being the owner of employees' corporate-pension assets, the Group provides employees with education, training and information on investment matters.

[Principle 3.1 i) Company Objectives (corporate philosophy: the IDentity)]

Guided by its corporate philosophy, the “IDentity,” the ID Group strives to achieve its mission of creating an exciting future (Waku-Waku) for everyone, in accordance with its basic management policy of providing customers with high-value-added information services that serve their needs and contributing to the development of an information society.

The IDentity and the Mid-term Management Plan are described on the Group website. The Group also actively discloses information through regular briefings aimed at institutional and individual investors.

(The Identity)

URL: <https://www.idnet-hd.co.jp/corporate/vision.html>

(Mid-term Management Plan)

URL: <https://www.idnet-hd.co.jp/ir/strategy.html>

[Principle 3.1 ii) Basic Views and Guidelines on Corporate Governance]

Please refer to "I. 1. Basic Views" in this Report.

[Principle 3.1 iii) Board Policies and Procedures in Determining the Remuneration of the Senior Management and Directors]

Please refer to "II. 1. Organizational composition and operation: Director remuneration" in this Report.

[Principle 3.1 iv) Board Policies and Procedures in the Appointment/Dismissal of the Senior Management and the Nomination of Director and Auditor Candidates]

To enhance the independence and objectivity of the Board of Directors, the Group has established a Nomination and Remuneration Committee. This Committee advises the Board of Directors on the appointment and dismissal of senior management personnel and the nomination of Director and Auditor candidates. When appointing and dismissing senior management personnel and selecting and nominating Director candidates, the Board of Directors reaches its decisions with the greatest respect for the deliberations of this Committee.

When nominating Auditor candidates, the Board of Directors explains the deliberations of the Nomination and Remuneration Committee in detail to all currently serving Auditors and, after providing sufficient time for deliberation, obtains the agreement of the Board of Auditors.

(Please refer to: Group Guidelines, Chapter 3, Article 2: Basic Policy and Procedures for the Appointment and Dismissal of Senior Management and Nomination of Director and Auditor Candidates)

[Principle 3.1 v) Explanations with Respect to the Individual Appointments/Dismissals and Nominations Based on iv]

Reference documents for the convocation of General Meetings of Shareholders for the appointment of Directors and Auditors list the reasons for appointment of each candidate selected by the Board of Directors.

Notifications of convocation of General Meetings of Shareholders are posted on the Group website.

(General Meetings of Shareholders (Notices of Convocation))

URL: <https://www.idnet-hd.co.jp/ir/stockholder.html>

[Supplementary Principle 3.1 (3) Measures for Sustainability, etc.]

(1) Measures to ensure the Group's sustainability

The ID Group, based on its basic sustainability policy for achieving a sustainable society and creating an exciting future (Waku-Waku) for everyone, includes an SDGs strategy as one of the basic strategies in its Mid-term Management Plan. The Group will actively work to solve social issues through the provision of information services.

As an initiative for sustainability, the Group discloses information in accordance with the following four frameworks: Governance, strategy, risk management, and metrics and targets.

Also, as an initiative to deal with environmental matters, the Group discloses information on governance, strategy, risk management, and metrics and targets, in accordance with the framework of the Task Force on Climate-related Financial Disclosure (TCFD).

The Group's policies and measures on sustainability and initiatives to deal with environmental matters are described on the Group website.

(Sustainability)

URL: <https://www.idnet-hd.co.jp/sustainability>

(Environmental initiatives)

URL: <https://www.idnet-hd.co.jp/sustainability/environment.html>

(2) Investments in human capital and intellectual assets, etc.

The Group will take a number of steps to invest in human capital. The Group will set a "human-resource strategy" as one of the four basic strategies in its Mid-term Management Plan. To expand further its DX business, the Group will strengthen its training of mid- to senior-level engineers in the cloud, cybersecurity and AI-related fields as well as its development of innovative leaders who can propose solutions with new ideas.

The Group will also invest in intellectual property. The Group will collect information on advanced technologies through investments in US venture funds. In addition, the Group will engage in R&D in image-analysis systems that use AI technology and falsification-detection systems that use blockchain technology. Finally, the Group will conduct survey research on the metaverse.

Information on human capital and the like is listed on the Group website.

(Toward Human Capital Management)

URL: <https://www.idnet-hd.co.jp/sustainability/human.html>

[Supplementary Principle 4.1 (1) Overview of Scope of Delegation to the Management]

The Board of Directors delegates all decisions on the execution of Group duties to the Group's management, headed by the President and Representative Director, with the exception of items prescribed by laws and regulations to be resolved at meetings of the Board of Directors and other items commensurate therewith.

(Please refer to Chapter 3, Article 3 (2), "Responsibilities of the Board of Directors," part 2), in the Group's Guidelines.)

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

For information on the Group's criteria for the independence of Outside Directors, please refer to the Appendix of the Group's Guidelines.

[Supplementary Principle 4.10 (1) Use of Optional Arrangements]

Please refer to "II. 1. Organizational composition and operation: Directors: Committees established voluntarily, their composition, and attributes of chairperson / Supplementary explanation" of this Report.

[Supplementary Principle 4.11 (1) Approach to diversity in the Board of Directors]

The Board of Directors is composed of directors of diverse backgrounds in terms of factors such as specialized knowledge and experience. The number of directors is calibrated to enable the Board of Directors to execute its duties effectively and efficiently. The selection process for directors takes fully into account diversity of gender, nationality, professional history and age, as well as appropriate size (number of members) of the Board. Outside Directors consist primarily of persons with experience at other companies in fields such as corporate management, academia and education, technology and accounting.

Information on the diversity and individual skills of directors and Auditors is listed on the Group website.

(Skill matrix and diversity of directors)

<https://www.idnet-hd.co.jp/corporate/policy.html>

[Supplementary Principle 4.11 (2) Status of Directors serving concurrent posts]

Please refer to "II. 1. Organizational composition and operation: Directors: Outside Directors' relationships with the Company (2)" of this Report.

[Supplementary Principle 4.11 (3) Evaluation of Overall Effectiveness of the Board of Directors]

The Group strives to achieve further improvement of the effectiveness of the Board of Directors through a continuous process (PDCA cycle) of analyses and evaluations conducted each fiscal year. These efforts consist of examining and implementing improvements and solutions for newly raised problems and continuing issues.

The Board of Directors conducts self-evaluations of its overall effectiveness and other issues, aiming to support the sustainable growth of the Group and the medium-to-long term improvement of its corporate value. Following extensive deliberation, the Board of Directors publishes an overview of the results of this process.

(IR News)

URL: <https://www.idnet-hd.co.jp/ir/news.html>

[Supplementary Principle 4.14 (2) Training policy for Directors and Auditors]

When Directors and Auditors, including Outside Directors and Auditors, are appointed, they are provided training on the roles and responsibilities expected of the Directors and Auditors of listed companies, related laws and ordinances, and compliance matters. Similarly, persons newly appointed as Outside Directors and Auditors receive full explanations of the Group's business, finances, organization and other matters. Every effort is made to furnish an environment that supports the Outside Directors and Auditors in the effective execution of their roles and responsibilities.

In addition, the Group encourages each Director and Auditor to engage in self-improvement, provides and arranges training opportunities suited to the needs of each Director and Auditor, and provides wide-ranging support for the expenses incurred in these efforts.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

To promote constructive dialogue with shareholders, the Group establishes and implements policies as follows.

- 1) With respect to requests from shareholders, investors and others for dialogue (interviews), the Group's basic stance is to have Outside Directors, other Directors, Auditors, members of senior management or persons in charge of investor relations (IR), within a reasonable scope, based on consideration of shareholders' wishes and the main topics of the interviews.
- 2) The department in charge of IR strives to achieve constructive dialogue in cooperation with related Group departments.
- 3) The Group conducts comprehensive IR activities, including individual interviews, financial results briefings, etc.
- 4) The Group strives to provide timely and appropriate feedback to the Board of Directors and related members of senior management regarding the opinions and wishes of shareholders, investors and others learned from the dialogue.
- 5) Based on its information security standards, the Group establishes rigorous information management to prevent leaks of important and unpublished internal information (insider information).
- 6) With a view to securing effective dialogue, the Group regularly obtains an understanding of the Group's shareholder structure, based on the shareholder registry, and reports the same to the Board of Directors.

For details on the status of dialogue with shareholders, please visit the Group website.

(IR Basic Policy)

URL: <https://www.idnet-hd.co.jp/ir/disclaimer.html>

[Efforts to Achieve Management Focused on Capital Cost and Share Price]

1. Analysis of current status

In the three most recent fiscal years, return on equity (ROE) has trended steadily upward year by year. ROE for the Group was 11.2% for the period April 1, 2021 to March 31, 2022 (FY2021), 14.2% for the period April 1, 2022 to March 31, 2023 (FY2022) and 15.9% for the period April 1, 2023 to March 31, 2024 (FY2023). The Group has achieved capital profitability in excess of cost of capital as calculated by the Group.

Price-to-book-value ratio (PBR) has followed a firm trend over the past three fiscal years, reaching 1.5 in FY2021, 1.6 in FY2022 and 2.2 in FY2023. At present there is no cause for concern that PBR might slip below 1.

Share price has also been on an uptrend over the past three fiscal periods. The share price was ¥846 at the end of FY2021, ¥1,000 at the end of FY2022 and ¥1,549 at the end of FY2023.

2. Plan formulation and disclosure

The Mid-term Management Plan for the period FY2022 to FY2024, "Next 50 Episode II: Ride on Time," announced April 28, 2022, calls for a shift to high-value-added services to advance steady transformation and expansion of operations, coupled with advancement of business activities aimed at improving corporate value over the medium-to-long term.

As a result of measures based on the "Plan for Conforming to Criteria for Continued Listing on the Prime Market," published March 14, 2023, the Group fulfilled the listing criteria for the Prime Market in FY2023. The Group will continue to implement the Mid-term Management Plan while executing a series of measures, including revising measures to return value to shareholders, enhancement of IR activities, strengthening of corporate governance and advancement of sustainability activities.

3. Implementation of Initiatives

By implementing the Mid-term Management Plan, the Group is boosting net sales, operating income, ordinary income and net income attributable to owners of parent for three consecutive fiscal years, achieving all-time highs in each fiscal year and category.

Also, as stated in "Notice of Revision to Forecast of Consolidated Results for FY2023, Forecast of Consolidated Results for FY2024, and Dividend Forecast (Commemorative Dividend)," released April 15, 2024, the Group plans to distribute a commemorative dividend of ¥5 per share at the end of FY2024, in celebration of the 55th anniversary of the Group's inception on October 20, 2024. As a result, the dividend forecast for FY2024 is ¥55 per share, consisting of a ¥50 ordinary dividend and ¥5 commemorative dividend.

The Group will continue to strive for improvement of corporate value over the medium-to-long term, by implementing the Mid-term Management Plan and executing measures to return value to shareholders.

For further information on the Mid-term Management Plan, please click the link below.

(Mid-term Management Plan)

Japanese: <https://www.idnet-hd.co.jp/ir/strategy.html>

English: <https://www.idnet-hd.co.jp/english/ir/strategy.html>

2. Capital structure

Foreign shareholding ratio

Updated

10% or more but less than 20%

Status of major shareholders

Updated

Name	Number of shares owned (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,737,800	10.19
A.K. Corporation	1,565,931	9.18

ID Employee Ownership Account	1,184,687	6.95
PERSHING-DIV. OF DLJ SECS. CORP.	1,115,250	6.54
Custody Bank of Japan, Ltd. (Trust Account)	664,400	3.89
Mizuho Trust & Banking Co., Ltd.	634,275	3.72
TDC SOFT Inc.	426,150	2.50
Akemi Funakoshi	297,190	1.74
Custody Bank of Japan, Ltd. (Trust Account E)	275,516	1.61
Kaori Marubayashi	269,466	1.58

Controlling shareholder (except for parent company)	----
Parent company	None

Supplementary explanation Updated

The shareholders listed under “Status of major shareholders” are correct as of March 31, 2024.

3. Corporate attributes

Listed stock market and market section	Tokyo Stock Exchange/Prime Market
Fiscal year-end	March
Type of business	Information/communications
Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Net sales (consolidated) for the previous fiscal year	10 billion yen or more, under 100 billion yen
Number of consolidated subsidiaries as of the end of the previous fiscal year <small>Updated</small>	Less than 10

4. Policy on measures to protect minority shareholders in conducting transactions with controlling shareholder

5. Special circumstances which may have material impact on corporate governance Updated

The Group has no parent companies or listed subsidiaries, so there are no items to note in this category.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management

1. Organizational composition and operation

Organization form	Company with Auditors
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Directors

Maximum number of Directors stipulated in Articles of Incorporation	9
Term of office stipulated in Articles of Incorporation	2 years
Chairperson of the Board of Directors	President
Number of Directors Updated	7
Appointment of Outside Directors	Appointed
Number of Outside Directors Updated	4
Number of Independent Officers designated from among Outside Directors Updated	4

Outside Directors' relationships with the Company (1) Updated

Name	Attribute	Relationships with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Aya Nakamura	From another company									△			
Rieko Nishikawa	Academic												
Hisashi Shirahata	Certified public accountant												
Thomas Owsley Rodes (commonly known as Toby Rodes)	Other												

* Categories for "Relationships with the Company"

* "○" when the Director presently falls or has recently fallen under the category;

* "△" when the Director fell under the category in the past;

* "●" when a close relative of the Director presently falls or has recently fallen under the category; and

* "▲" when a close relative of the Director fell under the category in the past

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

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

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

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

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

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

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

i. Executive of a corporation, between which and the Company Outside Directors/Auditors are mutually appointed (the Director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k. Other

Outside Directors' relationships with the Company (2) Updated

Name	Designation as Independent Officer	Supplementary explanation of the relationship	Reasons for appointment
Aya Nakamura	○	Ms. Aya Nakamura worked at IBM Japan, Ltd., the Group's main client. Though IBM Japan accounted for just 3.1% of the ID Group's revenue in the most recent fiscal year, the IBM Group as a whole, to which the company belongs, accounted for 17.4% of Group revenue. Although the Group continues to maintain a certain level of business dealings with the IBM Group as a whole, Ms. Nakamura resigned from IBM Japan seven years before her appointment	Although Ms. Aya Nakamura does not have direct experience in company management, she held prominent positions at a major foreign-affiliated IT company and a major foreign-affiliated e-commerce company and possesses advanced knowledge with a global perspective on the IT field and marketing. Since her appointment, Ms. Nakamura has provided valuable

		<p>as an Outside Director at our 55th Annual General Meeting of Shareholders. Accordingly, the Group's relationship with the IBM Group is judged not to compromise her independence.</p>	<p>insights and viewpoints, not only at meetings of the Board of Directors but on various committees. The Group therefore selected her as Outside Director in the expectation that she will continue to provide appropriate supervision and advice to Group management from a global and female perspective. In addition, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated her as Independent Officer.</p>
Rieko Nishikawa	○	There are no particular items to report.	<p>Although Prof. Rieko Nishikawa does not have direct experience in company management, as a Professor Emeritus she has abundant scholarly knowledge and experience regarding the laws of foreign countries and has served as Outside Director for other IT companies, and so is highly knowledgeable about the IT industry. Since her appointment, she has provided valuable insights and viewpoints, not only at meetings of the Board of Directors but on various committees. The Group therefore selected Prof. Nishikawa as Outside Director in the expectation that she will continue to provide appropriate supervision and advice to Group management from a global and female perspective. In addition, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated her as Independent Officer.</p>
Hisashi Shirahata	○	There are no particular items to report.	<p>Although Mr. Hisashi Shirahata does not have direct experience in company management, as a representative partner of an auditing firm, he has experience in corporate leadership. Moreover, as a certified public accountant, Mr. Shirahata possesses specialized knowledge and abundant business experience in finance and accounting. Furthermore, Mr. Shirahata has offered valuable insights and advice as an Outside Director at a Group subsidiary, INFORMATION DEVELOPMENT CO., LTD. The Group therefore selected him as Outside Director in the expectation that he will continue to provide appropriate supervision and advice to Group management. In addition, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated him as Independent Officer.</p>
Thomas Owsley Rodes (Commonly known as Toby Rodes)	○	There are no particular items to report.	<p>Mr. Thomas Owsley Rodes (commonly known as Toby Rodes) is co-founder and Chief Investment Officer of Kaname Capital, L.P., a US-based investment firm. Through his many years of work at Kaname Capital, Mr. Rodes developed an original screening model and acquired experience as a team member in fields such as formation of management teams</p>

			<p>and capital at investment-prospect companies and corporate governance. By dint of his work at a securities company, Mr. Rodes brings to the Group a wealth of experience in corporate research and analysis. The Group selected Mr. Rodes to serve as an Outside Director because it expects him to contribute to the improvement of its corporate value and the further advancement of its capital policy and corporate governance. In addition, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated Mr. Rodes as an Independent Officer.</p>
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<p>Voluntary establishment of committee(s) equivalent to Nominating Committee or Remuneration Committee</p>	<p>Established</p>
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- l. Executive of a company or organization that receives a donation from the Company (the Auditor himself/herself only)
m. Other

Outside Auditors' relationships with the Company (2) Updated

Name	Designation as Independent Officer	Supplementary explanation of the relationship	Reasons for appointment
Hiroimi Mochii	○	Ms. Hiroimi Mochii was formerly employed at All Nippon Airways Co., Ltd. (ANA), a business partner of the Group. In the most recent fiscal year, transactions with this company accounted for a mere 0.004% of Group revenue, but the ANA Group as a whole accounted for 2.3%. Although the Group maintains a certain level of business dealings with the ANA Group, Ms. Mochii resigned from ANA four years and before her appointment as an Outside Director at our 55th Annual General Meeting of Shareholders, so the Group's relationship with the ANA Group is judged not to compromise her independence.	Ms. Hiroimi Mochii possesses a wealth of business experience and knowledge, as a person with a history of important positions at a major airline company and a current position as a director and audit committee member at a regional bank. She was appointed as an Outside Auditor in the expectation that she will use her wealth of operating experience and knowledge in corporate management and auditing to contribute to the Group with effective auditing. In addition, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated Ms. Mochii as Independent Officer.
Yasukazu Irino	○	There are no particular items to report.	Mr. Yasukazu Irino possesses a wealth of experience and knowledge as well as a sterling sense of ethics, having long contributed to the development of Japan's economy and industry in his career at the Ministry of Economy, Trade and Industry (METI). He was appointed as an Outside Auditor in the expectation that he will use his wealth of experience and knowledge to contribute to the Group with effective auditing. In addition, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated Mr. Irino as an Independent Officer.
Shinya Tanaka	○	Mr. Shinya Tanaka was formerly employed with Group business partners Mizuho Trust & Banking Co., Ltd., Mizuho Financial Group, Inc. and Mizuho Realty, Co., Ltd. These companies' shares of Group revenue are, respectively, 0.7% for Mizuho Trust & Banking, 0.5% for Mizuho Financial Group and 0.2% for Mizuho Realty. However, the Mizuho Group as a whole, which controls Mizuho Financial Group, accounts for 7.8% of Group revenue. Although the Group does a certain amount of business with the Mizuho Group, Mr. Tanaka. Although the Group continues to maintain a certain level of business dealings with the Mizuho Group as a whole, Mr. Tanaka resigned from Mizuho Financial Group eight years before his appointment as an Outside Auditor at our 56th Annual General Meeting of Shareholders. Accordingly, the Group's relationship with Mizuho Financial Group is judged not to compromise his independence.	Mr. Shinya Tanaka possesses a wealth of operating experience in financial institutions and an extensive CV in corporate management. He also brings to the table abundant knowledge and experience in corporate management and auditing in other capacities, such as an independent outside auditor at another company. The Group judges that Mr. Tanaka's experience and knowledge can contribute to more effective auditing of the Group, and so appointed him as an Outside Auditor. Moreover, the Group judges that there is no risk of a conflict of interest arising with ordinary shareholders according to the Criteria for Independence of Outside Officers set forth by the Group and in light of criteria for judgment of independence stipulated by the Tokyo Stock Exchange. Accordingly, the Group designated Mr. Tanaka as an Independent Officer.

Independent Officers

Number of Independent Officers Updated 7

All Outside Directors that satisfy the qualifications of Independent Officers are designated as Independent Officers. For the ID Group's Criteria for Independence of Outside Directors, please refer to the Appendix of the guidelines.

Incentives

Implementation of measures to provide incentives to Directors

Introduction of performance-based remuneration system

Supplementary explanation

- Performance-based remuneration system

The Group decided to introduce Board Benefit Trust (BBT) during its 47th Annual General Meeting of Shareholders, held on June 18, 2015. This system has also been introduced at INFORMATION DEVELOPMENT CO., LTD., ID DATA CENTER MANAGEMENT CO., LTD., and DX CONSULTING CO., LTD., the Group's core subsidiaries.

Under this system, money contributed by the Group as funds is used to acquire Group shares through a trust. In principle, these shares are awarded to Officers upon their retirement in accordance with the Officer Stock Benefit Rules, a common set of rules established by the Boards of Directors of the Group and subsidiaries.

The introduction of this system further clarifies the interrelationship between Director remuneration and the Group's stock value. As with all shareholders, Directors not only benefit if the Group's stock price rises but also share the same risk of falling stock prices. This, therefore, helps raise awareness of the need to contribute to improving the Group's medium-to-long term performance and corporate value.

Recipients of stock options

Supplementary explanation

Director remuneration

Disclosure of individual Directors' remuneration

No individual disclosure

Supplementary explanation

The total amount of remuneration is disclosed in the Annual Securities Report and business report in addition to the total amount paid out to Outside Directors.

Policy on determining remuneration amounts or calculation methods thereof Updated

Established

Disclosure of policy for determining remuneration amounts or calculation methods thereof

(1) Policy on determining details including remuneration for officers

In the ID Group, the Nomination and Remuneration Committee composed of Outside Director(s) and Outside Auditor(s) discusses the appropriateness and transparency of remuneration standards/composition and its operation situation within the scope of the annual remuneration limits decided by resolutions of General Meetings of Shareholders and decisions regarding remuneration are made by the Board of Directors. Remuneration for Directors is decided according to objective and transparent procedures so as to function as one of the sound incentives for sustainable growth.

(a) Remuneration decision process

The decision policy on remuneration for Directors and the remuneration amount are decided via discussions by the Board of Directors and Nomination and Remuneration Committee.

The President and Representative Director evaluates the performance of individual Directors (quantitative evaluation) for the corresponding fiscal year according to Regulations for Remuneration of Officers, etc. and submits the remuneration plan for individual Directors where the evaluation results are reflected to the Nomination and Remuneration Committee. The Nomination and Remuneration Committee confirms and discusses the remuneration plan submitted from the President and Representative Director and reports the results to the Board of Directors. The Board of Directors makes the final decision on the remuneration amount based on the discussion contents of the Nomination and Remuneration Committee.

The amount of remuneration of Officers in FY2023 is deliberated by the Nomination and Remuneration Committee and decided by approval of remuneration proposals by the Board of Directors, as follows.

March 14, 2023: Nomination and Remuneration Committee, "Directors' Year-end Bonus and Monthly Remuneration Based on Evaluation by the Board of Directors"

April 14, 2023: Nomination and Remuneration Committee, "Directors' Year-end Bonus and Monthly Remuneration Based on Evaluation by the Board of Directors"

June 23, 2023: Board of Directors, "Resolution on Year-end Bonus in 2022 and Monthly Remuneration in 2023"

March 14, 2024: Nomination and Remuneration Committee, "Directors' Monthly Remuneration, Year-end Bonus and Stock-based Remuneration"

June 21, 2024: Board of Directors, "Resolution on Year-end Bonus in 2023 and Monthly Remuneration in 2024"

(b) Remuneration governance

In order to secure the objectivity and transparency of the remuneration decision process and appropriateness of remuneration standards for Directors of the ID Group, the Nomination and Remuneration Committee discusses the remuneration amounts for individual Directors of the ID Group, and the Board of Directors respects the deliberations of the Nomination and Remuneration Committee as it determines the remuneration amounts.

The Nomination and Remuneration Committee consists of three or more Outside Officers, including the chair.

(c) Remuneration structure

The remuneration structure for Directors (excluding Outside Directors) is composed of fixed remuneration and performance-based remuneration. Fixed remuneration is a basic remuneration for job duties as Directors and is decided according to the role and job duty of each Director. The standard performance-based remuneration amount is equivalent to one third of the fixed remuneration (25% of the total remuneration amount of

Directors), and the breakdown is 9% for monthly performance remuneration, 11% for performance-based bonus, and 5% for stock-based remuneration (BBT).

Monthly remuneration	Fixed remuneration	Performance-based remuneration
Officers' bonuses	Basic remuneration (75%)	Monthly performance remuneration (9%)
Stock-based remuneration	—	Performance-based bonus (11%)
	—	Board Benefit Trust (BBT) (5%)

Outside Directors are only provided with fixed remuneration out of consideration of ensuring their independence and neutrality. Remuneration for Auditors is decided by the Board of Auditors through conference by the Board of Auditors and, as for Outside Directors, consists of fixed remuneration only. The retirement benefit system for officers was abolished at the conclusion of the 42nd Annual General Meeting of Shareholders held on June 23, 2010.

(d) Performance indicators and decision policy for performance-based remuneration

Performance-based remuneration is introduced for Directors (excluding Outside Directors) as monthly remuneration and bonuses, which are coordinated with the performance achievement level of a single fiscal year, and stock-based remuneration (BBT), which aims to promote sharing of value with shareholders.

For performance indicators, consolidated net sales and consolidated net income are used as quantitative performance indicators while strategy targets in the Mid-term Management Plan are used as qualitative performance indicators. We selected consolidated net sales and consolidated net income for quantitative performance indicators since the targets for consolidated net sales and consolidated net income are set in the Mid-term Management Plan, which enables direct evaluation of the achievement situation of the Mid-term Management Plan.

The business results measured by the performance indicators used to calculate performance-based remuneration are consolidated net sales and consolidated net income as listed in the consolidated financial statements.

(e) Stock-based remuneration

At the 47th Annual General Meeting of Shareholders held on June 18, 2015, a resolution was passed to introduce the Board Benefit Trust (BBT) as a stock compensation plan for Directors (excluding Outside Directors). This system aims to establish clearer links between Directors' remuneration and the performance and stock value of the ID Group and to increase awareness of contributions to improving performance and growing corporate value in the medium-to-long term.

(f) Timing of remuneration payments

The monthly payment amount which is decided by the Board of Directors for Directors and by the Board of Auditors for Auditors is paid monthly while stock-based remuneration is paid when a Director retires from their position.

Supporting system for Outside Directors and/or Outside Auditors Updated

To ensure comprehensive deliberation by the Board of Directors, Outside Directors and Outside Auditors are provided with a support framework. For example, Outside Directors and Outside Auditors are provided with materials from the Board of Directors in advance of deliberations and mediation in advance of receiving and answering of questions.

To ensure sufficient auditing by Outside Auditors as an independent institution, channels of communication are prepared, assistants for Auditors are appointed in accordance with the regulations of the Board of Auditors, and a framework is prepared to support the activities of Outside Auditors.

2. Matters on functions of business execution, audit and supervision, nomination and remuneration decisions (overview of current corporate governance system) Updated

- Regular meetings of the Board of Directors are held monthly, and extraordinary meetings of the Board of Directors are held as needed as a decision-making and supervisory body relating to important managerial issues. The Board of Directors reviews and makes decisions on important managerial issues in an accurate and prompt manner. Furthermore, the Group has introduced a corporate officer system to inject stimulus into meetings of the Board of Directors through the separation of decision-making/supervision and execution.

Main items examined by the Board of Directors (number of agenda items)

Category (topics)	FY2022	FY2023
Management strategy, capital policy and Mid-term Management Plan	27	18
Accounts	21	21
Sustainability	4	7
Internal controls, compliance, risk management	31	32
Corporate governance	3	3
Personnel	10	11
Individual agenda items	22	33
Reports on execution of duties	4	4
Total	122	129

- The ID Group is a company with a Board of Auditors. The Board of Auditors is made up of 1 Standing Statutory Auditor and 3 Outside Auditors who are Independent Officers. Auditors attend important meetings such as meetings of the Board of Directors to assess the processes by which important decisions are made, and check the state of execution of duties. In addition, they also carry out audits concerning the status of management and assets from their own professional standpoints, thus reinforcing the Group's management monitoring functions.
- In order to enhance the quality of auditing work, the Internal Audit Office currently conducts audits through a system of 4 personnel.
- Group Management Meetings are in principle held on a monthly basis and at other times if needed as a body for discussing matters relating to important managerial issues.
- The following certified public accountants (CPA) were tasked with auditing the FY2023 accounts:
Kiichi Yonebayashi, CPA; Koji Kumagai, CPA
BDO Sanyu & Co.
Composition of team assisting in audit: Four CPAs and three others
- The Group has concluded an agreement with Outside Directors and Outside Auditors limiting their liability for damages to the limit stipulated by law in Article 423, Paragraph 1 of the Companies Act. The limit on liability for damages based on the agreement is the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.

3. Reasons for adoption of current corporate governance system

The ID Group is a company with a Board of Auditors. The Group adopted this corporate governance system based on the judgment that an auditing system through Auditors, including Outside Auditors, is an effective form of management monitoring function in light of the Group's size and content of business.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to vitalize the General Meeting of Shareholders and smooth exercise of voting rights Updated

	Supplementary explanations
Early notification of General Meeting of Shareholders	Notification of the 56th Annual General Meeting of Shareholders (FY2023) was sent out 8 days earlier than the legally prescribed date. The Group continues to endeavor to send out notification early to ensure that shareholders have sufficient time to consider items on the agenda.
Scheduling Annual General Meeting of Shareholders avoiding the peak day	54th Annual General Meeting of Shareholders: June 17, 2022 55th Annual General Meeting of Shareholders: June 23, 2023 56th Annual General Meeting of Shareholders: June 21, 2024
Allowing electronic or magnetic exercise of voting rights	Electronic or magnetic exercise of voting rights were introduced at an Extraordinary General Meeting of Shareholders held on January 24, 2019.
Participation in the Electronic Voting Exercise Platform and other initiatives to improve the voting environment for institutional investors	From the 54th Annual General Meeting of Shareholders held June 17, 2022, we have introduced an electronic voting rights exercise platform operated by ICJ, Inc.
Provision of convocation notices in English (summary)	An English translation of the convocation notice (abbreviated version) is posted on the ID Group's website and made available through the Tokyo Stock Exchange and the electronic voting rights exercise platform described above.
Other	Convocation notices, business reports, notifications of resolutions, and extraordinary reports (the results of voting at Meetings of Shareholders) are published on the ID Group's website.

2. IR activities Updated

	Supplementary explanations	Explanation by the representative in person
Preparation and publication of disclosure policy	The Group has published a disclosure policy on its website. URL: https://www.idnet-hd.co.jp/ir/disclaimer.html	
Regular investor briefings for individual investors	The Group holds regular investor briefings for individual investors, and elicits feedback from investors on each occasion through questionnaires. This information is used for references purposes in IR activities and management in that it helps the Group gain a better picture of awareness among investors of the industry, the Group's businesses and strategies.	Yes
Regular investor briefings for analysts and institutional investors	Investor briefings for analysts and institutional investors are held when the Group announces its financial results for the fiscal year and its financial results for the first half of the year. In addition, investor briefings for analysts and institutional investors are held in Q1 and Q3 as well based on necessity. The Group also pays regular visits to institutional investors, such as by holding roadshows in Japan directly after financial result briefings.	Yes
Regular investor briefings for overseas investors	The Group holds regular meetings with overseas investors as a means to bridge the information gap with domestic investors. Regular dialog with overseas investors, who demand a higher level of business efficiency and transparency, also helps the Group improve on its corporate governance.	Yes
Posting of IR materials on website	The Group voluntarily discloses materials including the Mid-term Management Plan, reference materials and video of the briefings, fact books, and shareholders' newsletters (ID letter). The Group is also working to ensure it provides sufficient information on its IR site, such as by publishing English-language versions of financial results, press releases, corporate governance reports, corporate governance guidelines, etc.	
Establishment of department and/or manager in charge of IR	The Corporate Strategy Department, which is overseen directly by the President, is the point of contact for all IR-related matters.	
Other	All company briefings such as IR briefings are conducted by the President himself.	

3. Measures to ensure due respect for stakeholders

Updated

	Supplementary explanations
Provisions to ensure due respect for stakeholders in internal rules, etc.	<p>The ID Group has clarified its position on due respect for stakeholders in its Corporate Governance Guidelines and in the “Sustainability” section of its website.</p>
Implementation of environmental conservation activities, CSR activities, etc.	<p>(1) Environmental conservation activities: Obtained ISO 14001 certification; conducted beach-cleaning volunteer activities in Japan and overseas; joined World Wildlife Federation (WWF) Japan.</p> <p>(2) CSR activities: Promoted hiring of disabled persons at AI FACTORY CO., LTD, a special subsidiary; support for mine clearing; support for a Buddhist nuns’ charity school in Myanmar; establishment of blood-donation days (twice a year); support for the United Nations World Food Programme (UN WFP) and United Nations Children Fund (UNICEF)</p> <p>(3) Educational support activities: Scholarship funds for Tottori Prefecture Future Personnel Development Fund and Huazhong University of Science and Technology in China; acceptance of international students at Group employee dormitories; research assistance for clinical psychologists at Shimane University to cultivate the next generation; conclusion of a pact with Kyoto Women’s University; provision of special lectures AI themes to Tottori University and Yonago College, National Institute of Technology (KOSEN)</p> <p>(4) Regional formation: Support for DX in Kofu, Tottori Prefecture; joint research with Tottori University</p> <p>(5) Cultural and artistic activities: Hosting of three Mesena Concerts a year; sponsorship of the Japan Philharmonic Orchestra; support for Tsuruga Wakasanojo, a Living National Treasure, and Daisuke Yagi, a pianist</p>
Formulation of policies, etc., relating to the provision of information to stakeholders	<p>In order to improve its shareholder-centered business management and improve its transparency, the Group takes a proactive stance to the disclosure of information. In addition to disclosing information in a timely manner, it holds financial briefings for institutional investors and briefing sessions for individual investors and holds IR meetings with investors inside and outside Japan on an ongoing basis.</p> <p>[Efforts to secure diversity in executive and management positions]</p> <p>The ID Group leverages the diverse perspectives and values of its people in its efforts to achieve sustainable growth and improve its medium-to-long term corporate value. The Group stipulates percentage targets for non-Japanese employees and women in management positions. Going forward, the Group will continue to advance the hiring and appointment of people of diverse backgrounds, including nationality, experience, area of specialization, values, lifestyle, ability/disability and orientation. As of March 31, 2024, the percentage of management positions held by women was 14.3%. The Group is making efforts aiming to increase that share to 30% over the medium term.</p> <p>For more information on the Group’s policies on securing diversity, training and in-house environment, please visit the Group website. (Sustainability/Toward Human Capital Management) URL: https://www.idnet-hd.co.jp/sustainability/human.html</p>
Other	<p>[Initiatives for Health Management]</p> <p>Focusing on themes of employee health issues, the Group presents seminars on prevention of lifestyle illnesses and on women’s health issues, sets targets for reduction of smoking and obesity rates, provides health advice by public health nurses for those in poor physical condition, and takes steps to encourage the uptake of paid leave to improve work-life balance. In recognition of these efforts, the Group earned certification by the Ministry of Economy, Trade and Industry (METI) as an “Excellent Enterprise of Health and Productivity Management” for the fifth year in a row. (Sustainability/Health Management) URL: https://www.idnet-hd.co.jp/sustainability/labor_practices.html</p> <p>[Respect for human rights initiatives]</p> <p>According to the ID Group Human Rights Policy, we have been promoting our initiatives for respecting human rights by establishing contact points for consultation and whistleblowing and providing human rights training to all employees. The theme of human rights training in FY2023 was case studies on harassment.</p> <p>The Group has established three external consultation contacts for cases in which there would be objective obstacles to establishing these consultation contacts within the Company, or in which users would hesitate to use these consultation contacts if they were within the Company. The administration of these has been consigned to the following: IntegreX Inc., which has a proven track record for consultation services relating to whistleblowing; E Partner Inc., which as a proven track record in providing support for mental health care; and Nakamura & Yamamoto Law Office.</p>

IV. Matters Related to the Internal Control System

1. Basic views on internal control system and progress of system development Updated

The ID Group has put in place the following systems which meet the requirement set out in the Companies Act of Japan for “the development of systems necessary to ensure that the execution of the duties by the Directors complies with the laws and regulations and the articles of incorporation, and other systems prescribed by Ministry of Justice Order as systems necessary to ensure the properness of operations of a Stock Company.”

(1) Systems to secure the execution by the Directors and employees of their duties to comply with laws and regulations and the Articles of Incorporation

(a) Directors and Corporate Officers shall work to establish corporate ethics based on “IDentity,” the ID Group’s Corporate Philosophy which sets down shared rules and views for the Group. In addition, they shall make continual efforts to generate awareness among executives and staff of the importance of compliance with laws, the Group’s Articles of Incorporation, and internal rules.

(b) In order to ensure that thorough compliance is in place, the Group has set up designated departments with jurisdiction over compliance management, and has drawn up the Basic Compliance Code. In addition, the Group shall carry out training, awareness-raising, etc. to establish and maintain an awareness of compliance among employees.

(c) In regard to acts which are in violation of law or internal rules which occur within the Group, the Group has drawn up the Whistleblower Code, and has set up internal contact points for people to make reports or receive consultations (Auditors and departments with jurisdiction over compliance management), as well as contact points for people to make reports or receive consultations (legal advisors, etc.), thus working to discover issues early on.

(d) In order to ensure the reliability of financial reports, the Group has drawn up the separate Policy on Internal Control Systems concerning Financial Reports, and has constructed a management system for internal control Systems concerning financial reports, and works to ensure that this system is administered appropriately.

(e) The Group shall take a resolute stand as an organization in excluding anti-social forces (racketeers and organized crime) which threaten social order or the healthy business activities of companies.

(2) Systems concerning storage and management of information on the execution by the Directors of their duties

Information and documents (including electromagnetic media) relating to the execution by the Directors of their duties shall be stored and managed (including disposed of) appropriately in accordance with internal rules and related manuals, etc. In addition, when needed, inspections shall be carried out on the state of administration of said systems and revisions made to rules, etc.

(3) Regulations concerning management of the risk of loss and other systems

The Group manages risks relating to compliance, natural disasters, information security, labor management, quality control and other matters based on the Risk Management Regulations. The Group Risk Management Committee, an advisory body of the Board of Directors, monitors risk, implements countermeasures and reports to the Board of Directors. Regarding individual risks, the various competent departments shall draw up rules and guidelines, implement training, create and distribute manuals, etc.

(4) Systems to secure efficient execution by the Directors of their duties

(a) The Group Management Meeting, Executive Committee, etc. have been set up to ensure that Directors can make prompt and accurate decisions, and discuss important matters in advance, etc.

(b) In addition to clarifying, through a series of regulations, the segregation of duties, authorities, procedures, etc. relating to the execution of duties, the Group has introduced an corporate officer system to ensure that Directors can execute their duties efficiently.

(c) In regard to the control of management plans, various lines for the execution of duties shall be utilized to achieve goals based on the Mid-term Management Plan and annual plans. The Board of Directors shall check the progress of business plans and state of execution of duties.

(d) In regard to items set out in the Regulations of the Board of Directors and items corresponding with criteria for discussion of these, all such items shall be discussed at Board of Directors meetings without fail.

(5) Systems to ensure the properness of operations by the corporate group made up of the Company and its subsidiaries

(a) In order to ensure the properness of its operations, the ID Group has established the Regulations for Managing Related Companies and Department Managing Related Companies, through which it liaises with the concerned departments at related companies, etc., and manages/supervises the state of execution of duties.

(b) Departments with jurisdiction over management auditing shall carry out audits to ensure that the Group’s business activities are conducted in a sound and reasonable manner.

(c) Standing Statutory Auditors attend meetings at each Group company to review the audits of their respective Management Auditing Offices. At these meetings, the Standing Statutory Auditors offer opinions, consult with the Board of Auditors on issues and other matters, and offer responses.

(6) Matters concerning employees assigned to assist Auditors in the execution of their duties

(a) At the request of an Auditor, 1 or more employees shall be assigned exclusively or concurrently with another position to assist the duties of Auditor through the establishment of a designated department or concurrent duties with an existing department.

(b) The specifics of the content described in the preceding clause shall be decided by listening to the opinion of the Auditor and taking into full consideration the opinions of the executive in charge of human resources and all other related parties.

(7) Matters concerning the independence from Directors of employees assigned to assist Auditors in the execution of their duties

The consent of the Board of Auditors is required to appoint, dismiss, transfer, evaluate or take disciplinary action against employees assigned to assist Auditors.

(8) Systems by which Directors and employees can report to Auditors

(a) Directors and other executives shall establish systems to promptly report to Auditors matters of a legal nature, matters that may have a serious impact on the Group, the status of internal auditing, and the state of use of the whistleblower system and its content. Methods of reporting shall be decided in consultation with Directors.

(b) Auditors shall attend meetings of the Board of Directors, Group Management Meetings, and other important meetings.

(9) Other systems to ensure effective audits by the Auditors

(a) The Group shall put in place an environment for helping executives and staff gain a deeper understanding of audits performed by Auditors.

(b) The Board of Auditors shall exchange opinions with the President and Representative Director and Accounting Auditors on a regular basis to ensure proper communication and the effective execution of auditing work.

(10) Overview of state of administration of systems to ensure the properness of operations

(a) Compliance system

In the course of implementing “IDentity,” the ID Group’s Corporate Philosophy, the ID Group considers thorough and robust compliance to be

an important basic principle of management. Based on its Basic Compliance Code, the Group shall work to enhance a further awareness of compliance and carry out training and awareness-raising activities to this end centering on designated departments with jurisdiction over compliance management.

In terms of its whistleblower system, the Group has established its Whistleblower Code and added Auditors to its list of internal/external points for making reports and receiving consultations. By doing so, the Group aims to discover and resolve issues relating to compliance at an even earlier stage.

(b) Risk management system

The Group Risk Management Committee, an advisory body of the Board of Directors, is in principle convened every six months and as needed in emergencies. In FY2023, in addition to risk evaluation according to the existing parameters of frequency and scale of damage, the Committee conducted risk evaluation from the perspective of degree of impact on society.

(c) Systems enabling Directors to perform their duties efficiently

In addition to the regular meeting of the Board of Directors held once a month, extraordinary meetings of the Board of Directors are held as necessary to accelerate the pace of decision-making in the Group's management. In addition, the Executive Committee, an advisory body of the Board of Directors, holds free and frank discussions without constraints of time. In FY2023, the Management Committee held a total of four meetings, mainly covering important issues such as capital policy, organizational structure, the Mid-term Management Plan, disbursements and establishment of new companies.

(d) Group business management systems

With respect to its business management, the Group has established a system to receive final decisions of Director(s) or the Board of Directors of the ID Group according to the level of importance in the execution of operations based on the Regulations for Managing Related Companies. In FY2023, to bio strengthen service capabilities and achieve sustainable growth, the Group implemented major changes to its organization, including the establishment, absorption and splitting of consolidated subsidiaries.

(e) Management systems for the Group's internal control systems

The Group Internal Controls Meeting, chaired by the President and Representative Director, meets twice a year to carry out a periodic assessment and review of the state of development and administration of the Group's internal control systems and report the results of its deliberations to the Board of Directors. In FY2023, the Group Internal Controls Meeting advanced the revision of work processes related to internal controls. These efforts included entrenchment of changes to organizations and systems, response to the transition to transaction-based reporting, formation of regulations for individual Group companies, standardization of operations (preparation of manuals), and ensuring compliance with rules.

(f) Auditing systems

Auditors attend important meetings, including those of the Board of Directors and the Group Risk Management Committee. Standing Statutory Auditor regularly exchanges opinions with the President and Representative Director and the internal audit departments, and share the content of those opinions with the Board of Auditors enabling them to communicate properly and perform their auditing duties more effectively. In addition, the Board of Auditors exchanges opinions with the auditing firm on every quarter, discusses and considers issues and problems from the perspective of the Auditors, and raises issues to the entire Group and requests their consideration as appropriate.

2. Basic views on eliminating anti-social forces and progress of related efforts

[Basic views]

The ID Group adopts a resolute stance against anti-social forces that threaten social order and the sound business activities of companies, maintaining a fundamental policy of responding systematically to eliminate such anti-social forces.

[Progress of related efforts]

The ID Group is vigilant against the influence of anti-social forces. The Group posts on its portal website the Regulations on Elimination of Anti-social Forces, the Guidelines on Elimination of Anti-social Forces and the Compliance Handbook. The Group informs all of its employees of its fundamental stance on anti-social forces. The Group explicitly states that it excludes anti-social forces from all of its business transactions. In addition, through corporate investigations and the like, the Group records and manages persons who are members of anti-social forces or have relationships with anti-social forces, determined to exclude all relationships with such forces.

1. Adoption of anti-takeover measures

Adoption of anti-takeover measures

Not adopted

Supplementary explanation

2. Other matters concerning corporate governance system Updated

1. Basic policies concerning the disclosure of information

The ID Group discloses information in accordance with laws and regulations such as the Financial Instruments and Exchange Act of Japan and with the Securities Listing Regulations (hereinafter, "SLR") stipulated by the Tokyo Stock Exchange. In addition to information falling under the SLR, etc., wherever possible it also actively discloses other important information that investors need to make a judgment on whether or not to invest.

2. Internal systems relating to timely disclosure of information

Important corporate information is handled under a system in which information is reported to and collated by a manager responsible for handling information. This applies to information on facts concerning a decision, facts concerning an occurrence and financial information, including for related companies. Based on the instructions of the manager responsible for handling information, the Corporate Strategy Department promptly consults with the respective operating departments in the Group and related companies connected with the information in question. Procedures for disclosure are then initiated through TDnet in accordance with SLR, and the information is published on the Group's website and provided to media organizations.

The procedures for disclosure depending on the type of information being disclosed as follows.

(1) Facts concerning a decision

Decisions made by governing bodies on important matters classed as facts concerning a decision are made by the Board of Directors. In the event a decision has been made on an important matter, the Board of Directors shall instruct the Corporate Strategy Department to promptly disclose the information in question.

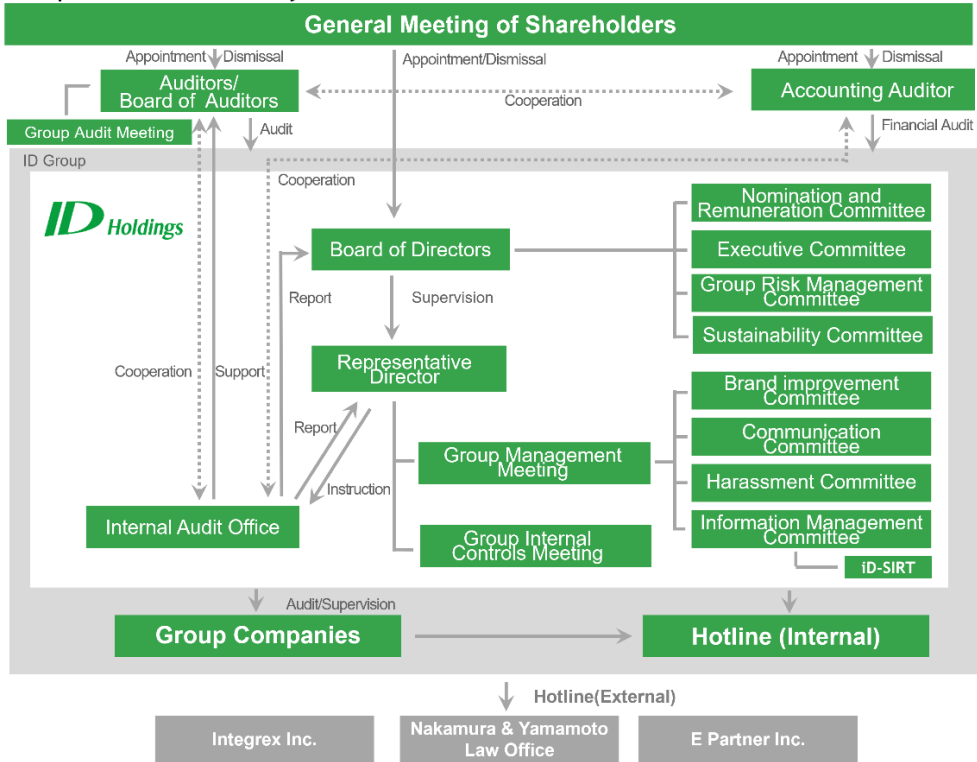
(2) Facts concerning an occurrence

The managers of the respective operating departments and representatives from the companies concerned report to the manager responsible for handling information as soon as they ascertain that something has occurred that constitutes facts concerning an occurrence under SLR. The manager responsible for handling information collects the necessary information and materials and promptly ascertains the all the facts surrounding the incident. The manager responsible for handling information then consults with the managers of the related departments to make a judgment on the level of importance of the occurrence, and whether or not there is a need to make a disclosure based on SLR. The manager responsible for handling information shall then report to the Board of Directors, President and Representative Director or Group Management Meeting, and shall instruct the Corporate Strategy Department to promptly disclose the information in question after having obtained authorization.

(3) Financial information

Concerning financial information, etc., the information is consolidated by the Corporate Strategy Department, including information connected with related companies, and the manager of the Corporate Strategy Department undertakes comprehensive management of all financial information, etc., including reports at monthly meetings of the Board of Directors. The manager responsible for handling information shall then instruct the Corporate Strategy Department to promptly disclose the financial information in question based on the authorization of the Board of Directors.

[Corporate Governance System]



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This English translation is only for reference purpose. When there are any discrepancies between original Japanese version and English translation version, the original Japanese version always prevails.