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Corporate Governance Report

CORPORATE GOVERNANCE

Last Update: June 19 2023

SB Technology Corp.

Shinichi Ata, President & CEO

Securities Code: 4726

<https://www.softbanktech.co.jp/en/>

The corporate governance of SB Technology Corp. (the “Company”) is described below.

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

1. Basic Views

The SB Technology group is guided by a corporate philosophy of “Information Revolution – Happiness for everyone - Technologies Design the Future -” and provide ICT services. We are dedicated to properly working with shareholders and all other stakeholders in order to contribute to achieving a more fulfilling and beneficial information society. Our goal is to use these activities for sustained growth and medium to long-term improvement in corporate value. Accomplishing this goal requires the proper establishment of a framework that makes it possible to reach decisions with transparency, fairness, speed and resolution. We seek to strengthen our corporate governance continuously.

Reasons for Non-compliance with the Principles of the Corporate Governance Code [Updated]

The Company implements all aspects of every principle of Japan's Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code [Updated]

Principle 1.4 Cross-shareholdings

"Policy on Strategic Holding of Listed Stocks and Reduction of Said Holdings"

From the standpoint of enhancing corporate value over the medium- to long-term, we will thoroughly consider business necessities such as corporate alliances and the establishment, maintenance, and enhancement of business relationships, as well as the economic rationality of investments. We will hold listed stocks only when we deem it necessary.

Every year, at the Board of Directors meeting, we verify the appropriateness of continuous holding of listed stocks by taking into account factors such as the latest business performance of the investee, the status of unrealized gains/losses on our stockholdings, and the risk of a decline in stock prices from a medium-to long-term perspective, in addition to business benefits such as the strengthening of alliances by continuing to hold stocks.

"Standards for the Exercise of Voting Rights Related to Strategic Shareholdings"

When exercising the voting rights of our strategic shareholdings, we will carefully examine the content of each proposal and exercise our voting rights appropriately after comprehensively determining that it will not impair the shareholder value of the

investee or impair our alliances.

Principle 1.7 Related party transactions

We will conduct transactions with related parties on the terms and conditions of ordinary transactions, and we approve the reporting of such transactions at the Board of Directors meetings if such transactions are deemed likely to harm us and the common interests of our shareholders, so that provide appropriate oversight may be provided. Similarly, the Board of Directors will approve and report transactions with respect to competitive transactions and transactions by directors that may represent a conflict of interests.

Principle 2.4 Ensuring Diversity, Including Active Participation of Women

Supplementary Principle 2.4.1

We promote diversity, including the furtherance of women's active participation within the company.

As of April 2023, the date of submission, female employees accounted for 18.9% of our total workforce and 7.2% of our management positions. Non-Japanese employees make up 2.0% of our workforce.

With regard to the promotion of core personnel, we have introduced a personnel system called the "Mission Grade System," under which employees are promoted equally according to their roles independent of other attributes. With regard to human resource development, our policy is to support the further growth of each individual by establishing a framework for training and human resource development systems that enable employees to independently advance their careers toward their own career goals. Based on the human resource development policy, we have prepared a system to improve the in-house environment by providing leave for skill- and capacity-building, expenses for examinations, incentives for acquiring qualifications, and a system for employees to learn from one another.

Moreover, having made the promotion of female advancement one of the KPIs for materiality in sustainability activities, the Company aims to achieve a ratio of female employees in managerial positions of 15% by 2035 and is applying itself to meeting this goal.

As a result of our efforts to support women's active participation in the workplace, we have been certified with the highest ranking (in a three-stage evaluation) under the Act on Promotion of Women's Participation and Advancement in the Workplace, and have received the "Kurumin" certification from the Ministry of Health, Labour and Welfare under the Act on Promotion of Support for the Development of the Next Generation recognizing efforts to create an environment that facilitates a balance between work and child-rearing for employees.

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

We do not participate in specific corporate pension funds. The Company has introduced a corporate defined contribution (DC) pension plan, and selects operational management institutions and investment products and provides education to employees on asset management as appropriate.

Principle 3.1 Full disclosure

We provide information on items (i) to (v) as follows.

(i) The Company's goals (management philosophy, etc.), management strategies, and management plans

To further enhance the trust and understanding of our stakeholders—including shareholders, employees, customers, and business partners—we publish our management philosophy and our vision and management plan for the sustainable growth of the Group and the enhancement of corporate value over the medium- to long- term on our website, and in our financial briefing statements.

(ii) Our basic approach to corporate governance, and basic policies based on each principle of this code

Our basic stance and policies on corporate governance are disclosed in our Corporate Governance Report and on our website.

Please refer to “I.1. Basic Views” in this report.

(iii) Policies and procedures by which the Board of Directors determines the compensation of senior management and directors

In order to function as an incentive, our remuneration system for directors, excluding outside directors, consists of basic remuneration as fixed remuneration and performance-based bonuses and stock remuneration as variable remuneration (restricted stock awards and stock options). Individual remuneration amounts are determined as appropriate after deliberation by the Nomination and Compensation Advisory Council in accordance with internal rules on executive remuneration, comprehensively taking into account the Company's performance, the executive's degree of contribution, and economic conditions. Remuneration for outside directors is limited to basic remuneration in light of their role in monitoring and supervising management from an independent standpoint.

(iv) Policies and procedures for the appointment and dismissal of senior management and the nomination of candidate directors and Audit & Supervisory Board members by the Board of Directors

The appointment of candidate directors and Audit & Supervisory Board members is conducted through interviews with the President and CEO and the directors nominated by the President and CEO based on the recommendations of other directors, Audit & Supervisory Board members and outside experts to confirm that the candidates have diverse experience, knowledge, high expertise and insight. The Nomination and Compensation Advisory Council, whose majority are independent outside directors, exchanges opinions and discusses matters, and proposals regarding the candidates' election to be submitted at a General Meeting of Shareholders are determined by the Board of Directors at their meeting after obtaining the consent of the Audit & Supervisory Board members regarding candidate Audit & Supervisory Board members.

(v) Explanation of individual appointments, dismissals, and nominations when the Board of Directors appoints executives and nominates candidates for Directors and Audit & Supervisory Board Members based on (iv) above

Regarding the appointment of candidates for directors and auditors, the brief personal history, reasons for appointment, and the status of important concurrent positions shall be described and explained in the announcement for the general shareholders' meeting. In addition, reasons for dismissal of directors and corporate auditors shall likewise be stated and explained in the announcement for the general shareholders' meeting.

Supplementary principle 3.1.3

1 : Sustainability initiatives of the Company

Under our vision of "Generating New Value to the World by Leading Technologies and Creativeness with Diverse Work Styles and Opportunity-full Culture", we aim to address social issues by supporting our customers' businesses and to realize a sustainable society through our business activities and corporate activities.

See our website for information about our views, policies and initiatives for sustainability.

Sustainability <https://www.softbanktech.co.jp/en/about/sustainability/>

2 : Investments in human capital and intellectual property, etc.

As we have included the increase of human capital that will drive growth and the establishment of a framework for the creation of businesses in our material issues, we will implement measures to increase employee engagement by providing a mechanism for enabling employees to develop skills and establishing a pleasant working environment based on our personnel strategy, by which the growth of each individual will lead to the growth of the company.

3 : Impact of climate change-related risks and earnings opportunities

Given the extreme weather conditions caused by climate change and rising societal demands for measures to combat climate change, we recognize that it is vital that we understand the risks and opportunities that climate change will pose to us in the future. We also believe it is important to verify the effectiveness of current measures to combat climate change and apply them in the future formulation of strategy as necessary.

In line with the TCFD recommendations, we will analyze scenarios, organize the impact on our activities and promote a range of measures to continuously stay up to date on information related to climate change.

Climate change initiatives(TCFD) <https://www.softbanktech.co.jp/corp/sustainability/esg/environment/>

(Japanese language only)

Principle 4.1 Determination of scope of delegation to management and disclosure thereof

Supplementary principle 4.1.1

The Board of Directors shall make decisions on important matters related to the Group's business operations in accordance with laws and regulations, the Articles of Incorporation, and the Regulations of the Board of Directors. The Board of Directors delegates its authority to the Managing Directors and Executive Officers in accordance with the Company's internal regulations on operational authority.

Principle 4.9 Independence standards and qualification for independent directors

Criteria for determining the independence of independent outside directors and others are disclosed on our website.

https://www.softbanktech.co.jp/-/media/SMC/corp/ir/management/governance/pdf/20151125_shagai_2020.pdf

(Japanese language only)

Principle 4.10 Use of Optional Approach

Supplementary principle 4.10.1

Our Independent Outside Directors have reached a majority of the Board of Directors, and we have a system in place that enables us to obtain appropriate involvement and advice regarding the nomination and remuneration of management executives and directors.

In addition, the Nomination and Compensation Advisory Council, which is a voluntary committee, is responsible for investigating, deliberating, and making recommendations regarding the nomination and remuneration of directors, and is determined in an appropriate manner. The majority of the members of the Nomination and Compensation Advisory Council are independent outside

directors, and its independence is ensured by its chairperson being an outside director.

Principle 4.11 Preconditions for Board and Kansayaku Board Effectiveness

Supplementary principle 4.11.1

We define and disclose the following ideas on balance, diversity, and the scope of knowledge, experience and abilities of the Board of Directors as a whole.

"Approach to Balance, Diversity, and the Scope of Knowledge, Experience, and Capabilities of the Board of Directors as a Whole"

In order to ensure the balance and diversity of knowledge, experience, and abilities of the Board of Directors as a whole, which are necessary for the sustainable growth of the Company and the enhancement of corporate value over the medium- to long-term, the Board of Directors shall select outside directors by considering their experience, insight, and expertise. The Board of Directors shall also select internal directors by comprehensively evaluating and judging from the viewpoint of the right person in the right position so that they can make appropriate and prompt decisions based on their experience, insight, expertise, and other factors, while ensuring a balance that can cover the execution of business in each field of the Company. With regard to the size of the Board of Directors, assuming the delegation of authority to properly allocated executive officers, the Board of Directors shall be simplified and appropriately deliberated in order to expedite decision-making, and will be of an appropriate size for supervising the execution of business. The Articles of Incorporation stipulate that the Board of Directors shall not exceed nine officers. We have also disclosed a skill matrix that lists the knowledge, experience, abilities, etc. of each director.

Supplementary principle 4.11.2 Status of concurrent positions of external directors and external audit & supervisory board members

Although some of our officers concurrently serve as officers of other listed companies, the number of such officers is limited as appropriate, and we believe that they can properly fulfill their roles and responsibilities as directors and corporate auditors of the Company. For the purpose of concentrating on duties and preventing conflicts of interest, if an officer concurrently serves, a resolution is required at the Board of Directors meeting. The Board of Directors decides whether or not the officer in question can concurrently serve after deliberating the individual attributes of the officer, the status of the concurrent position, and other factors, including overall balance, at the Board of Directors meeting. The same applies to directors and Audit & Supervisory Board members who concurrently hold positions other than officers of other listed companies. The status of key concurrent positions of Directors and Audit & Supervisory Board Members is disclosed annually through business reports, securities reports, and corporate governance reports.

Supplementary principle 4.11.3 Analysis and evaluation of the overall effectiveness of the board of directors

Our Board of Directors plans to conduct surveys and interviews for all directors and corporate auditors, receive third-party advice, compile and analyze the responses to said surveys and the results of interviews, share the results with the Board of Directors, conduct self-evaluations, and disclose them.

In accordance with the above policy, we will strive to further improve the effectiveness of the Board of Directors by continuing to evaluate the Board's effectiveness.

"Evaluation of the Effectiveness of the Board of Directors"

<https://www.softbanktech.co.jp/en/ir/management/governance/>

Principle 4.14 Training for directors and audit & supervisory board members

Supplementary principle 4.14.2 Policy for training for directors and audit & supervisory board members

Our basic policy is to continue to provide the training opportunities necessary for directors and corporate auditors to fulfill their roles and responsibilities.

Directors and Audit & Supervisory Board Members shall strive to acquire and refine necessary knowledge and new knowledge according to the times by actively participating in regular training for officers held throughout the SoftBank group, as well as external seminars organized by organizations of which we are a member.

Principle 5.1 Policy for constructive dialogue with shareholders

We have established a person responsible for—and a department in charge of—dialogue with shareholders, and have appointed a representative director as well as an executive officer in charge of IR and the Corporate Planning Department, in cooperation with each other. In addition, each of the Company's departments, including Finance and Accounting, Legal Affairs, and General Affairs, exchanges opinions with the Corporate Planning Department based on their respective professional perspectives while conducting daily information exchange and disclosing and explaining financial results, etc., in order to establish an organic collaborative system to assist in dialogue with shareholders. To help shareholders and investors deepen their understanding of our business, we hold results briefings for analysts, hold interviews and meetings with institutional investors, hold briefings for individual investors, and provide information through our website to enhance dialogue. Opinions and concerns voiced at these meetings are then reported to the Board of Directors and management as appropriate. For these activities, we endeavor to manage, as appropriate, the handling of material facts that have not yet been announced in accordance with our internal regulations concerning the prevention of insider trading, and ensure fair information disclosure.

Supplementary principle 5.1.2

In line with the policy for constructive dialogue with shareholders, the Company responds to points (i) to (v) as follows.

(i)(ii) The Company appoints its Director & CFO as director in charge of IR. Moreover, Corporate Planning Division acts as a point of contact, and persons in charge of IR play the leading role in relevant activities and information-sharing in close cooperation with other divisions related to IR.

(iii) The Company holds quarterly results briefings for investors and analysts, and the President & CEO provides explanations directly.

(iv) Regarding IR activities and conveying shareholder views and concerns to the management, the Company ensures that information is shared with the management team through monthly reports to IR Committee. In addition, the Board of Directors receive reports on a quarterly basis. The Company uses these activities to improve the way it discloses business results so that they are easy for shareholders and investors to understand. It has also adopted disclosure of results forecasts by market.

(v) When engaging in dialogue, the Company respects the fair disclosure rule and pays meticulous attention to the handling of material facts relating to the regulation of insider trading.

Principle 5.2 (Establishing and Disclosing Business Strategies and Business Plans)

The basic policy of the Company's capital policies is to endeavor to expand its business, improve profitability, strengthen its financial base and increase shareholders' capital from a long-term perspective. The Company publicly discloses its management

strategy, medium-term management plans and annual results forecasts. It makes it a rule to provide explanations on practical measures and progress toward achieving its goals at general shareholders' meetings, results briefings and briefings for individual investors and via its website, etc.

We have not set a management indicator target at this time, although we make efforts to track our cost of capital based on certain assumptions and we are aware that we continue to achieve a return on equity (ROE) that exceeds the cost of capital. We have not set a management indicator target at this time, although we make efforts to track our cost of capital based on certain assumptions and we are aware that we continue to achieve a return on equity (ROE) that exceeds the cost of capital.

2. Capital Structure

| | |
|----------------------------|---------------|
| Foreign Shareholders Ratio | Less than 10% |
|----------------------------|---------------|

Status of Major Shareholders [Updated]

| Name | Number of Shares Owned (Shares) | Shareholdings Ration (%) |
|--|---------------------------------|--------------------------|
| SoftBank Corp. | 10,735,000 | 54.04 |
| Custody Bank of Japan, Ltd. (Trust Account) | 1,749,000 | 8.80 |
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 1,196,400 | 6.02 |
| SB Technology Corp. Employees Shareholding Association | 334,134 | 1.68 |
| Individual | 180,400 | 0.91 |
| CACEIS BANK, LUXEMBOURG BRANCH / UCITS CLIENTS ASSETS | 155,000 | 0.78 |
| Individual | 122,400 | 0.62 |
| JP MORGAN CHASE BANK 385781 | 119,431 | 0.60 |
| Individual | 115,600 | 0.58 |
| J. P. MORGAN BANK LUXEMBOURG S. A. 381593 | 102,800 | 0.52 |

| | |
|---|---|
| Controlling Shareholder (except for Parent Company) | — |
|---|---|

| | |
|---------------------|---|
| Parent Company | SoftBank Corp. |
| Listed Stock Market | Tokyo Stock Exchange (Securities Code:9434) |

Supplementary Explanation

Asset Management One Co., Ltd. has disclosed that it owns 1,112,200 shares of the Company in their change report pertaining to their Report of Possession of Large Volume submitted on September 7, 2021 (reporting deadline: August 31, 2021).

However, because we have not confirmed the number of shares beneficially owned by this company in the fiscal year under review, we have not included it in the above list of major shareholders. The details of the aforementioned change report are as follows:

| | |
|--------------|--|
| Major Holder | Asset Management One Co., Ltd. |
| Address | 8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo |

| | |
|---------------------------|------------------|
| Number of shares held: | 1,112,200 shares |
| Percentage of shares held | 4.89% |

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Market and Market Section | Tokyo Stock Exchange, Prime Market |
| Fiscal Year-End | March |
| Type of Business | Information & Communication |
| Number of Employees (consolidated) as of the End of the Previous Fiscal Year | More than 1000 |
| Sales (consolidated) as of the End of the Previous Fiscal Year | From ¥10 billion to less than ¥100 billion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | From 10 to less than 50 |

4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

In the same manner as in transactions with other trading partners, the Company determines sales prices, taking into account the relevant prime cost, selling, general and administrative expenses, appropriate profits, market trends and other factors. In addition, the same applies to the calculation and determination of pricing

5. Special Circumstances Which May Have Material Impact on Corporate Governance [Updated]

[About Our Parent Companies]

Relationship with Our Parent Companies

- Our parent companies are SoftBank Group Corp. ("SBG"), SoftBank Group Japan Corp. ("SBGJ") and SoftBank Corp. ("SBKK"). SBKK owns 10,735,000 of our shares (voting ratio 54.1% at the end of March 2023) directly. SBG and SBGJ are also parent companies of SBKK and own our shares indirectly. Of these parent companies, that which has been deemed to have the greatest impact on us is our direct parent company, SBKK.
- One employee of the parent company has been appointed as a director of the Company for the purpose of mutual synergy with the parent company and strengthening IT collaboration. In addition, one employee of the parent company has been appointed as a corporate auditor for the purpose of information exchange and strengthening monitoring functions.
- We sell products to SBKK and provide system development and technical support services. In addition, we have a brand-use license agreement with SBKK pursuant to which we are permitted to use the name "SB" and other terms. In transactions with SBKK, the Company pays attention to determining prices based on cost of sales, SG&A expenses, fair earnings, market trends, and other factors.

Approach to Group Management and Policies of the Parent Company

Based on the shared management philosophy of "Information Revolution - Happiness for everyone", SBKK is engaged in a variety of businesses in the information and technology field. SBKK Group aims to create synergies and continue to evolve and grow together, while respecting and ensuring the independence of its subsidiaries. In this way, the Group aims to maximize its corporate value.

Approach to Ensuring Independence from Our Parent Company, and Measures for that Purpose

As mentioned above, we have a parent company. However, based on the Group management philosophy and the policies of the parent company as described above, we are developing the Group's business based on our own decision-making and management decisions. Aside from entering into agreements between the parent company and us—including covenants binding SBG and its subsidiaries and affiliates that are not parties to the agreements (including non-compete), and the use of the SOFTBANK brand—there are no restrictions on, among other things, matters of approval in conducting business activities. In addition, one employee of the parent company is appointed to our Board of Directors. However, this does not comprise half of our nine directors, and we have also appointed five independent outside directors, which account for more than half of all directors. Accordingly, we believe that our independence is sufficiently ensured in management.

[About Our Listed Subsidiaries]

Our Approach to Group Management and Policies

As the core company of the SOFTBANK Group's ICT services, we aim to be a business partner that not only improves the operational efficiency for customers and reduces costs, but also realizes the growth of our core business through ICT services together. This is based on our corporate philosophy of "Information Revolution - Happiness for everyone -Technologies Design the Future -". Because technological advances in the ICT field to which we belong are extremely rapid, it is imperative that we collaborate with a wide variety of businesses in order to continue providing high-value-added services to customers. While respecting the independence of our subsidiaries and ensuring their independence, our Group aims to create synergies among each company that we can continue to evolve and grow together. In doing so, we aim to maximize the corporate value of the Group.

Measures to Ensure the Effectiveness of the Corporate Governance System of Listed Subsidiaries

We have established management policies, systems, related procedures for the Group as a whole, and have established the "SBT Group Company Management Regulations" for the purpose of facilitating and streamlining management and ensuring the appropriateness and fairness of our Group's operations as a whole, and require us to pre-approve or report important decisions made by our subsidiaries and related matters. However, from the standpoint of independence and the protection of minority shareholders, we do not seek such prior approval for our listed subsidiaries, and we require reporting only to the extent that it affects our disclosure obligations and so forth. We take care to ensure that we are not unduly binding decisions made by our listed subsidiaries.

Significance of Having a Listed Subsidiary

We have a publicly traded company, Cybertrust Japan Co., Ltd. ("CTJ"), as one of our subsidiaries. Based on its certification technology, CTJ provides trust services that prove the accuracy of "people, goods, and costs" in the Internet space. CTJ's trust services are expected to generate synergies through collaboration with our services, which will contribute to enhancing the corporate value of the entire Group. Trust services are a new social infrastructure in the digital society, and such services of a public nature are required to be performed from a neutral standpoint. We believe that CTJ will contribute to its growth by engaging in business from a highly transparent, fair, and neutral standpoint while receiving recognition in the stock market, as

well as conducting autonomous management that takes into account the interests of minority shareholders. At this time, we thusly believe that it is desirable to maintain CTJ's listing.

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

1. Organizational Composition and Operation

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|-------------------|---|
| Organization Form | Company with an Audit & Supervisory Board |
|-------------------|---|

Directors

| | |
|--|-----------|
| Maximum Number of Directors Stipulated in Articles of Incorporation | 9 |
| Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | President |
| Number of Directors | 9 |
| Appointment of Outside Directors | Appointed |
| Number of Outside Directors | 5 |
| Number of Independent Officers Designated from among Outside Directors | 5 |

Outside Directors' Relationship with the Company (1)

| Name | Attribute | Relationship with the Company (*1) | | | | | | | | | | |
|-----------------|----------------------|------------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Shigeo Suzuki | From another company | | | △ | | | | | △ | | | |
| Yoshie Munakata | From another company | | | | | | | | | | | |
| Yukari Tominaga | From another company | | | | | | | | | | | |
| Yuka Miyagawa | From another company | | | | | | | | | | | |
| Madoka Sawa | From another company | | | | | | | | | | | |

*1 Categories for "Relationship with the Company"

- a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary of the Company
- d. Party whose major business partner is the Company or an executive thereof
- e. Major business partner of the Company or an executive thereof
- f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)
- h. Executive of a business partner of the Company (which does not correspond to any of d., e., or f.) (the Director himself / herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the Director himself / herself only)
- j. Executive of a corporation that receives a donation from the Company (the Director himself / herself only)
- k. Others

Outside Directors' Relationship with the Company (2) [Updated]

| Name | Designation as an Independent Officer | Supplementary Explanation of the Relationship | Reasons for Appointment |
|-----------------|---------------------------------------|---|---|
| Shigeo Suzuki | ○ | — | <p>Mr. Shigeo Suzuki has a wealth of experience in corporate management, as well as extensive knowledge and insight. He oversees the Company's management, supervises the management team and chairs meetings of Nomination and Compensation Advisory Council where the nomination, remuneration, etc. of Directors are discussed, taking into consideration the assessment of corporate performance, etc. from an independent and objective position. The Company has elected Mr. Suzuki as External Member of the Board in order to strengthen the oversight of operations through his advice based on his extensive experience with the IT industry, as well as knowledge of and insights into the industry, and to receive useful advice on business operations of the Company based on his wealth of knowledge. Until 2005, Mr. Suzuki had executed business at SoftBank BB Corp. (present SB C&S Corp.), a fellow subsidiary of the Company. The Company considers that he is not in a position to be affected by the intentions of said company because a considerable period of time has passed since he retired from said company and because he has engaged in independent activities since his retirement. As there are no other attributes, etc. that raise questions concerning his independence, the Company has appointed him as an Independent Officer based on the judgment that there is no risk of a conflict of interest with general shareholders.</p> |
| Yoshie Munakata | ○ | — | <p>Mr. Yoshie Munakata has a wealth of experience in corporate management, as well as extensive knowledge and insight. He oversees the Company's management, supervises the management team and participates in meetings of Nomination and Compensation Advisory Council where the nomination, remuneration, etc. of Directors are discussed, taking into consideration the assessment of corporate performance from an independent and objective position. The Company has elected Mr. Munakata as Outside Director because he is considered qualified to provide informed recommendations about strengthening the oversight of operations and business operations based on his extensive knowledge and insight regarding semiconductor devices and business and marketing strategies that are needed for the Company to evolve as a service provider. There are no attributes, etc. that raise questions concerning his independence, and the Company has appointed him as an Independent Officer based on the judgment that there is no risk of a conflict of interest with general shareholders.</p> |
| Yukari Tominaga | ○ | — | <p>Ms. Yukari Tominaga has a background as an engineer, a wealth of experience in corporate management, and extensive insight based on her valuable asset. Ms. Tominaga supervises the management team in areas such as the realization of diversity, including the promotion of women's career advancement, and sustainability initiatives, leveraging her experience as Chief Diversity Officer in her previous</p> |

| | | | |
|---------------|---|---|--|
| | | | position. She also participates in meetings of the Nomination and Compensation Advisory Council where the nomination, remuneration, etc. of Directors are discussed, taking into consideration the assessment of corporate performance from an independent and objective position. The Company has elected Ms. Tominaga as Outside Director because she is considered qualified to provide informed recommendations about strengthening the oversight of operations and business operations. There are no attributes, etc. that raise questions concerning her independence, and the Company has appointed her as an Independent Officer based on the judgment that there is no risk of a conflict of interest with general shareholders. |
| Yuka Miyagawa | ○ | — | Ms. Yuka Miyagawa has experience in sales and marketing positions in the IT industry, a wealth of experience in corporate management, and extensive insight based on her valuable asset. She is also active in conducting seminars on the need to embrace diversity in the workplace. The Company would like to elect Ms. Miyagawa as an External Member of the Board in order to strengthen the oversight of operations, receive useful advice on business operations as well as oversee the Company's management, for example, enabling sustainability and realizing diversity, including the promotion of women's career advancement. There are no attributes, etc. that raise questions concerning her independence, and the Company has appointed her as an Independent Officer based on the judgment that there is no risk of a conflict of interest with general shareholders. |
| Madoka Sawa | ○ | — | Mr. Madoka Sawa started his career as an engineer and then moving to a global IT company, where he gained experience in overall management. He has extensive insight and has recently been working as a corporate advisor with a wide range of knowledge of security advisory, engineering management, and human resource development. The Company would like to elect Mr. Sawa as an External Member of the Board to strengthen the oversight of operations, receive useful advice on business operations as well as oversee the Company's management based on the latest trends in the global IT field and his extensive knowledge, insight, and forecasts in localizing them in Japan. There are no attributes, etc. that raise questions concerning his independence, and the Company has appointed him as an Independent Officer based on the judgment that there is no risk of a conflict of interest with general shareholders. |

Voluntary Committees

| | |
|--|-------------|
| Voluntary Establishment of Committee(s) Equivalent to Nominating Committee or Remuneration Committee | Established |
|--|-------------|

Committee’s Name, Composition, and Chairperson’s Attributes [Updated]

Voluntary committee corresponding to a nominating committee

| Committee’s Name | | | | Nomination and Compensation Advisory Council | | |
|-------------------------|-------------------|--------------------|-------------------|--|--------|-------------------------------|
| Total Committee Members | Full-time Members | Internal Directors | Outside Directors | External experts | Others | Chairman |
| 5 | 0 | 1 | 3 | 0 | 1 | External Members of the Board |

Voluntary committee corresponding to a remuneration committee

| Committee’s Name | | | | Nomination and Compensation Advisory Council | | |
|-------------------------|-------------------|--------------------|-------------------|--|--------|-------------------------------|
| Total Committee Members | Full-time Members | Internal Directors | Outside Directors | External experts | Others | Chairman |
| 5 | 0 | 1 | 3 | 0 | 1 | External Members of the Board |

Supplementary Explanation

The Nomination and Compensation Advisory Council is an organization investigating, deliberating and making recommendations regarding the nomination and compensation of directors accepting consultation from the Board of Directors, and its members include outside directors elected by the Board of Directors.

Audit & Supervisory Board

| | |
|---|-------------|
| Establishment of Audit & Supervisory Board | Established |
| Maximum Number of Audit & Supervisory Board Members Stipulated in the Articles of Incorporation | 4 |
| Number of Audit & Supervisory Board Members | 4 |

Cooperation among Audit & Supervisory Board Members, Independent Auditors and Internal Audit Departments[Updated]

The Internal Audit Office seeks the opinions of Audit & Supervisory Board members when drafting annual audit plans. The Office holds regular liaison meetings with the full-time member of the Audit & Supervisory Board to report audit results and exchange opinions. The results of these meetings are reported to the Audit & Supervisory Board by the full-time member. Moreover, the Office encourages close collaboration with Audit & Supervisory Board members in matters such as examining the implementation of joint audits as necessary. It also reports audit results to and exchanges opinions with the accounting auditor, as appropriate.

After the quarterly and full-year financial settlement, the accounting auditor provides quarterly reviews and audit results to the Audit & Supervisory Board. Members of the Audit & Supervisory report the results of audits conducted based on audit plans to and exchange opinions with the accounting auditor, as necessary. In this manner, the three parties collaborate with each other.

| | |
|---|-----------|
| Appointment of External Audit & Supervisory Board Members | Appointed |
| Number of External Audit & Supervisory Board Members | 3 |
| Number of Independent Audit & Supervisory Board Members | 3 |

External Audit & Supervisory Board Member's Relationship with the Company (1)

| Name | Attribute | Relationship with the Company (*1) | | | | | | | | | | | | |
|-----------------|-----------|------------------------------------|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k | l | m |
| Mitsumasa Ueno | CPA | | | | | | | | | | | | | |
| Haruhiko Hirose | Other | | | | | | | | | | | | | |
| Michiaki Nakano | Lawyer | | | | | | | | | | | | | |

*1 Categories for "Relationship with the Company"

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. audit & supervisory board member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant, or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i. Major shareholder of the Company (or an executive of said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
- k. Executive of a company, between the Company and which external directors/audit & supervisory board members are mutually appointed (the audit & supervisory board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m. Others

External Audit & Supervisory Board Members' Relationship with the Company (2) [Updated]

| Name | Designation as Independent Audit & Supervisory Board Member | Supplementary Explanation of the Relationship | Reasons for Appointment |
|----------------|---|---|--|
| Mitsumasa Ueno | ○ | — | We elected him as an External Audit & Supervisory Board member to reflect his specialized knowledge of finance and accounting and his vast experience gained as a certified public accountant in our corporate audit from an independent standpoint. In addition, he meets the requirements for independence stipulated by the Tokyo Stock Exchange and judging that there is no risk of a |

| | | | |
|-----------------|---|---|---|
| | | | conflict of interest arising between him and general shareholders, we designated him as an Independent Officer. |
| Haruhiko Hirose | ○ | — | We elected him as an External Audit & Supervisory Board member to reflect his specialized knowledge of finance and accounting and his vast experience gained as a certified public accountant in our corporate audit from an independent standpoint. (Mr. Haruhiko Hirose is not currently registered with the Japanese Institute of Certified Public Accountants.) In addition, he meets the requirements for independence stipulated by the Tokyo Stock Exchange and judging that there is no risk of a conflict of interest arising between him and general shareholders, we designated him as an Independent Officer. |
| Michiaki Nakano | ○ | — | We elected him as an External Audit & Supervisory Board member to reflect his specialized knowledge of corporate legal affairs and his vast experience gained as a lawyer in our corporate audit from an independent standpoint. In addition, he meets the requirements for independence stipulated by the Tokyo Stock Exchange and judging that there is no risk of a conflict of interest arising between him and general shareholders, we designated him as an Independent Officer. |

Independent Directors/Audit & Supervisory Board Members

| | |
|---|---|
| Number of Independent Directors/Audit & Supervisory Board Members | 8 |
|---|---|

Other Matters Relating to Independent Directors/Audit & Supervisory Board Members

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|--|
| The Company has designated all outside directors and Audit & Supervisory Board members who fulfill the requirements for independent directors/Audit & Supervisory Board members, as independent directors/Audit & Supervisory Board members. |
|--|

Incentives

| | |
|----------------------------------|--|
| Incentive Policies for Directors | Performance-based remuneration plan / Stock options plan |
|----------------------------------|--|

Supplementary Explanations

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| A portion of remuneration, etc. is paid based on performance evaluation. We also introduced by resolution of the General Meeting of Shareholders on June 20, 2022 a twin-track stock compensation plan, consisting of a stock option plan and a restricted stock compensation plan, to increase the motivation and morale of directors to improve our business performance and increase profits for shareholders through the increase of corporate value. |
|---|

| | |
|-----------------------------|--|
| Recipients of Stock Options | Internal directors / Employees / Subsidiaries' directors / Subsidiaries' employees / Other |
|-----------------------------|--|

Supplementary Explanations

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| - |
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Director Remuneration

Disclosure of Individual Directors' Remuneration

Disclose only total amount

Supplementary Explanations [Updated]

Total amount of remuneration by director category (millions of yen), total amount of remuneration by category (millions of yen), and the number of directors subject to remuneration (persons) (*Figures for the fiscal year ending March 2023)

| Directors and Auditors | Total amount of remuneration, etc. | Basic remuneration | | Performance-based remuneration | | Number of executives eligible |
|---|------------------------------------|--------------------|-------|--------------------------------|--------------------|-------------------------------|
| | | Fixed remuneration | Other | Bonuses for offices | Stock remuneration | |
| Director (excluding Outside Directors) | 169 | 79 | 7 | 64 | 18 | 3 |
| Outside Directors and Outside Audit & Supervisory Board Members | 52 | 52 | 0 | — | — | 8 |

(Note) The amount of stock-based compensation is the amount of expense recorded during the current fiscal year related to stock acquisition rights granted as stock options and compensation for the grant of restricted stock.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof [Updated]

Established

Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof

Please refer to the "Notice of Convocation of the General Meeting of Shareholders" business report for the policy on determining the amount of remuneration, etc. for directors and corporate auditors, as well as the calculation method thereof.

Supporting System for Outside Directors and/or Audit & Supervisory Board Members [Updated]

The Secretariat of the Board of Directors, which is led by the Corporate Planning Division, provides outside directors and outside Audit & Supervisory Board members with information on meetings of the Board of Directors, materials on proposals, and other materials, presenting them in advance.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) [Updated]

We established the Board of Directors and Audit & Supervisory Board based on Corporate Law, with adopt Corporate Officer system.

Current our management system is consist of 9 Board Directors, 10 Corporate Officers (including 3 Corporate Officers hold the post of Board Directors) 4 Audit & Supervisory Board members. We shall decide that Board Directors are assigned within 9 people and its one year term in the Articles of Incorporation. Our Board of Directors is composed of a majority of highly independent outside directors to achieve sound, transparent and objective management. Three of the Audit & Supervisory Board members are outside Audit & Supervisory Board members, each of whom monitors management from an independent perspective.

As an important role of our Corporate Governance System, Corporate Officer meeting is established. Corporate Officer Meeting is held every week and the tasks and business strategies in our business is reviewed by Corporate Officers.

Also, the consolidated subsidiaries, our corporate officer holds the post of its Directors and Audit & Supervisory Board Members and review about the business tasks.

Moreover, to ensure the transparency and fairness of its decision making, the Company has established a Nomination and Compensation Advisory Council that is chaired by an independent Outside Director and a majority of whose members are independent Outside Directors. the Nomination and Compensation Advisory Council also deliberates on the Directors' remuneration system, remuneration levels and the appointment and dismissal of Directors.

The status of accounting audits is as follows:

a. Name of auditing corporation

Deloitte Touche Tohmatsu LLC

b. Continuous audit period

Since 1997

c. Certified public accountants leading the independent financial audit

Mr. Hiroyuki Kobayashi and Mr. Koji Ishikawa

d. Audit assistance

The company has nine certified public accountants, four accountants who have passed certification exams,etc., and seventeen other employees to assist in the audit process.

e. Policies and reasons for selection of audit firms

We confirmed the audit quality and independence of Deloitte Touche Tohmatsu based on the results of the evaluation by the Audit & Supervisory Board as described in f. below, and decided to reappoint Deloitte Touche Tohmatsu LLC. In the event that the Board of Corporate Auditors determines it necessary for reasons related to the performance of duties by the accounting auditor being hindered, etc., the Board of Corporate Auditors shall decide on the content of proposals regarding the dismissal or non-reappointment of accounting auditors to be submitted to the general meeting of shareholders. In addition, the accounting auditor shall be dismissed with the consent of all the auditors in the event that the accounting auditor is deemed to fall under any of the items set forth in each item of Paragraph 1 of Article 340 of the Companies Act. In this case, the auditor appointed by the board of auditors shall report to the effect that the accounting auditor has been dismissed and provide the reason for such

dismissal at the first general meeting of shareholders convened after the dismissal.

f. Evaluation of audit firms by Audit & Supervisory Board Members and the Audit & Supervisory Board

The Audit & Supervisory Board of the Company has established criteria for appropriately selecting and evaluating an accounting auditor. Based on this criteria, the Board obtains necessary materials from Directors and relevant departments of the Company and receives reports. The Board also obtains the necessary materials from the accounting auditor, receives reports and evaluates the accounting auditor upon a comprehensive review of the quality management, audit structure, independence, expertise, etc. of the accounting auditor that are necessary for conducting appropriate accounting audits.

3. Reasons for Adoption of Current Corporate Governance System

To increase the independence and objectivity of the Board of Directors and ensure the effectiveness of management oversight, we have appointed five highly independent outside directors, and the majority of the Board of Directors are independent outside directors. Independent outside directors play an important role in the effective functioning of corporate governance by expressing their opinions on the Company's management from a neutral and objective standpoint and supervising the directors' execution of their duties. In addition, the Company has introduced an executive officer system to clarify decision-making authority and responsibilities, as well as to accelerate business execution by sharing management-related duties. Further, we have become a Company with an Audit & Supervisory Board based on the determination that the audit system of Audit & Supervisory Board members, including independent outside Audit & Supervisory Board members, is an effective means of ensuring management oversight. As a Company with an Audit & Supervisory Board, we are strengthening the auditing and monitoring functions of management while effectively utilizing the capabilities of the Audit & Supervisory Board members. Audit & Supervisory Board members with extensive work experience attend the meetings of the Board of Directors to express their opinions from the perspectives of legality and appropriateness. The opinions of the Audit & Supervisory Board are compiled and regularly submitted to the president to fulfill the management oversight function.

Based on the above, we believe that our corporate governance is functioning effectively.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Status of Measures to Vitalize the General Meeting of Shareholders and Enable Smooth Exercise of Voting Rights [Updated]

| | Supplementary Explanations |
|---|--|
| Early Notification of General Meeting of Shareholders | <p>Notices convening general meetings of shareholders are sent to shareholders three weeks ahead of the meeting so that shareholders have adequate time to consider meeting proposals and exercise their voting rights appropriately.</p> <p>Moreover, the Company has stipulated in its Articles of Incorporation to the effect that, in convening a general meeting of shareholders, it shall take measures for the electronic provision of information, which is the content of Reference Documents for the General Meeting of Shareholders. Prior to sending a convocation notice, the Company starts to implement measures for the electronic provision of reference documents for the shareholders meeting via TDnet and the Company's website, and discloses convocation notices electronically.</p> <p>https://www.softbanktech.co.jp/en/ir/event/shareholders/</p> |

| | |
|--|--|
| Scheduling General Meeting of Shareholders Avoiding the Peak Day | Establishment of a general meeting of shareholders that avoids peak days From the viewpoint of enhancing constructive dialogue with shareholders, we have set the holding date to avoid so-called peak days to ensure that as many shareholders as possible can attend. |
| Allowing Electronic Exercise of Voting Rights | We have introduced a system for exercising voting rights via the Internet so that as many shareholders as possible can exercise their voting rights. |
| Participation in Electronic Voting Platform | We participate in the electronic voting platform. |
| Providing Convocation Notice in English | Convocation notices in English are also prepared and provided via the electronic voting platform and the Company's website. |
| Other | We post convocation notices, notices of resolutions, management policy briefing materials and videos of business reports on our website. |

2. IR Activities

| | Supplementary Explanations | Explanation by Representative |
|---|--|-------------------------------|
| Preparation and Publication of Disclosure Policy | Our basic policies and methods of information disclosure are posted on our website. | |
| Regular Investor Briefings for Retail Investors | In principle, these meetings are held several times a year. | None |
| Regular Investor Briefings for Analysts and Institutional Investors | In principle, the meeting is held on the same day of the announcement of quarterly financial results. | Yes |
| Regular Investor Briefings for Overseas Investors | We will consider shareholder composition and other factors in the future. | None |
| Posting of IR Materials on Website | The Company posts securities (quarterly) reports, financial results, summaries of quarterly financial results, shareholder newsletters, financial results briefing materials, individual investor briefing materials, and news releases. | |
| Establishment of Department and/or Manager in Charge of IR | Corporate Planning Dept. | |

3. Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanations |
|---|---|
| Stipulation of Internal Rules for Respecting the Position of Stakeholders | As stated in the Basic views of Corporate Governance, we have stipulated that we will strive for appropriate cooperation with our shareholders and other various stakeholders. We have also formulated "Officer and Employee Code of Conduct", a code of conduct that all officers and employees must observe when conducting their own operations, and are working to conduct business in a sound and fair manner. |
| Implementation of Environmental Activities, | We will respond appropriately to social and environmental issues and other sustainability-related |

| | |
|--|---|
| CSR Activities, etc. | <p>issues. We disclose our basic philosophy and main initiatives for sustainability activities, including CSR activities, on our website.</p> <p>https://www.softbanktech.co.jp/en/about/sustainability/</p> |
| Development of Policies on Information Provision to Stakeholders | <p>Our Disclosure Policy stipulates that the Company discloses information in a timely and appropriate manner in accordance with the Tokyo Stock Exchange's Rules on Timely Disclosure of Corporate Information of Issuers of Listed Securities and other relevant laws and regulations, as well as information that is subject to statutory and timely disclosure, as well as important information that may affect investment decisions, in a fair and prompt manner.</p> |
| Other | <p>We provide our employees with quarterly explanations of our financial results. In addition, financial statements and other financial results, news releases, events, and announcements of events are posted on our website on a regular basis to inform our stakeholders. In addition, the Corporate Planning Department responds to inquiries by phone or email from shareholders, investors, and so forth.</p> |

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

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|--|
| <p>The Board of Directors has resolved to adopt the following basic policies for the establishment of systems to ensure appropriate business operations:</p> <p>a. A system to ensure that the execution of professional duties by board members and employees conform to the law and to our Articles of Incorporation</p> <p>Based on the Officer and Employee Code of Conduct, we are striving to raise awareness of compliance through compliance training for directors and employees, and to thoroughly execute duties based on various compliance-related regulations. In addition, in accordance with the Officer and Employee Code of Conduct, the Company rejects any involvement with anti-social forces and strives to develop internal measures, such as the inclusion of clauses for the exclusion of organized crime groups in various basic contracts, in order to take a resolute stance against such forces and deal with them appropriately. We conduct periodic monitoring in accordance with the SBT group Internal Audit Regulations and other internal regulations to ensure compliance with laws and the Articles of Incorporation relating to the execution of duties by directors and employees. In addition to strengthening governance by increasing the percentage of outside directors, we deliberate medium- and long-term management issues, the supervision of management execution, the ensuring of compliance and corporate governance issues.</p> <p>b. System for the maintenance and management of information with respect to directors' execution of duties</p> <p>We manage the minutes of general meetings of shareholders, minutes of meetings of the Board of Directors, minutes of meetings of the Board of Corporate Auditors, business reports, and financial statements by the department in charge in accordance with laws and regulations, the Articles of Incorporation, and the Document Preservation Control Regulations. In addition, documents related to the execution of business by directors are kept and managed by the respective departments in charge in accordance with laws and regulations and the "Document Retention Management Rules." Directors ensure that all</p> |
|--|

employees are fully aware of these documents.

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

We identify external and internal risks that threaten the sustainable development of the company and the safety of officers and employees, and take the following measures to respond to them:

- We have formulated the Crisis Management Rules and the Basic Guidelines for Crisis Management as rules for appropriately recognizing and managing risks, appointed a manager to be responsible for risk management, and appointed a supervisory department for each risk according to the type of risk, and established a risk management system for the Company.

- The Risk Management Committee has been established to collect, analyze, and prevent information on risks.

- In the event that a serious risk materializes, we will establish an emergency headquarters and take appropriate measures to minimize damage.

With regard to crisis management for disasters, etc., we strive to ensure the safety of our officers and employees by introducing a safety confirmation system and other measures. Furthermore, in order to lead information security activities, we have established an Information Security Measures Committee to develop an information security system based on various information-related regulations, as well as to conduct audits and education.

d. System for ensuring efficient execution of directors' duties

We clarify the duties and operations of the Board of Directors in the Regulations of the Board of Directors and specify matters to be resolved and reported. In addition, the Company ensures an efficient management system by optimizing the authority of duties and decision-making through the Authority Regulations. In addition, the term of office for directors is set at one year in order to ensure an agile response to changes in the business environment and to clarify the management responsibilities of directors. At the same time, we have introduced an executive officer system to clarify management responsibilities and improve the efficiency of decision-making and business execution.

e. System to ensure appropriate business operations within the SBT Group

We have established the SBT Group Charter, which serves as a common code of conduct for our group. In addition, in order to ensure smooth business operations while respecting the autonomy of Group companies, we have established the SBT Group Company Management Regulations and established supervisory divisions to improve the integrity and efficiency of Group management, as well as to establish the following systems:

- We dispatch officers to major subsidiaries and, through the Boards of Directors of our subsidiaries, monitor the business conditions and financial condition of subsidiaries. In addition, every month our Board of Directors reports on the content of our business operations and considers matters of importance.

- We have established the SBT Group Compliance Regulations and are promoting compliance throughout the Group. At the same time, we are expanding the scope of our Free Access Line (hotline) to cover all Group companies in the interest of ensuring the effectiveness of compliance within our Group.

- In order to develop and strengthen risk management throughout the entire Group, we have established the SBT Group Risk Management Regulations and, as necessary, conduct operational audits of our subsidiaries in order to effectively monitor

risks.

f. Matters related to the system concerning employees who are to assist in the duties of auditors, matters concerning the independence of such employees from the directors, and matters concerning ensuring the effectiveness of instructions given to such employees.

We do not currently have a dedicated employee assigned to assist the Audit & Supervisory Board Members in their duties. However, when requested by the Audit & Supervisory Board Members, employees in each division, including the Internal Audit Office, shall assist in such duties. Employees who assist in the duties of corporate auditors shall prioritize instructions given by corporate auditors when they receive such instructions, and shall not be subject to the instructions of directors, etc. with respect to such instructions.

g. System for directors and employees of the Company and subsidiaries to report to Audit & Supervisory Board members, and other systems for reporting to Audit & Supervisory Board members

Directors and employees of the Company and its subsidiaries are required to immediately report any violation of laws and regulations, of the Articles of Incorporation, or the existence of any other fact that is likely to cause serious damage to the Company in the course of business operations. Furthermore, Directors of the Company and its subsidiaries are required to make the forementioned reporting obligations known to the public. In addition, Directors and employees are required to promptly report on matters related to business execution from the Audit & Supervisory Board Members when they are required to do so. Yet further, the Audit & Supervisory Board Members receive reports on the results of audits from the Internal Audit Office, and when they are aware of the need for additional audits and improvement measures, they can issue instructions as necessary. We and our subsidiaries prohibit the adverse treatment of persons who have made these reports to corporate auditors, and make known any such violations.

h. Matters concerning the procedures for advance payment or redemption of expenses incurred in the performance of duties by company auditors, as well as other policies for the disposal of expenses or liabilities incurred in the performance of duties

When the statutory auditor requests advance payment of necessary expenses for the execution of his/her duties, etc., we promptly handle such expenses or liabilities.

i. Other systems to ensure effective audits by corporate auditors

The Audit & Supervisory Board Members receive reports on the results of audits from the Internal Audit Office and the accounting auditor, and cooperate in the implementation of audits. In addition, the Audit & Supervisory Board Members and the Internal Audit Office hold regular liaison meetings to share information, report on the status of implementation of respective audits, and maintain close communication regarding the implementation of other cooperative audits. In order to supervise the accounting auditor and ensure the independence of the accounting auditor from the directors, the Board of Corporate Auditors independently receives reports on the audit results of the accounting auditor. In addition, Audit & Supervisory Board members attend meetings of the Board of Directors, express their opinions, and make recommendations and reports to the Audit & Supervisory Board.

j. System to Ensure Appropriateness and Reliability of Financial Reporting

To ensure the appropriateness and reliability of financial reporting, we have formulated a Basic Policy on Internal Control over Financial Reporting, and have established a system to promote internal control, including the establishment of an Internal Control Committee and the appointment of a director in charge of supervision. Furthermore, in order to properly respond to the Financial Instruments and Exchange Act and other related laws and regulations, the Group is working to improve the reliability of financial reporting by establishing an information processing system.

2. Basic Views on Excluding Antisocial Forces and the Progress of System Development [Updated]

In our Officer and Employee Code of Conduct, we have established a policy of refusing any and all involvement with anti-social forces, and in order to take a resolute attitude toward these issues and take appropriate measures, we are working to establish internal arrangements such as incorporating the exclusion provisions of organized crime syndicates into various basic contracts. The Legal & General Affairs Division act as contact points for responding to unreasonable demands from anti-social forces in cooperation with the police authorities, lawyers, and other external specialist organizations, taking a resolute stance and rejecting them absolutely.

V. Other

1. Adoption of Anti-Takeover Measures

| | |
|------------------------------------|-------------|
| Adoption of Anti-Takeover Measures | Not Adopted |
|------------------------------------|-------------|

Supplementary Explanations

At present, no practical measures have been established.

2. Other Matters Concerning Corporate Governance System [Updated]

Information disclosure system

1. Basic policy on timely disclosure

We emphasize proactive disclosure to increase management transparency as part of our corporate governance. We disclose information in a timely and appropriate manner so that all stakeholders—including shareholders, investors, and business partners—can make appropriate decisions.

In accordance with the Tokyo Stock Exchange's Regulations on Timely Disclosure of Company Information of Issuers of Listed Securities, the Company shall disclose information on the facts of determination, information on the facts of occurrence, and information on financial results in the Timely Disclosure Information Inspection Service operated by the Tokyo Stock Exchange (hereinafter referred to as TDnet) and subsequently releases it to the media without delay. In addition, the Company shall appropriately disclose information in accordance with the provisions of the Financial Instruments and Exchange Act and other laws and regulations. In addition, we will promptly post information announced through TDnet and other media on our website. We are also actively disclosing other important information as "other important information" that our Group believe should be disclosed.

2. Internal system for timely disclosure

For timely disclosure, we gather the information collected from each department that are Corporate Planning, Finance &

Accounting, Legal, General Affairs, HR (Human Resources). It is consulted with an information handling person in charge and a number of specialized department elected by an information handling person in charge. It is approved by the information handling person or board of directors, thereafter, a procedure of the information disclosure is taken promptly.

We will disclose the other information that we judges as important, in the same procedure as previously described.

3. Chart of corporate governance system [Updated]

Figure of the internal management system for timely disclosure information

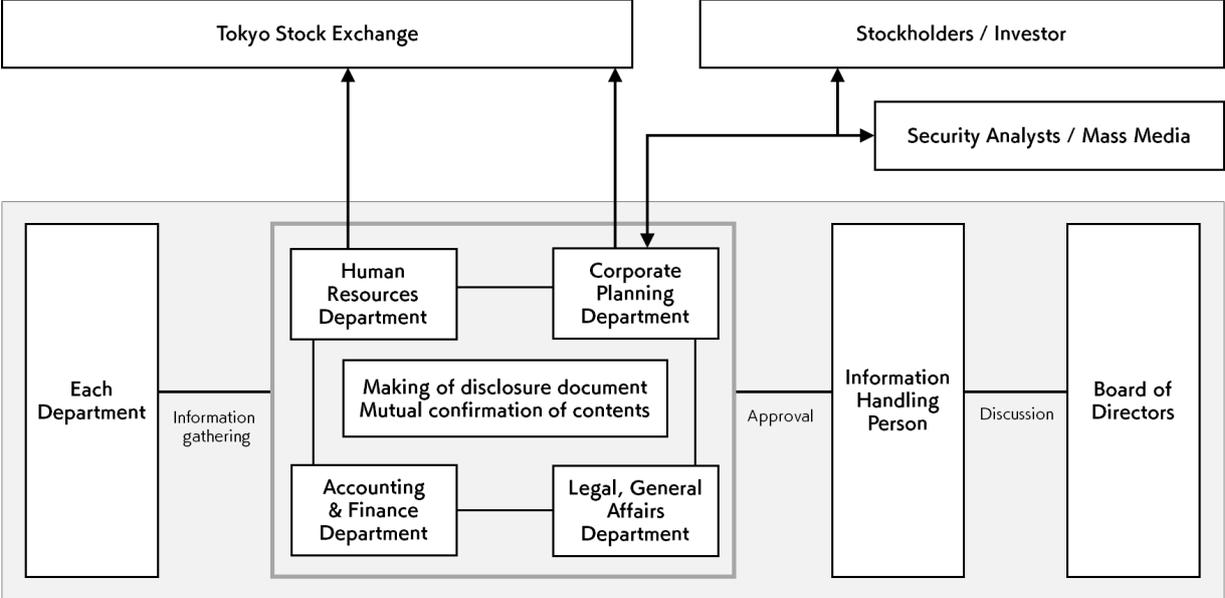


Figure of the Governance System (Reference)

