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**Pole To Win Holdings, Inc.**

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Stock Code: 3657 <https://www.phd.inc/>

This report provides details on corporate governance at Pole To Win Holdings, Inc.

## **Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information**

### **1. Basic Approach**

We recognize the necessity of conducting group management based on a holding company structure. To achieve effective corporate governance that aligns with the Group's business development, we believe it is crucial to build trusting relationships with stakeholders, including shareholders, clients, employees, and local communities. Our aim is to enhance corporate value over the long term while contributing to society through our corporate activities. From this perspective, we recognize the importance of achieving corporate management based on compliance with laws and regulations while also enhancing the appropriateness, soundness, and transparency of our operations. Additionally, we are committed to establishing a system for the timely and appropriate disclosure of information. We are actively working to improve our systems with these key issues in mind.

### **[Reasons for Not Implementing Each Principle of the Corporate Governance Code]** Updated

<Supplementary Principle 2-4-1: Approach to Ensuring Diversity in the Appointment of Core Personnel>

As the majority of our employees are mid-career hires, we have not yet established numerical targets for each attribute, as we believe that recruitment and promotion to management positions should be based on individual capabilities. However, we acknowledge the significance of ensuring diversity for the medium- to long-term enhancement of corporate value, and we are actively promoting understanding by implementing diversity management training for senior management. Moving forward, we will look into creating a human resource development policy and an internal environment improvement policy, including numerical targets for female managers, through the activities of the Sustainability Committee, which was established in March 2024.

<Supplementary Principle 4-2-1: Appropriate Setting of the Ratio of Management Compensation (Cash and Company Shares)>

The basic policy for determining the compensation of our Directors (excluding those who are Audit and Supervisory Committee members) is to set it within the limits approved at the General Meeting of Shareholders, taking into account their positions, responsibilities, and execution of duties within the corporate group led by the Company, as well as the business environment. When determining Director compensation, the Board of Directors seeks the opinion of the Nomination and Compensation Committee, which consists of a majority of independent Outside Directors. The President, who has been entrusted with this responsibility based on a resolution by the Board of Directors, prepares a draft of the Director compensation plan in line with the feedback received. Additionally, the decision regarding the compensation of Directors is made with the approval of the Nomination and Compensation Committee.

The ratio of compensation linked to medium- to long-term performance, and the balance between cash compensation and stock compensation will be reviewed in light of the circumstances.

<Supplementary Principle 5-1-1: Representative for Dialogue with Shareholders>

We have designated the CFO & General Manager of Administration Department as the Director in charge of overseeing dialogue with shareholders. Currently, Outside Directors are not expected to engage in dialogue with shareholders, as their primary role is to audit and supervise the Board of Directors.

### **[Disclosures Based on Each Principle of the Corporate Governance Code]** Updated

<Principle 1-4: Shares Held for Policy Purposes>

We may hold listed shares to strengthen business alliances, foster good business relationships, and otherwise enhance the medium- to long-term corporate value of the Group.

Additionally, the decision to continue holding the relevant shares will be based not only on quantitative factors such as business performance and share price but also on non-financial and other qualitative information. If the review indicates that continuing to hold the relevant shares is unlikely to contribute to the medium- to long-term improvement of the Group's corporate value, we will consider reducing our holdings.

Regarding the exercise of voting rights for shares held for policy purposes, we will exercise these rights after assessing whether they will interfere with the objectives of our shareholding or contribute to increasing shareholder value.

<Principle 1-7: Transactions Between Related Parties>

In the event that the Company conducts transactions with Directors or major shareholders, the Company's Board of Directors Regulations require prior approval from the Board to ensure that the interests of the Company and its shareholders are not compromised.

Additionally, we conduct regular surveys of our Directors to verify whether there have been any transactions with related parties.

<Supplementary Principle 2-4-1: Approach to Ensuring Diversity in the Appointment of Core Personnel>

As the majority of our employees are mid-career hires, we have not yet established numerical targets for each attribute, as we believe that recruitment and promotion to management positions should be based on individual capabilities. However, we acknowledge the significance of ensuring diversity for the medium- to long-term enhancement of corporate value, and we are actively promoting understanding by implementing diversity management training for senior management. Moving forward, we will look into creating a human resource development policy and an internal environment improvement policy, including numerical targets for female managers, through the activities of the Sustainability Committee, which was established in March 2024.

<Principle 2-6: Functioning as an Asset Owner for Corporate Pensions>

The Company does not have a corporate pension system in place, and therefore, we are not an asset owner.

<Principle 3-1: Enhancement of Information Disclosures>

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

Information on the business environment and strategy, management policies for enhancing corporate value, and the Group's business growth outlook is included in the Supplementary Information to the Financial Results (<https://ssl4.eir-parts.net/doc/3657/tdnet/2413818/00.pdf>).

(2) Basic approach and policy on corporate governance based on the principles of the Corporate Governance Code

We recognize the necessity of conducting group management based on a holding company structure. To achieve effective corporate governance that aligns with the Group's business development, we believe it is crucial to build trusting relationships with stakeholders, including shareholders, clients, employees, and local communities. Our aim is to enhance corporate value over the long term while contributing to society through our corporate activities.

From this perspective, we recognize the importance of achieving corporate management based on compliance with laws and regulations while also enhancing the appropriateness, soundness, and transparency of our operations. Additionally, we are committed to establishing a system for the timely and appropriate disclosure of information. We are actively working to improve our systems with these key issues in mind.

(3) Policy and procedures for determining the compensation of executive management and Directors by the Board of Directors

The basic policy for determining the compensation of our Directors (excluding those who are Audit and Supervisory Committee members) is to set it within the limits approved at the General Meeting of Shareholders, taking into account their positions, responsibilities, and execution of duties within the corporate group led by the Company, as well as the business environment. When determining Director compensation, the Board of Directors seeks the opinion of the Nomination and Compensation Committee. The President, who has been entrusted with this responsibility based on a resolution by the Board of Directors, prepares a draft of the director compensation plan in line with the feedback received. Additionally, the compensation of Directors is determined after receiving the approval of the Nomination and Compensation Committee regarding the draft proposal.

(4) Policies and procedures for the Board of Directors to appoint and dismiss executive management and to nominate candidates for Director or auditor

The Company's Board of Directors has a policy of maintaining a balanced composition by considering knowledge and experience of corporate management and each business field, as well as specialized expertise in finance, accounting, legal affairs, and taxes. The appointment and dismissal of individual Directors are decided through deliberation at a meeting of the Board of Directors, and in such cases, the advice and consent of the Nomination and Compensation Committee are obtained.

(5) Explanation of individual appointments and dismissals and nominations when the Board of Directors makes appointments and dismissals of executive management and nominates candidates for Director or auditor based on (4) above

The reasons for the appointment of each candidate for Director (including those who are Audit and Supervisory Committee members and Outside Directors) are disclosed in the notice of the Ordinary General Meeting of Shareholders.

No member of executive management has been dismissed to date; therefore, there are no disclosures. If a dismissal is to occur, it will be decided by a resolution of the Board of Directors and subsequently by a resolution of the General Meeting of Shareholders. Therefore, the reasons for dismissal will be disclosed in the notice of convocation.

<Supplementary Principle 3-1-3: Appropriate Disclosure of Initiatives Related to the Company's Sustainability>

When it comes to disclosure of our management strategies, information on our sustainability initiatives is included in our Supplementary Information to the Financial Results (<https://ssl4.eir-parts.net/doc/3657/tdnet/2413818/00.pdf>). The Company established a Sustainability Committee in March 2024 and published a Basic Policy on Sustainability (<https://ssl4.eir-parts.net/doc/3657/tdnet/2464659/00.pdf>) in June of the same year. Moving forward, we will systematically address issues related to the Company's sustainability and strive to enhance the disclosure of information.

<Supplementary Principle 4-1-1: Scope of Delegation to Management>

In addition to matters that are required to be decided in accordance with laws, regulations, and the Articles of Incorporation, the Board of Directors also makes decisions on policies related to the management of the Company and the Group in accordance with the Board of Directors Regulations.

In addition, the Directors in charge of each business subsidiary regularly receive reports on the status of the subsidiary's execution of duties, thereby overseeing the execution of duties of the entire Group as the Board of Directors of the Company.

<Principle 4-9: Standards for Assessing the Independence of Independent Outside Directors and Their Qualifications>

To ensure the independence of Outside Directors, the Company has established its own criteria for independence in addition to those stipulated by the Tokyo Stock Exchange. These criteria are disclosed in the "Announcement Regarding the Establishment of Standards for Assessing the Independence of Outside Directors" (<https://ssl4.eir-parts.net/doc/3657/tdnet/2403522/00.pdf>) and are also referenced in the Notice of the General Meeting of Shareholders when there are proposals for the appointment of Outside Directors.

The Company selects candidates for independent Outside Director who are expected to contribute to open, active, and constructive discussions during Board of Directors meetings. In the notice of convocation, the Company provides a list of reasons for the appointment of all Directors, including Outside Directors, along with a skills matrix to help stakeholders understand the roles, experience, and expertise anticipated from the candidates.

<Supplementary Principle 4-10-1: Establishment of Independent Nomination and Compensation Committee>

The Company has established a Nomination and Compensation Committee to ensure fairness and objectivity in the procedures related to the nomination and compensation of Directors, thereby further enhancing corporate governance. The Committee consults with the Board of Directors to deliberate and provides advice and recommendations regarding the compensation of individual Directors and the nomination of candidates for Director. The majority of the members of the Nomination and Compensation Committee are independent Outside Directors. In addition, the Committee is chaired by an independent Outside Director.

<Supplementary Principle 4-11-1: Policy on the Appointment of Directors>

The Company's Board of Directors has a policy of maintaining a balanced composition by considering knowledge and experience of corporate management and each business field, as well as specialized expertise in finance, accounting, legal affairs, and taxes. The appointment and dismissal of individual Directors are decided through deliberation at a meeting of the Board of Directors, and in such cases, the advice and consent of the Nomination and Compensation Committee are obtained.

<Supplementary Principle 4-11-2: Concurrent Positions of Outside Directors with Other Listed Companies>

The status of concurrent positions held by Outside Directors with other listed companies is included in the Business Report and the Reference Documents for the General Meeting of Shareholders.

<Supplementary Principle 4-11-3: Analysis and Evaluation of the Effectiveness of the Board of Directors>

For the analysis and evaluation of the effectiveness of the Board of Directors, the Company gathers the opinions of all Directors using an open method. The aggregated results are then analyzed and evaluated during the Board of Directors meeting to enhance its overall functioning. A summary of the results is provided on the Company's website (<https://ssl4.eir-parts.net/doc/3657/tdnet/2425141/00.pdf>). In the summary of the evaluation results announced in April 2024, the analysis and evaluation was that the effectiveness of the Board of Directors is generally adequate under current circumstances. However, the Board rated "selection and development of successors as a Board of Directors" and "training opportunities and time to acquire the knowledge needed to fulfill the roles and responsibilities of the Board" relatively lower compared to other items. The Board has publicly recognized these matters as issues to be addressed.

<Supplementary Principle 4-14-2: Policy on Training for Directors>

The Company provides its Directors with access to external seminars to enhance their understanding of the roles and responsibilities expected of them as key members of the governance body of a listed company, covering the costs for their participation in these seminars. In addition, the Company arranges site tours, primarily for Outside Directors, as part of their training to enhance their understanding of the Company's group companies.

<Principle 5-1: Policy on Constructive Dialogue with Shareholders>

The Company's policy is to establish a relationship of trust through active and constructive dialogue with shareholders, investors, and other stakeholders, carrying out IR activities that contribute to enhancing corporate value. We have established a system for this dialogue, designating the General Manager of the Administration Department as the person in charge of IR, with the Administration Department serving as the responsible IR department. The policy for dialogue, initiatives for dialogue, and the status of dialogue are available in the Supplementary Information to the Financial Results (<https://ssl4.eir-parts.net/doc/3657/tdnet/2413818/00.pdf>).

(1) Responsibility for IR

We have designated the General Manager of the Administration Department as the Director in charge of overseeing dialogue with shareholders.

(2) IR system

Under the supervision of the Director in charge, the Administration Department manages dialogue requests and prepares disclosure materials.

(3) Main initiatives for dialogue

The Company undertakes the following initiatives to engage in active and constructive dialogue with shareholders, institutional investors, and other stakeholders:

- Hosting financial results briefings for shareholders, investors, and other stakeholders
- Conducting individual meetings with analysts, institutional investors, and others
- Hosting management update meetings for shareholders
- Posting various IR materials on the website
- Responding to IR inquiries via the website
- Publishing and distributing corporate reports by Shared Research Inc.
- Introducing online voting for General Meetings of Shareholders and participating in electronic voting platforms

The Company holds semi-annual financial results briefings for analysts and institutional investors through webinars. Following these briefings, a video of the webinar is posted on the Company's website, along with a transcript, to ensure fairness in information disclosure. The management update meeting for shareholders is held on the same day as the Ordinary General Meeting of Shareholders, and a transcript of the presentation is posted on the Company's website afterward.

(4) Internal feedback

Important shareholder opinions gathered through dialogue and website inquiries are reported to the Board of Directors for information sharing.

(5) Management of insider information

In dialogue with shareholders, we take the utmost care to avoid communicating insider information, following the "Regulations Concerning Management of Insider Trading of Shares and Other Securities" (Regulations for Prevention of Insider Trading).

[Measures to Promote Management Focused on Cost of Capital and Stock Price] [English translation available]

In the Supplementary Financial Data for the Fiscal Year Ended January 31, 2024, our capital policy is to optimize the balance between growth investments to improve profitability and shareholder returns while maintaining financial soundness. The Company has also stated that its weighted average cost of capital (WACC) is assumed to be 8%, with a target of achieving an ROE of 15% or more by the fiscal year ending January 31, 2029.

Supplementary Financial Data for the Fiscal Year Ended January 31, 2024 is available at (<https://ssl4.eir-parts.net/doc/3657/tdnet/2413818/00.pdf>).

#### [Status of Dialogue with Shareholders]

The Company's policy on dialogue with shareholders and investors is to establish a relationship of trust through active and constructive communication while carrying out IR activities that contribute to enhancing corporate value.

As for the status of implementation, in the fiscal year ended January 2024, we held discussions with 32 overseas investors, 20 domestic investors, and nine other entities (total number of engagements). Key topics during these dialogues included M&A strategies, capital efficiency and dividend policies, as well as short-term and medium- to long-term performance outlooks. Based on these discussions, we analyzed investor concerns and took several actions, such as disclosing "Key Points of Interest Expected" during financial results announcements, introducing a capital allocation policy that balances growth investments with shareholder returns, publishing corporate reports (in both Japanese and English) through Shared Research, and purchasing treasury shares as a measure to return value to shareholders.

Details on the status of dialogue with shareholders and investors (for the fiscal year ended January 2024) can be found in the Supplementary Financial Data for the Fiscal Year Ended January 31, 2024 (<https://ssl4.eir-parts.net/doc/3657/tdnet/2413818/00.pdf>).

## 2. Capital Structure

Foreign shareholding ratio	20% - less than 30%
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#### [Major Shareholders]

Name	Number of Shares Held	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,743,900	15.05
Pole To Win Holdings, Inc.	2,795,730	7.33
Mitsutaka Motoshige	2,668,800	6.99
Kozo Matsumoto	2,280,680	5.98
Tamiyoshi Tachibana	2,203,200	5.77
CEP LUX-ORBIS SICAV	2,067,700	5.42
JP MORGAN CHASE BANK 385632	1,522,500	3.99
Custody Bank of Japan, Ltd. (Trust Account)	1,226,600	3.21
Teppei Tachibana	1,214,400	3.18
Mitsutaka LLC.	1,200,000	3.14

Existence of controlling shareholders (excluding parent company)	---
Existence of parent company	None

Supplementary explanation
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## 3. Company Attributes

Listed exchange and market segment	Prime Market, Tokyo Stock Exchange
Fiscal year-end	January
Industry	Information and communications
Number of employees (consolidated) at the end of the immediately preceding fiscal year	More than 1,000
Net sales (consolidated) at the end of the immediately preceding fiscal year	¥10 billion - less than ¥100 billion
Number of consolidated subsidiaries at the end of the immediately preceding fiscal year	10 - less than 50

#### 4. Guidelines Concerning Policy for Protecting Minority Shareholders in Transactions with Controlling Shareholders

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#### 5. Other Special Circumstances That May Have a Significant Impact on Corporate Governance

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## // Status of Business Management Organizations and Other Corporate Governance Systems Related to Management Decision-Making, Execution, and Supervision

### 1. Matters Related to Organizational Structure and Operations

Organizational format	Company with Audit and Supervisory Committee
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#### [Directors]

Number of Directors under the Articles of Incorporation	21
Term of service of Directors under the Articles of Incorporation	1 year
Chair of Board of Directors	President
Number of Directors	13
Status of appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Outside Directors designated as independent officer	6

#### Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hisaaki Shirai	From another company											
Hideaki Okamoto	From another company											
Toshimitsu Tsutsui	From another company											○
Mutsumi Kobayashi	From another company											
Akihiko Miyata	From another company											
Natsuko Shimizu	From another company											

\* Items to select concerning relationship with the Company

\* If the individual currently or recently corresponds to the item, enter ○; if it was in the past, enter △.

\* If a close relative currently or recently corresponds to the item, enter ●; if it was in the past, enter ▲.

a A person who executes the business of the listed company or its subsidiary

b An executive or non-executive director of the parent company of the listed company

c An executive of a sibling company of the listed company

d A person whose main business partner is the listed company or a person who executes the business of a listed company

e A major business partner of the listed company or its executive

f A consultants, accounting professional, or legal professional who receives large amounts of money or other assets from the listed company in addition to executive compensation

g A major shareholder of the listed company (in the case of a corporation, a person who executes its business)

h An executive (only the individual in question) of a business partner of the listed company (not falling under d, e, or f above)

i An executive of a party with whom the outside officers have a relationship of mutual appointment (only the individual in question)

j An executive of a party to whom the listed company has made a donation (only the individual in question)

k Other

## Relationship with the Company (2)

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary explanation for applicable items	Reasons for Appointment
Hisaaki Shirai	○	○	---	Hisaaki Shirai has extensive experience in corporate management and, as an attorney-at-law, possesses deep knowledge of corporate legal affairs, along with a wealth of experience and insight. The Company has appointed him as an Outside Director based on the belief that his knowledge and experience will allow him to provide objective insights on the decision-making and supervision of the Company's Board of Directors, thereby enhancing its effectiveness. Additionally, the Company has determined that there is no risk of a conflict of interest with general shareholders based on officer attributes and has designated him as an independent officer.
Hideaki Okamoto	○	○	---	Hideaki Okamoto brings both corporate management experience and a strong background in technical research. Adding his engineering perspective to the Company's management will enhance the diversity of the Board members' backgrounds. This diversity is expected to promote more well-rounded discussions within the Board of Directors. For these reasons, he has been appointed as an Outside Director. Additionally, the Company has determined that there is no risk of a conflict of interest with general shareholders based on officer attributes and has designated him as an independent officer.
Toshimitsu Tsutsui		○	To leverage Toshimitsu Tsutsui's expertise in finance, accounting, and compliance to enhance the governance structure of our consolidated subsidiary, we have appointed him as a non-executive director of HIKE Inc., effective April 24, 2024.	Toshimitsu Tsutui has experience in corporate management, along with securities analyst qualifications and venture investment experience. We have appointed him as an Outside Director, as he is expected to provide valuable recommendations to the Group's management based on his extensive experience and expertise. Additionally, the Company has determined that there is no risk of a conflict of interest with general shareholders based on officer attributes and has designated him as an independent officer.
Mutsumi Kobayashi		○	---	Mutsumi Kobayashi has corporate management experience, as well as extensive experience and deep insight in conducting due diligence for M&A considerations and post-merger integrations (PMI). We made the decision to appoint her as an Outside Director, as she is expected to provide valuable recommendations to the Group's management based on this experience and expertise. Additionally, the Company has determined that there is no risk of a conflict of interest with general shareholders based on officer attributes and has designated her as an independent officer.
Akihiko Miyata	○	○	---	Akihiko Miyata has extensive experience in corporate management and has been involved in domestic equity investment for over 30 years. He has practiced engagement investment, which focuses on enhancing the corporate value of portfolio companies by engaging in dialogue with their management and offering advice on business and financial strategies. The Company decided to appoint him as an Outside Director with the expectation that his perspective will enhance Board discussions, ultimately contributing to the improvement of our corporate value in the medium to long term. Additionally, the Company has determined that there is no risk of a conflict of interest with general shareholders based on officer attributes and has designated him as an independent officer.

Natsuko Shimizu	○	○	---	Natsuko Shimizu is an attorney specializing in corporate legal affairs with particular expertise in business restructuring and M&A. Although she has no experience in company management aside from her role as an outside officer, we have decided to appoint her as an Outside Director because we believe that her extensive knowledge and experience as an attorney will provide objective insights on decision-making and supervision, thereby enhancing the effectiveness of the Board of Directors. Additionally, the Company has determined that there is no risk of a conflict of interest with general shareholders based on officer attributes and has designated him as an independent officer.
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## [Audit and Supervisory Committee]

### Committee Composition and Attributes of Chair

	Total number of members	Number of full-time members	Number of Internal Directors	Number of Outside Directors	Chairperson
Audit and Supervisory Committee	4	0	0	4	Outside Director

Existence of Directors and employees to assist the Audit and Supervisory Committee in its duties	Yes
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### Matters Related to the Independence of These Directors and Employees from Executive Directors

The consent of the Audit and Supervisory Committee is required for personnel transfers, performance evaluations, and other related matters concerning these employees. Additionally, assistants instructed by the Audit and Supervisory Committee members are not subject to the direction and orders of the Executive Directors with respect to such assistance.

### Collaboration among the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Department

The Company has adopted an Audit and Supervisory Committee system. The Audit and Supervisory Committee consists of four part-time members, all four of whom are Outside Directors. Each Audit and Supervisory Committee member attends Board of Directors meetings, participates in resolutions, and audits the execution of duties by Directors. Additionally, the Audit and Supervisory Committee members attend Board of Directors meetings and other key meetings held at group companies to closely monitor the Directors' execution of their duties. They also exchange information and opinions among themselves, discussing important matters concerning the entire Group to understand the management situation of the Company and the Group, as well as to share information on any issues.

The members also exchange information with the Internal Audit Office and the Accounting Auditor as needed, working in collaboration with them to enhance the effectiveness of audits. The secretariat of the Audit and Supervisory Committee includes an individual well-versed in accounting, providing support for the committee's operations and information gathering.

## [Voluntary Committees]

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

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	Name of committee	Total number of members	Number of full-time members	Number of Internal Directors	Number of Outside Directors	Number of external experts	Number of others	Committee chair (chairperson)
Voluntary committee equivalent to a nomination committee	Nomination and Compensation Committee	5	1	1	4	0	0	Outside Director
Voluntary committee equivalent to a compensation committee	Nomination and Compensation Committee	5	1	1	4	0	0	Outside Director

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Supplementary explanation

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The Company has established a Nomination and Compensation Committee to ensure fairness and objectivity in the procedures related to the nomination and compensation of Directors, thereby further enhancing corporate governance.

### [Independent Officers]

Number of independent officers	6
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Other Matters Concerning Independent Officers

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### [Incentives]

Status of Implementation of Measures to Provide Incentives to Directors	Other
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Supplementary explanation for applicable items

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The Company has introduced a restricted stock plan to provide incentives for the sustainable enhancement of its corporate value and to promote further value sharing with shareholders.

Eligibility for Stock Options	
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Supplementary explanation for applicable items

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### [Director Compensation]

Status of disclosure (of individual Director compensation)	Individual compensation is not disclosed
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Supplementary explanation for applicable items

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The total amount is disclosed in the Annual Securities Report.

Existence of policy for determining the amount of compensation or its calculation method	Yes
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The basic policy for determining the compensation of our Directors (excluding those who are Audit and Supervisory Committee members; the same applies hereafter unless otherwise stated) is to set it within the limits approved at the General Meeting of Shareholders, taking into account their positions, responsibilities, and execution of duties within the corporate group led by the Company, as well as the business environment. When determining Director compensation, the Board of Directors seeks the opinion of the Nomination and Compensation Committee. The President, who has been entrusted with this responsibility based on a resolution by the Board of Directors, prepares a draft of the Director compensation plan in line with the feedback received. Additionally, the compensation of Directors is determined after receiving the approval of the Nomination and Compensation Committee regarding the draft proposal. The amount of individual monetary compensation consists solely of fixed compensation, paid at a set time each month.

If restricted stock is to be granted separately from the above compensation, the Board of Directors, after consulting with the Nomination and Compensation Committee, will prepare a proposal based on factors such as the degree of budget achievement within the limits set by the General Meeting of Shareholders. The number of shares to be allotted will then be determined by resolution of the Board of Directors after obtaining the consent of the Nomination and Compensation Committee regarding the proposal. If restricted stock is granted, it will be once a year around May.

## [Support System for Outside Directors]

The Administration Department takes a central role in supporting Outside Directors, including providing necessary materials and information as needed.

## 2. Matters Related to Functions Such as Business Execution, Auditing, Supervision, Nomination, and Compensation Decisions (Overview of the Current Corporate Governance System)

### 1. Details of the Company's institutions

#### (Board of Directors)

The Board of Directors is composed of 13 members, including six Outside Directors. The Board of Directors meets regularly once a month to ensure effective mutual oversight among its members and holds additional meetings as needed for swift decision-making. Except under special circumstances, Board meetings are held with the participation of all Directors.

Similarly, each group company holds a monthly Board of Directors meeting.

#### (Audit and Supervisory Committee)

The Company has adopted an Audit and Supervisory Committee system. The Audit and Supervisory Committee consists of four part-time members, all four of whom are Outside Directors. Each Audit and Supervisory Committee member audits and supervises the execution of duties by Directors at meetings of the Board of Directors. Additionally, the Audit and Supervisory Committee members attend Board of Directors meetings and other key meetings held at group companies to closely monitor the Directors' execution of their duties. They also exchange information and opinions among themselves, discussing important matters concerning the entire Group to understand the management situation of the Company and the Group, as well as to share information on any issues. The members also exchange information with the Internal Audit Office and the Accounting Auditor as needed, working in collaboration with them to enhance the effectiveness of audits.

#### (Internal Audit Office)

The Internal Audit Office, reporting directly to the Representative Director, conducts audits based on an annual audit plan. There are currently two members. Internal audits are carried out to assess compliance, risk management, and the appropriateness and efficiency of business processes across the Company and all Group departments.

The Internal Audit Office collaborates with the Audit and Supervisory Committee members by exchanging information and reporting the status of internal audits as needed.

#### (Nomination and Compensation Committee)

The Nomination and Compensation Committee consults with the Board of Directors to deliberate on the appointment and dismissal of Directors as well as the compensation of individual Directors, providing advice and recommendations to the Board. The Nomination and Compensation Committee is composed of five members, including four Outside Directors.

In addition to the above, the Company also has an Accounting Auditor. The Company also receives advice from its legal advisor as needed on its corporate governance system.

### 2. Establishment of a risk management system

Recognizing that strict compliance is essential for enhancing corporate value, the Company has established Compliance Regulations to outline compliance procedures, thoroughly ensure adherence, and strengthen its social credibility. Additionally, the Group has entered into advisory contracts with external specialists in legal, tax, labor, and other fields, establishing a system for obtaining guidance and advice on a daily basis.

### 3. Determination of officer compensation

The basic policy for determining the compensation of our Directors (excluding those who are Audit and Supervisory Committee members; the same applies hereafter unless otherwise stated) is to set it within the limits approved at the General Meeting of Shareholders, taking into account their positions, responsibilities, and execution of duties within the corporate group led by the Company, as well as the business environment. When determining Director compensation, the Board of Directors seeks the opinion of the Nomination and Compensation Committee. The President, who has been entrusted with this responsibility based on a resolution by the Board of Directors, prepares a draft of the Director compensation plan in line with the feedback received. Additionally, the compensation of Directors is determined after receiving the approval of the Nomination and Compensation Committee regarding the draft proposal. The amount of individual monetary compensation consists solely of fixed compensation, paid at a set time each month.

If restricted stock is to be granted separately from the above compensation, the Board of Directors, after consulting with the Nomination and Compensation Committee, will prepare a proposal based on factors such as the degree of budget achievement within the limits set by the General Meeting of Shareholders. The number of shares to be allotted will then be determined by resolution of the Board of Directors after obtaining the consent of the Nomination and Compensation Committee regarding the proposal. If restricted stock is granted, it will be once a year around May.

The compensation for Directors who are Audit and Supervisory Committee members is determined through consultation among the committee members within the limit set at the General Meeting of Shareholders.

### 3. Reasons for Choosing the Current Corporate Governance System

The Company has appointed six Outside Directors.

The Company considers objective and neutral external management oversight to be crucial in corporate governance. It has adopted the current system, believing that this external oversight function operates effectively within the established framework.

## III Status of Implementation of Measures Concerning Shareholders and Other Stakeholders

### 1. Initiatives to Revitalize the General Meeting of Shareholders and Facilitate the Exercise of Voting Rights

	Supplementary explanation
Scheduling the General Meeting of Shareholders to avoid peak days	The Company's fiscal year ends in January, and the Ordinary General Meeting of Shareholders is scheduled on a date that avoids peak days.
Exercise of voting rights by electronic means	The Company allows shareholders to exercise their voting rights online through the "Voting Rights Exercise Website" operated by Mizuho Trust & Banking Co., Ltd. and via smartphones using the "Smart Exercise" system.
Participation in an electronic voting platform and other initiatives to improve the voting environment for institutional investors	The Company participates in the electronic voting platform operated by ICJ, Inc.
Provision of the notice of convocation (summary) in English	The Company has prepared English translations of the formal notice of convocation and the reference documents, posting them on the Company's website and the electronic voting platform on the same day as the Japanese version.

### 2. Status of IR-related Activities

	Supplementary explanation	Explanation by the representative himself/herself
Regular briefings for analysts and institutional investors	At the time of the 2nd-quarter and full-year financial results announcements, the Company hosts a briefing (webinar format) for analysts and institutional investors and later uploads a video of the presentation along with its transcript on its website.	Yes
Posting of IR materials on website	The Company has an IR information section on its website, which contains consolidated financial results, financial results briefing materials, annual securities reports, timely disclosure information, financial data, and other information.	
Establishment of department for (person in charge of) IR	The Administration Department is the department responsible for IR at the Company.	

### 3. Status of Initiatives Related to Respect for Stakeholders' Position

	Supplementary explanation
Provisions for respecting the position of stakeholders in internal rules and regulations	The Group has put together a Compliance Handbook that outlines legal compliance and underscores the importance of ethical practices and legal compliance to build strong relationships with stakeholders.
Implementation of environmental conservation, CSR, and other activities	<p>The Group conducts CSR activities in the areas of "barrier-free operations," "information literacy," and "international cooperation."</p> <p>In the field of "barrier-free operations," Pole To Win Inc. supports the activities of "SalsaGumtape," a rock band that includes individuals with and without intellectual disabilities. The Company has also set up a system to support performers with disabilities, known as "para-performers*," who meet specific criteria. This includes signing employment contracts, creating an environment for regular performances, and assisting with event appearance negotiations.</p> <p>In the field of "information literacy," Pole To Win Inc. offers junior high and high school students opportunities to learn fundamental online ethics during visits to companies and schools. Additionally, we collaborate in managing the Study Group on Children's Internet Use (Kodomo Net Kenkyu-kai), an expert group that conducts surveys, research, social advocacy, and educational initiatives to support parents in addressing issues related to young people's Internet use.</p> <p>In the field of "international cooperation," PTWI India Private Limited (Bangalore, India) collaborates with a local non-profit organization to contribute to society by providing school lunches to students at a special elementary school and donating computer classes to special schools.</p> <p>*Pole To Win, Inc. has registered the trademark "Para-performer" to support performances by individuals with disabilities and to promote their performance culture in Japan.</p>

## **IV Matters Related to the Internal Control System**

### 1. Basic Approach and Status of Internal Control System

1. System to Ensure that Directors and Employees of the Company and Its Group Companies Comply with Laws, Regulations, and the Articles of Incorporation in the Execution of Their Duties

#### (1) Corporate governance

##### a. Directors and Board of Directors

The Board of Directors makes decisions on important management matters and supervises the directors' execution of their duties in compliance with laws, regulations, and the Articles of Incorporation.

In principle, the Company's directors hold regular Board of Directors meetings once a month. In cases of urgent matters, an extraordinary Board meeting is convened promptly to establish a system that enables swift management decision-making. Additionally, at group companies, in principle, directors hold regular Board of Directors meetings or an equivalent important meeting once a month. In cases of urgent matters, an extraordinary Board meeting or an equivalent important meeting is convened promptly to establish a system that allows for swift management decision-making.

##### b. Audit and Supervisory Committee members and Audit and Supervisory Committee

The Audit and Supervisory Committee members exercise the authority granted by laws and regulations and, in cooperation with the Accounting Auditor and the Internal Audit Office, audit the execution of duties by the Directors, including the management of subsidiaries, in accordance with the Rules of the Audit and Supervisory Committee and the Standards for Audit by the Audit and Supervisory Committee. The Audit and Supervisory Committee meets once a month, in principle, and additionally as needed.

#### (2) Compliance

##### a. Compliance system

To ensure that the Directors and employees of the Company and its group companies conduct their corporate activities in compliance with relevant laws and regulations, the Company has established the Regulations for Compliance with Laws and Regulations, etc. applicable to the entire Group and has implemented various measures to achieve the objectives of these regulations.

##### b. Public whistleblower system

To address potential compliance issues, the Company will establish the Group Internal Whistleblowing Regulations and set up a Compliance Helpline as a point of contact for consultations and reporting within the Company and its group companies.

#### (3) Internal audits

To assess the appropriateness of the execution of duties by the Directors and employees of the Company and its group companies along with the status of compliance, the Internal Audit Office will be established under the direct supervision of the President & CEO. The Internal Audit Rules will outline the basic principles for internal audits. The Internal Audit Office, along with auditors appointed by the President & CEO when necessary, will oversee and conduct internal audits across the Company and its group companies. The person in charge of the Internal Audit Office will prepare an internal audit report after the completion of these audits and submit it to the President & CEO.

#### (4) Nomination and Compensation Committee

The Nomination and Compensation Committee consults with the Board of Directors to deliberate on matters related to the appointment and dismissal of Directors as well as the compensation of individual Directors, providing advice and recommendations to the Board.

(5) Sustainability Committee

The Sustainability Committee, operating under the Board of Directors, will establish a Basic Policy on Sustainability for the Company and its group companies, identify key issues, and promote group-wide sustainability initiatives for each of these issues.

(6) Measures Against Antisocial Forces

The Company recognizes that any association with antisocial forces that threaten social order or safety may result in legal violations. To sever such relationships, the Company has established Rules on Measures Against Antisocial Forces applicable to both the Company and its group companies.

2. System for the Storage and Management of Information Related to the Execution of Duties by the Company's Directors

(1) Information storage and management

The Company has established Document Management Rules to ensure the proper storage and management of information related to the execution of duties by Directors and employees.

(2) Information accessibility

The Directors of the Company will have access to these documents and related information at all times.

3. Rules and Other Systems for Managing Risk of Loss for the Company and Its Group Companies

(1) Risk management system

In accordance with the Risk Management Rules applicable to the Company and its group companies, the Company's Board of Directors will review and manage business risks on both a company-wide and operational level. Additionally, the group companies will implement a system to identify risks during Board of Directors meetings or other equivalent important meetings, allowing the Group to flexibly consider measures to address these risks.

(2) Approval system

When executing their duties, each department head will submit individual applications for approval for matters requiring it based on the Rules for Segregation of Duties and the Rules on Administrative Authority. Progress reports will be provided as needed with a completion report submitted once finished.

(3) System for responding to major disasters

In the event of an unexpected risk, such as a major earthquake requiring a company-wide response, a task force led by the President & CEO will be established in accordance with the Crisis Management Rules applicable across the Company and its group companies to take prompt measures.

4. System to Ensure the Efficient Execution of Duties by Directors of the Company and Its Group Companies

Management policies, strategies, and plans

To ensure the efficient execution of duties by Directors, the Company will establish management policies, strategies, plans, and other targets to be shared by all Directors and employees. Directors will regularly report on the progress of these management targets at Board of Directors meetings. Additionally, information sharing and discussions among Group executives will take place during management meetings across the Group.

5. System to Ensure the Proper Conduct of Operations within the Corporate Group

(1) Group company management system

Affiliated Companies Management Rules are established to promote the mutual benefit and development of the Company and its group companies. The General Manager of the Administration Department will monitor the management and financial status of group companies and report to the Board of Directors. Additionally, important management matters are reported to the General Manager of the Administration Department before being decided by the group companies, after which the General Manager of the Administration Department reports to the Board of Directors and provides necessary advice and guidance.

(2) Establishment of a system to ensure the appropriateness of financial reporting and asset protection

The Group will establish the necessary systems to ensure the reliability and ongoing monitoring of consolidated financial statements and other financial reporting. Additionally, it will implement systems to ensure the proper acquisition, storage, and disposal of assets owned by group companies.

(3) Internal audits

The Internal Audit Office conducts internal audits of each group company and reports the findings to the President & CEO. The Audit and Supervisory Committee members and the Accounting Auditor independently conduct audits of each group company.

6. Matters Related to Employees Assigned to Assist the Audit and Supervisory Committee in Its Duties and the Independence of Those Employees from the Directors

If the Audit and Supervisory Committee requests the appointment of an employee to assist in its duties, the selection of that employee will be decided at a meeting of the Audit and Supervisory Committee. Additionally, any personnel transfers, performance evaluations, or other related matters for that employee will require the Committee's consent.

Assistants instructed by the Audit and Supervisory Committee members are not subject to the direction or orders of the Directors regarding their duties.

7. System for Reporting to the Audit and Supervisory Committee by Directors and Employees of the Company and its Group Companies and Other Audit and Supervisory Committee Reporting Systems

(1) Attendance of important meetings by Audit and Supervisory Committee members

Audit and Supervisory Committee members will attend Board of Directors meetings, receive reports from Directors on the status of business execution and other significant matters and participate in other important meetings.

(2) Confirmation of execution of Director duties by Audit and Supervisory Committee members  
The Audit and Supervisory Committee members verify the appropriateness of the Directors' execution of duties upon receiving the "Written Confirmation of Directors' Execution of Duties" from them.

(3) Reports to Audit and Supervisory Committee members by Directors, the Internal Audit Office, and other employees of the Company and its group companies  
Directors, the Internal Audit Office, and other employees of the Company and its group companies report to the Audit and Supervisory Committee members on any violations of laws, regulations, or the Articles of Incorporation, the results of internal audits, and the status of reports made through the public whistleblower system in a timely manner.  
Additionally, the Audit and Supervisory Committee members may request reports from the Company's Directors, the Internal Audit Office, and other employees of the Company and its group companies at any time, as needed. The Group Internal Whistleblowing Rules strictly prohibit any unfavorable treatment of those who have reported to the Audit and Supervisory Committee members, including Directors, employees, and staff of the Internal Audit Office of the Company and its group companies.

8. Matters Related to Procedures for Advance Payment or Reimbursement of Expenses Incurred in the Execution of Duties by Audit and Supervisory Committee Members and Policies for Handling Expenses or Liabilities Arising from the Execution of Such Duties

Audit and Supervisory Committee members may promptly handle advance payments or reimbursements for expenses incurred in the execution of their duties, unless such payments or reimbursements are deemed unnecessary for the execution of their responsibilities.

9. Other Systems to Ensure the Effective Execution of Audits by the Audit and Supervisory Committee

(1) Cooperation with the Internal Audit Office, Accounting Auditor, and the Group's Auditors  
The Audit and Supervisory Committee members receive audit plans in advance from both the Internal Audit Office and the Accounting Auditor and hold regular meetings to discuss audit policies and review reports on audit results.  
The Audit and Supervisory Committee members collaborate with the Group's auditors to gather their insights regarding the execution of business operations at each of the group companies. Additionally, a meeting may be created to facilitate the mutual exchange of information related to group management.

(2) Engagement of external experts  
The Audit and Supervisory Committee members may appoint attorneys, certified public accountants, and other external advisors when deemed necessary.

2. Basic Approach to Eliminating Antisocial Forces and Status of Measures Taken

The Company has established the Antisocial Forces Countermeasure Rules and the Antisocial Forces Countermeasure Manual as part of its efforts to eliminate antisocial forces. As part of this, the Company has established a fundamental policy stating, "Under no circumstances will we provide money or any other economic benefits to antisocial forces," and is actively working to ensure that all officers and employees understand and adhere to this policy.

V Other

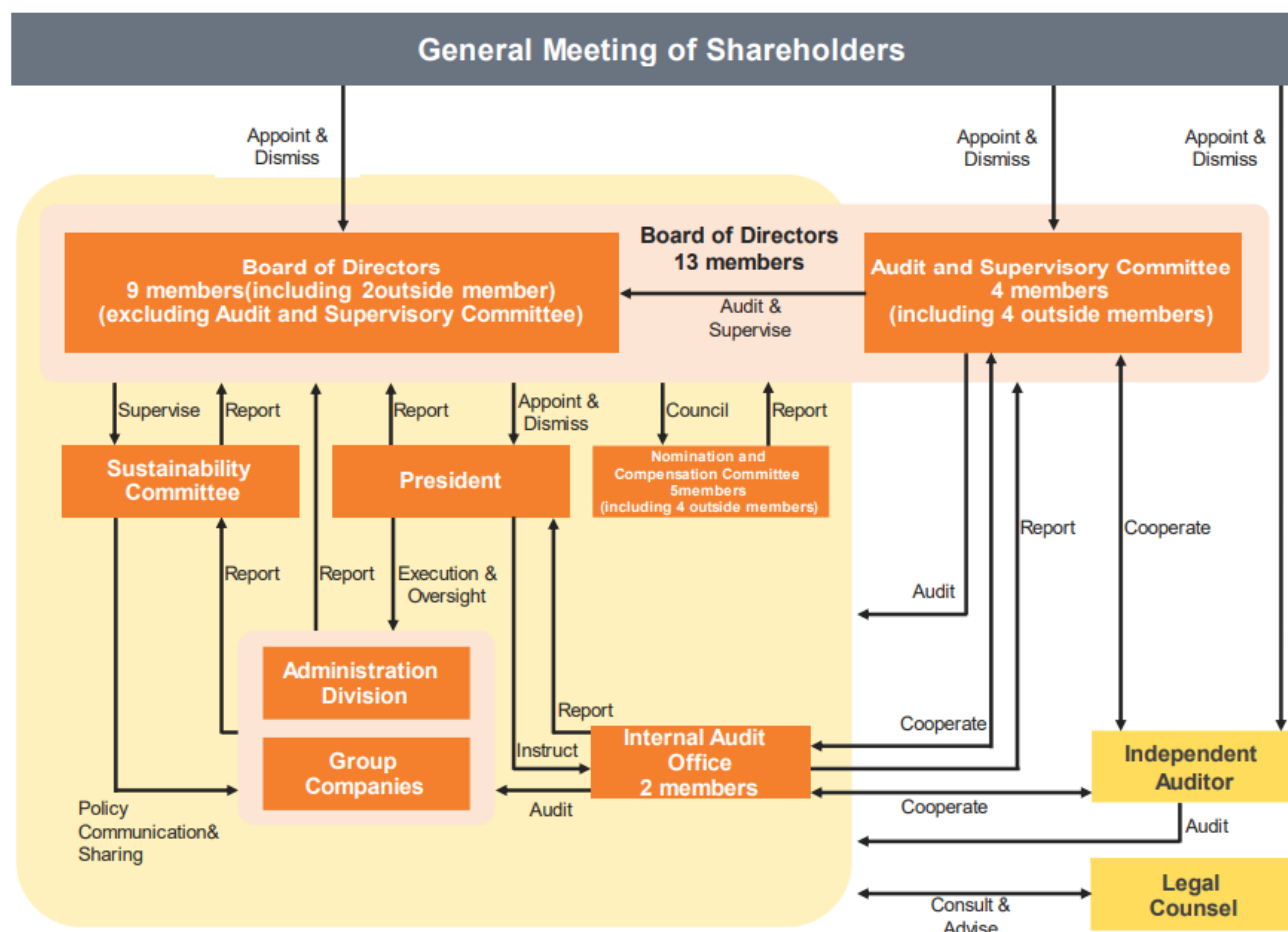
1. Introduction of Anti-Takeover Measures

Existence of anti-takeover measures	None
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Supplementary explanation for applicable items

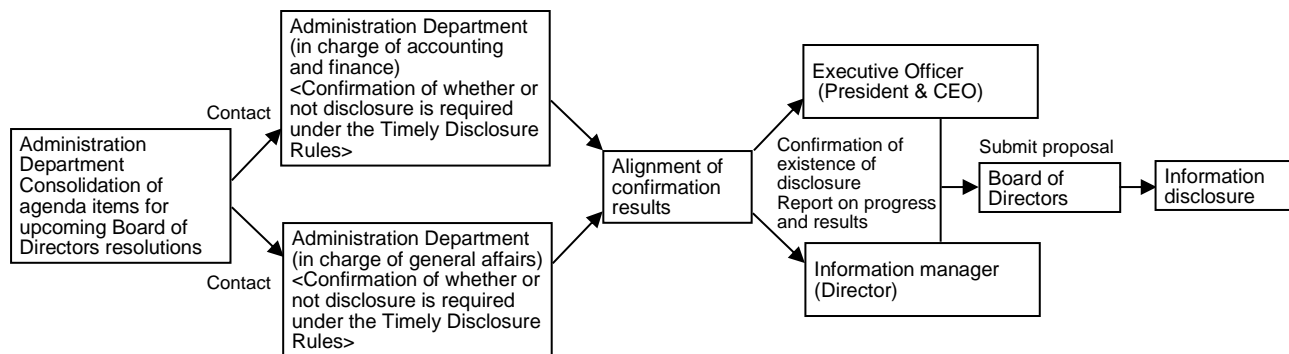
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## 2. Other Matters Related to Corporate Governance System



## Overview of Timely Disclosure System

<Information on Decisions, Financial Results, and Other Matters Related to the Group>



<Information on Incidents Related to the Group>

