

Our corporate governance is as detailed below.

Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information

1. Basic Approach Updated

(Purpose of our Group Activities and our Corporate Governance System)

1. The purpose of our Group's business activities is to increase our shareholder value and common shareholder interests through sustainable growth, which we achieve by outlining basic management policies and strategies based on our Group Corporate Philosophy that the executives and employees of all our Group Companies work as one to implement. Through our success at achieving sustainable growth, we are able to contribute to industry development in Japan and overseas, and make contributions towards a more prosperous society.
2. As a holding company, we oversee strategic planning and operations management functions for the entire Group to ensure that our Group appropriately fulfills our social responsibilities. Furthermore, as a listed company, we have established a corporate governance system centered on our Board of Directors to fulfill our responsibilities to shareholders by ensuring self-discipline and accountability in relation to the management of our Group operations.

(Basic Approach to Corporate Governance)

The Company shall continuously endeavor to enhance and strengthen corporate governance based on the following recognition.

- Corporate governance is the foundation for the realization of the Group's management philosophy, sustainable growth, and medium- to long-term enhancement of shareholder value.
- Corporate governance is essential to earn the trust of all stakeholders, including shareholders, investors, local communities, business partners and employees, and to ensure the fairness and transparency of the Company's decision-making.

1. Relationship with Shareholders

- Treat each shareholder with equality based on each shareholder's equity stake, and shall not provide any special benefits to a particular shareholder.
- Set up an environment in which the will of shareholders is reflected to the maximum extent possible in the General Meeting of Shareholders, the highest decision-making body of the Company.
- From the perspectives of shareholders, investors, and other stakeholders, proactively disclose not only financial information, but also non-financial information including initiatives to address sustainability issues, investments in human capital and intellectual properties, and other information.
- Conduct investor relations activities proactively based on the belief that constructive dialogue with investors, including shareholders, will contribute to the Company's sustainable growth and enhancement of shareholder value over the medium to long term.

2. Corporate Governance System

- The Company adopts a company with Audit & Supervisory Committee system under the Companies Act in order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to Executive Directors, and to facilitate strategic and in-depth discussions at the Board of Directors meetings.
- The Company establishes and utilizes the Nomination and Compensation Committee to obtain appropriate involvement and advice from Outside Directors with respect to nomination and compensation of the Company's Directors and senior management of the Group, and further enhance the governance function by strengthening objectivity and accountability in such nomination and compensation decisions.
- The Company adopts an executive officer system that allocates executive authority and responsibility for day-to-day business execution to Executive Officers in order to ensure flexible and efficient business operations.
- The Company has and regularly holds the Independent Directors Committee by the Chief Independent Outside Director for the purpose of enabling Independent Outside Directors to gather information on the agenda of the Board of Directors and other matters related to the management of the Group, and to exchange opinions and share awareness among Independent Outside Directors.
- The Board of Directors of the Company monitors the effective operation of the internal control system in accordance with the Basic Policy on Internal Control System established by a resolution of the Board of Directors, and ensures appropriateness of business execution of the entire Group.

The Group's basic approach to corporate governance is outlined in the "Corporate Governance Guidelines," which can be reviewed on our website.

https://www.technoproholdings.com/en/sustainability/governance/corporate_governance/guideline.html

In this report, the Company's subsidiaries are referred to as the "Group Companies." The Company and the Group Companies are collectively referred to as "we," the "TechnoPro Group" or the "Group."

[Reasons for not implementing the principles of the Corporate Governance Code] Updated

The Company implements all of the principles set out in the Corporate Governance Code.

[Principle 1-4 Cross-Shareholding]

The basic policy of the Company and its Group Companies is to not engage in pure investments. Investments in companies other than consolidated subsidiaries, including cross-shareholdings, are limited to the purposes of creating business opportunities, or building and reinforcing collaborative relationships. The Group engages in such investments in accordance with the following policy.

1. Investment Decisions

- Decisions on new investments are based on their contribution to enhancement of the TechnoPro Group's shareholder value, for the purpose of holding and from the perspectives of medium- to long-term economic rationality.

2. Monitoring

- During the period in which it holds investments, the Group shall conduct periodic assessments with respect to whether the purpose of holding is being fit as well as the rationality and necessity of holding the investments from multiple perspectives, such as changes in economic advantages and disadvantages (benefits and risks) observed after acquisition, mainly factoring in capital costs. Based on these assessments, the Group shall examine annually whether or not it is appropriate to continue holding investments at meetings of the Board of Directors. In particular, the Company shall disclose the results of relevant examinations in a timely fashion.
- If, as a result of the above verification, it is not appropriate to continue to hold the shares, the Company will dispose of or reduce the number of such shares, etc.

3. Exercise of Voting Rights

- In exercising its voting rights, in principle the Group decides whether to vote for or against proposals based on whether such proposals are in line with the Group's investment purposes and whether they enhance the shareholder value of the investee, rather than abstaining from voting or giving the investee carte blanche.

The Company shall periodically examine the terms and conditions for transactions with shareholders that own the Company's stock for strategical reasons (owners of cross-held shares), from the standpoint of economic rationality, and strive to secure mutual profits for the Company and shareholders. Revisions to the terms and conditions shall not be implemented for purposes such as preventing the owners of cross-held shares from selling the Company's stock.

[Principle 1-7 Related Party Transactions]

To protect shareholder interests, we work to prevent Group executives and employees from using their position to conduct transactions that are counter to the interests of the Group and our shareholders.

When a Director engages in a competing transaction or a conflict of interest transaction, or when the Company engages in a transaction with a related party such as its executives or major shareholders, the Company shall obtain the approval of the Board of Directors after confirming that the transaction will not damage value for the Group and its shareholders based on the rationality of the transaction and the appropriateness of the terms of the transaction. Conflict of interest transactions by Directors (excluding those who are Audit & Supervisory Committee Members) shall be approved by the Audit & Supervisory Committee prior to approval by the Board of Directors. Specifically, the following procedures are outlined in and managed in accordance with "Related Party Transaction Management Regulations."

1. Prior Confirmation of Related Parties

- Require that Directors, Auditors and Executive Officer of each Group Company submit information related to any personal conflicts of interest (at time of appointment and in the event of any changes)
- Prepare and maintain a "List of Related Parties Regarding Directors and Officers" based on the information reported, and keep it up-to-date by periodically confirming whether the contents have changed.

2. Determination and Approval of Related Parties

- Credit checks in accordance with the "Credit Management Regulations" of each Group Company and investigations of suppliers in accordance with the "Purchasing Management Regulations" to confirm whether or not the contracts, transactions, etc. in question are related-party transactions.
- Determination of importance of recognized related-party transactions, amount and necessity, etc. by the General Manager of the Finance & Accounting Department
- Approval by Board of Directors of relevant company for related-party transactions deemed to be important

3. Reporting regarding Related Parties

- The executives and employees of the Group who are designated by the General Manager of the Finance & Accounting Department of the Company shall submit a "Written Confirmation Regarding Related Parties" at the time of the Company's consolidated settlement of accounts.

[Principle 2-3, Supplementary Principle 3-1 (3) Initiatives on Sustainability, Investments in Human Capital and Intellectual Properties, and Responses to Climate Change, etc.]

1. Sustainability Initiatives

The Group has established, based on its Purpose and Values, the Sustainability Policy as follows:

The TechnoPro Group will achieve sustainable business growth and enhance shareholder value through creating shared value with our stakeholders, including executives, employees, customers, and society, based on our engineers, technical capabilities, and business models, and through the establishment of, and operations built on, a solid management foundation. As a result, we will contribute to the sustainable development and prosperity of economies, industries, and societies around the world, as well as to the preservation of the global environment. We have prioritized important challenges (Materiality) that we must address from the standpoint of business operations, and the Sustainability Committee has been leading these efforts. We have also established our group rules and regulations, including the TechnoPro Group Human Rights Policy, to clarify the disciplines and direction of our corporate activities. Furthermore, we intend to

implement sustainability management through close communication with stakeholders by publishing the integrated reports. Our sustainability initiatives are outlined in this report under “III. Status of Policies Concerning Shareholders and other Parties with Interests – 3. Status of Initiatives related to Respecting the Position of Stakeholders [Promote environmental conservation activities, CSR activities, etc.]” and “III. Status of Policies Concerning Shareholders and other Parties with Interests – 3. Status of Initiatives related to Respecting the Position of Stakeholders [Creation of policies related to information sharing for stakeholders].”

2. Investment in Human Capital and Investment in Intellectual Properties, etc.

2-1. Investment in human capital

TechnoPro Group’s human capital is broadly divided into engineers who provide services and solutions to customers, and non-engineers who are involved in sales, recruitment, training, and back-office operations. Both employee categories are the most important management resources in realizing its growth strategy aimed at creating value and Sustainability Policy.

[Engineers]

Human resources, which are intangible assets, are the source of value, and we create both economic and social values through our business model centered on human capital. On the training side, through active investment in human resource development, we will seek to improve the market value of our engineers by honing their technical skills and creating competent engineers, thereby increasing their market value and job satisfaction. From the perspectives of improving the market value of engineers, a talent management system that visualizes and analyzes gaps in technical skills, promotes reskilling, and measures effectiveness is one of our core competences. In terms of assignments, we are maximizing opportunities for engineers by creating attractive jobs. We will contribute to improving the compensation of engineers and solving social issues, such as addressing the shortage of engineers in Japan and promoting innovation by increasing the mobility of engineers between industries and technical fields, through the optimal assignment and charge for engineers and business expansion through the active training and assignment of solution talents. In terms of recruitment, from the perspectives of securing the supply of engineers, we are promoting the use of diverse human resources, including non-Japanese engineers, and the active application of flexible forms of employment, such as freelance work, to realize human resource diversity and equal opportunity.

[Non-engineers]

In the medium-term management plan “Evolution 2026,” which sets forth the evolution of core businesses into solution businesses, etc., we are promoting the development and operation of various personnel systems to realize human resource strategies that are linked to management strategies at the group level, not only for engineers but also for non-engineer employees. In order to realize the human resource portfolio necessary to realize our business strategy, we promote the optimal allocation and development of human resources for the Group.

[Common for Engineers and Non-engineers]

Against the backdrop of the difficulty in recruiting talents and rising salaries in Japan, we are striving to promote the utilization of non-Japanese talent and the empowerment of female as part of our efforts to promote diversity and inclusion of knowledge and experience. With regard to non-Japanese talent, we are working not only to secure domestic labor, but also to enhance talent flow between our overseas Group Companies and domestic Group Companies, through offshoring. In addition, to further promote empowerment of female, we are striving to create a community and raise awareness among female employees.

As part of our efforts to increase employee engagement, we are promoting the penetration of the Purpose, Values, and Promises through digital and real contact points, and are conducting employee satisfaction (ES) surveys to provide feedback on various measures and improve employee satisfaction. In addition to introducing an in-house open recruitment system and a sideline employment system, we have established the “TechnoPro Group Health Management Declaration” and are promoting various health management initiatives, since good physical and mental health for all employees is the foundation of our business. As a result, we have been recognized by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as a “Health Management Outstanding Organization Program (Large Enterprise Category)” for five consecutive years, starting from 2020.

For more information on the Group’s human capital initiatives, refer to the annual securities report.

https://www.technoproholdings.com/en/ir/ir_library/financial_report.html

2-2. Investment in intellectual properties

In conducting our Solution Business, we identify, and focus on, solution offerings and digital technologies, and then invest in technology, presales know-how, and tools and accelerators. In particular, the TechnoPro Group strives to absorb expertise we lack through alliances, and to obtain intellectual properties through acquisitions of overseas entities operating in the markets where digital transformation has advanced.

3. Impact of Climate Change-related Risks and Opportunities on Business Activities and Earnings

The climate change is one of the important social issues the global society is facing. We have determined, in the “TechnoPro Group Environmental Policy”, the climate change as one of the environmental agendas the TechnoPro Group should prioritize to address, and set medium-term targets for CO₂ emissions and the number of environment-related engineers as KPIs for Materiality. Furthermore, recognizing the importance of the social and environmental aspects as well as the economic one of our business activities, we have been working on management that fulfills our corporate social responsibility.

In June 2022, we announced our support for the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) and simultaneously joined the TCFD Consortium. We will promote information disclosure based on the TCFD framework (Governance, Strategy, Risk Management, and Metrics and Targets) so that we can communicate even better with a wide range of stakeholders, including shareholders and investors.

Regarding the financial impact on business, the impact on operating profit in 2030 is estimated by each measurable item, based on the climate change scenarios. The Group is mainly engaged in the domestic engineer staffing business, including design and engineering, research and development, and data analysis for the manufacturing industry, information technology industry, pharmaceutical industry, research institutes, and government agencies, as well as construction management for construction, civil engineering, facilities, etc. for the construction industry. Thus, we do not need to possess our own premises, production facilities, etc. in our operations, differently from the high-risk sectors as defined by TCFD. As a result, we consider the climate change risks for our financials to be insignificant.

Refer to our website for the disclosure of information based on the TCFD recommendations.

<https://www.technoproholdings.com/en/sustainability/environment/tcf.html>

[Principle 2-4, Supplementary Principle 2-4 (1) Ensuring Diversity, Including the Activation of Females, Foreigners and Mid-Career

Hires]

To achieve DEI (Diversity, Equity, and Inclusion), we have formulated and carried out the “TechnoPro Group Code of Conduct,” which stipulates that we strive to achieve organizational vitality and improve shareholder value by leveraging a wide range of talents, esteeming the diversity of each employee in terms of individuality, personality, and values, as well as gender, age, nationality, etc., and that we also strive to create opportunities for a diverse range of talents to play an active role, by ensuring each employee to have an equal opportunity in terms of employment, assignment, promotion, wage, evaluation, training, etc., regardless of gender, age, nationality, etc. In so doing, we enhance mutual respect for individuality and encourage our employees having diverse experiences, values and backgrounds to maximize their abilities as professionals, aiming to create better results by bringing together different ideas and abilities as one team.

1. Activation of Females and Their Promotion to Managerial Positions

As part of our efforts to create a workplace where female employees can maximize their potential, we have established various systems to support the balance between childcare and work, including childcare leave, nursing leave, shortened working hours, flexible working hours, and telework systems, to create an environment where female can easily continue working after childbirth.

In addition, with the aim of promoting men’s participation in childcare, we have joined the “Ikubosu Kigyo Domei (Alliance of Companies that Work as “Ikubosu”),” which is led by Fathering Japan, a specified nonprofit corporation. We introduced “Papa Mama Ikuji Ouenkin seido (Father’s and Mather’s Childcare Supporting System)”, where a part or all of salary loss arising from childcare leave is compensated, because economic loss had been one of the reasons why childcare leave cannot be taken by our employees. In addition, we introduced “Babysitter Discount Coupons.” This is supported by the scheme of the “Corporate Babysitter Discount Coupons” program implemented by the Cabinet Office. We consider it as a part of efforts to create a workplace environment in which employees can work without worry while balancing work and child-rearing. As a result of these efforts, the number of male employees taking childcare leave is also on the rise, with 45 employees for the fiscal year ended June 30, 2022, 78 for the fiscal year ended June 30, 2023, and 128 for the fiscal year ended June 30, 2024.

As of June 30, 2024, the percentage of female employees in the consolidated workforce was 21.3%, and for the full year ended June 30, 2024, female accounted for 25.8% of new hires in Japan: as a breakdown, 19.3% for new graduates and 27.2% for mid-career hires. In addition, the percentage of female employees in managerial positions in Japan (career-track positions) was 8.4% as of June 30, 2024, and two of our 11 directors are female (18.2%) as of the publishing date of this report. The followings are the goals and results for activating female’s roles and promoting their managerial positions, as well as the results for male employees taking childcare leave and the wage gap between male and female employees.

- Consolidated female employee ratio (target) : 21.3% (maintain at least 20.0%)
- Domestic percentage of female to new hires in Japan (target) : 25.8% (no less than 30.0% by the fiscal year ending June 30, 2026)
- Domestic percentage of female in managerial positions in Japan (target): 8.4% (10.0% by the end of June 2026)
- Domestic percentage of male taking childcare leave (target): 41.8% (no less than 50.0% by the fiscal year ending June 30, 2026)
- Domestic total wage gap between male and female : 81.4% for female, assuming male wage as 100%
 - Of which, permanent employee : 83.2%
 - Of which, part-time / fixed-term employee : 63.7%

2. Activation of Foreigners and Their Promotion to Managerial Positions

We actively hire foreign nationals who wish to work in Japan not only by recruiting foreign nationals residing in Japan, but also by utilizing recruitment channels of overseas Group Companies, collaborating with overseas universities and the Japan International Cooperation Agency (JICA), and so on. To support foreign employees working in Japan for the first time, we help them learn Japanese language, culture, and customs through affiliated foreign language schools, set up a multilingual inquiry desk, and prepare various regulations and explanatory materials in multiple languages.

The ratio of foreign national employees to total domestic employees as of the end of June 2024 is 4.2% and the percentage of foreign national employees in managerial positions in Japan (career-track positions) is 3.5%. The Group’s long-term goal is to increase the percentage of foreign nationals in managerial positions in Japan (career-track positions).

3. Activation of Mid-Career Hires and Their Promotion to Managerial Positions

The Group’s Core Business, engineers staffing, is a business model that requires flexible responses to the technical and talent needs of many customers, making it essential to hire people with diverse backgrounds and work experience. We hire approximately 3,000 mid-career engineers every year. The ratio of mid-career hires to new hires in Japan (career-track positions) for the fiscal year ended June 30, 2024 is 78.2%, and the ratio of mid-career hires to managers in Japan (career-track positions) as of June 30, 2024 is 95.9%. The Group aims to maintain the current level of the ratio of mid-career hires to managerial positions in Japan (career-track positions).

Refer to our website for various figures related to women, foreigners, mid-career hires, and other human resources.

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<https://www.technoproholdings.com/en/sustainability/databook.html>

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

The Group does not have a corporate pension fund set forth in the Corporate Governance Code. Instead, the Company and its major subsidiaries have introduced a defined contribution corporate pension plan to achieve mitigation of financial risk in the future and balanced financial position, while also assisting stable asset building by employees in line with their life planning. In addition to providing e-learning as part of initial training for new-graduate hires, we established a dedicated defined contribution pension plan section on the employee portal to provide important information viewable at any time to promote correct understanding and management of the plan. This information includes the system structure and rules, basic knowledge regarding asset management, and various procedures (on-boarding, separation, etc.). We also provide information on important topics such as system revisions through online seminars.

[Principle 3-1 Full Disclosure]

1. Management Philosophy

The Company has established and published the TechnoPro Group Purpose and Value as its management philosophy. Through the realization of this philosophy, we aim to achieve sustainable growth, enhance long-term shareholder value, and increase long-term common interests of our shareholders. At the same time, we aim to achieve ideal corporate governance in order to promote long-term stock holding by our shareholders.

(Group Corporate Philosophy)
O Purpose

Driving the Power of Technology and Talent
to Co-create Value Together with our Customers
for a Sustainable Society

O Value

Technology is the driver that brings transformation to business, lives, and society.

– The challenges and needs of customers and society are diversifying, as dynamic changes occur faster than ever –

We provide solutions to unlimited challenges our customers face by:

- Delivering optimal service and solution through our talent, trained and nurtured well regardless of gender, age, and nationality.
- Working squarely on new, evolving domains and honing our capabilities thoroughly.
- Always meeting our customers' expectations as value-creation partners.

We continue to maximize the potential of engineers and researchers by:

- Providing the conditions and programs to encourage learning and skill development.
- Creating opportunities to not only hone their expertise but also to switch or acquire new skills.
- Supporting our talent through technology evolutions and environmental changes to stay active.

We contribute to building a sustainable society by:

- Solving the challenges of our customers and society as we connect people to technology, and bridge Japan to the world, across various industries and technology domains.
- Promoting a diverse array of talent through continuous enhancement of capabilities.
- Delivering results that have social impact through our business activities.

2. Medium-Term Management Plan

We, with an accurate understanding of its capital costs, draft and disclose a medium-term management plan and other important business strategies, including our basic policies related to profit plans and capital allocation as well as goals related to profitability and capital efficiency, to provide a plain, clear, and logical explanation to shareholders regarding our specific policies on the distribution of management resources necessary to achieve our goals.

We outlined "Evolution 2026," our Group medium-term management plan for the period from the fiscal year ended June 2022 to the fiscal year ending June 30, 2026. This plan is published on our website.

<https://www.technoproholdings.com/en/ir/management/plan.html>

3. Basic Approach to and Basic Policies Concerning Corporate Governance

Our basic approach to, and basic policies concerning, corporate governance are outlined in this report under "I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information – 1. Basic Approach."

4. Policies and Procedures for Decisions on Management Level/Director Compensation by the Board of Directors

The Board of Directors establishes the Nomination and Compensation Committee as an advisory body and consults on matters related to nominations and compensations (determination policies on remuneration, remuneration systems and individual remuneration amounts, etc.) for the Company's Directors (with the exception of Directors who are Audit & Supervisory Committee Members, whose nomination are limited to such Directors) and the other Group senior management (which means the Company's Executive Officers, and the Group Companies' Directors and Executive Officers). The Committee seeks to strengthen the objectivity and accountability of the decision-making process for such nomination and remuneration.

The Nomination and Compensation Committee shall deliberate the following in advance, which shall be then determined by resolution of the Board of Directors, with maximum respect for the content of the aforementioned deliberations: the basic policies, guidelines, rules and procedures, etc., necessary for the determination of executive compensation; evaluation indicators for performance-linked compensation, etc.; matters relating to individual director compensation, etc.

Details are indicated in this report under "II. Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision – 1. Matters Concerning Institutional Structure, Group Management, etc. [Related to director compensation] Details of disclosure concerning compensation amounts and policies on determining calculation methods."

5. Policies and Procedures for when the Board of Directors will Appoint or Dismiss Senior Management Members and Nominate Director Candidates

5-1. Standards for appointment of Directors

Our "Standards and Procedures for Appointment and Dismissal of Directors" require for the nomination of all directors that candidates fulfill all requirements as stipulated by law and as outlined in our Articles of Incorporation, that candidates do not apply to circumstances for removal from consideration as outlined in the "Executive Regulations," and that candidates are not currently nor at any point in the past have ever been involved with an antisocial force. Additionally, it is assumed that candidates fulfill the following requirements.

5-1-1. Prerequisites for all Directors

- All such individuals must possess the qualities and abilities to contribute to the enhancement of the Group's sustainable medium- to long-term shareholder value, based on an understanding of the Group Corporate Philosophy (the TechnoPro Group Purpose), management strategy, and business characteristics.
- Of superior character, knowledge, and insight, law-abiding and of high moral character
- All such individuals must be counted on to contribute to the quality of discussions and the presentation of new issues at the Board of Director, not only by expressing their approval or disapproval, but also by their ability to make objective judgments, logical thinking, insight, and foresight.
- Such individuals must have served in a leadership role, a high degree of knowledge along with extensive practical experience, outstanding achievements, in one or more the fields listed below:
 - Track Record and Experience in HR Business
 - Corporate Management Experience as Executive at Listed Companies etc.
 - Finance, Accounting and Tax

- Human Resources and Talent Development
- Law, Compliance, Risk management, Internal Auditing, and Corporate Governance
- Trend of Technology and R&D, areas of significant evolution, especially DX
- Experience in Business Transformation Leadership
- M&A and Investments
- International Experience and Language Skills
- ESG and Sustainability Agenda

5-1-2. Common requirements for Outside Director

- Such individuals must possess the capacity to gain an overall understanding of the entire Group, and to ascertain the essential issues and risks thereof.
- Such individuals must be able to express problem-solving oriented opinions and advices and provide appropriate supervision from an objective, independent, and diverse perspectives.

5-1-3. Requirements for Outside Director (excluding Audit & Supervisory Committee Member)

- Such individuals must be those who can be counted on for objective business oversight and managerial decisions from a practical point of view based on extensive experience in corporate management and field of expertise, and for providing advice and support to facilitate sustainable growth of the Group.

5-1-4. Requirements for Outside Director (Audit & Supervisory Committee Member)

- Such individuals must be counted on to audit the Directors' execution performance of their duties from a fair and unbiased standpoint and contribute to the improvement of management soundness and transparency.
- Such individuals must be able to supervise and audit management from a neutral and objective perspective based on extensive experience in corporate management and field of expertise.

5-1-5. Requirements for Executive Director

- Such individuals must be well-informed regarding industry trends and relevant regulations affecting the Group and the business model of the Group, and must have extensive practical experience in respective specialized fields, through study and research.
- Such individuals must be counted on to drive and control business in a dynamic manner with effective strategic execution and organizational management skills and appropriate judgment from a company-wide perspective.
- Such individuals must themselves practice thoroughness in the basics and adaptability to change, and have the qualities to serve as role models for the Group employees.

5-1-6. Requirements for Audit & Supervisory Committee Member (excluding Outside Director)

- Such individuals must be well-informed regarding the organization, business pursuits and operating processes of the Group, and must be capable of performing objective business oversight and highly effective audits involving the proper collection of information from within the Group.

5-2. Dismissal standards for Directors

The Company shall take the prescribed procedures for the dismissal of the Director if he/she meets any of the following conditions.

- The Director commits a serious act against laws and regulations, the Articles of Incorporation, or public order and morals due to malicious intent or gross negligence.
- The Director has maliciously or grossly negligently failed to perform his/her duties, and has significantly damaged the shareholder value of the Group.
- It becomes difficult for the Director to continue his/her duties due to health conditions.
- The Director falls under any of the disqualification grounds for Directors stipulated by laws and regulations.
- The Director does not possess the qualities required by the "Selection Standards for Directors" in 5-1 above.

5-3. Reappointment of Directors

The Company shall consider the following points when reappointing Directors.

- Contribution during term of office is considered sufficient in light of the Selection Standards for Appointment of Directors aforementioned in 5-1 and the requirements stipulated in the standards are fulfilled at the time of reappointment.
- Useful comments at board meetings during term of office that contribute to business growth, management improvement, legal compliance, risk management, etc.
- Attendance rate at Board of Directors meetings during term of office must be 75% or more.
- No inappropriate behavior as a Director during term of office.
- Concurrent positions at other companies outside the Group at the time of reappointment are not expected to interfere with the performance of duties at the Company.
- For Outside Directors, the maximum total number of years in office (including the number of years served as an Outside Audit & Supervisory Board Member) shall be 10 years, as a guideline. However, if there are reasons or circumstances that require reappointment beyond 10 years, the Nomination and Compensation Committee and the Board of Directors may reappoint the Outside Director after due deliberation, in which case the reasons and circumstances shall be explained to shareholders and other stakeholders.
- If an Executive Director has been under-performing for three consecutive terms, his/her reappointment shall be subject to careful and thorough deliberation.

5-4. Procedures for appointment and dismissal of Directors

The Board of Directors shall select candidates for director to be proposed to the General Meeting of Shareholders and propose the dismissal of directors to the General Meeting of Shareholders. In doing this, it shall select candidates for director (excluding those who are Audit & Supervisory Committee Members) and candidates for Audit & Supervisory Committee Member through resolution after due deliberation based on the Selection Standards for Directors (please refer to 5-1) and views on the composition of the Board of Directors and the Audit & Supervisory Committee. In making the above resolution, the Board of Directors shall go through deliberations at the Nomination and Compensation Committee and shall obtain the prior consent of the Audit & Supervisory Committee with respect to candidates for directors who are Audit & Supervisory Committee Members. If there are any opinions determined by the Audit & Supervisory Committee regarding the candidates for directors (excluding Audit & Supervisory Committee Members), such opinions shall be reflected to the maximum extent possible. The General Meeting of Shareholders shall decide by its resolution on the Director candidates/the

Directors subject to dismissal proposed by the Board of Directors. The Audit & Supervisory Committee shall express its opinion at the General Meeting of Shareholders when it deems necessary.

[Supplementary Principle 4-1 (1) Scope and Content of the Matters Delegated to the Management]

1. Roles and Responsibilities of the Board of Directors

In light of the responsibilities and accountability as the shareholders' trustee, the Board of Directors is responsible for the Groups' sustainable growth and for continuous enhancement of medium- to long-term shareholder value and common shareholder interests. The Board of Directors aims to fulfill these responsibilities by creating an ideal corporate governance structure to support the realization of our Group Corporate Philosophy and serves in a supervisory role for all business activities to ensure fairness and transparency while also conducting ideal decision-making, including making decisions on a basic management policy and other vital matters, nominating senior management personnel and deciding on compensation, and establishing and supervising an enterprise risk management system. Furthermore, the Board of Directors shall include a medium-term management plan and fiscal budget in the basic management policy and focus on conducting strategic and constructive deliberations related to specific management strategies and policies related to the allocation of management resources, including human resources and intellectual assets, and our business portfolio aimed achieving said plans and targets aimed achieving said plans and targets. The Board of Directors supervises strategy implementation by utilizing the Internal Audit Department as necessary, and in the event that the Company fails to achieve the goals outlined in a medium-term business plan or fiscal budget, the Board of Directors shall sufficiently analyze and validate said factors, provide an explanation to shareholders, and take appropriate measures to reflect those results into plans for the upcoming fiscal year. In addition, the Board of Directors supervises the implementation of timely, accurate information disclosure and conducts the appropriate management of potential conflicts of interest between the Company and related parties, including supervisory and management personnel, and majority shareholders.

2. Scope and Content of Delegating Authority to Management

The Board of Directors shall ensure Group's agility to execute business operations and shall ensure sufficient deliberation time at the Board of Directors' meetings for important matters. Furthermore, to strengthen supervisory functions for general operations, excluding matters stipulated by the Companies Act, relevant laws, or the Articles of Incorporation, matters entrusted to the Board of Directors via a resolution by the General Meeting of Shareholders, and matters outlined above in 1. Roles and Responsibilities of the Board of Directors, the Board of Directors may defer matters related to operating decisions to Executive Directors and Executive Officers. The Board of Directors shall establish appropriate internal controls and a risk management system within the Group to ensure the practicality of the decision-making process for entrusted matters.

[Supplementary Principle 4-3 (2), 4-3 (3) Standards and Procedures for Appointment and Dismissal of CEO and Succession Plans]

The Company considers the appointment and dismissal of a chief executive officer (hereinafter referred to as "CEO") to be the most important strategic decision from the perspectives of the Company's sustainable growth and enhancement of shareholder value on a medium- to long-term basis, and based on such understanding, has established the "Standards and Procedures for Appointment and Dismissal of CEO" as set forth below, with the aim of selecting the most eligible person as CEO, whether internally or externally, and establishing procedures for objective, timely and transparent appointments and dismissals.

1. Appointment Standards for CEO

The Company has established the "Core Requirements" for CEO, in particular, as the appointment standards for CEO, based on the prerequisite that the relevant CEO shall meet the requirements ("Prerequisites" for All Directors" and "Requirements for Executive Directors") in the Section 1. Standards for Appointment of Directors in the "Standards and Procedures for Appointment and Dismissal of Directors."

[Core Requirements for CEO]

- Presence in terms of dignity and quality as the highest ranking member of the top management.
- Absence of any health problem mentally or physically.
- Excellent exercise of leadership.
- Excellent capability of responding to change.
- Ability to make reasonable decisions and willingness to take responsibility for decisions made.
- Willingness to develop human resources and promote talented people proactively.
- Ability to undertake management from a global perspective.
- Possibility of exercising excellent management ability based on a great deal of experience and achievements in the management of a previous company or companies (if CEO is selected from external qualified candidates).

2. Appointment Procedures for CEO

- The Nomination and Compensation Committee, shall submit a proposal to the Board of Directors after selecting the CEO candidate.
- If a CEO candidate is selected internally, the Nomination and Compensation Committee shall select such candidate from among internal qualified candidates through deliberations, including the implementation of individual interviews as necessary, while simultaneously taking into consideration overall evaluations from the perspectives of the requirements in the abovementioned <Core Requirements for CEO> and attendance in training programs based on plans for the development of human resources, among other factors.
- If no candidate is available internally, the Nomination and Compensation Committee shall select a CEO candidate externally from among qualified candidates.
- The Board of Directors shall conduct deliberations on a candidate submitted by the Nomination and Compensation Committee and determine the next CEO. In doing so, the chairperson of the Nomination and Compensation Committee shall provide a detailed explanation on the selection, including reasons for choosing the relevant candidate (if CEO is selected from among external candidates, reasons for such selection shall be presented).
- The Nomination and Compensation Committee shall determine a tentative successor in an emergency plan by September 30 of every year in the case of an unexpected incident occurring to CEO, subject to deliberations based on the evaluation of such a successor by members of the Nomination and Compensation Committee. The selection (cancellation and replacement) of a tentative successor is implemented every year.

3. Dismissal Standards for CEO

The Company has established “Underperformance” and “Applicable factors that make CEO unsuitable to assume the highest ranking management position” as dismissal standards for CEO.

3-1. Underperformance

- The Group remains unprofitable for three consecutive years in terms of consolidated operating income.

3-2. Applicable factors that make CEO unsuitable to assume the highest ranking management position.

- If the CEO’s health conditions are too poor to discharge his/her duties as CEO.
- If any matter that applies mutatis mutandis as reason for the disqualification of Directors specified in Article 331 of the Companies Act.
- If the Company’s credibility is considered to be damaged and the smooth operation of businesses is affected due to the CEO’s behavior or words, findings of any misconduct/occurrence of losses and damages for which the CEO should be responsible, or other factors.

4. Reappointment of CEO

Each year, the Nomination and Compensation Committee shall explicitly raise the question of CEO’s reappointment as an agenda item and thoroughly deliberate on it. The Board of Directors shall make a decision on the appropriateness of reappointing the CEO based on the report of the Nomination and Compensation Committee, and may decide to replace the CEO at an appropriate time, even if the dismissal standards in 3. above are not met.

5. Dismissal Procedures for CEO

- Deliberations and necessary surveys pertaining to the applicability or non-applicability of factors in the abovementioned “Applicable Factors that Make CEO Unsuitable to Assume the Highest Ranking Management Position” of the 3. Dismissal Standards for CEO shall be made through the Independent Directors Committee comprising all Independent Outside Directors of the Company. If the dismissal of CEO is decided to be appropriate at the Independent Directors Committee, the chairperson (chief Independent Outside Director) shall submit a proposal for the dismissal of CEO to the Board of Directors.
- If the “Underperformance” in the abovementioned Dismissal Standards for CEO or any fact considered to be reason for dismissal without the need for deliberation by the Independent Directors Committee is identified, the Board of Directors shall resolve to dismiss the CEO unconditionally.

[Supplementary Principle 4-3 (4) Enterprise Risk Management]

The Company establishes the ERM Committee chaired by the President, Representative Director and CEO to develop systems of enterprise risk management (hereinafter referred to as “ERM”), which is an appropriate risk management framework for the Group as a whole.

We have established our basic policy on ERM as follows;

- We improve the formulation of the TechnoPro Group’s business goals and strategies, as well as operational decision-making in each area, by integrating risk management practices throughout the organization and linking strategies more closely to risks.
- We conduct a comprehensive assessment of the identified risks and establishes a risk response policy based on our risk appetite
- We emphasize compliance at our business operations.

In addition, the ERM Committee is chaired by the President, Representative Director and CEO and vice-chaired by the Managing Director and CFO, and consists of full-time Directors, a Director who is full-time Audit & Supervisory Committee Member, the head of each risk management department, and other members appointed by the chairperson. After conducting comprehensive evaluations of risks related to the strategy, market, competition, operations, compliance, J-Sox, etc., the ERM Committee formulates basic policies regarding ERM as well as ERM plans for the establishment and operation of systems, monitoring the progress of their implementation by each risk management department and business department. Furthermore, the Board of Directors oversees enterprise risk management through reports from the ERM Committee and deliberations at the Board.

[Principle 4-9 Independence Standards and Qualifications for Independent Outside Directors]

For a summary of the TechnoPro “Independence Standards for Outside Directors” refers to “II Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision – 1. Matters Concerning Institutional Structure, Group Management, etc. [Related to independent directors] Other matters related to independent directors.”

[Supplementary Principle 4-10 (1) Use of Optional Approach, Nomination and Compensation Committee]

We have established the Nomination and Compensation Committee as an advisory body to the Board of Directors in order to strengthen the objectivity and accountability regarding decisions on nomination and compensation of the Company’s Directors (with the exception of Directors who are Audit & Supervisory Committee Members, whose nomination are limited to such Directors) and the other Group senior management (which means the Company’s Executive Officers, and the Group’s Directors and Executive Officers). Our basic approach regarding the independence of the composition of members, authority, role of the Nomination and Compensation Committee members are outlined in this report under “I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information – 1. Basic Approach [Disclosure in accordance with the principles of the Corporate Governance Code] [Principle 3-1 Enhancement of Information Disclosure] <4. Policies and Procedures for Decisions on Management Level/Director Compensation by the Board of Directors>, <5. Policies and Procedures for when the Board of Directors will Appoint or Dismiss Senior Management Members and Nominate Director Candidates>, and “II Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision – 1. Matters concerning Institutional Structure, Group Management, etc. [Optional Committees].”

[Supplementary Principle 4-11 (1) Policy and Procedures Concerning Nomination of Directors]

The maximum number of members of the Board of Directors is prescribed under the Articles of Incorporation. Also, the Board of Directors shall in principle set its optimal size and composition based on the following items from the perspectives of an effective and stable operation

of the Board.

- The Board of Directors consists of Executive Directors who are primarily responsible for business execution and Non-Executive Directors who are primarily responsible for supervising business execution.
- Among Non-Executive Directors, Outside Directors shall, in principle, be Independent Outside Directors who satisfy the requirements set forth in "Independence Standards for Outside Directors."
- The Company shall keep the ratio of Independent Outside Directors on the Board of Directors at least one-third, with aiming to achieving a majority or more.
- In appointing Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members, the Company shall take into consideration the skills, knowledge, experience, abilities, and areas of expertise of each member of the Board of Directors and the Audit & Supervisory Committee, as well as diversity, including gender, internationality, work experience, age, and other factors, so that the Board of Directors as a whole can fulfill its fiduciary responsibility to the shareholders.
- While taking into consideration the continuity and stability of the Board of Directors, the Company shall endeavor to ensure that its composition is aligned with the direction of the Group's management, the management strategies and plans, and the progress of the transformation of its business model, by utilizing the skill matrix of the Board of Directors.
- At least one of the Independent Outside Directors (excluding those who are Audit & Supervisory Committee Members) shall have management experience at other companies.

Refer to the Skill Matrix, which is included in the Notice of Convocation of the General Meeting of Shareholders.

https://www.technoproholdings.com/en/ir/share/general_meeting.html

Our policy and procedures concerning the Nomination of Directors is outlined in "I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information – 1. Basic Approach [Disclosure in accordance with the principles of the Corporate Governance Code] [Principle 3-1 Full Disclosure] <5. Policies and Procedures for when the Board of Directors will Appoint or Dismiss Senior Management Members and Nominate Director Candidates>."

[Supplementary Principle 4-11 (2) Status of Directors/Audit & Supervisory Board Members with Managerial Duties at Other Companies]

Our policy on Directors with managerial duties at other companies is as outlined below.

- It is preferable that the Company's Directors do not simultaneously serve as executives (director, audit & supervisory board member, executive officer, etc.) of more than three listed companies, in addition to their role at the Group, given that they are expected to devote sufficient time and effort required to fulfill their respective roles and responsibilities.
- When a Director receives a request from another company or organization to serve in an executive position, regardless of whether or not said company is listed, the Director must provide notification to the Board of Directors.
- The Board of Directors shall periodically confirm the status of concurrent positions held by Directors. The Company shall disclose the status in an appropriate manner.

Furthermore, each year we provide disclosure on Director candidates as well as the status of Directors and managers with important managerial duties via the Notice of Convocation of the General Meeting of Shareholders reference materials, business reports, and other disclosure documents. Refer to the Notice of Convocation of the General Meeting of Shareholders on our website.

https://www.technoproholdings.com/en/ir/share/general_meeting.html

<https://www.technoproholdings.com/en/group/officer.html>

[Supplementary Principle 4-11 (3) Analyzing and Evaluating Effectiveness of the Board of Directors as a Whole]

The Board of Directors of the Company conducted an analysis and evaluation of its effectiveness for the fiscal year ended June 2024 based on the Corporate Governance Code of the Tokyo Stock Exchange and the Corporate Governance Guidelines of the Company.

1. Procedure and Process of the Analysis and Evaluation

This is the ninth year that our Board of Directors has conducted an annual analysis and evaluation of the effectiveness of the Board of Directors and disclosed a summary of the results, with the fiscal year ended June 30, 2016 being the initial period covered.

Analysis and evaluation methods are as follows.

1-1. Evaluation method

Self-evaluation questionnaire (registered form)

1-2. Evaluators

All Directors (including Audit & Supervisory Committee Members)

1-3. Questionnaire items evaluated (major topics)

I. About status of improvements, etc. on prior fiscal year's extracted issues

II. About this fiscal year's status

- (1) Roles and functions of the Board of Directors
- (2) Composition of the Board of Directors
- (3) Roles and functions of individual Directors
- (4) Relationship with shareholders, investors, and other stakeholders
- (5) Operation of the Board of Directors meeting
- (6) Cooperation with meetings, etc. besides the Board of Directors

1-4. Collection of opinions and proposals

The questionnaire included standard evaluation topics, as well as space requesting comments, candid opinions and suggestions from the Directors.

1-5. Analysis method

Hold a discussion in the Board of Directors meeting based on the result from the self-evaluation questionnaire to check the effectiveness

of the Board of Directors and extract issues.

Prior to the analysis and evaluation of the effectiveness for the fiscal year ended June 2024, the TechnoPro Holdings, Inc. Board of Directors discussed once again the need for revising the self-evaluation questionnaires during the regular meeting of the board held in March 2024. As a result, the structure and format of the questionnaires were significantly revised to evaluate and confirm the degree of achievement of improvements in the issues extracted in the previous fiscal year, as well as the issues that require improvements considering the situation of the fiscal year under review, and the degree of necessity and urgency of those improvements. Subsequently, after the Directors including the Audit & Supervisory Committee members answered the questionnaires, the analysis of evaluation results, and identified issues were reported at the July 2024 regular meeting of the Board of Directors. At the same time, an active and frank discussion was held regarding initiatives to improve the effectiveness of the Board of Directors for the future.

2. Analysis and Evaluation Results

As a result of the evaluation and analysis in 1 above, the Board of Directors has concluded that the Board performs its roles and responsibilities appropriately and effectively overall. In particular, the following points were identified as highly rated initiatives for the fiscal year ending June 30, 2024, as well as strengths that should be maintained by the Company's Board of Directors.

2-1. Highly evaluated initiatives for the period, particular strengths to be maintained

- Where the fiscal year ended June 2024 was the third year of the current medium-term management plan ("Plan"), progress reports on the Plan in general, as well as other business reports on the overall results of the first two years of the Plan and the strategies and key initiatives for the third year from major group operating companies, and important individual themes related to the Plan, such as Solution Business, Engineer Education Business, DX Promotion Business, Overseas Business, confirmation of the progress and future strategies of IT medium-term plan including the development of core internal systems, were conducted appropriately at the Board of Directors meetings, and necessary verifications and discussions were also conducted. Further, the Board of Directors performed its supervisory and monitoring function over operation divisions, through initiatives such as receiving reports concerning the details of the discussion, mainly made by the executive directors, at the Plan review meeting, and deliberating on them with the outside directors.
- Taking advantage of the transition to a company with an Audit & Supervisory Committee, the functions and roles of the Board of Directors were discussed once again. As a result, the criteria for submission of proposals to the Board of Directors was revised in order to delegate authority for decisions on important business execution to the Executive Officers, making progress in establishing a system to expedite management decision-making and execution.
- The Board of Directors has evolved the reporting on PMI of acquired and invested entities into a strategic review. In this review, the Board began to deliberate the optimal business portfolio based on the alignment with the Group's overall strategy and the evaluation of investment performance. The Board determined to continue conducting these reviews regularly.
- The newly established Management Development Committee began discussions regarding the formulation of a succession plan for key positions and its implementation into a program, as well as deliberations on organizational restructuring and associated HR-related matters linked with the Plan review meetings.
- The appointment of the chief Independent Outside Director as the chairperson of the Board of Directors has further advanced the establishment of an environment aiming at enhancing the effectiveness of the Board of Directors in supervising the Company's management.

2-2. Issues to address, etc.

The Board has acknowledged the necessity of following initiatives and considerations, as the areas in which the Board recognizes room for improvement of Board of Directors' effectiveness, or issues to be addressed.

- Implement further improvement to ensure the efficient operation of the Board of Directors to allocate more time for discussions on essential issues through identifying items that require focused monitoring by the Board of Directors and explaining the agenda in advance.
- Consider the composition, style, and appropriate volume of materials at the Board of Directors meetings to provide sufficient information which is necessary for the Board of Directors to supervise management and deliberate on matters and accelerate the timing of providing these materials.
- Establish a structure in which the issues with major risks will be shared with the Board of Directors in a timely manner and discussed immediately.
- From the viewpoint of the Board of Directors of a leading company group in the engineering professional services industry, conduct deliberations on the growth opportunities and challenges of the entire industry.
- Carry out in-depth discussions and verify the effectiveness of initiatives, at the Board of Directors meeting, regarding the important themes in HR area that are directly related to sustainable growth of the Group. In addition, ensure effective operations by re-examining the functions and roles of the Board of Directors, the Nomination and Compensation Committee, and the Management Development Committee, as well as the cooperation among these committees.

3. Future Initiatives

In the context of this Analysis and Evaluation of the Effectiveness of the Board of Directors, the TechnoPro Holdings Board of Directors will strive for greater board effectiveness, aiming for best practices in corporate governance and further increase in corporate value by tackling, in a focused way, Section 2., Issues to Address, etc. above.

4. Main Progress and Improvement Items in the Previous Period

For reference, items that have advanced and improved up until the period under review are shown below:

<Fiscal Year ended June 2024>

- Appointed the chief Independent Outside Director as the chairperson of the Board of Directors
- Expanded the scope of authority delegated to Executive Officers, along with the transition to a company with an Audit & Supervisory Committee
- Started regular strategic reviews
- Conducted discussions in the Nomination and Compensation Committee regarding the specific succession plan for Outside Directors
- Started discussions in the Management Development Committee concerning succession plans for key positions
- Renewed the self-evaluation questionnaire related to the results of analysis and evaluation of the effectiveness of the Board of Directors

<Fiscal Year ended June 2023>

- Made a transition to a company with an Audit & Supervisory Committee
- Comprehensively revised the Corporate Governance Guidelines
- Revised the skills matrix for the Board of Directors
- Carried out business reports from major group operating companies and progress reports on important individual themes related to the medium-term management plan
- Deliberated on the issues and future initiatives based on the details of the discussion at the Plan review meetings

<Fiscal Year ended June 2022>

- Conducted monitoring of the progress of the medium-term management plan
- Implemented the revision of criteria for the agenda of the Board of Directors meetings
- Considered measures to further enhance the functions of the Board of Directors and determined a policy for reviewing the institutional design of the Board of Directors
- Shared matters deliberated by the Nomination and Compensation Committee and provided appropriate supervision of the Committee by the Board of Directors.
- Appointed one female Outside Director with extensive knowledge in the IT field, further promoted the diversity in the Board of Directors

<Fiscal Year ended June 2021>

- Deepened strategic discussions through deliberating on formulation of the medium-term management plan
- Executed CEO succession through the objective process
- Discussed the executive compensation system that has higher linkage to the performance and promotes value sharing with shareholders
- Appointed one female Outside Audit & Supervisory Board Member, further promoted diversity in the Board of Directors and Audit & Supervisory Board
- Implemented electronic signature on board meetings minutes

<Fiscal Year ended June 2020>

- Established cost of capital as a reference in business management, strategy reviews, investment decisions, etc.
- Updated cash flow simulations assuming worsening business conditions
- Created a skills matrix for the Board of Directors and the Audit & Supervisory Board
- Began discussions to revise director compensation plans
- Endeavored in prior expansions of agenda items, improved board meeting minutes reflecting details of deliberations

<Fiscal Year ended June 2019>

- Decided upon “Standards and Procedures for Appointment and Dismissal of CEO”
- Carried out more in-depth discussions and sharing of important company issues and strategies, etc. (work style reform in Japan and improvements to employee satisfaction, global strategies, business process innovation, etc.)
- Reports on performance of acquired subsidiaries and investees, and discussions on usage of cost of capital as KPI

<Fiscal Year ended June 2018>

- Limited attendees in principle to Directors and Audit & Supervisory Board Members in order to conduct more in-depth discussions on management issues and strategies, etc.
- Shared and explained agenda items before meetings with not only Outside Directors, but also Executive Directors, and Audit & Supervisory Board Members
- Annual agenda of business reports and discussion topics set in advance
- Introduced an online systems allowing Outside Directors and Outside Audit & Supervisory Board Members to view materials and minutes, etc.
- Ensured cooperation with not only the Audit & Supervisory Board, but also the Board of Directors and accounting auditor (Implemented reporting by outside accounting auditor)

<Fiscal Year ended June 2017>

- Number of female Outside Directors increased by one, ensuring diversity in the composition of the Board of Directors
- Multiple discussions by the Board of Directors into the process of formulating a medium-term management plan
- Regular prior explanations of Board of Director agenda items to Outside Directors
- Start of discussions in the Nomination and Compensation Committee addressing the process for nominating a successor to the CEO.

[Supplementary Principle 4-14 (2) Training Policy for Directors/Audit & Supervisory Board Members]

We outline “Training Policy for Directors” to ensure Directors fulfill their legal responsibilities and the duties entrusted by shareholders. This policy is as outlined below.

1. Newly appointed Directors (including Outside Directors; the same applies hereinafter) are provided explanations concerning the following matters within approximately two months of appointment, by the CEO or a Director and/or an Executive Officer of the Company or the Company’s subsidiary appointed by the CEO.
 - Trends in the Group’s business and environment.
 - The Group’s history, management philosophy and business overview
 - The Group’s management strategies, medium- to long-term business plan, budget plan
 - The Group’s managing status and financial health
 - The Group’s corporate governance system, internal control policies and organizational operation structure
 - Other important matters pertaining to the Group
2. Depending on the experience and knowledge of the newly appointed director, the Company will provide or arrange training opportunities and support the costs of the training in the following areas.
 - Finance/accounting, corporate finance
 - Laws and regulations related to Companies Act, corporate governance

- Compliance
 - Other content the CEO have deemed to be a requirement
3. In particular, persons who are promoted from within the Company to the position of Executive Director will be provided training opportunities to develop their skills and qualifications, in addition to provide explanations, as necessary, on each of the matters under paragraph 1, training opportunities as noted in paragraph 2. The Company will provide support for expenses related to training.
 - Business management conceptualization from the perspectives of Company-wide and Group-wide management
 - More advanced leadership and implementation skills
 4. Additionally, the Company will provide appropriate training opportunities during the term of appointment for the Director to constantly update the knowledge used in his/her respective role. The Company will provide support for expenses related to training.
 5. Training opportunities noted in paragraphs 2 to 4 refer to those designated by the CEO.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

In addition to the General Meeting of Shareholders, we conduct constructive communication with shareholders to the extent and via means deemed appropriate. We outline the following as a basic policy concerning system and initiatives to promote constructive communication with shareholders.

- The Company conducts investor relations activities proactively based on the belief that constructive dialogue with investors, including shareholders, will contribute to the Company's sustainable growth and enhancement of shareholder value over the medium to long term.
- Communication with shareholders and investors is handled by the Communication and IR Office of Management Planning Department, which is overseen by the CFO, and conducts appropriate information sharing and exchanging opinions with related departments from a professional standpoint to enhance communication with shareholders and investors.
- The CEO and CFO plays a central role in dialogue with shareholders and investors. In consideration of the wishes and objectives of shareholders and investors, the COO and other Directors (including Outside Directors and Directors who are Audit & Supervisory Committee Members) may engage in actual dialogue to the extent deemed reasonable by the Company.
- The Company enhances the means of communication with shareholders and investors by holding regular investor conferences in addition to one-on-one meetings.
- The Company considers whether or not to take action as necessary to opinions and requests received during communication with shareholders and investors, which are to be reported appropriately to the Board of Directors.
- The Company endeavors to enhance communication with its shareholders based on the results of periodic surveys of shareholder ownership structure.
- The Company ensures to comply with laws, regulations, and related rules, and to manage insider information appropriately, during communication with shareholders and investors.

Furthermore, in the medium-term management plan, the Company shall present its business strategy and financial plan, as well as profitability, capital efficiency, and other targets, and explain to its shareholders and other stakeholders in an easy-to-understand, logical, and clear manner how it will review its business portfolio, allocate management resources.

We have outlined a "Disclosure Policy" that encompasses our basic approach concerning IR activities and information disclosure and the framework of our information disclosure controls. This information is available on our website via the following URL.

https://www.technoproholdings.com/en/ir/management/disclosure_policy.html

[Status of Dialogue with Shareholders and Others]

Under the above Disclosure Policy, CEO and CFO, as well as other managements (including Directors), the IR members, etc. strive to engage in dialogue with shareholders through a variety of IR activities, including briefings and individual meetings. In the fiscal year ended June 30, 2024, we conducted 584 IR interviews (280 with overseas investors), of which 91 were handled by CEO, 229 by CFO, 41 by other managements (including Directors) and 223 by IR members.

Please refer to the main themes of dialogue with shareholders and investors in the fiscal year ended June 30, 2024, matters of interest to shareholders, and feedback to management and the Board of Directors, which are posted on our website.

<https://www.technoproholdings.com/en/sustainability/governance/dialogue.html>

For details of IR activities, etc., refer to "III Status of Policies Concerning Shareholders and Other Parties with Interests – 2. Status of IR Activities.

(Actions to achieve cost of capital and stock price conscious management)

We monitor return on invested capital (ROIC) as one of its key management indicators to achieve medium- to long-term value creation, and reflect it in financial discipline for M&A and capital policies.

We have established the following financial discipline for M&A: (i) at least 10% ROIC within three years from investment as one of the criteria for acquisition, and (ii) considering replacing the management or selling the target company if ROIC is expected to fall below our cost of capital for three consecutive years after acquisition.

In addition, our capital policies set value creation (ROIC > cost of capital) as a primary focus of business operation with maintaining solid financial foundation, as well as placing high importance on TSR (Total Shareholder Return). Free cash flows retained after distributing cash dividend to shareholders will be spent for growth investment such as M&As, however, in case of being unable to find justifiable investment opportunities which may generate sufficient return exceeding the cost of capital, share repurchase will be flexibly considered as a way of shareholder return in light of capital efficiency. More specifically:

- Dividend payout ratio of 50% or more
- Sustainable EPS growth
- ROE of 20% or above
- D/E ratio less than 1x

These financial discipline and capital policies for M&A are formulated based on sufficient analysis and review of the current situation by the Board of Directors. The cost of capital and ROIC of the Group are regularly reported to the Board of Directors, and ROIC is taken into account in the discussion of acquisition targets and in the strategic review of each Group Company. Also, the Corporate Governance Guideline stipulates followings as well as aforementioned items.

- The Company, based on the understanding that the interests of existing shareholders may be materially affected in the event of a capital increase through the issuance of new shares, third-party allotment or convertible bonds, a takeover bid, or in the event of any other change in control or major dilution, shall appropriately disclose such information and the policy of the Board of Directors and shall take the necessary steps.
- In principle, the Company shall not introduce so-called anti-takeover measures that would forcibly dilute the shares of an acquirer.
- The Company shall explain to its shareholders and other stakeholders each time it changes its basic directions on capital policies as stipulated in the preceding paragraphs.

Refer to the medium-term management plan explanatory materials and financial results presentation materials posted on the Company's website for the initiatives and disclosures to date.

Medium-term Management Plan

https://www.technoproholdings.com/en/ir/ir_library/management_plan.html

Financial Statements

https://www.technoproholdings.com/en/ir/ir_library/financial_report.html

2. Capital Structure

Percentage of foreign-held stock	30% or more
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[Status of major shareholders] Updated

Name or title	Number of retained shares	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	18,427,500	17.39
Custody Bank of Japan, Ltd. (Trust Account)	5,607,400	5.29
SSBTC CLIENT OMNIBUS ACCOUNT	4,772,163	4.50
JP MORGAN CHASE BANK 385632	3,008,060	2.83
THE BANK OF NEW YORK MELLON 140044 THE BANK OF NEW YORK MELLON AS DEPOSITARY BANK FOR DEPOSITARY RECEIPT HOLDERS	2,957,945	2.79
JP MORGAN CHASE BANK 380072	2,922,000	2.75
THE BANK OF NEW YORK MELLON SA/NV 10	2,706,884	2.55
STATE STREET BANK AND TRUST COMPANY 505001	2,492,107	2.35
STATE STREET BANK AND TRUST COMPANY 505103	2,240,250	2.11
STATE STREET BANK AND TRUST COMPANY 505225	2,163,425	2.04

Controlling shareholders (excluding parent company)	-----
Parent company	None

Supplemental information Updated

- The abovementioned status of major shareholders is indicated based on the shareholder ledger as of June 30, 2024.
- The percentage of shareholding is calculated by excluding the number of treasury shares.
- The revised Report on Large-Volume Shareholders provided for public record dated September 26, 2022 indicates that two-company partnership of T. Rowe Price Japan, Inc. and T. Rowe Price Associates, Inc. holds 8,671 thousands (8.00%) of our shares as of September 15, 2022, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of June 30, 2024.
- The revised Report on Large-Volume Shareholders provided for public record dated December 6, 2023 indicates that two-company partnership of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. holds 6,307 thousands (5.88%) of our shares as of November 30, 2023, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of June 30, 2024.

3. Corporate Attributes

Listed exchange and market segment	Tokyo Stock Exchange, Prime Market
End of fiscal year	June
Industry type	Service industry

Number of employees (consolidated) as of the end of the most recent fiscal year	1000 or more
Net sales (consolidated) during the most recent fiscal year	From 100 billion yen to less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the most recent fiscal year	From 10 companies to less than 50

4. Guidelines concerning Measures to Protect Minority Shareholders during Transactions with Controlling Shareholders

5. Other Special Matters with Potential to Greatly Impact Corporate Governance

// Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision

1. Matters concerning Institutional Structure, Group Management, etc.

Organization format	Company with Audit & Supervisory Committee
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[Related to directors]

Number of directors as outlined in Articles of Incorporation	20
Term of directors as outlined in Articles of Incorporation	1 year
Board of Directors chairperson	Outside Director
Number of directors	11
Status of appointment of outside directors	Appointed
Number of outside directors	6
Number designated as independent directors among outside directors	6

Relationship with company (1)

Updated

Name	Attributes	Relationship with company (*)										
		a	b	C	d	e	f	g	h	i	j	k
Mitsutoshi Takao	Person from other companies											
Kazuhiko Yamada	Attorney											
Shoko Takase	Person from other companies											
Masahiko Ito	Person from other companies											
Rumiko Tanabe	Certified public accountant											
Masatoshi Deguchi	Person from other companies											

* Answer choices regarding relationship with company

* Select "○" if "current/recently" applies to the person for any of the categories, select "△" if "in the past" applies.

* Select "●" if "current/recently" applies to a family member for any of the categories, select "▲" if "in the past" applies.

- Executive officer of a listed company or other subsidiary
- Executive officer or non-executive director of the parent company of a listed company
- Executive officer of the sibling company of a listed company
- A person conducting major transactions with a listed company or an executive officer of said company
- A major business partner or an executive officer of a listed company
- Consultant, accounting expert, or legal expert receiving significant cash or other assets other than director's compensation from a listed company
- Major shareholder of a listed company (if said major shareholder is a company, then an executive officer of said company)
- Executive officer (individual only) of a business partner of a listed company (when not applicable to either d, e, or f)
- Executive officer (individual only) of a company in a relationship of mutual outside director appointments
- Executive officer (individual only) of an organization receiving charitable donations from a listed company
- Other

Name	Audit and Supervisory Committee	Independent director	Supplemental information concerning conformity items	Reason for appointment
Mitsutoshi Takao		○	No special items to report.	<p>Mr. Mitsutoshi Takao possesses extensive knowledge of general management, including finance and accounting, along with a wealth of experience as an executive at a major listed manufacturing company. He has been serving as an Outside Audit & Supervisory Board Member of the Company since April 2014 and as an Outside Director who is an Audit & Supervisory Committee Member since September 2022, fulfilling his duties appropriately by proactively providing opinions and advice during audits and at the Board of Directors meetings. Following this, since September 2023, he has been serving as Chairperson of the Board of Directors as an Outside Director besides being a Director who is an Audit & Supervisory Committee Member. He has taken efforts to increase the effectiveness of corporate governance and strengthen the decision-making and monitoring functions of the Board of Directors.</p> <p>In addition, he has contributed to strengthening management functions by providing necessary and appropriate advice in the deliberation of appointment, remuneration, and other proposals as the chairperson of the Nomination and Compensation Committee. For the above reasons, Mr. Takao has been appointed as Outside Director. In addition, the Company has designated him as Independent Director because he fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.</p>
Kazuhiko Yamada		○	No special items to report.	<p>Mr. Kazuhiko Yamada has extensive experience and knowledge as an attorney particularly in the fields of corporate acquisitions, corporate restructuring, equity practice, etc., the Companies Act, and the Financial Instruments and Exchange Act. Moreover, since his appointment as Outside Director of the Company in September 2015, he has provided opinions and advice particularly with respect to strengthening corporate governance practices at meetings of the Board of Directors and has also provided proper oversight by objectively assessing business matters affecting the Company. In addition, he has contributed to the strengthening of management functions by providing necessary and appropriate advice in the deliberation of appointment and remuneration of officers, and other proposals as a member of the Nomination and Compensation Committee. For the above reasons, Mr. Yamada has been appointed as Outside Director. In addition, the Company has designated him as Independent Director because he fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.</p>
Shoko Takase		○	No special items to report.	<p>Ms. Shoko Takase has experience as a corporate manager of a global IT company, a wealth of achievements in realizing customers' transformation which utilizes IT technology, and expansive knowledge regarding customer and technology trends. Since her appointment as Outside Director of the Company in September 2021, with the aim of expanding the solution business focusing on the digital area under the medium-term management plan, she has provided effective recommendations and advice actively at the Board of Directors meetings from a practical perspective, and has also provided proper oversight by objectively assessing business matters affecting the Company. In addition, as a member of the Nomination and Compensation Committee, she has contributed to the strengthening of management functions by providing necessary and appropriate advice in the deliberation of executive appointments and compensation proposals. For the above reasons, Ms. Takase has been appointed as Outside Director. In addition, the Company has designated her as Independent Director because she fulfills our "Independence Standards for Outside Directors" and has no potential conflicts of interest with general shareholders.</p>

Masahiko Ito		○	No special items to report.	<p>Mr. Masahiko Ito has extensive corporate management experience, having served as the Representative Director and President of a major listed manufacturing company. Further, he possesses advanced knowledge of corporate governance and experience as a Chairperson of the Board of Directors, as well as various track records of executing business restructuring and transformation into sustainable growth through renewal of management formation. For the above reasons, Mr. Masahiko Ito has been appointed as Outside Director. In addition, the Company has designated him as Independent Director because he fulfills our “Independence Standards for Outside Directors” and has no potential conflicts of interest with general shareholders.</p>
Rumiko Tanabe	○	○	No special items to report.	<p>Ms. Rumiko Tanabe possesses wide-ranging insight in finance, accounts, overall audit, corporate governance, etc., accumulated through her experience in financial accounting operations in listed enterprises and auditing subsidiaries in addition to her professional expertise as a certified public accountant. Since her appointment as Outside Audit & Supervisory Board Member since September 2020 and Outside Director who is an Audit & Supervisory Committee Member since September 2022, she has been fulfilling her duties effectively by providing valuable insights during audits, and at the Board of Directors meetings and the Audit & Supervisory Committee meetings. Further, she has extensive knowledge and expertise through her role of an audit & supervisory board member outside of the Group. For the above reasons, Ms. Tanabe has been appointed as Outside Director who is an Audit & Supervisory Committee Member. In addition, the Company has designated her as Independent Director because she fulfills our “Independence Standards for Outside Directors” and has no potential conflicts of interest with general shareholders.</p>
Masatoshi Deguchi	○	○	No special items to report.	<p>Mr. Masatoshi Deguchi has diverse experience in operations at a major general trading company, including finance, accounting, and tax practices, as well as in serving as a corporate manager at an overseas subsidiary and head of an internal auditing department. Moreover, he has corporate management experience at another listed company. For the above reasons, Mr. Deguchi has been appointed as Outside Director who is an Audit & Supervisory Committee Member. In addition, the Company has designated him as Independent Director because he fulfills our “Independence Standards for Outside Directors” and has no potential conflicts of interest with general shareholders.</p>

[Audit & Supervisory Committee]

Composition of Committee Members and Attributes of the Chairperson

	All committee members (people)	Full-time committee members (people)	Inside directors (people)	Outside directors (people)	Council chair (Chairperson)
Audit & Supervisory Committee	3	1	1	2	Outside director
Existence or non-existence of directors and employees to assist the Audit & Supervisory Committee in its duties	Yes				

Matters Concerning the Independence of the relevant Directors and the Employees Mentioned from Executive Director

The Company shall establish the Audit & Supervisory Committee Office and the Auditor Office, with appropriate staffing of employees, to exclusively assist the Audit & Supervisory Committee and the Auditors of the Group in carrying out their duties. The Group Directors shall cooperate in organizing the proper audit environment to ensure the effectiveness of audits by the Audit & Supervisory Committee, Audit & Supervisory Committee Members, and Auditors of the Group. In addition, employees belonging to the Audit & Supervisory Committee Office and Auditor Office shall not assume the positions of other departments and shall not be directed by any person other than the Audit & Supervisory Committee or the Auditors of each Group Company. Personnel matters related to said employees, including department transfers, performance evaluations, and rewards and penalties, shall require the consent of the Audit & Supervisory Committee or the Auditors of each Group Company.

Cooperation of Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Audit & Supervisory Committee endeavors to develop systems for enhancing the effectiveness of audits, including a system for reporting from the Group's executives and employees to Audit & Supervisory Committee Members, and ensuring coordination with the Internal Audit Department, external accounting auditors, and Auditors of the Group. The Board of Directors and the Audit & Supervisory Committee secure sufficient time to ensure high-quality audits; provide external accounting auditors access to management, including the CEO and the CFO; and secure substantial coordination between external accounting auditors and the Audit & Supervisory Committee Members, Outside Directors, and the Internal Audit Department. The Company ensures coordination between the Internal Audit Department and Directors by establishing a system whereby the Internal Audit Department can report directly to the Board of Directors and the Audit & Supervisory Committee as appropriate, in order for the Board of Directors and the Committee to fulfill their functions. The System, to report to the Audit & Supervisory Committee, its members and the Auditors, for the Directors (excluding those who are Audit & Supervisory Committee Members) and employees of the Company, as well as Directors, the Auditors and employees of the Group, or the individuals reported by them, is as follows.

- The Company's Audit & Supervisory Committee Members shall attend important meetings and committee meetings of the Group.
- The Group Directors (excluding those who are Audit Committee Members) and employees shall have regularly meeting with the Audit & Supervisory Committee, its members and the Auditors of each Group Company to ensure mutual understanding.
- The Company shall establish the structure in which the Audit & Supervisory Committee, its members and the Auditors of the Group Companies can gather information directly through approval documents or other important documents, regular reports from the Company's Internal Audit Department, internal reporting, reports from executives and employees of the Group, etc.

[Optional Committees]

Existence or non-existence of a voluntary committee equivalent to a nominating committee or compensation committee

Yes

Status of establishment of any committee, composition of members, and attributes of the chair (chairperson)

Updated

	Committee Name	All committee members (people)	Full-time committee members (people)	Inside directors (people)	Outside directors (people)	Knowledgeable people outside the community (people)	Other (people)	Chairperson
Any committee equivalent to a nominating committee	Nomination and Compensation Committee	4	0	0	4	0	0	Outside Director
A voluntary committee equivalent to the Compensation Committee	Nomination and Compensation Committee	4	0	0	4	0	0	Outside Director

Supplemental Explanation

Updated

The Company has established the Nomination and Compensation Committee, which consists solely of Independent Outside Directors, as an advisory body to the Board of Directors in order to strengthen objectivity and accountability in determining the nomination and compensation, etc. (including the policy for determining compensation, etc., the compensation system and specific compensation amounts) of the Company's directors (for directors who are Audit Committee members, this refers only to their nomination) and the Company's group management executives (meaning the Company's Executive Officers, Group Company's directors, and executive officers).

The Nomination and Compensation Committee meets from time to time to deliberate on matters that the Board of Directors or the President, Representative Director and CEO consults on, share information on such matters, and report back to the Board of Directors as the Nomination and Compensation Committee.

[Nomination and Compensation Committee Structure]

Chair	Independent Outside Director	Mitsutoshi Takao
Member	Independent Outside Director	Kazuhiko Yamada
Member	Independent Outside Director	Shoko Takase
Member	Independent Outside Director	Masahiko Ito

[Activities of the Nomination and Compensation Committee]

The Nomination and Compensation Committee has held eight meetings in the fiscal year ended June 30, 2024, and deliberated matters concerning the personnel affairs and remuneration of officers of the Group (including individual personnel affairs and remuneration amount), selection of candidates for Outside Directors among other things and matters at Management Development Committee (methods of proceeding with the development of succession plans for key positions).

[Related to independent directors]

Number of independent directors

6

Other matters related to independent directors

All Outside Directors who meet the qualifications for Independent Directors are designated as Independent Directors.

The Company has established the "Independence Standards for Outside Directors" (hereinafter referred to as "the Standards") as set forth below, with the aim of clarifying criteria for designating Outside Directors of the Company as Independent Directors.

- The Company deems an Outside Director or a candidate for Outside Director as independent from the Company if he or she meets the requirements for Independent Directors as stipulated in the Companies Act and the Financial Instruments and Exchange Act, and if he or she is subject to none of the following items.
 - The individual is currently or recently*1 (the same applies hereinafter) affiliated with the Group
 - The individual is currently or recently affiliated with a business partner of which the Group accounts for at least 2% of the business partner's prior fiscal year consolidated net sales, or a business partner that accounts for at least 2% of the Company's prior fiscal year consolidated net sales.
 - Individual or person working for a company/organization possessing or who recently possessed not less than 10% of the Company's total issued shares as of the end of the previous fiscal year

- (4) Person currently or recently employed at a company/organization for which the Group owns not less than 10% of said company/organization's total issued shares as of the end of the previous fiscal year.
- (5) Person currently or recently employed at an auditing firm that conducts the Group's legally mandated audits
- (6) Person currently or recently employed at a financial institution that plays a vital role in the Group's capital procurement and upon which the Group is reliant to an irreplaceable extent
- (7) Person who currently is or recently was a consultant, legal expert, accounting expert, or tax expert who has received direct compensation other than director's compensation from the Group exceeding 10 million yen during any single fiscal year over the last 3 fiscal years (if the party receiving said compensation is a corporation, group, or other organization, then a person employed by said organization)
- (8) Person who currently is or recently was the chairman or an executive officer of an organization that has received charitable contributions or support from the Group exceeding 10 million yen during any single fiscal year over the last 3 fiscal years
- (9) Executive officer of a company with whom the Group has mutually dispatched directors or auditors to the other company
- (10) A relative within the second degree of kinship or a cohabiting family member of a person applicable to any of the above (excluding non-vital persons*2).

(Notes)

*1: "Recently" shall refer to a period of less than three years from the time of holding the position as Director.

*2: "Vital" assumes an important employee, such as a company or business partner director, executive officer, or auditor, or accounting auditor or attorney working at an accounting firm or legal office.

2. Even if applicable to any of the definitions set forth in Paragraph 1, the person in question may be designated as an Independent Director based on the judgment of the Board of Directors following a review by the Nomination and Compensation Committee.
3. Notwithstanding the conditions set forth in Paragraph 1, Independent Directors must not have circumstances that can be rationally deemed to prevent the execution of duties as an independent outside director.
4. Independent Directors must work to ensure they maintain these standards throughout the term of their appointment and must report immediately if they no longer maintain independence as defined in these standards.

[Related to incentives]

Implementation status of policies related to allocation of incentives to directors

Incorporation of performance linked compensation system

Supplemental information concerning relevant items

The "Basic Policies and Procedures for Determining Executive Compensation" established by the Company stipulate that the compensation to Executive Directors is structured so as to increase the motivation of said Directors to achieve short-term performance targets and improve medium- to long-term shareholder value, as well as to increase an awareness of shared values with shareholders. Specifically, the compensation consists of basic fixed base salary (monetary), year-end bonus for a single fiscal year (monetary, performance linked, etc.) as a short-term incentive, and stock compensation (non-monetary, performance linked, etc.) as a medium- to long-term incentive. For details, refer to "[Related to director compensation] – Details of disclosure concerning compensation amounts and policies on determining calculation methods" described later in this report.

1. The Company pays cash bonus to executive directors as short-term performance-linked compensation, which serves as a short-term incentive. This bonus amount is based on single-year consolidated earnings.
2. The Company has introduced a "performance-based stock compensation plan (Performance Share Units System, "the Plan")", which serves as a medium- and long-term incentive. At the 16th General Meeting of Shareholders held on September 29, 2021, the Company's shareholders resolved to implement the plan as a measure to revise the Company's executive compensation structure (excluding outside directors) with the aim of providing incentives for achievement of performance targets stated in the medium-term management plan "Evolution 2026" announced August 10, 2021, and sustained improvement in medium- and long-term Company value, as well as the creation of greater shared value between Directors and shareholders. Based on the goals outlined above, the total amount of the compensation for the eligible period (five fiscal years from the fiscal year beginning July 1, 2021 to the fiscal year beginning July 1, 2025) is to be not more than 800 million yen and 800 thousand shares, which we consider to be an appropriate amount, paid separately from existing compensation plans, etc.

Persons applicable to receive allocation of stock options

Supplemental information concerning relevant items

[Related to director compensation]

(Individual director compensation) Status of disclosure

Individual compensation not disclosed

Disclosure concerning compensation for the fiscal year ended June 2024 as stipulated by law was provided in our business report and annual securities report. Total compensation to Directors and Audit & Supervisory Board Members during the relevant fiscal year was 355 million yen.

Established policy on determining compensation value and calculation method

Yes

Details of disclosure concerning compensation amounts and policies on determining calculation methods

In determining compensation for the Company's Directors (excluding those who are Audit & Supervisory Committee Members; the same shall apply hereinafter), the "Policy for Determining Individual Director Compensation (Excluding Directors who are Audit & Supervisory Committee Members)" stipulates as follows.

1. Basic Compensation Policy**1-1. General approach**

- Reasonableness of the amount of compensation for which the Company shall be held accountable and responsible to stakeholders including shareholders.
- Reasonableness of the amount of compensation as an incentive for the accomplishment of management policies and the enhancement of corporate earnings and shareholder value.
- Effectiveness of compensation as a mean to drive efforts for not only achieving the short-term results but also consistently increasing corporate and shareholder value.
- Reasonableness of the amount of compensation as consideration for the execution of duties, as well as in terms of whether the amount is at a justifiable level to recruit/promote, to motivate and to retain talented personnel.
- In determining individual compensation, the Company shall refer to the executive compensation levels of domestic competitors and of similar size corporations as benchmarks, and shall annually participate in an external executive compensation survey to verify the appropriateness of compensation levels for the Company's Directors.

1-2. Executive Directors

- Compensation for Executive Directors shall be structured so as to increase the motivation of said directors to achieve short-term performance targets and improve medium- to long-term shareholder value, as well as to increase an awareness of shared values with shareholders.
- Compensation of Executive Directors shall consist of basic fixed base salary (monetary), year-end bonus for a single fiscal year (monetary, performance linked, etc.) as a short-term incentive, and stock compensation (non-monetary, performance linked, etc.) as a medium- to long-term incentive.

1-3. Non-Executive Directors (Outside Directors)

- Remuneration for Non-Executive Directors (excluding those who are Audit & Supervisory Committee Members; the same shall apply hereinafter) shall consist of fixed base salary (monetary) only, in light of their position of supervising and advising management based on a high degree of objectivity and independence.

2. Policy for Determining Amount and Calculation Methods of Fixed Base Salaries (Monetary Compensation)**2-1. Executive Directors**

- Base salary for each individual Executive Director shall be at a level appropriate to his or her responsibilities. Such compensation shall be determined by position, with the President and Representative Director at the top, in consideration of the nature of his or her duties and responsibilities.
- Base salaries for Executive Directors shall be determined on an annual basis and paid in equal monthly installments.

2-2. Non-Executive Directors (Outside Directors)

- Base salary for each individual Non-Executive Director shall be at a level appropriate to his or her responsibilities, and shall be determined on a case-by-case basis, taking into consideration such factors as status as full-time or part-time and individual responsibilities.
- Base salaries for Non-Executive Directors shall be determined on an annual basis and paid in equal monthly installments.

3. Policy for Determining Performance Indicators, Amount and Calculation Methods Regarding Year-End Bonuses (Monetary, Performance Linked Compensation, etc.)

- A year-end bonus, which is short-term performance-linked compensation, shall be paid to Executive Directors for the purpose of incentivizing them to achieve targets established for a single fiscal year.
- Year-end bonuses shall be paid in conjunction with the rate of achievement of the Group consolidated performance indicators as a common indicator for all Executive Directors, the degree of achievement of strategic targets set for each individual Director, and the rate of achievement of the targets of the performance indicators in the departments over which a Director is responsible. Key performance indicators to be used as evaluation indicators shall be determined in accordance with the importance of the business at the time, and the strategic targets for each individual and the evaluation ratio based on each evaluation indicator shall be determined in accordance with the responsibilities and roles of each eligible Director.
- The bonus amount for a single fiscal year for an individual Director shall be determined by multiplying the base bonus amount for each eligible Director (determined for each position) by a payment rate in accordance with the degree of achievement of the above-mentioned indicators. Each individual base bonus amount shall be determined taking into consideration the nature of each Director's duties, roles, responsibilities, and the composition ratio of compensation components. The payment rate shall be 100% when the target is achieved. The range of payment shall be between 0% and 200% depending on the rate of achievement of the Group consolidated performance indicators and the performance indicators of the division for which the director is responsible. The range of payment shall be between 0% and 120% depending on the degree of achievement of strategic targets established for each individual.
- Year-end bonuses shall be paid at a certain time after the end of each fiscal year.

4. Policy for Determining Performance Indicators, Details, Amount or Number and Calculation Methods Regarding Stock Compensation
 - Stock compensation shall be provided to Executive Directors for the purpose of incentivizing them to achieve performance targets established in the medium-term management plan, as well as to enhance shareholder value sustainably and to encourage greater sharing of value with shareholders.
 - Specifically, the Company shall adopt a performance-linked restricted stock compensation plan (performance share units).
 - In principle, stock compensation will be linked to the rate of achievement of performance targets established in the medium-term management plan as an evaluation indicator. Performance indicators to be used as evaluation indicators shall be determined in accordance with the business importance of each item in the medium-term management plan.
 - The number of shares to be delivered as stock compensation for each individual Director shall be determined according to the base amount for each eligible Director, which shall be determined in consideration of the nature of each Director's duties, roles and responsibilities, and the composition ratio of compensation components, multiplied by the rate of payment in accordance with the achievement of performance targets as of the end of the predetermined applicable period (in principle, the applicable period shall coincide with the period of the medium-term management plan). The range of performance payment rate shall be between 0% and 200%.
 - In delivering shares as stock compensation, the Company shall, in principle, enter into a performance-linked restricted stock allotment agreement between the Company and eligible Directors, which shall include the following details.
 - a. Eligible Directors shall not transfer, pledge, or otherwise dispose of Company shares allotted until his or her retirement.
 - b. The Company shall acquire shares without consideration if certain events occur. Such events include when the Board of Directors determines that there has been a material breach of the mandate agreement, etc. between the Company and the relevant Director during the term of office.
 - c. Other details of the conditions for the release of restrictions on transfer, etc., established in advance by the Board of Directors.
 - In the event of resignation from the position of director or certain acts of non-compliance during the applicable period, the Company shall not provide stock compensation.
 - The delivery of restricted stock as stock compensation shall be made at a certain time after the end of each applicable period by granting monetary compensation claims in the proper proportion to eligible Directors, who shall then contribute all such monetary compensation claims in kind upon the issuance of shares or disposal of treasury stock by the Company.
5. Policy for Determining Proportions of Fixed Base Salary, Year-End Bonus and Stock Compensation
 - The Company policy regarding composition of compensation for Executive Directors shall reflect higher proportions of year-end bonuses (short-term incentives) and stock compensation (medium- to long-term incentives). The purpose of this policy is to further strengthen the linkage of performance with medium- to long-term corporate growth and shareholder value, as well as to encourage greater sharing of value with shareholders.
 - For Executive Directors, the ratio of fixed base salary, year-end bonus, and stock compensation to the annual remuneration shall be generally equal to the following respective ratios when the targets are achieved, in principle: Base salary to year-end bonus to stock compensation = 45-47 : 22-26 : 26-33.
 - Compensation, etc. for Non-Executive Directors shall consist of fixed base salaries only, as described above.
6. Procedures for Determining Individual Director Compensation
 - To ensure the appropriateness of director compensation and strengthen the objectivity and the accountability of the decision-making processes thereof, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors and that consists entirely of Independent Outside Directors (including Directors who are Audit & Supervisory Committee Members). The Nomination and Compensation Committee shall deliberate the following in advance, which shall be then determined by resolution of the Board of Directors, with maximum respect for the content of the aforementioned deliberations: the basic policies, guidelines, rules and procedures, etc., necessary for the determination of executive compensation; evaluation indicators and other items for performance-linked compensation; matters relating to individual director compensation.
 - The Nomination and Compensation Committee shall deliberate on the following in advance, which shall then be determined by resolution of the Board of Directors, with maximum respect for the content of the aforementioned deliberations and within the range of amount and details of compensation as resolved at the General Meeting of Shareholders: the amount of basic compensation and year-end bonuses for each individual Director; the individual amount of stock compensation.

[Support system for outside directors]

- The General Affairs Department and the Audit & Supervisory Committee Office serves as liaison and coordination points for Outside Directors (excluding those who are Audit & Supervisory Committee Members) and for Outside Directors who are Audit & Supervisory Committee Members, respectively, and provide necessary support and information in cooperation with the relevant departments.
- The Board of Directors, the Audit & Supervisory Committee, the Independent Directors Committee, and the Nomination and Compensation Committee may, as necessary, invite the attendance of officers and employees of the Group, and request reports, explanations, or opinions in addition to the prescribed attendees and committee members.
- In order to promote active discussions at the Board of Directors meetings, materials related to agenda items are to be distributed well in advance of the meeting date, taking into consideration the preparation time of those attending the meeting. Opportunities for advance explanations are to be provided depending on the content and importance of agenda items.

2. Matters concerning Functions, including Business Execution, Audits and Supervisory Tasks, Nomination, Decisions on Compensation, etc. (summary of current corporate governance structure) Updated

1. Corporate Governance System Overview

1-1. Management and business execution structure

The Company has introduced an executive officer system to strengthen functions by assigning authority and responsibility for day-to-day business execution to Executive Officers while assigning strategic decision-making and supervisory functions to Directors. We have also established and operate the Group Management Committee as an organization to discuss and deliberate important matters in business execution, to manage the progress of the business performance of the Company and the Group Companies, and to share necessary information, work in close cooperation, and adjust strategies across the Group in a flexible manner. In addition, the Company has established committees such as the ERM Committee, the Sustainability Committee, the Management Development Committee and other types of committees to pursue matters that should be addressed from a cross-organizational perspective.

1-2. Management monitoring and supervision system

The Company has appointed a number of Outside Directors for the purpose of receiving appropriate advice and proposals from an objective standpoint and from an external perspective, as well as to strengthen the supervisory function of the Board of Directors. Furthermore, from the perspectives of ensuring the effectiveness of supervision by separating the business execution and supervisory functions, an Outside Director is appointed as the chairperson of the Board of Directors. In addition, the Nomination and Compensation Committee, an advisory body to the Board of Directors, is chaired by an Outside Director to ensure the appropriateness and transparency of the nomination and compensation of Directors and Executive Officers of the Company and the Group Companies. In order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to Executive Directors, and to facilitate strategic and in-depth discussions at Board of Directors meetings, we have adopted the "Company with Audit & Supervisory Committee System" as an organizational design under the Companies Act.

2. Organizational Overview

We have established the General Meeting of Shareholders, the Board of Directors, Audit & Supervisory Committee, and the Accounting Auditor as organizations under the Companies Act. The outline of each organization is as follows.

2-1. Board of Directors

The Board of Directors is chaired by Mitsutoshi Takao, Independent Outside Director, and consists of 11 members, five of whom are full-time Directors (Takeshi Yagi, Gaku Shimaoka, Koichiro Asai, Toshihiro Hagiwara, Hitoshi Madarame) and five of whom are Outside Directors (Mitsutoshi Takao, Kazuhiko Yamada, Shoko Takase, Masahiko Ito, Rumiko Tanabe, Masatoshi Deguchi). Of the Company's Executive Directors, four are full-time Directors (Takeshi Yagi, Gaku Shimaoka, Koichiro Asai, Toshihiro Hagiwara), excluding Hitoshi Madarame. In addition to the regular monthly meetings, extraordinary meetings of the Board of Directors are held as necessary. In addition to exercising a supervisory function over management and ensuring fairness and transparency in management, the Board of Directors determines basic management policies and other important business decisions, evaluates and formulates measures related to material risks, and determines the nomination and compensation of management personnel. In this way, the Board engages in making the best possible decisions for the Company.

To improve the overall functioning of the Board of Directors, the Company, in principle, conducts an analysis and evaluation of the effectiveness of the Board of Directors once a year, and discloses a summary of the results.

During the fiscal year ended June 30, 2024, the Company held a total of 16 meetings of the Board of Directors, and the attendance of individual directors is as follows.

[Attendance of Directors]

Yasuji Nishio (Director) Attendance 4/4 (100%)

Takeshi Yagi (Director) Attendance 16/16 (100%)

Gaku Shimaoka (Director) Attendance 16/16 (100%)

Koichiro Asai (Director) Attendance 16/16 (100%)

Toshihiro Hagiwara (Director) Attendance 16/16 (100%)

Tsunehiro Watabe (Outside Director) Attendance 4/4 (100%)

Mitsutoshi Takao (Outside Director) Attendance 16/16 (100%)

Kazuhiko Yamada (Outside Director) Attendance 16/16 (100%)

Harumi Sakamoto (Outside Director) Attendance 16/16 (100%)

Shoko Takase (Outside Director) Attendance 16/16 (100%)

Hitoshi Madarame (Director (Audit & Supervisory Committee Member)) Attendance 16/16 (100%)

Rumiko Tanabe (Outside Director (Audit & Supervisory Committee Member)) Attendance 16/16 (100%)

Masatoshi Deguchi (Outside Director (Audit & Supervisory Committee Member)) Attendance 12/12 (100%)

*1. At the conclusion of the General Meeting of Shareholders held on September 28, 2023, Mr. Yasuji Nishio and Mr. Tsunehiro Watabe retired from the position of Director due to expiration of their terms of office. Prior to their retirement, the Board of Directors held four meetings.

2. The attendance of Mr. Mitsutoshi Takao is the total number of attendances at the Board of Directors, as a Director who is an Audit & Supervisory Committee Member until September 27, 2023, and as a Director who is not an Audit & Supervisory Committee Member from September 28, 2023.

3. The attendance of Mr. Masatoshi Deguchi is of the Board of Directors meetings since his assignment as a Director who is an Audit & Supervisory Committee Member of the Company on September 28, 2023.

Specific items discussed and reviewed at the Board of Directors meetings held during the fiscal year ended June 30, 2024 are as follows:

- Management strategy: medium-term management plan, strategies, and business plans of the Group, etc.
- Financial results and financial affairs: budget, annual and quarterly results, share repurchases, dividend policy, etc.
- Governance and internal control: status of establishment and operation of internal control, evaluation of board effectiveness, internal audit reports, etc.
- Risk Management: Enterprise Risk Management (ERM) and Serious Incident Response Policy, etc.
- Sustainability: initiatives for Health Management and Human Capital Disclosure, etc.
- Others: Executive and organizational personnel affairs, executive compensation, personnel system, business execution reports, etc.

2-2. Audit & Supervisory Committee

The Company has established an Audit & Supervisory Committee, chaired by Hitoshi Madarame, Director and full-time Member of the Audit & Supervisory Committee. The Audit & Supervisory Committee consists of three members, of which one is a full-time Director and Audit & Supervisory Committee Member (Hitoshi Madarame) and two are Outside Directors who are Audit & Supervisory Committee Members (Rumiko Tanabe, Masatoshi Deguchi). In addition to the regular monthly meetings of the Audit & Supervisory Committee, extraordinary meetings are held as necessary to discuss audit policies and important audit-related matters.

During the fiscal year ended June 30, 2024, the Company held a total of 16 the Audit & Supervisory Committee meetings (12 regular Audit & Supervisory Committee meetings and 4 extraordinary Audit & Supervisory Committee). The average time required for each regular Audit & Supervisory Committee meeting was approximately three hours, and for each extraordinary Audit and Supervisory Committee meeting it was approximately one hour.

The attendance of individual auditors and Audit & Supervisory Committee Members is as follows:

[Attendance of Audit & Supervisory Committee Members]

Hitoshi Madarame (Full-time Audit & Supervisory Committee Member) Attendance 16/16 (100%)

Mitsutoshi Takao (Audit & Supervisory Committee Member) outside Attendance 5/5 (100%)

Rumiko Tanabe (Audit & Supervisory Committee Member) outside Attendance 16/16 (100%)

Masatoshi Deguchi (Audit & Supervisory Committee Member) outside Attendance 11/11 (100%)

* Audit and Supervisory Committee Member Mitsutoshi Takao was appointed as an Outside Director who is not the Audit & Supervisory Committee Member at the 18th General Meeting of Shareholders held on September 28, 2023, and therefore his attendance till that date is stated.

Since the Audit & Supervisory Committee Member Masatoshi Deguchi was appointed at the 18th General Meeting of Shareholders held on September 28, 2023, his attendance status from that date onwards is stated.

Furthermore, even after assuming his position as an Outside Director who is not an Audit & Supervisory Committee Member, Mitsutoshi Takao continues to attend meetings of the Audit & Supervisory Committee as an observer, sharing information and exchanging opinions.

The following is a summary of the main matters discussed and deliberated at the Audit & Supervisory Committee meetings held during the fiscal year ended June 30, 2024.

- Selection of Chairperson, Committee Chairperson, Audit and Supervisory Committee Members, and Appointed Audit and Supervisory Committee Members
- Determination of the content of proposals concerning the election, dismissal, or non-reappointment of accounting auditors
- Consent to Accounting Auditor's Remuneration, etc.
- Consent to Proposal for Election of Directors as Audit & Supervisory Committee Members
- Determination of opinions on the election, etc., and remuneration, etc., of Directors (excluding Audit & Supervisory Committee Member)
- Preparation of Audit Committee Audit Report
- Establishment of audit policy, audit plan, and assignment of duties
- Resolution of consent for treatment of Audit & Supervisory Committee office staff

2-3. Nomination and Compensation Committee (held provisionally as necessary)

The Nomination and Compensation Committee is chaired by Mitsutoshi Takao, the chief Independent Outside Director and consists of four Outside Directors (Mitsutoshi Takao, Kazuhiko Yamada, Shoko Takase, Masahiko Ito). The Nomination and Compensation Committee deliberated matters regarding the nomination and compensation of Directors, and Executive Officers of the Company and the Group Companies, providing opinions, reports, advice, and recommendations to the Board of Directors.

During the fiscal year ended June 2024, the Nomination and Compensation Committee held eight meetings, which were attended by all members and deliberated matters concerning personnel affairs of officers of the Company and the Group Companies, remuneration of officers (including individual personnel affairs and remuneration amount, the policy for determining remuneration, and a stock-based remuneration system), selection of the candidates for Outside Directors, and discussions at Management Development Committee (developing succession plans for key positions), among other things.

2-4. Independent Directors Committee (in principle, held twice a year)

Independent Directors Committee is chaired by Mitsutoshi Takao, Chief Independent Outside Director and consists of six Outside Directors: (Mitsutoshi Takao, Kazuhiko Yamada, Shoko Takase, Masahiko Ito, Rumiko Tanabe, Masatoshi Deguchi). In response to the requirements of the Corporate Governance Code, which encourages the use of Independent Directors, and as an effort to strengthen governance contributing to medium- to long-term profitability, the Company pursues the exchange of information, understanding, and opinions between Independent Outside Directors to enhance governance functions further.

During the fiscal year ended June 2024, the Independent Directors Committee meetings were held three times with the participation of all Independent Directors who was recuperating from illness.

3. Business Execution Organizations

3-1. Group Management Committee (in principle, meets weekly)

The Group Management Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, and consists of Executive Directors, Executive Officers, and Representative Directors of the Group Companies. The Group Management Committee has been established and operates as an organization to discuss and deliberate important matters in business execution, to manage the progress of the business performance of the Company and the Group Companies, and to share necessary information, work in close cooperation, and adjust strategies across the Group in a flexible manner. The Director who is a full-time Audit & Supervisory Committee Member attends meetings to gain an understanding of important decision-making processes and the status of business execution, expressing opinions as necessary.

3-2. ERM Committee (in principle, meets semiannually)

The ERM Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, vice-chaired by Toshihiro Hagiwara, Managing Director and CFO, and consists of full-time Directors, a Director who is full-time Audit & Supervisory Committee Member, the head of each risk management department, and other members appointed by the chairperson. After conducting comprehensive evaluations of risks related to the strategy, market, competition, operations, compliance, J-SOX, etc., the ERM Committee formulates basic policies regarding ERM as well as ERM plans for the establishment and operation of systems, monitoring the progress of their implementation by each risk management department and business department. Furthermore, the Board of Directors oversees enterprise risk management through reports from the ERM Committee and deliberations at the Board.

3-3. Compliance Committee (in principle, meets monthly)

The Compliance Committee is chaired by Executive Officer in charge of General Affairs and CSR, and consists of the general manager of each division and officers and employees in the Group as designated by the committee chair. The Compliance Committee examines measures to improve and sustain compliance within the Group, formulates, implements and manages the progress of the annual compliance plan, and reports to the ERM Committee as necessary. President, Representative Director and CEO, Managing Director and CFO, the Audit & Supervisory Committee member, and auditors of Group Companies can attend and state opinions at the Compliance Committee.

3-4. Sustainability Committee (in principle, meets semiannually)

The Sustainability Committee is chaired by Takeshi Yagi, President, Representative Director and CEO, and consists of full-time Directors, and Group executives and employees appointed by the committee chair. The Committee is responsible for decision-making regarding

development, implementation and operation, etc. of important matters to achieve the Group's Sustainability Policy. More specifically, the Committee deliberates on the establishment, revision, and abolition of sustainability-related rules, matters related to important Group issues, and matters related to responses to external evaluation bodies.

3-5. Management Development Committee (in principle, meets semiannually)

The Management Development Committee is chaired by President, Representative Director and CEO Takeshi Yagi, and consists of full-time Directors and other Executives and employees appointed by the committee chairperson. The Committee reports regularly to the Board of Directors and the Nomination and Compensation Committee on the deliberations and status of initiatives by the Committee, with the aim of linking management strategy and human resource strategy at the Group level, operating and establishing succession plans for key positions, and allocating, appointing, and developing executive management personnel from the perspectives of Group optimization.

4. Liability Limitation Agreement

In accordance with the provisions of Article 427, Paragraph 1 of the Companies Act and the provisions of its Articles of Incorporation, the Company concludes contracts limiting liability as defined under Article 423, Paragraph 1 of said law with Directors (excluding Executive Directors). The limit on damage liability set forth in these contracts shall be the liability limit prescribed 5 million yen or in Article 425, Paragraph 1 of the Companies Act, whichever is higher. Furthermore, the limit to liability shall be recognized only when the execution of duties by the Director (excluding those who are Audit & Supervisory Committee Members) resulting in liability was conducted in good faith and did not constitute gross negligence.

3. Reason for Selecting Current Corporate Governance System

- The Company adopts a company with Audit & Supervisory Committee system under the Companies Act in order to strengthen the supervisory function of management by the Board of Directors, to enable prompt decision-making by delegating important business execution decisions to Executive Directors, and to facilitate strategic and in-depth discussions at the Board of Directors meetings.
- The Company establishes and utilizes the Nomination and Compensation Committee to obtain appropriate involvement and advice from Outside Directors with respect to nomination and compensation of the Company's Directors and senior management of the Group, and further enhance the governance function by strengthening objectivity and accountability in such nomination and compensation decisions.
- The Company adopts an executive officer system that allocates executive authority and responsibility for day-to-day business execution to Executive Officers in order to ensure flexible and efficient business operations.
- The Company has and regularly holds the Independent Directors Committee for the purpose of enabling Independent Outside Directors to gather information on the agenda of the Board of Directors and other matters related to the management of the Group, and to exchange opinions and share awareness among Independent Outside Directors.
- The Board of Directors of the Company monitors the effective operation of the internal control system in accordance with the "Basic Policy Concerning Internal Control System" established by a resolution of the Board of Directors, and ensures appropriateness of business execution of the entire Group.

/// Status of Policies Concerning Shareholders and other Parties with Interests

1. Status of Initiatives related to Improving the Substance of General Meeting of Shareholders and optimizing the Process of Exercising Voting Rights Updated

	Supplemental information
Early delivery of General Meeting of Shareholders' convening notice	As a general rule, we send out the Notice of Convocation of the General Meeting of Shareholders at least three weeks prior to the date of the General Meeting of Shareholders.
Setting dates for the General Meeting of Shareholders that avoids peak periods	Although our fiscal year concludes in June and we hold the General Meeting of Shareholders in September, we set dates that are not concurrent with the General Meeting of Shareholders for other companies to the extent possible.
Exercising voting rights via electronic methods	We enable the exercising of voting rights via electronic methods.
Participation in electronic voting platform and other initiatives to improve the voting environment for institutional investors	We participate in the electronic voting platform in order to create an environment in which all shareholders, not just those attending the General Meeting of Shareholders, can exercise their voting rights appropriately.
Provision of convocation notice (summary) in English	We provide an English translation (summary) of the convocation notice and post it on our website and electronic voting platform at the same time as the Japanese convocation notice.
Other	In order to ensure that shareholders have sufficient time to review the proposals of the General Meeting of Shareholders and exercise their voting rights appropriately, we send out the convocation notice, reference materials at the earliest opportunity, and publish them on our website during the period between the Board of Directors' resolution to convene the meeting and the dispatch of the convocation notice.

2. Status of IR Activities

	Supplemental information	Explanation provided directly by representative
Creation/publication of disclosure policy	We publish our disclosure policy on our website.	
Holding regular conferences for individual investors	We proactively attend conferences for individual investors held by securities companies and others to help investors better understand the Company. After the financial results briefings for institutional investors and analysts, which are held four times a year for each quarter, the video, transcript of the briefing, and record of Q&A session are promptly posted on our website. Additionally, the CEO himself appears on a radio program periodically to create opportunity for providing information about current situation, business environment, and future plans.	Yes
Holding regular conferences for analysts and institutional investors	We host four quarterly financial results briefings in each fiscal year. We also regularly hold individual and group meetings with institutional investors and analysts.	Yes
Holding regular conferences for overseas investors	We provide presentations at conferences and webinars hosted by domestic and overseas securities firms. We also regularly hold individual and group meetings with overseas institutional investors and analysts. We proactively disclose information that we consider necessary to be disclosed in English (news releases, financial statements, securities reports (excerpts), corporate governance reports, integrated reports, etc.) on our website in English.	Yes

Publication of IR materials on website	<p>In addition to the regular publication of monthly materials, we also publish financial and IR materials such as financial information, timely disclosure materials, press releases, securities reports and quarterly reports, General Meeting of Shareholders materials, earnings conference materials, and materials related to our medium-term management plan, ESG Related Information, etc.</p>
Establishment of IR department (manager)	<p>The Communication and IR Office of the Management Planning Department, which is overseen by the CFO, is responsible for IR activities.</p>

3. Status of Initiatives related to Respecting the Position of Stakeholders Updated

Supplemental information	
Internal regulations for respecting the position of stakeholders	<p>As a corporate group trusted by society, we establish the “TechnoPro Group Code of Conduct” by a resolution of the Board of Directors to foster good relationships with stakeholders and to pursue realization of sustainable societies, practicing corporate behavior in accordance with this Code of Conduct. The Code states the basic stance as a group on environmental conservation addressing climate change issues, respect for human rights and diversity, consideration for employee health and working environment, fair and appropriate transactions with business partners, and proper handling of information and assets etc. The “TechnoPro Group Code of Conduct” can be viewed at our website. https://www.technoproholdings.com/en/ir/management/code_of_conduct.html</p> <p>We also have outlined the “6 Promises of TechnoPro Group Employees” as rules of conduct for the behavior of our executives and employees, and are striving to realize “TechnoPro Group Code of Conduct” through the practice and penetration of these promises.</p> <p>[TechnoPro Group Six Core Commitments]</p> <ol style="list-style-type: none"> 1. Act with initiative and accountability <ul style="list-style-type: none"> • We work with the end goal in mind, selecting the best course of action. 2. Strive to improve expertise and skills <ul style="list-style-type: none"> • We aspire to greatness in our profession, learning new skills and knowledge every day. 3. Communicate effectively and act with sincerity <ul style="list-style-type: none"> • We treat everyone with respect, building relationships of understanding and trust. 4. Be an ultimate professional and a trusted team player <ul style="list-style-type: none"> • We work with other entities, incorporating various ideas and insights for superb results. 5. Act with insight and speed for the success of others <ul style="list-style-type: none"> • We monitor trends in markets and technology, anticipating needs and offering superior solutions. 6. Be perfect in legal and ethical compliance <ul style="list-style-type: none"> • We inspire trust and confidence through perfect compliance with labor laws, information security statutes and practices, and ethics rules governing business in general and in our industry in particular. <p>The Board of Directors periodically checks the status of the implementation of the above behavioral standard in the Group.</p>
Promote environmental conservation activities, CSR activities, etc.	<p>Based on the recognition that addressing sustainability issues is an important management agenda that not only reduces risks but also leads to profit-earning opportunities for the Group, the Company establishes the “TechnoPro Group Sustainability Policy” by a resolution of the Board of Directors and in pursuit of sustainable growth that integrates business with consideration for environment (Environment), solving social issues (Social) and commitment to governance (Governance), and holds the Sustainability Committee chaired by the President, Representative Director and CEO.</p> <p>The Sustainability Committee reviews and makes decisions on policies, initiatives and operation of important matters related to sustainability, and the Company endeavors to actively and proactively address these issues throughout the entire Group.</p> <p>The Board of Directors receives regular reports on matters to be discussed by the Sustainability Committee, and if there are any agenda items to be discussed by the Board of Directors, the Board of Directors shall discuss them. In addition to the "TechnoPro Group Sustainability Policy," we have also established the " TechnoPro Group Environmental Policies," "TechnoPro Group Supplier Policy," and "Social</p>

Promote environmental conservation activities, CSR activities, etc.

Contribution Policy" as internal regulations to address sustainability issues. Refer to our website for the details of each regulation.

[TechnoPro Group Sustainability Policy]

https://www.technoproholdings.com/en/sustainability/sus_management.html#anc3

[TechnoPro Group Environmental Policy]

<https://www.technoproholdings.com/en/sustainability/environment/conservation.html#anc1>

[TechnoPro Group Supplier Policy]

<https://www.technoproholdings.com/en/sustainability/social/supplychain.html#anc1>

[Social Contribution Policy]

<https://www.technoproholdings.com/en/sustainability/social/contribution.html#anc1>

Below are the examples of Group's activities for environmental conservation and social contribution, as the execution of the above policies:

- Participation as a collaborative partner in the Kagaku-no-Koshien Junior (national science competition for junior high school students) and the Kagaku-no-Koshien (national science competition for high school students), both organized by the Japan Science and Technology Agency (JST).
- Endorsement and support for the activities of Waffle, an NPO that promotes the advancement of women in the fields of science and mathematics (especially software programming)
- Participation in activities to deliver picture books to children in Asia with Shanti Volunteer Association
- Support for the environmental conservation activities of the World Wide Fund Japan (WWF Japan)
- Participation in disaster recovery volunteer activities, cleanup activities, and tree planting activities in various parts of Japan
- Activities to calculate and reduce greenhouse gas emissions

Creation of policies related to information sharing for stakeholders

We believe ensuring the accurate understanding and evaluation of the Group by all our stakeholders, including shareholders, business partners, and employees, is vital to the Company. In addition to legally mandated disclosures, we work to disseminate Group information by publishing it on our website and hosting conferences. Specifically, in the "Corporate Governance Guidelines," we outline the followings concerning information disclosure and transparency.

- The Company establishes the "Disclosure Policy" and the Disclosure Committee, and discloses information in a timely and appropriate manner in compliance with laws, related rules and regulations.
- From the perspectives of shareholders, investors, and other stakeholders, the Company shall proactively disclose not only financial information, but also non-financial information including initiatives to address sustainability issues, investments in human capital and intellectual property, and other information. The Company will also collect and analyze necessary data on the impact of climate change-related risks and opportunities on the Group business activities and earnings, and will enhance the quality and quantity of disclosure based on the TCFD (Task Force on Climate-related Financial Disclosure), an internationally established disclosure framework, or an equivalent framework.
- We shall disclose and provide disclosure documents in English for the information deemed necessary.

IV Matters concerning Internal Control System, etc.

1. Basic Approach concerning Internal Control System and Status of Development Updated

The Company has established the following “Basic Policy on Internal Control System” as a system to ensure appropriate business operations.

1. Internal Controls Structure

- The Company is a pure holding company, responsible for strategic planning and management support functions for the Group Companies. Accordingly, the Company’s basic policy for an internal controls system applies to the Group Companies as well as the Company.
- The Company maintains and operates the following structure of internal controls for itself and creates and imposes the following structure of internal controls for the Group Companies in accordance with laws and other rules and within a scope deemed rational.

1-1. Management implementation structure

- The Board of Directors shall make decisions regarding the Group controls environment (vision, medium-term management plan, human resources, etc.). Furthermore, the Board of Directors shall obtain an understanding of the performance and internal controls status of the Group, exercising supervision over the Group Directors to determine whether performance is conducted efficiently and appropriately.
- The Board of Directors shall implement an executive officer system that allocates authority and responsibility over daily operations to Executive Officers, enabling Directors to focus on strategic decision making and supervisory functions, thereby increasing business efficiency and strengthening business supervisory functions.
- In principle, Executive Officers of the Company shall serve concurrently as Directors of the Group Companies. The Group Management Committee, consisting of the Company’s Executive Officers and others, shall deliberate basic policies and important matters related to the general management of the Group.
- The Company shall manage the Group Companies, clearly defining matters for Company approval and matters that are reported to the Company according to TechnoPro Group “Company Management Regulations.”
- TechnoPro Group executives and employees shall follow the decision-making rules, basis the priorities stipulated in the division role regulation, the authority regulation and the approval criteria of each company, in order to realize prompt decision-making and efficient business execution.
- The Company shall provide shared services (accounting, finance, human resources, legal affairs, information systems, etc.) for the Group to achieve operational efficiencies and ensure internal controls.

1-2. Internal audit system

- The Company’s Internal Audit Department shall investigate the status and operations of the system of internal controls within the Group according to internal audit rules, etc., providing advice and proposals for the improvement thereof.
- To ensure the independence and objectivity of internal audits, the Company’s Internal Audit Department shall directly report to the Company’s President, Representative Director and CEO.
- The annual internal audit policy and internal audit plan for the Group shall be reported to the Board of Directors after approval by the President, Representative Director and CEO.
- The Internal Audit Department shall cooperate closely with the Company’s Audit & Supervisory Committee to ensure effective and practical audits.

1-3. Matters necessary to carry out duties of the Audit & Supervisory Committee and Auditors

1-3-1. Matters Concerning Employees Assisting in Duties of the Audit & Supervisory Committee and Auditors (“Auditor Assistants”)

- The Company shall establish the Audit & Supervisory Committee Office and the Auditor Office, with appropriate staffing as the Auditor Assistants, to exclusively assist the Audit & Supervisory Committee and the Auditors in carrying out their duties. In addition, the Group Directors shall cooperate in organizing the proper audit environment to ensure the effectiveness of audits by the Audit & Supervisory Committee, its members and Auditors.

1-3-2. Matters concerning independence of auditor assistants from Directors (excluding those who are Audit & Supervisory Committee Members)

- The Auditor Assistants shall not assume the positions of other departments and shall not be directed by any person other than the Audit & Supervisory Committee or the Auditors. Personnel matters related to the Auditor Assistants, including department transfers, performance evaluations, and rewards and penalties, shall require the consent of the Audit & Supervisory Committee or the Auditors of each Group Company.

1-3-3. Matters to ensure effective instructions to auditor assistants given by the Audit & Supervisory Committee and Auditors

- The Auditor Assistants shall carry out their duties in accordance with the instructions of the Audit & Supervisory Committee or the Auditors.

1-3-4. System, to report to the Audit & Supervisory Committee, its Members and Auditors, for Directors (excluding those who are Audit & Supervisory Committee Members) and auditor assistants, as well as Directors, Auditors and auditor assistants of the Group Companies, or individuals reported by them.

- The Company’s Audit & Supervisory Committee Members shall attend important meetings and committee meetings of the Group.
- The Group Directors (excluding those who are Audit & Supervisory Committee Members) and the Auditor Assistants shall have regular meetings with the Audit & Supervisory Committee, its members and Auditors to ensure mutual understanding between the Audit & Supervisory Committees, its members, and the Auditors of each Group Company.
- The Group shall establish the structure in which the Audit & Supervisory Committee, its members and the Auditors can gather information directly through approval documents or other important documents, regular reports from the Company’s Internal Audit Department, shared information related to internal reporting, reports from executives and employees, etc.

1-3-5. System to ensure avoidance of disadvantageous treatment for person making report under 1-3-4

- The Group shall determine and publicize clearly the rules to the effect that the Group executives and employees shall not be treated

unfairly as a result of internal reporting to the Audit & Supervisory Committee, its members or the Auditors.

1-3-6. Policy concerning expenses or liabilities incurred in performance of duties by Audit & Supervisory Committee Members (limited to those related to duties of the Audit & Supervisory Committee) and Auditors, including prepayment or reimbursement procedures for expenses

- The annual budget shall be set for the audit expenses for the Audit & Supervisory Committee and the Auditors, payable by each Group Company, unless proven irrelevant to the execution of duties.

1-3-7. Other systems to ensure effective implementation of audits by the Audit & Supervisory Committee and Auditors

- The Audit & Supervisory Committee shall cooperate with the Auditors through the Group Audit Liaison Meeting, etc., which is held for the purpose of enhancing the effectiveness and fairness of the audits, and shall monitor the establishments and operations of the internal controls systems.
- The Audit & Supervisory Committee Members shall, in principle, serve concurrently as the Auditors of important Group companies.

1-4. Information retention management system

- The Group as a whole shall establish a system for the appropriate retention and use of information related to the operation of the structure of internal controls described above.
- The Group shall properly create and retain documents based on the General Meeting of Shareholders minutes, the Board of Directors meeting minutes, and other legally mandated documents.
- Information related to decisions made at major meetings and information related to major decisions and/or the execution of duties by Directors shall be recorded, retained and/or destroyed, either in physical or electronic media, according to the document management regulations and the document retention regulations.
- The Group shall establish a system for quickly searching and viewing these documents to confirm the existence and retention status of said documents. This system consists of document digitization and entry into a database.

2. Internal Controls

- The Group as a whole shall strengthen internal controls related to the following matters, according to the structure of internal controls described in the prior paragraphs.

2-1. Internal controls related to risk management

- The Group executives and employees shall execute their duties within the scope of authority and responsibility based on the authority and scope of responsibility defined for the individual. Said individual is responsible for managing the events that may affect the Group's ability to achieve its strategic and business objectives ("Risks").
- The Group shall establish the Enterprise Risk Management (ERM) regulations and other related rules in order to reasonably guarantee the formulation of strategies and the achievement of business objectives.
- The Group shall conduct a comprehensive assessment of the identified Risks and establish a risk response policy at the ERM Committee based on the Group's risk appetite.
- The Group shall establish a risk management monitoring system to collect information within the Company related to group-wide Risks, providing a prompt and effective response.
- The Group shall provide ongoing education and training related to risk management to the Group executives and employees.
- On an annual basis, the Board of Directors shall identify Risks related to the execution of duties, revising corresponding risk management structure.

2-2. Internal controls related to compliance

- Recognizing the compliance with relevant laws and statutes is prerequisite as an entity engaged in labor dispatch, paid placement services, and other businesses, the Group as a whole shall establish structures for strict compliance with laws, statutes, and the Articles of Incorporation, as well as with corporate ethics ("Compliance").
- The President, Representative Director and CEO of the Company shall assume ultimate responsibility for Company Compliance. In addition, the Company shall establish a Compliance Committee, which is chaired by the Executive Officer in charge of General Affairs and CSR and whose members consist of the general manager of each division and officers and employees of the Group appointed by the Chairperson. The Compliance Committee deliberates important matters related to organization-wide compliance structure planning and operations.
- By setting and operating Compliance rules, the Group shall maintain compliance structure, identify issues, and improve issues that must be addressed.
- The Group shall institute an internal reporting system (adding to internal reporting desk, establish third-party report desk independent of management), making this reporting system known to executives and employees for the prevention, early detection, and prompt and effective response to acts in violation of Compliance. At the same time, reports from executives and employees related to Compliance shall be reflected in the Group's business management.
- In the event that an act in violation of Compliance is discovered, the Group shall take appropriate response measures in cooperation with external experts and in accordance with the Compliance regulations and the internal reporting regulations. Further, the Group shall institute and implement disciplinary actions against those who violate or knowingly conceal the violation of Compliance.

2-3. Internal controls related to financial reporting

- To ensure the reliability of the Group's financial reporting, the Group shall make internal controls over financial reporting to function at the group-wide and at the business process level in accordance with the Financial Instruments and Exchange Act and other related laws and regulations.
- The Group shall conduct annual assessment of Risks at the ERM Committee in order to strengthen internal control functions related to the Group's financial reporting. The ERM Committee shall assume responsibility for important decisions to create and operate internal controls systems related to financial reporting.

2-4. Internal controls related to information systems and information security

- In light of the possibility that the Group executives and employees may have access to confidential information related to customer research and development, or personal information related to job candidates or executives and employees of the Group, the Group shall implement a strict information security management system.
- The Group shall create and operate regulations related to information systems and information security, providing education and training to executives and employees in order to instill the appropriate handling of information and information equipment.

- The Group shall engage in measures against data loss or leakage by strengthening the infrastructure of network security, etc.

2. Basic Approach to the Elimination of Antisocial Forces and Status of Measures

Our Group has outlined the “Antisocial Force Response Regulations” and “Antisocial Force Response Manual.” Designating the CSR Promotion Department as the department in charge, we have established and operate a system to eliminate any relations with antisocial forces.

For contracts with business partners, we require the inclusion of an antisocial force elimination clause (clause stipulating the right to cancel a contract if it is determined that the opposing party is an antisocial force) in an agreement and as a requirement of memorandums and contracts. Furthermore, directors and employees are required to submit a pledge stating that they do not constitute an antisocial force and that they have no involvement with antisocial forces.

V Other

1. Incorporation of Measures to Prevent TOB

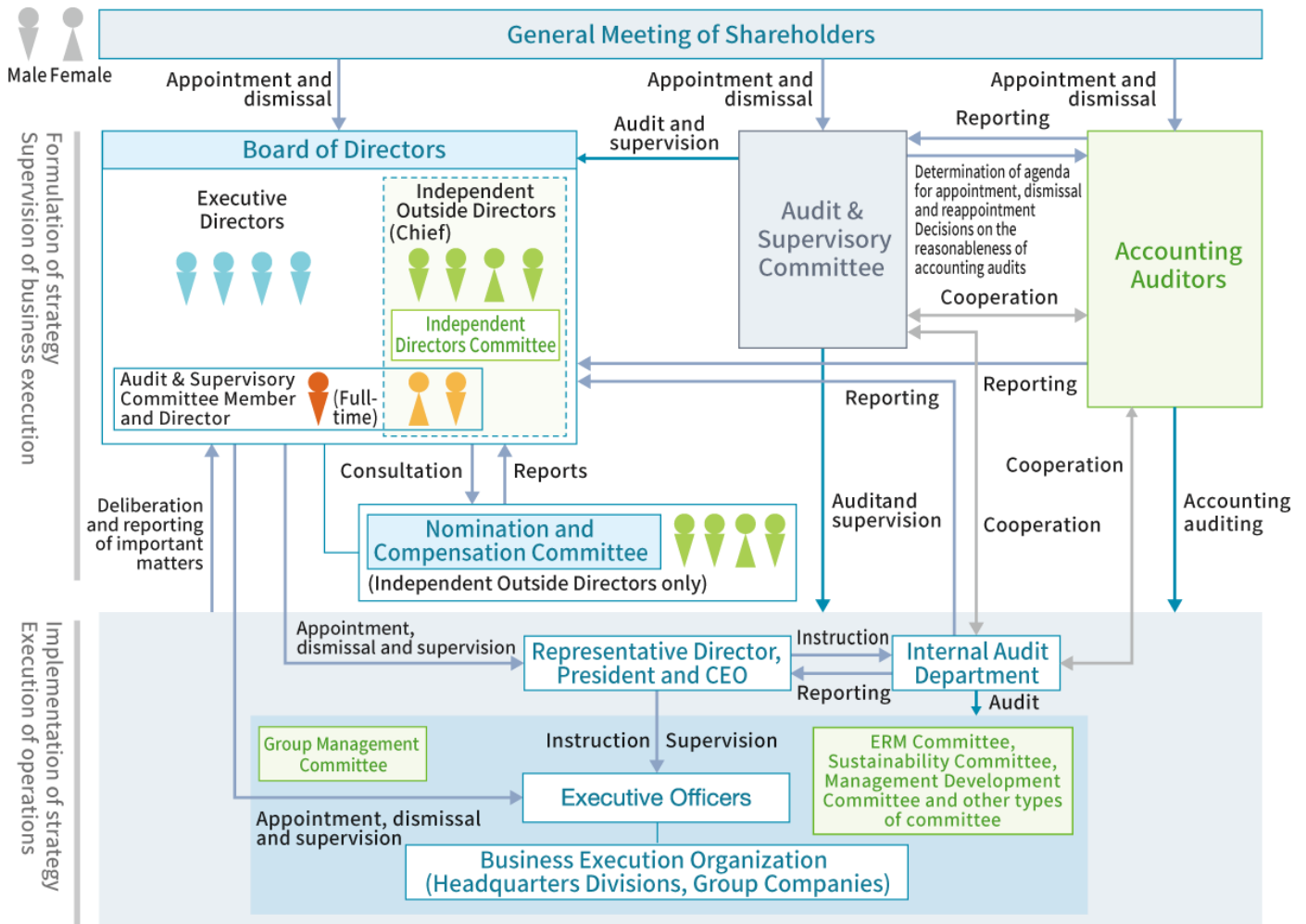
Incorporation of measures to prevent TOB	None
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Supplemental information concerning relevant items

2. Other Matters related to Corporate Governance System, etc.

[Corporate Governance Structure and Internal Control System]

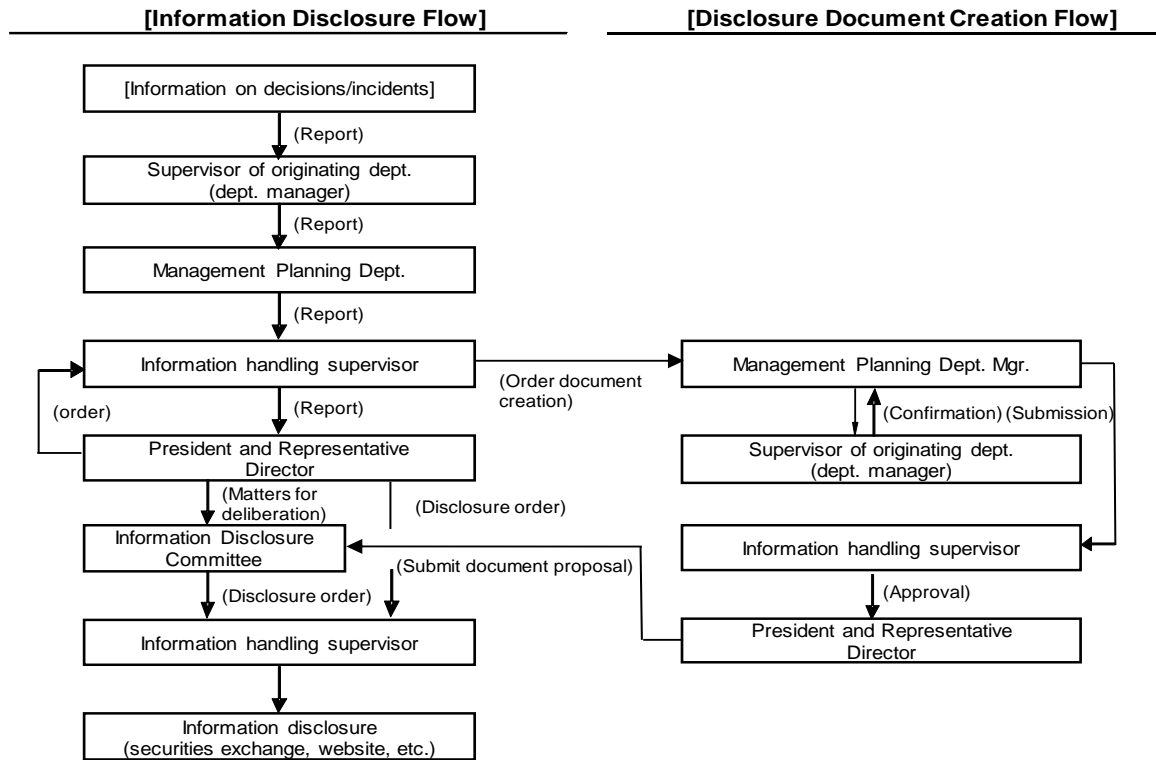
Corporate Governance and Compliance System



Note: The Board of Directors is chaired by the chief Independent Outside Director. The Audit & Supervisory Committee is chaired by a full-time Director who is an Audit & Supervisory Committee Member. The Nomination and Compensation Committee is chaired by the chief Independent Outside Director. The Independent Directors Committee is chaired by the chief Independent Outside Director.

[Summary of Timely Disclosure Flows]

[Information on Decisions/Incidents]



[Financial Information]

