

[Translation for Reference and Convenience Purposes Only]

Corporate Governance Report

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of ITOCHU ENEX Co., Ltd., which has been reported to the Tokyo Stock Exchange. ITOCHU ENEX Co., Ltd. provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Last Updated: June 21, 2022

ITOCHU ENEX Co., Ltd.

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<https://www.itcenex.com/en/>

The corporate governance of ITOCHU ENEX Co., Ltd. (the Company) is described below.

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

1. Basic Views **Updated**

In accordance with the Corporate Philosophy, the Employee Code of Conduct, Be Ethical (Reliability and sincerity, creativity and ingenuity, transparency and integrity) and the Declaration of the Group Code of Conduct, the Company is continuously strengthening corporate governance in response to the changing business environment by always concentrating on persistently pursuing compliance as people in the business world, focusing on shareholders returns, ensuring managerial transparency and making decisions more quickly.

Specifically, as a company with Audit & Supervisory Board Members (or an Audit & Supervisory Board), the Company ensures that its Audit & Supervisory Board Members will fully implement managerial monitoring to enhance their monitoring and oversight function and transparency in decision-making.

The Company publishes its Corporate Philosophy, the Employee Code of Conduct, and the Declaration of the Group Code of Conduct on its website. For details, please refer to:

<https://www.itcenex.com/en/corporate/mission/>

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

The Company complies with all principles set forth in the Corporate Governance Code.

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

(Principle 1.4)

- Cross-shareholdings

〈Policy on cross-shareholdings〉

The Company has a policy of holding shares of any customer or business partner solely on the condition that holding such shares is deemed to have commercial potential in the future and is strategic. The policy is limited to holdings in which the chances of achieving an investment return are high and the holdings contribute to increasing the Company's corporate value.

With regard to such shares we already hold, the Board of Directors examines the reasonability of the holding

of individual shares every year and the continuation or reduction of cross-shareholdings will be properly determined from the perspective of the chances of achieving the expected investment purpose or whether or not they are creating economic added-value that may lead to enhancing the Company's corporate value.

Examination results as of the Board of Directors held on May 19, 2022 are as follows:

The Company specifically examined the cross-holding shares the Company holds (all 6 issues), to determine whether or not the purpose of the crossholding is appropriate on an individual issue basis, and whether or not benefits or risks associated with the cross-shareholdings are commensurate with the Company's capital cost. As a result, while it was confirmed that there were issues the holdings of which are appropriate, it was also confirmed that there were some issues the Company is to consider in reducing the holding after examining the significance of the holding them going forward.

〈Standard for exercising voting rights as to cross-shareholdings〉

In exercising voting rights concerning the cross-shareholdings, the Company makes it a rule not to abstain from voting, so as not to give another party carte blanche in principle. Moreover, the Company makes a decision for and against each proposal tabled after examining individual proposals, not using uniform standards such as short-term operating results/share prices, but taking the perspective of whether or not it will help increase the medium- or long-term corporate value of the Company and the companies in which shares are held, in view of non-financial information such as the business policies, strategies and suchlike of the company in which shares are held.

(Principle 1.7)

- Related party transactions

When the Company engages in transactions involving conflict of interest as defined in the Companies Act with any of its Directors, the Company is required to obtain a resolution of the Board of Directors approving the transaction in accordance with the Companies Act and the Board of Directors Regulations.

In addition, the Company ensures the appropriateness of transactions through deliberation and examination of material transactions or actions with a controlling shareholder and material transactions or actions with a related party which is not a controlling shareholder by a Special Committee comprising independent persons including Independent Outside Directors and by the Governance Committee which consists of a majority of Independent Outside Directors respectively prior to approval by resolution at a Board of Directors' meeting attended by Outside Directors and Outside Audit & Supervisory Board Members.

(Supplementary Principle 2.4(1))

- Ensuring diversity

The Company recognizes that respecting the individuality and the diversity and values of employees and harnessing these as strengths is important for achieving sustainable growth.

The Company will, therefore, implement initiatives such as the following.

① Seek to enhance methods used to hire new graduates, and attract and retain diverse human resources, including mid-career hires.

② Incorporate work styles according to specific life plans, and develop respective systems and the internal environment.

③ Ensure diversity in promotion to core human resources who will drive the Company's growth, including promoting women, foreign nationals and midcareer hires, and focus on developing human resources from a medium-to-long-term perspective.

By implementing these initiatives, the Company will encourage diversity, especially the active participation of female employees, and will work to foster a corporate climate in which all employees can play an active part.

[Targets] Percentage of female managers and supervisors

2021: 4% (As of April 1, 2022)

2030: 10%

2035: 30%

In addition, several foreign employees play an active part in the Company's business as of April 2022. There is no track record at present with respect to their placement as managers and supervisors, because we are at the stage where they are being developed as candidates for the management team in the future. The Company will continue to focus on cultivating human resources who have comprehensive perspectives and will encourage the appointment of foreign nationals to managers and supervisors in light of their job roles and capabilities.

The ratio of midcareer hires as managers and supervisors is 23%, and the Company will continue to ensure diversity by promoting individuals to managerial positions in light of their

job roles and their skills, irrespective of whether they are new graduates or midcareer hires.

- Policies for human resource development and internal environment development to ensure diversity

Since its foundation in 1961, the Company has considered people to be its most important asset, believing that it is human resources who are central to value creation within the Group and drive sustainable corporate growth and enhancement of corporate value.

The Company publishes its policies for human resource development and internal environment development in its Medium-Term Business Plan and Integrated Report and on its website. For details, please refer to:

Medium-Term Business Plan, SHIFT! 2022

<https://www.itcenex.com/en/ir/policy/plan/>

Integrated Report (ENEX REPORT)

https://www.itcenex.com/en/ir/doc/annual_report/

Sustainability Initiatives

<https://www.itcenex.com/en/csr/>

(Principle 2.6)

- Fulfill function as a Corporate Pension Asset Owner

Although the Company does not participate in a specific corporate pension fund, it has introduced a defined contribution pension plan to enable employees to build assets. The Company regularly confirms investment products with the cooperation of the asset management institution. In addition, the Company has been continuously providing employees with opportunities to understand the status of their investments and receive education on asset management from the time they join the Company.

(Principle 3.1 (i))

- Corporate philosophy, business strategies and business plans

The Company publishes its corporate philosophy on its website. For details, please refer to:

<https://www.itcenex.com/en/corporate/mission/>

In April 2021, the Group announced its new medium-term business plan, *Shift! 2022*, covering the two-year period from FY2021 to FY2022. In its previous medium-term business plan, the Group established the theme, *Moving*, and worked to develop new business areas and drastically change the ways it conventionally did business.

Following up on *Moving*, the Group will *Shift!* into a higher gear to further accelerate the development of its business. For details, please refer to:

<https://www.itcenex.com/en/ir/policy/plan/>

(Principle 3.1 (ii))

- Basic views and guidelines on corporate governance

For the Company's basic views on corporate governance, refer to I-1. *Basic Views* above.

Under the basic views described above, the Company has established a basic policy for corporate governance. For details, please refer to:

<https://www.itcenex.com/en/corporate/governance/system/>

(Principle 3.1 (iii))

- Policies and procedures in determining remuneration

For details about policies and procedures for determining the remuneration of Directors, please refer to Director Remuneration in II-1. of this report.

(Principle 3.1 (iv))

- Policies and procedures in the nomination of Director and Audit & Supervisory Board Member candidates

For details about policies and procedures in the nomination of Director and Audit & Supervisory Board Member candidates, please refer to Policies and Procedures in the Nomination of Director and Audit & Supervisory Board Member Candidates in II-2 of this report.

(Principle 3.1 (v))

- Explanations with respect to individual appointments and nominations of Director and Audit & Supervisory Board Member candidates

The Company discloses reasons for individual nominations with respect to all Director candidates and Audit & Supervisory Board Member candidates in the Notice of the Ordinary General Meeting of Shareholders. For the disclosure of the current fiscal year, please refer to:

https://www.itcenex.com/en/ir/stockholder/general_meeting/

(Supplementary Principle 3.1(3))

- Sustainability Initiatives, Disclosure based on the Task Force on Climate-Related Financial Disclosures (TCFD)

The Company publishes its approach to the implementation of sustainability management in its Integrated Report and on its website.

For details, please refer to:

Integrated Report (ENEX REPORT)

https://www.itcenex.com/en/ir/doc/annual_report/

Sustainability Initiatives

<https://www.itcenex.com/en/csr/>

Information disclosure based on the TCFD recommendations

<https://www.itcenex.com/en/csr/environment/climatechange/>

- Investment in human capital, etc.

The Company discloses information on its employee training and support system, etc. on its website.

For details, please refer to:

<https://www.itcenex.com/en/csr/social/diversity/>

Integrated Report (ENEX REPORT)

https://www.itcenex.com/en/ir/doc/annual_report/

(Supplementary Principle 4.1(1))

- Scope of matters delegated to the management

The Company is pressing ahead with the delegation of decision-making on ordinary business execution to the management (Executive Directors and Executive Officers) to the extent permitted by laws and ordinances.

The Board of Directors not only supervises business execution by the management and makes decisions on corporate governance, but also makes decisions on the business execution of major quantitative and qualitative significance. The Company's Board of Directors Regulations specify the matters to be referred to the board.

(Principle 4.9)

- Criteria for determining the independence of Outside Directors

The Company discloses the criteria for determining the independence of Outside Directors on its website.

For details, please refer to:

<https://www.itcenex.com/en/corporate/governance/system/>

(Supplementary Principle 4.10(1))

- Establishment of Governance Committee

The Company has established a Governance Committee which consists of a majority of Independent Outside Directors.

The Governance Committee deliberates and examines matters related to the nomination and remuneration of Directors and Executive Officers and gives advice and recommendations to the Board of Directors as a voluntary consultative body of the Board of Directors.

(Supplementary Principle 4.11(1))

- Constitution of the Board of Directors

The Company considers that the appropriate range of the number of Directors for effective deliberations of the Board of Directors is roughly eight to twelve. It nominates inside and outside human resources with distinguished character and knowledge as Director candidates. Particularly with regard to Outside Directors and Outside Audit & Supervisory Board Members, the Company nominates those with knowledge in specialized areas such as business administration, law and accounting. The Company aspires to have them involved in the supervision of its management and business execution from different perspectives so that it will result in the enhancement of the Company's corporate value.

For a skills matrix showing the knowledge, experience, skills and other qualities of each director, please refer to the last page (Reference Material 2) of this report. As stated in Directors in II-1 of this report, the Company's Independent Outside Directors include persons with management experience in other companies.

(Supplementary Principle 4.11(2))

- Directors and Audit & Supervisory Board Members serving as Directors, Audit & Supervisory Board Members or management at other companies

Important concurrent positions of its Directors and Audit & Supervisory Board Members have been disclosed in the Notice of the Ordinary General Meeting of Shareholders. For the disclosure of the current fiscal year, please refer to:

https://www.itcenex.com/en/ir/stockholder/general_meeting/

(Supplementary Principle 4.11(3))

- Evaluation as to the effectiveness of the Board of Directors

The Company asked all Directors and Audit & Supervisory Board Members to give their opinions based on their own evaluation of the effectiveness of the Board of Directors as a whole in FY2021, including the composition, operation status and support structure of the board. By referring to these opinions as well as evaluation and analysis by third-party evaluation organizations and after deliberation and examination by the Governance Committee, the Board of Directors conducted the analysis and evaluation regarding the effectiveness of the Board of Directors.

The evaluation of FY2021, as in the previous fiscal year, indicated that the Company has generally maintained a high level in each evaluation item, and that the operation of the Board of Directors of the Company was appropriate overall, securing its effectiveness. On the other hand, opinions and advice were provided on matters such as further enhancement of discussion on medium- to long-term strategy. The Company will draw on these evaluation results to seek to further improve the monitoring and decision-making functions of the Board of Directors.

(Supplementary Principle 4.14(2))

- Training policy

For the purpose of ensuring that the Directors and Audit & Supervisory Board Members fully perform their functions, the Company organizes a prior briefing for Outside Directors and Outside Audit & Supervisory Board Members concerning matters to be referred to the Board of Directors through the administrative office of the board, business briefings in individual segments at the time of appointment, inspection tours of operations in Japan and overseas, regular lunch gatherings with the management and other events in an effort to ensure that they will properly recognize the Company's business details and managerial issues.

In addition, the Company provides Directors and Audit & Supervisory Board Members with training sessions held by third party organizations and different workshops and briefings on matters they have requested as appropriate in order to offer them training opportunities according to their respective backgrounds and assigned duties.

(Principle 5.1)

- Policy for dialogue with shareholders

Taking the requests and interests of shareholders into consideration, to the extent reasonable, the senior management, Directors, including Outside Directors, and Audit & Supervisory Board Members endeavor to engage in actual dialogue (management meetings) with shareholders.

The Company sets out its policy on constructive dialogue with shareholders in its IR Basic Policy. For details, please refer to: <https://www.itcenex.com/en/ir/policy/basicpolicy/>

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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[Status of Major Shareholders] **Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
ITOCHU Corporation	60,977,809	53.97
The Master Trust Bank of Japan, Ltd. (trust account)	6,933,700	6.14
Custody Bank of Japan, Ltd. (trust account)	4,698,101	4.16
Enex Fund	3,267,889	2.89
Nippon Life Insurance Company	1,542,284	1.37
Itochu Enex Employee Shareholding Association	1,373,133	1.22
STATE STREET BANK AND TRUST COMPANY 505001	814,418	0.72
THE BANK OF NEW YORK MELLON 140042	786,888	0.70

DFA INTL SMALL CAP VALUE PORTFOLIO	731,800	0.65
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	665,620	0.59

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	ITOCHU Corporation (Shares listed in Tokyo; Code: 8001)

Supplementary Explanation Updated

Status of Major Shareholders mentioned above is as of the ends of March, 2022.
Stock ownership percentage described in the Status of Major Shareholders is calculated excluding treasury stock of 3,894,968shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

As is the case with the conditions for general transactions, the Company determines the conditions for transactions or actions with ITOCHU Corporation, which is its parent company and controlling shareholder, in consideration of market prices.

For material transactions for which it is impossible to refer to market prices, the Company ensures the appropriateness of transactions through deliberation and examination by a Special Committee composed of independent persons including Independent Outside Directors prior to approval by resolution at a Board of Directors' meeting attended by Outside Directors and Outside Audit & Supervisory Board Members.

5. Other Special Circumstances which may have Material Impact on Corporate Governance Updated

As the parent company, ITOCHU Corporation owns 53.97% of the voting rights of the Company. The Company is a consolidated subsidiary of ITOCHU Corporation and a core company in domestic sales of petroleum products and in the business of imports to and exports from Japan in the ITOCHU Group. As a significant business partner, the Company exchanges information and personnel concerning transactions of petroleum and other products and domestic and international crude oil and petroleum product market trends, and pushes ahead with business activities concerning electric power, environmental business and global projects. The degree of dependence of the Company's business transactions on the parent company is low, and most of them are transactions with ordinary companies and consumers. The Company understands that its business is not constrained by the parent company and that it is capable of making independent managerial decisions while retaining its own initiative and autonomy. The Company accepts human resources dispatched from ITOCHU Corporation and its corporate group. However, they do not hinder the Company in making independent managerial decisions, and the Company maintains its independence, given that three Outside Directors are designated as Independent Directors and diverse opinions can be reflected on deliberations at the Board of Directors.

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Yes
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Ichiro Saeki	Attorney												
Motoyo Yamane	From another company												
Takuya Morikawa	From another company												

* Categories for "Relationship with the Company"

* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past

a. Executive of the listed company or its subsidiaries

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

c. Executive of a fellow subsidiary company of the listed company

d. A party whose major client or supplier is the listed company or an Executive thereof

e. Major client or supplier of the listed company or an Executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the listed company besides compensation as a Director/Audit & Supervisory Board Member

g. Major shareholder of the listed company (or an Executive of the said major shareholder if the shareholder is a legal entity)

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

i. Executive of a company, between which and the listed company Outside Directors/Audit & Supervisory Board Members are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the listed company (the Director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Ichiro Saeki	Yes	<p>Attorney from another company, and University faculty</p> <p>April 1975: Joined The Nippon Fudosan Bank (currently, Aozora Bank, Ltd.)</p> <p>April 1995: Registered with the Daini Tokyo Bar Association as an attorney-at-law</p> <p>March 2004: Established Shi-Go-Roku Law Office as Representative Attorney (to date)</p> <p>June 2005: Auditor, THE SHINKUMI FEDERATION BANK (to date)</p> <p>June 2016: Outside Director and an Independent Director of the Company (to date)</p> <p>April 2020: Emeritus Professor, Aoyama Gakuin University (to date)</p>	<p>Ichiro Saeki has specialized knowledge in his capacity as an attorney and a university professor, and extensive experience with corporate legal affairs. He also acquired broad knowledge of banking and finance during his tenure at the Nippon Fudosan Bank (currently, Aozora Bank, Ltd.). He has been nominated to another term as a candidate for Outside Director because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on his deep knowledge of banking and finance and expert point of view he has developed throughout his career.</p> <p>The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.</p>
Motoyo Yamane	Yes	<p>From another company</p> <p>April 1971: Joined Japan Broadcasting Corporation</p> <p>November 2011: Board member, Characters Culture Promotion Organization (to date)</p> <p>April 2017: Director, JUNSHIN HIROO GAKUEN (to date)</p> <p>April 2017: Director, Picture Book Culture Promotion Association (to date)</p> <p>June 2016: Outside Director and an Independent Director of the Company (to date)</p> <p>January 2021: Member of Review Committee, The Japan Art Academy, Agency for Cultural Affairs (to date)</p>	<p>Motoyo Yamane worked in the broadcasting industry for many years, where she was involved in the operation of organizations and the development of human resources. She also has sat on various expert committees related to social contribution and cultural activities, and has advanced insight into society and culture in general acquired through these activities. She has been nominated to another term as a candidate for Outside Director because the Company believes that she will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on the knowledge and diverse perspectives she has developed throughout her career.</p> <p>The Company believes that she meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.</p>

Takuya Morikawa	Yes	<p>From another company April 1982: Joined KOKUYO Co., Ltd. June 2005: Director, KOKUYO Co., Ltd. and Representative Director and President, KOKUYO S&T Co., Ltd. April 2015: Director, Group Senior Executive Officer, Managing Officer of International Business Division, KOKUYO Co., Ltd. January 2019: Director, Executive Vice President and Special Officer, KOKUYO Co., Ltd. June 2020: Outside Director, ASANUMA CORPORATION (to date) April 2021: Corporate Adviser, KOKUYO Co., Ltd. April 2021: Representative Director and President, wakiprintpia Co., Ltd. (to date) May 2021: Corporate Adviser, NETSQUARE CO., Ltd. (to date) June 2022: Outside Director of the Company (appointed as an independent director (to date))</p>	<p>Takuya Morikawa has long engaged in a wide range of business activities in the stationery and office equipment industry, including business strategy, overseas business, and the launch of new businesses, etc. Through these activities, he has gained business experience and a wealth of knowledge on business management. He has been nominated as a candidate for Outside Director because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper oversight of the execution of the Company's business based on the experiences and abundant perspectives he has developed throughout his career.</p> <p>The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.</p>
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Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

Committee's Name	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0

Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation **Updated**

The Company's Governance Committee fulfils the role of voluntarily established independent Nomination Committee and Remuneration Committee.

The Governance Committee is chaired by an Outside Director and composed of three Outside Directors and two internally promoted Directors, making a total of five members. Members are elected based on nominations of the Board of Directors.

In FY2021, the Governance Committee met 13 times to deliberate on and examine matters such as the nomination and remuneration of Directors and Executive Officers and the assessment of the effectiveness of the Board of Directors, with the attendance of all the Committee members.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments **Updated**

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and internal audit departments (the Audit Department) is stated in 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1) **Updated**

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Isao Kubo	From another company			△		△				△				
Shozo Tokuda	CPA													
Masako Iwamoto	Attorney													

* Categories for "Relationship with the Company"

* "o" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;
 "△" when the Audit & Supervisory Board Member fell under the category in the past

- * “●” when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category; “▲” when a close relative of the Audit & Supervisory Board Member fell under the category in the past
- a. Executive of the listed company or its subsidiary
 - b. Non-Executive Director or accounting advisor of the listed company or its subsidiaries
 - c. Non-Executive Director or Executive of a parent company of the listed company
 - d. Audit & Supervisory Board Member of a parent company of the listed company
 - e. Executive of a fellow subsidiary company of the listed company
 - f. A party whose major client or supplier is the listed company or an executive thereof
 - g. Major client or supplier of the listed company or an executive thereof
 - h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the listed company besides compensation as an Audit & Supervisory Board Member
 - i. Major shareholder of the listed company (or an Executive of the said major shareholder if the shareholder is a legal entity)
 - j. Executive of a client or supplier company of the listed 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 which and the listed company Outside 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 listed company (the Audit & Supervisory Board Member himself/herself only)
 - m. Others

Outside Audit & supervisory board members' Relationship with the Company (2) Updated

Name	Designation as Independent Audit & supervisory Board Members	Supplementary Explanation of the Relationship	Reasons for Appointment
Isao Kubo	No	<p>From another company April 1982: Joined C. Itoh & Co. Ltd. (Currently, ITOCHU corporation) September 2020: Outside director of Pan Pacific International Holdings Corporation (to date) April 2021: Advisor of FamilyMart Co., Ltd. June 2021: Appointed as an Audit & Supervisory Board Member of the Company (to date)</p>	<p>Isao Kubo has many years of experience in management planning and operations related to auditing at ITOCHU Corporation. After working as a Managing Executive Officer and General Manager of Internal Audit Division, he became a Director, Senior Managing Executive Officer, CSO, and General Manager of Corporate Planning Division at FamilyMart Co., Ltd. He has extensive knowledge of business management and has been nominated as a candidate for Outside Audit & Supervisory Board Member because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business. Because he does not meet the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company, he is not designated an Independent Audit & Supervisory Board Member.</p>
Shozo Tokuda	Yes	CPA	<p>Shozo Tokuda has specialized knowledge in his capacity as a certified public accountant. He also acquired broad knowledge of</p>

		<p>April 1981: Joined Asahi & Co. (Currently, KPMG AZSA LLC)</p> <p>August 1985: Registered as a certified public accountant</p> <p>June 2017: Outside corporate auditor of Mitsui Chemicals, Inc. (to date)</p> <p>June 2017: Audit & Supervisory Board member of the Company</p>	<p>corporate accounting. He has been nominated as an Outside Audit & Supervisory Board Member because the Company believes that he will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business from deep knowledge of corporate accounting and expert point of view he has developed throughout his career. The Company believes that he meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.</p>
Masako Iwamoto	Yes	<p>Attorney</p> <p>April 1998: Registered as an attorney-at-law and joined the then Tokyo Aoyama Aoki Law Office (Currently, Baker & McKenzie)</p> <p>June 2002: Founded Iwamoto Law Office and became Managing Partner (to date)</p> <p>June 2020: Outside Director, ACHILLES CORPORATION (to date)</p> <p>June 2021: Audit & Supervisory Board Member of the Company (elected as Independent officer (to date))</p>	<p>Masako Iwamoto has specialized knowledge and extensive experience in corporate legal affairs. She has also acquired deep insight during her tenure as an outside officer of Achilles Corporation. She has been nominated as a candidate for Outside Audit & Supervisory Board Member because the Company believes that she will suitably provide advice for the management of the Company and will contribute to the proper auditing of the execution of the Company's business from an objective and expert point of view.</p> <p>The Company believes that she meets the Standards for Independence stipulated by the Financial Instruments Exchange and by the Company.</p>

[Independent Directors/Audit & Supervisory Board Members]

Number of Independent Directors/Audit & Supervisory Board Members	5
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Matters relating to Independent Directors/Audit & Supervisory Board Members

As mentioned in *Disclosure Based on the Principles of the Corporate Governance Code* in I -1 of this report, the Company has the standards for the independence of Outside Directors and Audit & Supervisory Board Members formulated by its Board of Directors. The Company designates all Outside Directors who have satisfied the Independent Director's requirement as Independent Directors based on the criteria for determining the independence of Outside Directors set forth by the Tokyo Stock Exchange, Inc. and other financial exchanges in Japan in addition to the Company's criteria as above.

[Incentives]

Incentive Policies for Directors	Introduction of a performance-linked stock remuneration plan
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Supplementary Explanation

As medium- to long-term performance-linked remuneration, the Company provides its Executive Directors with points according to net profit under the Medium-Term Business Plan, the titles of the Directors, and the number of months in their term of office. At the time of their retirement, they acquire a number of the Company's common shares commensurate with the total number of points granted. The number of shares provided is the product of multiplying the number of points given by the above program by 1.0. This remuneration program is adopted to motivate program participants to contribute to the improvement of the Company's medium- to long-term performance and the increase of its corporate value.

Recipients of Stock Options	
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Supplementary Explanation

None

[Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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Supplementary Explanation Updated

Director/Audit & Supervisory Board Member remuneration for the fiscal year ended March 31, 2022(Unit: million yen)

	Total remuneration, etc.	Base remuneration	Bonus	Stock-based remuneration	Number of persons
Director (Outside Director)	313 (35)	191 (35)	105 (-)	17 (-)	8 (3)
Audit & Supervisory Board Member (Outside Audit & Supervisory Board Member)	72 (71)	72 (71)	- (-)	- (-)	6 (5)
Total (Outside Director and Outside Audit & Supervisory Board Member)	385 (106)	263 (106)	105 (-)	17 (-)	14 (8)

- Directors' remuneration is structured differently depending on whether Directors are executive or non-executive.

The remuneration for Executive Directors is composed of base remuneration, which is fixed remuneration, and bonuses and stock remuneration, which are performance-linked remuneration.

Remuneration for Non-Executive Directors comprises only base remuneration, with no bonuses or stock remuneration provided, from the perspective of their roles and independence.

Regarding the total amount of base remuneration and bonuses, the 52nd Ordinary General Meeting of Shareholders held on June 21, 2012 passed a resolution setting a cash remuneration limit of no more than 500 million yen per year.

As for stock remuneration, the 57th Ordinary General Meeting of Shareholders held on June 21, 2017 passed a resolution setting the maximum amount of the Company's contribution to the trust formed by the Company

during the trust period (two years: from October 2021 to September 2023) as funds for acquiring the Company's shares at 120 million yen and the total number of points given by the Company to its Directors at up to 82,000.

- The remuneration for Audit & Supervisory Board Members is determined through consultation among Audit & Supervisory Board members and comprises only base remuneration, with no bonuses or stock remuneration provided.

As for the maximum amount of remuneration, a resolution setting the annual amount at no more than 100 million yen was passed at the 61st Ordinary General Meeting of Shareholders held on June 16, 2021.

- The total remuneration, etc. of Kenji Okada, the Representative Director of the Company, is 114 million yen (including, by type of remuneration, etc., base remuneration of 60million yen, bonuses of 47 million yen, and stock remuneration of 7 million yen).

Policy on Determining Remuneration Amounts and Calculation Methods <u>Updated</u>	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The Governance Committee has been consulted about the policy on determining remuneration for each individual Director. On receiving the response from the Committee, the Board of Directors passed a resolution on said policy at a meeting held on February 25, 2021.

(1)Basic policy

Remuneration for Directors of the Company is designed to attract talented human resources with the ability to implement the Company's Corporate Philosophy and to motivate them to contribute to the sustained improvement of its corporate value. It is the Company's basic policy to determine remuneration paid to each Director at an appropriate level based on his/her position and duties.

(2)Remuneration system for Directors

- Remuneration for Executive Directors comprises fixed basic remuneration (monthly remuneration) and performance-linked remuneration that fluctuates according to performance.
- Remuneration for Non-Executive Directors comprises only fixed basic remuneration (monthly remuneration) from the perspective of their roles and independence.

[Breakdown of remuneration of Executive Directors]

- The composition ratio for the remuneration of Executive Directors is 63% fixed basic remuneration (cash), 32% bonuses as performance-linked remuneration (cash), and 5% stock as performance-linked remuneration (non-cash).

The above ratio represents remuneration when 100% of all targets for performance-linked remuneration are reached.

[Details of remuneration]

- Details of base remuneration are as follows.

- The Company determines the fixed monthly amount according to the position and responsibilities of each Director, taking into account the standards of other companies based on the research of specialized external institutions.

- Details of bonuses are as follows.

- The Company pays performance-linked bonuses to Executive Directors at certain times of each year as a short-term performance pay based on a performance indicator and the level of goal achievement in the year. The performance indicator that is the basis for bonuses is the level of achievement of the target profit attributable to the Company's shareholders (consolidated) each year. The Company determines the amounts of bonuses by multiplying the base remuneration by a certain coefficient according to the levels of achievement of company-wide performance, division performance, and section performance and a qualitative assessment.

* The comprehensive qualitative assessment is performed by the Representative Director and President, taking into account the level of the goal achievement of each Executive Director (progress in addressing issues in the areas of their responsibility, development of management executives, thoroughness of legal compliance, etc.).

- Details of stock remuneration are as follows.

- As medium- to long-term performance-linked remuneration, Executive Directors are provided with points according to net profit under the Medium-Term Business Plan, the titles of the Directors, and the number of

months in their term of office. At the time of their retirement, they acquire a number of the Company's common shares commensurate with the total number of points granted.

The number of shares provided is the product of multiplying the number of points given by 1.0.

- This remuneration program is adopted to motivate Directors to contribute to the improvement of the Company's medium- to long-term performance and the increase of its corporate value.

*Stock remuneration is adopted to motivate Directors to contribute to the improvement of the Company's medium- to long-term performance and the increase of its corporate value.

- Of the above remuneration, the bonuses and stock remuneration are linked to the Company's business performance, and net profit (consolidated) attributable to the Company's shareholders has been adopted as the indicator for evaluating the overall business performance of the Company. It was adopted to ensure the simplicity of the indicator, consistency with the numerical targets related to the Company's business management (or with the quantitative targets set in the medium-term business plan, which apply to the performance-linked stock remuneration), and in light of the trends of other companies. The consolidated net profit attributable to the Company's shareholders for FY2021 is 13,194 million yen.

(3)Policy, etc. for determining the remuneration of individuals

- To flexibly determine the amount of remuneration for individuals, Kenji Okada, the Representative Director President of the Company, is delegated to determine specifics based on standards established in advance.

- Changes made to the above composition of remuneration, base remuneration, and bonuses require prior reporting to the Board of Directors after consultation with the Governance Committee. Changes in the stock remuneration require approval at a Board of Directors' meeting or a General Meeting of Shareholders.

- The Company has established a system in which the Governance Committee receives one or more reports a year on the overall distribution of remuneration for individual Directors, ensures that such activities are conducted appropriately in line with this policy, and guarantees their objectivity, fairness, and transparency.

- The Board of Directors receives the results of deliberations and examinations, and reports on the appropriate remuneration of individual Directors in line with this policy from the Governance Committee, and the Company believes that the activities of the Board of Directors are also in line with this policy.

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

The Company provides its Outside Directors and Outside Audit & Supervisory Board Members with various forms of support necessary for the performance of their duties. They include materials distributed to them by the administrative office for the Board of Directors regarding the proposals to be discussed by the board, and the administrative office provides them with explanations prior to deliberations as necessary. Administrative departments such as the Corporate Planning Department, the Human Resources & General Affairs Department, the Finance & General Accounting Department, and the Legal & Credit Control Department provide them with necessary corporate information as appropriate. Outside Audit & Supervisory Board Members are also provided with the necessary support for the fulfillment of their duties through assistants to Audit & Supervisory Board Members who concurrently hold positions in the Audit Department. On the aforementioned occasions of reporting and reviews, the Outside Directors and Outside Audit & Supervisory Board Members undertake collaboration by making appropriate comments and exchanging opinions.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration

Decisions (Overview of Current Corporate Governance System) Updated

[Current Structure (As of June 21, 2022)]

The Company has a Board of Directors and an Audit & Supervisory Board.

1. Board of Directors

- The Board of Directors consists of a total of 8 members (1 female Director, and the ratio of Outside Directors 37.5%), 5 of whom are Internal Directors and 3 of whom are Outside Directors. In accordance with laws and ordinances and the Company's Articles of Incorporation, regulations for Directors and other internal rules, the board makes decisions on important matters and oversees the Directors' business execution.

- In FY2021, a total of 14 meetings of the Board of Directors were held. Major matters discussed included the medium-term business plan, investment projects of high importance, internal control, and corporate governance. Each Director's attendance at Board of Directors is disclosed in the Notice of the 62th Ordinary General Meeting of Shareholders (including the attached Business Report).

For the disclosure during the fiscal year, please refer to :

https://www.itcenex.com/en/ir/stockholder/general_meeting/

- The Directors execute the duties assigned to them in accordance with the roles determined by the Board of Directors and with laws, ordinances, the Articles of Incorporation and internal rules.

2. Executive Officer System

- For strengthening the Board of Directors' decision-making function and oversight function and for increasing efficiency in business execution, the Company adopts the Executive Officer system. Following decisions made by the board, Executive Officers perform their respective duties as delegated by the board and the Representative Director. As of June 21, 2022, the Company had a total of 17 Executive Officers, including those additionally serving as Directors.

3. Special Committee, Governance Committee

- For the purposes of strengthening the Board of Directors' oversight function and increasing the transparency of the decision-making process, the Governance Committee was established as a voluntary consultative body of the Board of Directors. In addition, a Special Committee composed of independent persons including Independent Outside Directors was established on October 29, 2021 as a new voluntary consultative body of the Board of Directors. The functions and composition of each committee are as follows (as of June 21, 2022).

- Special Committee

(Functions) Deliberation and examination of material transactions or actions involving conflicts of interest with a controlling shareholder or a minority shareholder

(Composition) A total of 5 members: 5 Independent Directors/Auditors (3 Outside Directors, 2 Outside Audit & Supervisory Board Members)

- In FY2021, the Special Committee met once and confirmed the status of transactions and activities with the controlling shareholder, with the attendance of all the Committee members.

- Governance Committee

[Functions] Deliberation and examination of the nomination and remuneration of Directors and Executive Officers, material transactions or actions with a related party (excluding a controlling shareholder) and other matters relating to corporate governance.

[Composition] A total of 5 members: 3 Independent Directors (3 Outside Directors), and 2 Internal Directors

- In FY2021, the Governance Committee met 13 times to deliberate on and examine matters such as the nomination and remuneration of Directors and Executive Officers and the assessment of the effectiveness of the Board of Directors, with the attendance of all the Committee members.

4. Management Advisory Conference and various committees

- The Company has established the Management Advisory Conference and several committees: the Risk Management Committee, the Internal Control Committee and the Disclosure Committee and the Sustainability Committee. They are aimed at helping the President and the Board of Directors to make appropriate and swift decisions on business execution. As an advisory body for the President, the Management Advisory Conference discusses significant matters related to the Company's overall management policy and its business administration.

- Different internal committees carry out careful inspections and deliberations on managerial issues in their respective domains. These activities are helpful to the President and the Board of Directors in terms of decision-making. The principal internal committees and their roles are as follows:

- Risk Management Committee: Deliberations on matters in connection with risk management, such as the identification and analysis of risks that could have a material impact on the management, measures against such risks, the prevention of their occurrence and actualization, and the announcement thereof.

- Internal Control Committee: Deliberations on matters in connection with the construction and operation of the internal control system

- Disclosure Committee: Comprehensive and prompt collection of important company information in the Group, deliberations on whether to disclose information, accuracy, clarity, sufficiency, fairness, and positivity, and disclosure of necessary information

- Sustainability Committee: Deliberations on and monitoring of sustainability policy, issues, measures, etc. from a long-term perspective and implementation and direction of the sustainability management strategies across the entire Group

5. Audit & Supervisory Board Member, Audit & Supervisory Board

- The Audit & Supervisory Board is composed of 4 Audit & Supervisory Board Members (3 Outside Audit & Supervisory Board Members), 2 of whom are Standing Audit & Supervisory Board Members and the other 2 are Non-Standing Audit & Supervisory Board Members. In accordance with the regulations for the Audit & Supervisory Board Members and the standards for audits by Audit & Supervisory Board Members, it performs audits to examine the appropriateness of the Directors' business execution of duties.

In addition, it provides support to the Audit & Supervisory Board Members in the execution of duties by appointing 2 employees assisting the Audit & Supervisory Board Members (concurrently serving at the Audit Department). (as of June 21, 2022)

- In FY2021, a total of 14 meetings of the Audit & Supervisory Board were held, and each Audit & Supervisory Board Member's attendance at the meetings of the Audit & Supervisory Board is disclosed in the Notice of the 62th Ordinary General Meeting of Shareholders (including the attached Business Report).

For the disclosure during the fiscal, please refer to :

https://www.itcenex.com/en/ir/stockholder/general_meeting/

- The Audit & Supervisory Board passes a resolution of, reports, deliberates and discusses the following matters as the main matters to be considered.

Audit policies, audit plans, the allocation of duties, appointment and remuneration of Audit & Supervisory Board Members, annual review of activities of the Audit & Supervisory Board Members, report of audit results, reports of monthly activities of the Standing Audit & Supervisory Board Members, the exchange of opinions with the Representative Director, the evaluation, reappointment, and remuneration of Accounting Auditors, and communication with Accounting Auditors (audit plans, audit reports, and responses to major audit issues to discuss)

- The Audit & Supervisory Board implements audits by setting the following key audit items for FY2021 and makes necessary suggestions to the management.

(i) Appropriateness of the decision-making process of the Board of Directors and the rationality of its decisions

(ii) Initiatives to strength consolidated group management

(iii) Status of progress of investment plan

(iv) Status and progress of sustainability initiatives

(v) Status of promotion of IT-related development (next-generation core systems, information security) and digital transformation

(vi) Status of promotion of human resources cultivation and diversification

- Individual Audit & Supervisory Board Members conduct activities in accordance with the Audit & Supervisory Board Member auditing standards, the audit policy, and the allocation of duties determined by the Audit & Supervisory Board while also using means such as remote conferencing. The Audit & Supervisory Board Members worked on communication and information gathering by exchanging opinions with the Representative Director about management policies, audit plans and audit results three times a year, exchanging opinions also with all the Directors, the Executive Officers and the General Managers throughout the year, holding regular liaison meetings with the Audit Department and the Corporate Administration Division and cooperating with Outside Directors. The Audit & Supervisory Board Members attend important meetings such as the Board of Directors, the Management Advisory Conference, the Special Committee, the Governance Committee, the Risk Management Committee and the Internal Control Committee and receive reports from Directors and employees on the status of their execution of duties, ask them for explanations if necessary and express opinions. The Audit & Supervisory Board Members also inspect significant decision-making documents, investigate operational and asset conditions at the head office, other major branches and subsidiaries, and monitor and verify the state of the internal control systems to audit the execution of duties of the Directors. In addition, the Audit & Supervisory Board Members meet with the Accounting Auditor several times in each quarter to monitor and verify whether the Accounting Auditor conducts audits appropriately, and receive reports from the Accounting Auditor on the status of its execution of duties and request explanations if necessary.

- The Standing Audit & Supervisory Board Members share information with the Non-Standing Audit & Supervisory Board Members through the Audit & Supervisory Board by monitoring and verifying the improvement of the audit environment, the collection of internal information, and the status of construction and operation of the internal control system on a routine basis. The Non-Standing Audit & Supervisory Board Members attend the Board of Directors, regular meetings with the Accounting Auditor and other important meetings after collecting necessary information at remote site inspection and a prior briefing for Outside Directors and Outside Audit & Supervisory Board Members and express necessary opinions, taking advantage of their expert knowledge and background.

6. Internal Audits

- As an internal auditing body, the Company has established the Audit Department under the direct control of the President. It had 10 staff members as of June 21, 2022. The Audit Department conducts audits of the Company and its domestic and overseas consolidated subsidiaries to assess various factors, such as (i) whether

or not their reports of financial and other information, their records and their procedures for reporting and keeping records are reliable, (ii) whether or not they comply with laws, ordinances and other regulations and whether their relevant internal mechanisms and systems are effective and appropriate, (iii) whether or not their operational procedures and activities are effective and efficient in accomplishing the organizational policies and plans, and (iv) whether or not other managerial activities are implemented reasonably and efficiently. The audit results are reported directly to the President and Audit & Supervisory Board Members, are also reported to the Board of Directors as appropriate. The Audit Department implements thorough follow-up activities after the audit to monitor whether the matters noted or proposed are remedied or implemented. It also undertakes close collaborations with internal audit bodies in group companies.

- In accordance with the regulations for the Audit & Supervisory Board and the standards for audits by Audit & Supervisory Board Members, and with the audit policy, duty allocation and other matters determined by the Audit & Supervisory Board, individual Audit & Supervisory Board Members attend the Board of Directors and other important meetings, listen to the directors and other personnel regarding the state of the fulfillment of their duties and inspect significant decision-making documents and operational and asset conditions at the head office and major branches, and request business reports from subsidiaries as required to comprehensively examine the business execution of the Directors and Executive Officers. In addition, they have established a group-wide Audit & Supervisory Board consisting of the Audit & Supervisory Board Members for the principal group companies, which holds its meetings with an emphasis on collaboration with the Audit & Supervisory Board Members for the consolidated group companies.

- The Accounting Auditor and the Audit Department also exchange information and opinions regularly to improve collaboration.

7. Accounting Auditor

- The Company has contracted with Deloitte Touche Tohmatsu LLC as accounting auditor in accordance with the Companies Act and the Financial Instruments and Exchange Act to perform audits of the Company pursuant to the two laws mentioned above. The continuous audit period by Deloitte Touche Tohmatsu LLC has been 45 years (from the fiscal year ended March 31, 1978 to the fiscal year ended March 31, 2022). From its standpoint as an independent third party, the accounting auditor performs an audit of the financial statements. Upon the receipt of the audit results, the Company exchanges opinions as required with respect to internal control and other issues to be considered and receives advice on matters to be addressed. The certified public accountants who implemented the accounting audit operations for the Company for the fiscal year ended March 31, 2022 are as follows. The continuous audit period was within the statutory limit for all those involved.

Designated Limited Liability Partner:

(Name of Certified Public Accountant) Kazuhiro Souda,
(Name of Audit Corporation) Deloitte Touche Tohmatsu LLC,

Designated Limited Liability Partner:

(Name of Certified Public Accountant) Akiko Fujiharu,
(Name of Audit Corporation) Deloitte Touche Tohmatsu LLC,

The assistants to the accounting audit operations for the fiscal year ended March 31, 2022 consisted of 13 certified public accountants and 23 other personnel.

(Policy and Reason for Appointment of Audit Corporation and Evaluation)

When appointing the audit corporation, the Audit & Supervisory Board receives explanations from Deloitte Touche Tohmatsu LLC on its systems and others and makes the decision by carefully reviewing its reasonability and appropriateness by evaluating the audit corporation in light of opinions made by internal related departments on the appointment of the audit corporation, taking into comprehensive consideration its independence, quality control systems and appropriate team structure to understand the Group's strategies.

(Policies for Dismissal and Decision to Refuse Reappointment of Accounting Auditor)

In cases where the Audit & Supervisory Board has decided it is necessary, including cases where there is an obstacle to the Accounting Auditor's execution of duties, the Audit & Supervisory Board decides on the content of a proposal on the dismissal or the refusal of reappointment of the Accounting Auditor to be submitted to the general meeting of shareholders.

In addition, in cases where there is a fact that is deemed to fall under any of the items provided for in Article 340, Paragraph 1 of the Companies Act in the Accounting Auditor or in cases where the Audit & Supervisory Board has decided that the Accounting Auditor is inappropriate as the Accounting Auditor of the Company because there is a fact similar to these items, including violation of the law, the Audit & Supervisory Board

considers the dismissal of the Accounting Auditor and, if the Audit & Supervisory Board has decided that the dismissal is necessary, dismisses the Accounting Auditor based on the consent of all the Audit & Supervisory Board Members.

In this case, an Audit & Supervisory Board Member selected by the Board shall report the dismissal of the Accounting Auditor and the reason for it at the first Ordinary General Meeting of Shareholders convened after the dismissal.

[Policies and Procedures in the Nomination of Director and Audit & Supervisory Board Member Candidates]

1. Policies and Procedures in the Nomination of Director and Audit & Supervisory Board Member Candidates

To allow its Board of Directors to perform appropriate oversight of management and make decisions on important business execution, the Company appoints, in principle, the President, CFO, Chief Compliance Officer (CCO), and Chief Information Officer (CIO), and designates candidates for Directors and Executive Directors from managers with the highest responsibility for their divisions. The Company also designates several candidates for Outside Directors to make the ratio of Outside Directors one third or more with the goal of strengthening the Board of Directors' oversight of management. The Company designates candidates for Outside Directors from individuals who are expected to contribute to its management using their extensive knowledge acquired through experience in their fields. The Company appoints those expected to contribute to its management using their extensive knowledge cultivated through experience in their respective fields as Outside Directors.

Based on this policy, the President drafts a proposal on Director candidates. After deliberation and examination by the Governance Committee, the Board makes a decision regarding submission of an appointment proposal to a General Meeting of Shareholders. In addition, if a person proves to lack the required quality or ability needed to execute the job as a Director, after deliberation and examination by the Governance Committee, the Board of Directors makes a decision regarding submission of a dismissal proposal to a General Meeting of Shareholders.

2. Policy and Procedures for Nomination of Audit & Supervisory Board Member Candidates

To ensure that its Audit & Supervisory Board Members properly perform auditing and the audit of management, the Company appoints those with knowledge of the Company's management and with advanced expert knowledge and extensive experience in accounting, financial and legal affairs, risk management and other domains as Audit & Supervisory Board Members candidates. It appoints as Outside Audit & Supervisory Board Members those expected to properly audit and oversee its management with the use of their advanced specialist knowledge and extensive experience in different areas. With regard to the policy mentioned above, the President drafts a proposal on the Audit & Supervisory Board Member candidates after discussing with the Standing Audit & Supervisory Board Members, and the Board of Directors makes a decision regarding submission of an appointment proposal to a General Meeting of Shareholders upon the approval of the Audit & Supervisory Board.

[Summary of Contents of Liability Limitation Agreement]

The Company has entered into a liability limitation agreement with each Director (excluding Executive Directors and those holding similar positions) and each Audit & Supervisory Board Member to limit their liability for damages as outlined under Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Act. Limitation on liability for damages under the agreement is set at the minimum liability amounts provided for by laws and regulations. The said liability limitation shall be applied only in cases where such Directors or Audit & Supervisory Board Members performed their duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

As a company with Audit & Supervisory Board Members (or an Audit & Supervisory Board), the Company ensures that its Audit & Supervisory Board Members, will fully carry out their managerial monitoring in order to achieve the enhancement of their monitoring and oversight functions and transparency in decision-making. In addition to this corporate governance structure based on managerial monitoring by Audit & Supervisory Board Members, the Company has the Board of Directors, which includes Outside Directors who make up one third or more of the board members and one of whom is a female, with the objective of strengthening and improving the effectiveness of management oversight by the Board of Directors and transparency in decision-making. In addition, the Company has established a Special Committee composed of independent persons, including Independent Outside Directors, and a Governance Committee comprised of a majority of Independent Outside Directors, as voluntary consultative bodies of the Board of Directors.

The Company regards its current corporate governance system based on the Audit & Supervisory Board in combination with the Board of Directors in which Outside Directors make up one third or more of the members, the Special Committee composed of independent persons, and the Governance Committee in which Independent Directors/Audit & Supervisory Board Members are the main constituent members, as consistent with the Company's basic views on corporate governance stated in I-1 above.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The Company has published the Notification of General Meeting of Shareholder on the websites of the Tokyo Stock Exchange, ICJ and the Company around 3 days before the Company send it to shareholders.
Scheduling AGMs Avoiding the Peak Day	The Company strives to avoid the date on which it is generally thought that a large number of companies will hold the General Meetings of Shareholders.
Allowing Electronic Exercise of Voting Rights	Since the Ordinary General Meeting of Shareholders in June 2005, the Company has allowed the electronic exercise of voting rights via the Internet. In addition, since the Ordinary General Meeting of Shareholders in June 2018, the Company has introduced a "Smart Exercise," a system that permits users to log in directly to the website to exercise their voting rights using smartphones, without entering a code or password to exercise their voting rights.
Participation in Platform for Exercise of Voting Rights by Electromagnetic Means and Other Measures to Enhance Environment for Exercise of Voting Rights by Institutional Investors	The Company has joined an electronic voting platform (ICJ) since its annual General Meeting of Shareholders held in June 2016.
Providing Convocation Notice (Summary) in English	The Company publishes the abridged English version of the notice of convocation on the same day as the Japanese version on the websites of the Tokyo Stock Exchange, ICJ and the Company. (The English version of the notice of convocation has been published since the Ordinary General Meeting of Shareholders in June 2016.)
Other	The Company has been sending out the notification of convocation printed in full color since the Ordinary General Meeting of Shareholders in June 2013. By including business reports and topical stories with charts and photographs, the Company has made it more informative and user-friendly for readers. Since the Ordinary General Meeting of Shareholders in June 2017, the Company has introduced a system that allows shareholders to view the notification of convocation and the directions to the venue and to execute their voting rights using their smartphones, tablets and computers.

2. IR Activities Updated

	Supplementary Explanations	Explanations Given by the Representative
Preparation and Publication of Disclosure Policy	The Company has established its IR Basic Policy. Refer to: IR Basic Policy: https://www.itcenex.com/en/ir/policy/basicpolicy/	—
Regular briefings for individual investors	The Company holds briefings for individual investors about twice a year.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds 2 briefings each year: one after the full-year results are confirmed and the other after the results for the first six months of the fiscal year are confirmed.	Yes

Posting of IR Materials on Website	The Investors section of the Company's website includes the Company's business results and financial information, earnings reports, timely disclosure materials, notices of General Meetings of Shareholders, integrated reports, and other topical information. Important IR materials are also available in English. https://www.itcenex.com/en/ir/	—
Establishment of Department and/or Manager in Charge of IR	The Company has established the Investor Relations & Planning Section, Finance & General Accounting Department as a body specializing in investor relations, and appointed the officer responsible for IR operations (CFO).	—

3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Declaration of the Group Code of Conduct provides for relationships with different stakeholders. For details, please refer to: https://www.itcenex.com/en/corporate/mission/
Implementation of Environmental Activities, CSR Activities etc.	<p>1. Sustainability Initiatives The Group formulated a Sustainability Policy in November 2021. The Group has a mission of delivering energy and services as a "The Best Partner for Life and Society" and will aim to improve its corporate value while contributing to the development of a rich life for people and a sustainable society. For details, please refer to: [Sustainability Initiatives] https://www.itcenex.com/en/csr/ [Integrated Report (ENEX REPORT)] https://www.itcenex.com/en/ir/doc/annual_report/ [Information disclosure based on the TCFD recommendations] https://www.itcenex.com/en/csr/environment/climatechange/</p> <p>2. Environmental Initiatives The Group established its environmental policy in 2002 and the entire Group has been working to improve the environment and focusing on environmental management in an effort to achieve a better coexistence of the global environment and society. For details, please refer to: https://www.itcenex.com/en/csr/environment/</p> <p>3. Social Contribution Activities The Group is endeavoring to contribute to the enrichment of people's lives and the sustainable development of society by conducting business activities which provide diverse value creation and activities which contribute to society in line with its corporate philosophy. For details, please refer to: https://www.itcenex.com/en/csr/social/contribution/</p> <p>4. Measures to address COVID-19 The Company has established a COVID-19 taskforce headed by the President, which determines and implements company-wide policies and necessary measures to combat COVID-19, continuously gathers information, and internally and externally distributes information to ensure appropriate company-wide management. For details, please refer to: https://www.itcenex.com/ja/covid/</p>

	<p>5. Risk management The Company achieves business continuity by taking prompt and well-aimed action to address various events and risks which might impede its operations and aims to develop robust systems for preventing any loss of public trust or damage to its corporate value. For details, please refer to: https://www.itcenex.com/en/csr/governance/riskmanagement/</p> <p>6. Responses to natural disasters and disaster prevention The Group's foremost mission is to provide a stable supply of energy in line with its corporate philosophy. As such, the Group provides infrastructure maintenance capabilities across Japan to ensure that the safe and reliable delivery of energy needed by customers is maintained as far as possible. For details, please refer to: https://www.itcenex.com/en/csr/social/disaster-prevention/</p>
Development of Policies on Information Provision to Stakeholders	The Company has established the IR Basic Policy, and its Declaration of the Group Code of Conduct prescribes that the Company shall maintain close communications with citizens and society.
Other	<p>1. Health and productivity management, Occupational Safety and Health The Company creates working environments in which employees can maintain and improve their health and work with peace of mind. It is also promoting Health and Productivity Management so that every employee can work with enthusiasm, motivation, and a sense of fulfillment. Employees are the linchpin of the company's growth. We are striving to increase employee motivation and productivity to ensure the vitality of the organization, in our efforts to maximize performance. For details, please refer to: https://www.itcenex.com/en/csr/social/health-management/</p> <p>2. Diversity Initiatives The entire Company promotes diversity and inclusion. The Company respects diversity of its employees, including ages, nationalities, genders, disabilities, values, and working styles, accepts the differences among them, and acknowledges their individual characteristics to ensure that all of its employees are able to fully demonstrate their capabilities and personal qualities and remain the best partner for life and society. Using its employees' diversity as a strength, the Company promotes many initiatives to continue to make innovative change. For details, please refer to: https://www.itcenex.com/en/csr/social/diversity/</p>

IV. Matters Related to the Internal Control System

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

The Company has established a system for ensuring that the execution of duties by directors complies with laws and regulations and the Articles of Incorporation, and that the structure required to ensure the appropriateness of other operations (internal control system) is in place as described below. The following is the outline of the Basic Policy on Internal Control System as of December 17, 2021. (The Company's Basic Policy on Internal Control System was decided on at the meeting of the Board of Directors held on May 2, 2006, and its latest revision was made on December 17, 2021.)

1. System for ensuring that the execution of duties by Directors, Executive Officers, employees of the Company, Directors of the Company's subsidiaries, and any other person who is equivalent to those persons (referred to as "Directors, etc." in 4. and 5. below) complies with laws and regulations and the Articles of Incorporation (the first part of Article 362, paragraph (4), item (vi) of the Companies Act and Article 100, paragraph (1), items (iv) and (v)-(d) of the Ordinance for Enforcement of the Companies Act)

(1) Corporate governance

- The Board of Directors shall decide on important matters related to the management and supervise the Directors' execution of their duties in accordance with laws and regulations, the Articles of Incorporation, resolutions of the General Meeting of Shareholders, the Regulations on Decision-Making Authority, the compliance program, the Declaration of the Group Code of Conduct, the Employee Code of Conduct, and the Board of Directors' Regulations.
- Directors shall execute the Company's operations in accordance with laws and regulations, the Articles of Incorporation, resolutions of the Board of Directors, and internal regulations.
- Executive Officers shall be appointed by resolution of the Board of Directors. In accordance with decisions of the Board of Directors, Executive Officers shall execute their duties within the range stipulated in the Regulations on Division of Duties under the command and supervision of the Representative Director and the Director in charge of their division of duties.
- Representative Directors and Directors who are appointed by resolution of the Board of Directors as Directors who are to execute operations must report on the situations of the execution of their own duties to the Board of Directors at least once every 3 months and whenever necessary.
- Audit & Supervisory Board Members shall conduct an audit to check the appropriateness of the execution of duties by the Directors in accordance with the regulations for the Audit & Supervisory Board and the standards for audits by the Audit & Supervisory Board Members.
- In principle, the Company shall dispatch its Directors and Audit & Supervisory Board Members to the subject subsidiaries (subsidiaries to which the Company directly contributes funds and key subsidiaries to which it indirectly contributes funds *and* which need direct management, instructions, etc. from the Company; the same applies hereinafter) and establish a system for securing the appropriate business operation of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") while respecting the autonomy of each subject subsidiary.

(2) Compliance

- It is stipulated that Directors, Executive Officers and employees shall behave in accordance not only with laws and the Articles of Incorporation but also with the compliance program, the Declaration of the Group Code of Conduct, the Employee Code of Conduct and other relevant rules.
- The Company has appointed a CCO (Chief Compliance Officer) and established a committee relating to compliance and a department that oversees matters concerning compliance. It has also established a compliance program to make efforts to improve compliance, such as the appointment of the compliance managers at each departments, the provision of compliance education and training, the preparation of a compliance manual, the formulation of responses to compliance incidents, the creation of a whistleblowing system and a system under which documents shall be obtained from all Directors, Executive Officers and employees in connection with compliance with the Employee Code of Conduct.
- When an employee learns of any act in violation of a law, ordinance, the Articles of Incorporation or any internal rule or against social norms, he or she shall contact the designated internal consulting contacts in accordance with the compliance program. With regard to the whistleblowing system, the Company has established whistleblowing regulations to protect whistleblowers and ensure an appropriate response action with transparency maintained.
- Under the compliance program, the Company audits and provides guidance to subject subsidiaries for the construction and improvement of compliance systems, for example, with respect to the formulation of their compliance programs, the appointment of compliance managers, the creation of compliance manuals, the determination of response action to be taken in the wake of occurrence of a compliance incident, and the development of a group-wide whistleblowing system with the Company's relevant section and outside consulting contact points, and provides compliance education and training to subject subsidiaries. In so doing, the Company is seeking to raise compliance awareness in the Group.

(3) Development of System for Ensuring Appropriateness of Financial Reporting

- The Company has established accounting regulations, the Group international financial reporting standards (IFRS)-compliant uniform accounting principles and other internal rules, ensures compliance with the accounting standards and other related laws and ordinances and has built an internal structure for securing the legality and appropriateness of financial reporting.
- The Company has established an organization that engages exclusively in internal control and has constructed a mechanism for regularly evaluating and improving the status of the improvement and operation of the internal system for ensuring the appropriateness and other qualities of financial reporting.

(4) Internal Audit

- The Company has installed the Audit Department under the direct control of the President. The Audit Department regularly performs internal audits of overall operations in accordance with the audit regulations, specifically whether or not the laws, ordinances, Articles of Incorporation and internal rules are observed, and whether or not the procedures and details of business execution are appropriate. Subsequently, the department reports the results to the President, the Audit & Supervisory Board Members, and the Board of Directors. It also carries out follow-up audits of whether or not the points noted or proposed that were found in the internal audit have been improved or implemented.

- The Company defines the overall business activities of its Subject Subsidiaries as being subject to internal audits conducted by the Audit Department. This department pushes ahead with the construction of an internal control system for Our Group and maintains its close linkage with internal audit bodies inside Our Group in an effort to upgrade the quality of audits conducted in Our Group.

(5) Basic Policy against Antisocial Forces

- The Company makes group-wide efforts to preclude any relationship with antisocial forces, irrespective of the circumstances.

2. Structure for storage and management of information on exercise of duties by the Company's Directors (Article 100, paragraph (1), items (i) of the Ordinance for Enforcement of the Companies Act)

(1) Storage and management of information

Directors shall appropriately store and manage statutory documents such as minutes of the General Meeting of Shareholders and minutes of the Board of Directors, and documents containing information on the execution of important duties (including electronic or magnetic records; the same applies hereinafter) as well as relevant documents, pursuant to the provisions of the Regulations on Document Management and other internal regulations.

(2) Access to information

Directors and Audit & Supervisory Board Members may have access to the information set forth in the preceding paragraph at any time.

3. Regulations and other systems for management of the risks of loss for the Company and its subsidiaries (Article 100, paragraph (1), items (ii) and (v)-(b) of the Ordinance for Enforcement of the Companies Act)

In order to deal with market risk arising from changes in commodity markets, foreign exchange rates, interest rates and share prices, credit risk, investment risk, CSR and compliance risk, information security risk and various other risks, the Company shall establish an internal committee and a department or division exclusively responsible for the tracking and management of risks of the Company and subject subsidiaries, develop the necessary risk management system and management methods including the establishment of management rules, criteria for approaches, investment criteria, setting of the maximum amount of risks and transactions, and reporting and monitoring systems, and manage the risks of the Company and subject subsidiaries both comprehensively and individually.

4. System for ensuring efficient execution of duties by Directors of the Company and Directors, etc. of its subsidiaries (Article 100, paragraph (1), items (iii) and (v)-(c) of the Ordinance for Enforcement of the Companies Act)

(1) Various internal committees

For proper and agile decision-making on the execution of their duties, the Company shall establish the Management Advisory Conference as an advisory body for the President, where deliberations are held on the Group's general management policies and business plans and other important matters concerning the execution of their duties, and formulate management benchmarks and business plans, etc. on a consolidated basis. In addition, for the President or the Board of Directors to make decisions in a lawful, fair and efficient manner, the Company shall establish various internal committees where careful deliberations are held on business challenges in each assigned area and that will contribute to the decision-making of the President and the Board of Directors.

(2) Divisional organization system

- The Company shall adopt the divisional organization system where each of multiple divisions operates business in its assigned business domain.

- General Managers shall efficiently operate business in accordance with their authority allocated based on the Regulations on Decision-Making Authority and a predetermined business plan.

- General Managers shall operate business in the business domain for which they are responsible in accordance with laws and regulations, the Articles of Incorporation, internal regulations and internal criteria. General Managers shall manage operations by setting numerical targets for major items on the balance sheet and income statement for each division, verifying the achievement of those targets periodically, and reporting the status of the execution of operations to the Board of Directors.

(3) Clarification of administrative authority and responsibility

The Company shall develop various internal regulations such as the Regulations on Division of Duties, the Regulations on Administrative Authority and the Regulations on Decision-Making Authority, clarify the authority and responsibility of each officer or manager, and build a system that enables the proper and efficient execution of duties.

5. System for reporting matters on the execution of duties by Directors, etc. of the Company's subsidiaries to the Company (Article 100, paragraph (1), items (v)-(a) of the Ordinance for Enforcement of the Companies Act)

The Company shall require subsidiaries to which it directly contributes funds to report important management matters to the Company in accordance with the Group company management rules. The Company shall also periodically call the presidents of the subject subsidiaries and hold a liaison conference to enhance the business management of the subject subsidiaries.

6. Other system for ensuring that operations of the corporate group that consists of the Company and its parent company and subsidiaries are conducted in an appropriate manner (Article 100, paragraph (1), item (v) of the Ordinance for Enforcement of the Companies Act)

(1) Transactions with the parent company

As is the case with the conditions for general transactions, the Company determines the conditions for transactions or actions with its parent company, in consideration of market prices. For material transactions for which it is impossible to refer to market prices, the Company ensures the appropriateness of transactions through deliberation and examination by the Special Committee, which is composed of independent persons including Independent Outside Directors, prior to approval by resolution at a Board of Directors' meeting attended by Outside Directors and Outside Audit & Supervisory Board Members.

(2) System for management of subsidiaries

- The Company shall assign personnel for supervising the subject subsidiaries to each division and headquarters' administration departments and sections and choose the responsible department or section for each subject subsidiary. Each responsible department or section shall conduct business management and provide business guidance for the relevant subject subsidiary in accordance with the Group company management rules and other internal regulations.

- For subsidiaries to which the Company indirectly contributes funds, the Company shall require subsidiaries that directly contribute funds to those subsidiaries to manage their business, except as otherwise provided in this policy. That is, the Company shall manage the business of such subsidiaries through its business guidance and the management of the subsidiaries that directly contribute funds to such subsidiaries.

7. Matters concerning employees who are to assist with the duties of the Company's Audit & Supervisory Board Members (Article 100, paragraph (3), items (i), (ii), and (iii) of the Ordinance for Enforcement of the Companies Act)

(1) Appointment of employees assisting Audit & Supervisory Board Members

The Company appoints several employees to assist the Audit & Supervisory Board Members and has the employees serve concurrently with their other posts.

(2) Ensuring of independence of employees assisting Audit & Supervisory Board Members from Directors and effectiveness of directions from Audit & Supervisory Board Members

The command authority over employees assisting Audit & Supervisory Board Members shall belong to the Audit & Supervisory Board Members or the Audit & Supervisory Board to the extent that the auditing services are assisted. Directors, Executive Officers and other employees do not have command authority over employees assisting the Audit & Supervisory Board Members. The prior consent of full-time Audit & Supervisory Board Members is required for decisions on personnel changes, personnel evaluation, disciplinary punishment, etc. of such employees assisting the Audit & Supervisory Board Members.

8. System concerning reporting to the Company's Audit & Supervisory Board Members (Article 100, paragraph (3), items (iv) and (v) of the Ordinance for Enforcement of the Companies Act)

(1) Attendance at important meetings

Audit & Supervisory Board Members may attend the Board of Directors as well as the Management Advisory Conference and other important meetings, hear the status of the execution of duties by Directors, Executive Officers and employees from them and inspect relevant documents in accordance with auditing plans and the assignment of duties determined by the Audit & Supervisory Board.

(2) Duty to report of Directors, Executive Officers and employees

- Directors, Executive Officers, heads of the sales division and heads of administration departments and sections, etc. shall report the status of execution of their own duties to the Audit & Supervisory Board Members upon the request of the Audit & Supervisory Board or the Audit & Supervisory Board Members.

- Other than the matters stipulated by laws and regulations, Directors shall report the following matters to the Audit & Supervisory Board Members immediately in each case:

* Content of decision, etc. that could affect the finance and business significantly (non-consolidated basis and consolidated basis)

* Content of announcement of business results and earnings forecasts (non-consolidated basis and consolidated basis)

* Business plans, financial plans, and status of CSR and compliance

* Content and results of internal audits

* Status of provision of information based on the whistle-blowing system

* Content of administrative dispositions

* Other cases where an event that greatly affects the Company management occurred or is expected to occur, such as significant losses

* Matters requested by Audit & Supervisory Board Members, other than those set forth in the preceding items

(3) Report by Executive Officers and employees

Executive Officers and employees may report the following matters directly to the Audit & Supervisory Board Members.

* Fact that could cause significant damage to the Company

* Fact of any material violation of laws and regulations or the Articles of Incorporation

(4) Report on subsidiaries

The Company shall periodically report the results of internal audits for the subject subsidiaries and the operational status of the Group's whistle-blowing system to the Audit & Supervisory Board Members. The Audit & Supervisory Board Members shall hold meetings of the Group's Audit & Supervisory Board and receive reports on the status of compliance, etc. among the subject subsidiaries from the Audit & Supervisory Board Members of the subject subsidiaries.

(5) Prohibition of disadvantageous treatment

The Company shall prohibit any person from treating disadvantageously a person who made a report to the Audit & Supervisory Board Members due to the provision of this report, and communicate and inform all companies in the Group of the prohibition.

(6) Report from subsidiaries

Directors and Audit & Supervisory Board Members of subsidiaries may directly report matters, including facts that could cause significant damage to the subsidiaries, to the Company's Audit & Supervisory Board Members.

9. Other system for ensuring that audits by the Company's Audit & Supervisory Board Members are implemented effectively (Article 100, paragraph (3), items (vi) and (vii) of the Ordinance for Enforcement of the Companies Act)

(1) The Audit Department's cooperation with Audit & Supervisory Board Members

The Audit Department shall deliberate on an internal auditing plan for each fiscal year with the Audit & Supervisory Board Members and seek close exchanges of information and cooperation, for example by holding periodic meetings to discuss and exchange views on the results of internal audits, findings and recommendations, etc. The Audit & Supervisory Board Members and the Audit Department shall also seek cooperation with the Accounting Auditors.

(2) Policy on treatment of audit costs

The Company shall secure a certain amount of budget every year to cover audit costs. In addition, the Audit & Supervisory Board Members may use attorneys at law, certified public accountants, consultants and other external professionals in their own right if deemed necessary in the implementation of audits.

To ensure the appropriate operation of the internal control system, the Company has adopted a system where the Internal Control Committee examines the status of the establishment and operation of the internal control system every 6 months with regard to each of the items set forth in the basic policy. The results of deliberations by the Internal Control Committee are also reported to the Board of Directors, which conducts the final evaluation of the status of the establishment and operation of the internal control system. The Company constantly reviews the internal control system to carry out continual improvements to it in its efforts to build a more appropriate, efficient system. At the Board of Directors' meeting that took place on April 28, 2022, the Company evaluated the status of the establishment and operation of the internal control system in the fiscal year ended March 31, 2022 with regard to each of the matters set forth in the basic policy. As a result, the Company confirmed that there were no serious defects or flaws.

2. Basic Views on Eliminating Anti-Social Forces

The Company makes group-wide efforts to preclude any relationship with antisocial forces, irrespective of the circumstances. The Declaration of the Group Code of Conduct explicitly provides for this policy. The Company constantly strives to construct and maintain close collaborative relationships with outside specialist organizations and others and encourages the inclusion of the clause for the elimination of organized crime groups in contracts in order to prepare itself for swift action in response to unexpected circumstances.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation

None

2. Other Matters Concerning to Corporate Governance System

[Timely Disclosure System]

1. Basic Policy on Timely Disclosure

In accordance with the rules for timely disclosure prescribed by Tokyo Stock Exchange, Inc., the Company has a basic policy of making the timely and appropriate disclosure of material information to investors for their appropriate investment decisions.

2. Actions Toward Construction of Timely Disclosure System

The Company has the Investor Relations & Planning Section, Finance & General Accounting Department, which engages in disclosure operations, as a controlling organization for collecting information concerned with timely disclosure information. For the purpose of increasing accuracy in decision-making on disclosure, the Company established a Disclosure Committee in FY 2005 consisting of those in charge of several departments. The Company discloses timely disclosure information pursuant to the rules for timely disclosure of the stock exchange mentioned above via the timely disclosure system provided by the said stock exchange, which is known as the Timely Disclosure Network, or TDnet. The information provided for TDnet is also published on the Company's website at the same time, although the publication of the information on the website may be delayed due to the preparation. Accordingly, for the purpose of viewing information disclosed by the Company, it is advisable to refer to TDnet and other information sources in addition to the Company's website.

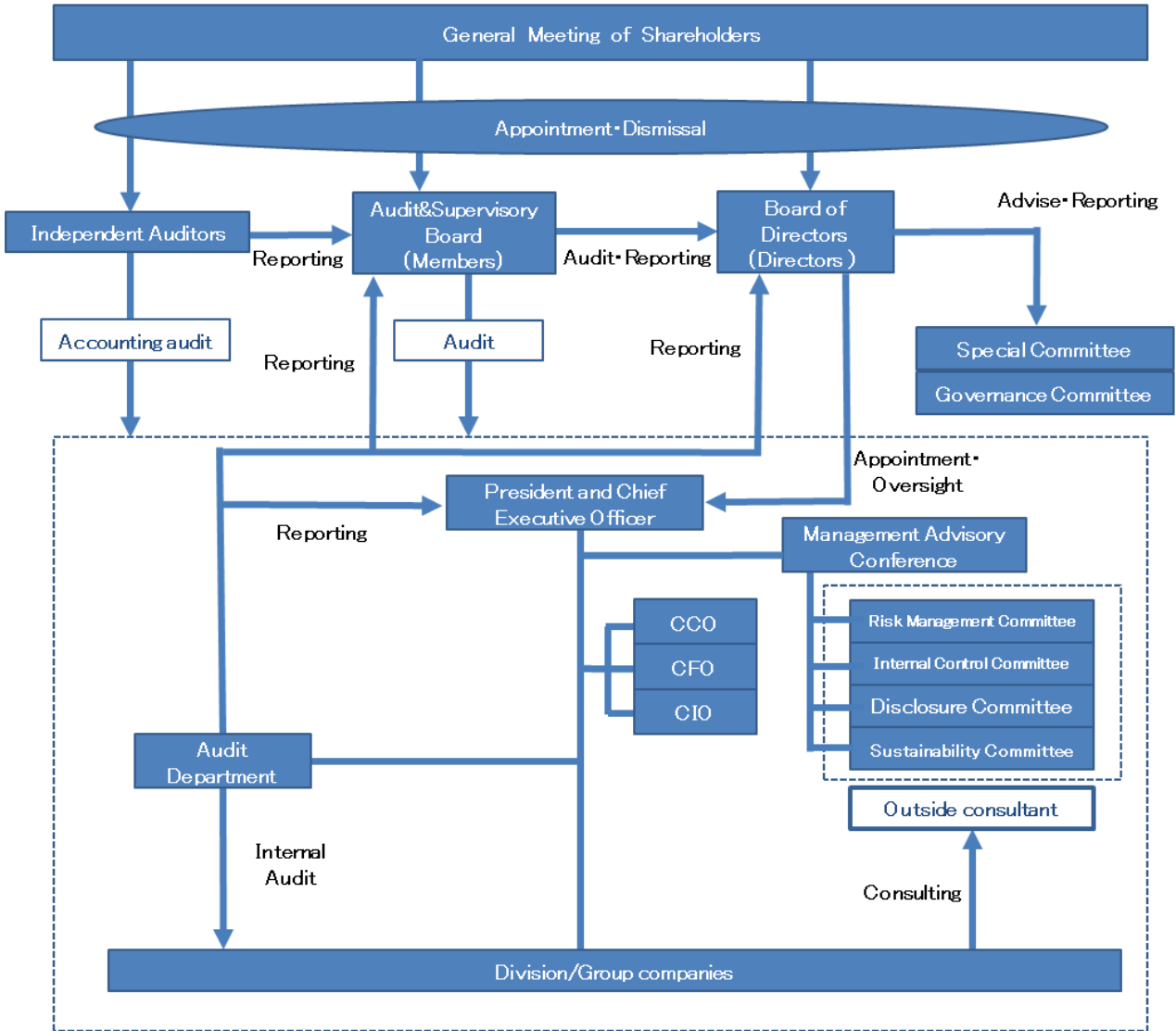
3. Status of Providing Investors with Opportunities to Obtain Information Impartially and Easily

For the purpose of providing opportunities to obtain important information on the Company impartially and easily, it not only makes timely disclosure in compliance with the rules for timely disclosure of the stock exchange mentioned above, but also publishes the information on its website and by other means in a bid to implement more positive and impartial information disclosure.

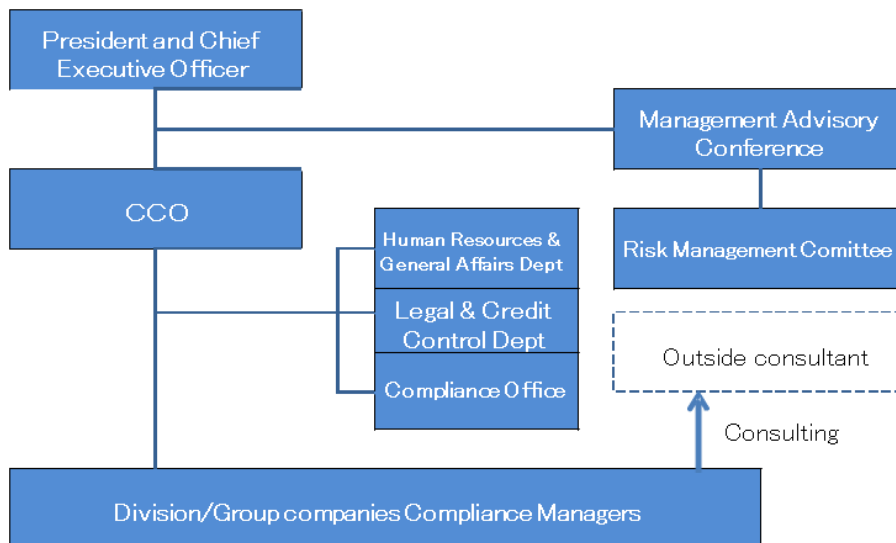
(Reference Material 1)

Corporate Governance System

***Business execution, internal control, managerial monitoring and risk management system, etc.**



***Compliance Structure**



(Reference Material 2) Skills Matrix of Directors and Audit & Supervisory Board Members

		Business management	Sales and Marketing	ESG SDGs	Finance and accounting	Legal and compliance	Human resources, labor	International mindset	Knowledge of other industries
Directors	Kenji Okada	○	○	○	○	○	○	○	○
	Tomofumi Yoshida	○	○	○	○	○	○	○	○
	Kyosuke Wakamatsu	○	○	○		○	○	○	○
	Tatsurou Utsumi	○	○	○		○	○	○	
	Yasuhiro Imazawa	○	○	○	○	○		○	○
Outside Directors	Ichiro Saeki	○	○	○		○			○
	Motoyo Yamane	○		○			○	○	○
	Takuya Morikawa	○	○	○			○	○	○
Audit & Supervisory Board Member	Shuji Katsurayama	○	○	○	○	○	○		
Outside Audit & Supervisory Board Members	Isao Kubo	○	○	○	○	○		○	○
	Shozo Tokuda	○		○	○	○			○
	Masako Iwamoto	○		○		○	○		○