

MEITEC Group: Basic Policy Regarding Corporate Governance

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0. General Rules

MEITEC Group Holdings Inc. (the Company) instituted the “MEITEC Group: Basic Policy Regarding Corporate Governance” by resolution of the Board of Directors in order to achieve corporate governance (the mechanism necessary to ensure that decision making is transparent and fair, as well as timely and decisive) that is effective and appropriate to the Group.

Amendment or abolishment of this basic policy must be undertaken by resolution of the Board of Directors, and any changes must be disclosed in a timely and appropriate manner.

Enacted on November 5, 2015

Revised 4.7., 4.8. on April 26, 2016

Revised 4.2., 4.10. on May 10, 2016

Revised 2.1.1. on April 1, 2017

Revised 1.2., 1.4., 2.6., 3.1., 4.1., 4.3., 4.4., 4.5., 4.7., 4.8., 4.10., 4.11., 5.1., 5.2. on November 6, 2018

Revised 4.10. on March 26, 2019

Revised 4.10. on June 20, 2019

Revised 4.10. on March 30, 2021

Revised 2.3., 2.4., 4.2., on December 21, 2021

Revised 4.10. on May 12, 2022

Revised 2.5. on June 1, 2022

Revised 4.7.2. on December 20, 2022

Revised 2.1.3, 2.5.4, 2.5.5, 4.7.1, 4.7.2, 4.8.1 on June 22, 2023

Revised 0, 0.2, 0.3, 1.1.2, 1.1.3, 1.2.3, 1.7.2, 1.7.3, 2.3.2, 2.4, 2.5.2, 2.5.3, 2.6.1, 3.1.1, 3.1.2, 3.2.2, 3.2.3, 4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.9.4, 4.9.5, 4.10, 4.11, 5.1.1 on October 1, 2023

Revised 1.2.4. on May 9, 2024

0.1. Basic Views on Corporate Governance [Principle 3.1 ii)]

The Group takes action to enhance its corporate governance, aiming to continuously improve the five values described in the “Ideal State” based on the Group’s management concept. To that end, it makes unceasing efforts to pursue a balance between management oversight and business execution appropriate to the Group. Other measures include efforts to develop a structure that violates no social ethics and conducts decision making that is sound, transparent, and fair, as well as timely and decisive.

0.2. Role as a Pure Holding Company

With the aim of continuing to improve profitability and capital efficiency while proactively pursuing high value-added opportunities, we shall formulate the MEITEC Group’s management concept, code of conduct, management strategies, management plan, and basic policies on corporate governance, etc., monitor their implementation status, allocate management resources, and promote collaboration among Group companies in accordance with the basic views on Corporate Governance described in

0.1. above. In addition, in order for each Group company to execute its business quickly, frequently, and correctly, the Company shall respect the spirit of independence of each Group company, and shall develop a system appropriate to its business purpose, business characteristics, and size, and shall manage and supervise the management of each Group company.

0.3. Organizational Design

The Company has adopted the “Company with Audit and Supervisory Committee” as the organizational design under the Companies Act. The Company will strive to establish an effective corporate governance system by strengthening the supervisory function of the Board of Directors by having a majority of the Board of Directors independent outside directors and by establishing an advisory board chaired by an independent outside director, and by delegating authority to executive directors for prompt and appropriate decision making.

1. Securing the Rights and Equal Treatment of Shareholders [General Principle 1]

1.1. Securing the Rights of Shareholders [Principle 1.1]

1.1.1 MEITEC Corporation (the Company) respects the rights of all shareholders and secures effective equal treatment corresponding to size of shareholding.

It therefore takes no action of any kind that would impede the exercise of rights by shareholders.

1.1.2 There are certain matters usually resolved at the general meeting of shareholders for which delegation to the Board of Directors could be considered fitting and reasonable. To the extent permitted by laws and regulations, the Company therefore endeavors to propose to the general meeting of shareholders that such matters are delegated to the Board of Directors. In so doing, the Company takes into consideration factors including the Company's situation regarding the enhancement of corporate governance, and the wishes of shareholders and investors.

The Board of Directors may currently resolve the following three matters usually resolved at the general meeting of shareholders:

- (1) Purchase of treasury shares; (2) Dividend distribution of surplus; and (3) Exemption and limitation from liability of directors

1.1.3 The Company monitors the casting of votes at the general meeting of shareholders, and if it recognizes that a considerable number of votes have been cast against a proposal by the Company, it investigates the underlying reasons and considers the need for dialogue with shareholders and investors in order to make use of the feedback in the subsequent management of the Company.

1.2. Exercise of Shareholder Rights at General Meetings of Shareholders [Principle 1.2]

1.2.1 The Company discloses information, ensuring that such disclosure is fair, accurate, timely, and continuous, and endeavors to develop an appropriate environment for shareholders to express their will when exercising their voting rights at the general meeting of shareholders.

1.2.2 As part of efforts to develop an appropriate environment, the Company uses an electronic voting platform service, and continuously produces and posts on its website English versions of its convocation notices (abridged).

1.2.3 The Company strives to enable shareholders to exercise their voting rights appropriately by giving them sufficient time to consider the agenda items for the general meeting of shareholders while ensuring the accuracy of convocation notice content. It therefore aims to send out a convocation notice three weeks before the date on which a general meeting of shareholders is to be held. In addition, after the resolution of the Board of Directors regarding the convocation of the General Meeting of Shareholders, the contents of the convocation notice will be posted on the website before the convocation notice is sent (however, no later than three weeks before the date on which a general meeting of shareholders is to be held.).

The Company endeavors to send its convocation notices out even earlier and to disclose them electronically prior to sending them out by developing a structure to produce the notices earlier without sacrificing its commitment to accuracy.

1.2.4 The Company sets the date and time for the general meeting of shareholders with due consideration for the need to enable as many shareholders as possible to attend. It will continue endeavoring to hold meetings approximately one week before the peak dates for other companies' meetings.

The Company will continue to allow diversified voting when exercising multiple voting rights.

1.2.5 Attendance at the general meeting of shareholders is currently restricted to shareholders with voting rights who are registered or recorded in the shareholders' list. However, in light of factors including requests to attend from institutional investors who hold shares in street name, and current trends at trust banks, the Company will consider establishing additional guidelines regarding attendance at the general meeting of shareholders.

1.3. Basic Strategy for Capital Policy [Principle 1.3]

1.3.1 For the MEITEC Group's core business of indefinite employment engineer staffing business to grow sustainably, it is essential to continue protecting the employment of engineers even during economic crises. The Company therefore makes it a priority to improve the quality and quantity of equity capital, which is the source of financial security, whilst also considering its balance of funds.

1.3.2 The Company clearly sets out its basic policy of profit distribution based on 1.3.1. above on a continuous basis, discloses relevant information appropriately, and fully explains its capital policy to its shareholders, investors, and other stakeholders.

1.4. Cross-Shareholdings Policy [Principle 1.4]

1.4.1 The Company does not hold shares of other listed companies as cross-shareholdings, keeping its shareholding balance at zero.

Nonetheless, the Company will amend the above policy if in future it recognizes that a capital tie-up or similar link with another listed company could offer a strong prospect of increasing the Group's value, or if it otherwise acknowledges that there is a genuine reason to hold shares of another listed company.

1.4.2 In the event that 1.4.1. above is amended and the Company holds shares of other listed companies, it will establish policies and rationales for holding shares as cross-shareholdings and on exercising voting rights, and establish standards, etc., for verifying the appropriateness of holding said shares. The Company will also work to appropriately disclose the details of these policies, views and standards, etc. while taking confidentiality relating to corporate secrets into consideration.

1.4.3 In the same manner as before, if a company that currently holds shares of the Company as cross-shareholdings indicates that they intend to sell shares of the Company, the Company will not object to this intent and will take no action of any kind that would impede the exercise of rights by shareholders.

1.4.4 In the same manner as before, the Company will carry out no business of any kind that could damage shareholders' common interests or that could damage the Company's Value to Engineers, Value to Employees, Value to Clients, or Value to the Society, as a result of, for example, inappropriate considerations given to a company that currently holds shares of the Company as cross-shareholdings.

1.5. Anti-Takeover Measures [Principle 1.5]

- 1.5.1 In accordance with the policy in 1.1.1., the Company will not adopt anti-takeover measures.
- 1.5.2 In the case of a tender offer, the Company will endeavor to disclose and explain the MEITEC Group's position in a timely and appropriate manner. In accordance with the policy in 1.1.1., the Company will take no action of any kind that would impede the exercise of rights by shareholders.

1.6. Capital Policy that May Harm Shareholder Interests [Principle 1.6]

When pursuing a capital policy that may harm the interests of the Company's shareholders, such as a change of control, share offering, or management buyout, the Company ensures appropriate procedures and makes decisions in good faith and reasonable manner according to its business judgement rules.

The Company also endeavors to disclose information in a timely and appropriate manner, and provide clear explanation.

1.7. Related Party Transactions [Principles 1.7, 4.3]

- 1.7.1 Transactions between the Company and its directors that are legally defined as competitive or involving a conflict of interest (excluding transactions between the Company and its wholly owned subsidiaries), are set out in the matters subject to resolution by the Board of Directors and the Board of Directors rules. A resolution of the Company's Board of Directors is essential to conduct such transactions. Moreover, material facts relating to such transactions are reported to the Board of Directors as appropriate in accordance with laws and regulations.
- 1.7.2 All proposals submitted to the Board of Directors are checked by the department that governs compliance of the MEITEC Group prior to submission to confirm whether they entail any competitive transactions or transactions involving conflict of interest.
- 1.7.3 At the beginning of each fiscal year, all directors review the previous fiscal year to confirm any engagement in competitive transactions or transactions involving conflict of interest, or whether they conducted transactions with related parties, and report the result of their review to the Board of Directors.
- 1.7.4 When conducting related party transactions, the necessary internal approval is obtained using the same criteria and procedures as for non-related parties in accordance with the predetermined rules on administrative authority.

2. Appropriate Cooperation with Stakeholders Other Than Shareholders

[General Principle 2]

To continuously improve the five values specified in the MEITEC Group’s “Ideal State,” the Group endeavors to respect and understand the rights and positions of a variety of stakeholders in order to cooperate appropriately with them.

The Board of Directors and the executives exercise leadership to establish a corporate culture where sound, highly transparent business are ensured.

2.1. Business Principles [Principles 2.1, 3.1 i]

2.1.1 Management Concept of the MEITEC Group

“Mutual Growth & Prosperity”

2.1.2 Corporate Slogan of the MEITEC Group

Develop a new era by People and Technology

2.1.3 “Ideal State” of the MEITEC Group

We, the MEITEC Group, with cooperation of all the employees, shall improve the five values continuously from the “Value to Engineers” as a starting point.

- 1) Value to Engineers We continue to provide optimum “opportunities and placement” for all engineers who aim for affluent “Career Style of Engineer.”
- 2) Value to Employees We continue to provide optimum “opportunities and placement” for employees who sympathize with the intension of “independence and mutual supports” and continue to grow as professional.
- 3) Value to Clients We continue to provide optimal services of “People and Technology,” aiming to becoming a “reliable Best-Partner” for all clients.
- 4) Value to Shareholders We maximize mid and long-term shareholders returns by creating “sound profits” based on continuous improvement of the Values.
- 5) Value to the Society We will continue to be a pioneer in creating a “Professional Labor Market” in Japan, through establishing a career style of “lifetime professional engineers.”

2.2. Code of Conduct [Principle 2.2]

2.2.1 The Group has set out its Charter of Employee Behavior and its Employee Code of Conduct, along with other guidelines, and the executives exercise leadership in spreading awareness of these widely among all Group employees, making persistent efforts to ensure that they are observed without fail.

<The MEITEC Group Charter of Employee Behavior>

1. While striving for career development, we will work to increase our market value and to become competitive professionals in the world.
2. We will endeavor to increase customer satisfaction, and will place the greatest importance on building relationships of trust with customers.
3. Using the common sense as responsible members of society, we will seek to contribute to the community.

2.2.2 The Group reviews the implementation of the code of conduct as necessary, and endeavors to ascertain the extent to which various factors, including measures taken and the executives' leadership, are truly helping to establish the corporate culture.

2.3. Sustainability Issues [Principle 2.3]

2.3.1 Recognizing that responding to issues related to global environment such as climate change, social issues such as respect for human rights, the Group employee health and working environment, fair and appropriate treatment, fair and appropriate transaction with business partners, and crisis management in the event of natural disaster, is an important management issue not only to reduce risks, but also to create profit opportunities, we will positively and actively tackle these sustainability issues.

2.3.2 In addition to our collaboration with our customers promoting technological innovations through the business activities of our Group companies as a partner that provides high added value through "People and Technology," we will tackle sustainability issues positively and proactively also by working on energy conservation, etc. in our own activities.

2.4. Ensuring Diversity, Including Active Participation of Women [Principle 2.4, Supplementary Principle 2.4.1]

2.4.1 Recognizing that the existence of diverse perspectives and values reflecting a variety of experiences, skills, and characteristics is essential within its companies, the Group strives to promote diversity of personnel, including the active participation of women throughout the Group.

2.4.2 In each Group company, the composition of core human resources has already been diverse, and we continue the provision of equal opportunities as well as fair and just promotion with ongoing attention to homogeneity of midcareer hires.

2.4.3 Through the efforts of each Group company, we endeavor to provide the Group employees opportunities and placement in a medium- to long-term perspective so that employees forecast a skill matrix required in the future, focus on improving technological capabilities and refining the ability to handle changes flexibly on their own.

2.4.4 Through the efforts of each Group company, we make efforts so that the Group employees lastingly enhance the effectiveness of initiatives that help fuel motivation to learn and take on challenges within and outside the company on their own, while

incorporating diverse opinions, etc.

2.5. Whistleblowing [Principle 2.5]

- 2.5.1 The MEITEC Group Helpline System, which is a whistleblowing system common to the MEITEC Group provides measures to protect whistleblowers in personnel terms, such as securing their confidentiality and prohibiting any disadvantageous treatment. By establishing this helpline, and informing employees about it, the Group endeavors to quickly detect and take appropriate action against any malfeasance that may occur relating to execution of duties by each Group companies and officers or employees.
- 2.5.2 The CSR Office of MEITEC Corporation (the CSR office) is the department responsible for the activity of receiving and investigating any consultations or reports and, based on the instruction of the Representative Director and President / Group CEO of the Company, the CSR Office engages in the activity of receiving and investigating any consultations or reports. Please note that instructions to the CSR Office shall be carried out through the Company's Executive officers for the CSR.
- 2.5.3 The director who is Chairman of the Company's Audit and Supervisory Committee member are responsible for receiving and investigating consultations and reports concerning executive directors of the company and MEITEC Corporation, so that whistleblowers can report information and sincere suspicions relating to malfeasance, without fear of risk of disadvantageous treatment. In addition, external window for whistleblowing is also established outside of the MEITEC Group company.
- 2.5.4 To ensure the independence of the MEITEC Group Helpline System, information reported to the CSR Office is reported immediately and simultaneously by the Company's CSR staff to the Representative Director and President/Group CEO of the Company and the director who is Chairman of the Company's Audit and Supervisory Committee. The result of action (including the information of corrective actions) is also reported.
- 2.5.5 The MEITEC Group Helpline System's maintenance and operation (for malfeasance, etc., including investigation and inspection of whether corrective actions are working) are reported to the Board of Directors, in principle, semi-annually (twice a year) on a regular basis. The Board of Directors evaluate and inspect all cases using objective and fair methods, and make improvements as required.

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

- 2.6.1 As each Group company has transitioned to a defined contribution pension plan, the Group will not institute guidelines and concrete initiatives relating to the roles of corporate pension funds as asset owners.
- 2.6.2 However, in cases where the Group acquires a company with a corporate pension plan, cases where the Group begins management of assets legally separate from the business owner and used solely for retirement benefits, or cases of a change in circumstances equivalent to the aforementioned, the Group will institute policies, rationales, initiative methods (including method of appropriately managing conflicts of interest between beneficiary and company, method of preventing loss of independence in asset management affairs, and methods of any other pertinent initiatives), and other measures,

and work to appropriately disclose the relevant details while taking confidentiality into consideration.

3. Ensuring Appropriate Information Disclosure and Transparency [General Principle 3]

3.1. Full Disclosure [Principles 3.1, 4.3; Supplementary Principle 3.1.1, 3.1.2]

- 3.1.1 The Company has set out a separate “MEITEC Group: disclosure policy” and it discloses information relating to financial, operational, and other matters to shareholders, investors, and other stakeholders, taking care to ensure that such disclosure is fair, accurate, timely, and continuous. Disclosure is conducted in accordance with the Companies Act, the Financial Instruments and Exchange Law, and other laws and regulations, as well as the rules on timely disclosure of corporate information prescribed in the securities listing regulations of the stock exchange on which the Company is listed.
- 3.1.2 Whenever possible, the Company also actively discloses additional information not subject to the stock exchange’s timely disclosure rules. Such information includes details of financial position, management strategies and challenges regarded as helpful in making investment decisions, as well as information regarding risks and environmental, social and governance matters (including non-financial information).
- 3.1.3 In order to help as many stakeholders as possible to understand the MEITEC Group, the Company endeavors to ensure that its disclosure documents (including their English versions) are written in an accurate and easy-to-understand manner.
- 3.1.4 In accordance with the Companies Act and other laws and regulations, the Company has determined its basic policy regarding the development and maintenance of an internal control system, as well as policies relating to risk, compliance, and other matters, and it discloses relevant information as necessary.

3.2. External Accounting Auditors [Principle 3.2]

- 3.2.1 The Company recognizes the responsibility that the external accounting auditor owes toward shareholders, investors, and other stakeholders, and takes appropriate steps to secure the proper execution of audits by the external accounting auditor.
- 3.2.2 The Audit and Supervisory Committee ensures that it:
 - 1) Decides each fiscal year whether or not the external accounting auditor should be reappointed based on standards and procedures for the evaluation of external accounting auditors; and
 - 2) Verifies whether external accounting auditors possess necessary independence and expertise to fulfill their responsibilities.
- 3.2.3 The Board of Directors and the Audit and Supervisory Committee collaborate as necessary to ensure that they:
 - 1) Give adequate time to ensure high quality audits;
 - 2) Ensure that external accounting auditors have access, such as via interviews, to the Representative Director and President/Group CEO, officer in charge of accounting and finance and other executives of the MEITEC Group;
 - 3) Ensure adequate coordination between external accounting auditors and each of the directors who are Audit and Supervisory Committee members, the internal audit division and outside directors (including attendance at the Audit and Supervisory Committee meetings, etc.); and
 - 4) Ensure that the Company is constituted in the way that it can adequately respond

to any misconduct, inadequacies or concerns identified by the external accounting auditors.

4. Responsibilities of the Board [General Principle 4]

4.1. Roles and Responsibilities [Principles 4.1, 4.2, 4.3, 4.4; Supplementary Principle 4.1.1; Principles 3.1 i) ii) iii) iv) v)]

4.1.1 Board of Directors

- 1) The Board of Directors meets in principle once a month. It oversees the execution of duties by directors and makes important business decisions relating to such matters as the Group's business strategy and business plan, Basic Policy Regarding Corporate Governance, the nomination of candidates for the positions of director, the appointment and dismissal of executives, and the determination of remuneration amounts for executives and directors (excluding the directors who are Audit and Supervisory Committee members).
- 2) The Board of Directors shall meet periodically to discuss the following matters.
In principle once a year, in April
 - Analysis and evaluation with respect to the effectiveness of the Board of Directors
 - Key matters relating to corporate governance
 - Key matters relating to social responsibilitiesIn principle twice a year, in April and October
 - Matters relating to operation and management of the MEITEC Group Helpline System
- 3) The Group makes use of the objective and neutral view of outside directors to conduct appropriate management decision making and strengthen oversight.
- 4) In order to ensure prompt, decisive and appropriate decision-making based on Management Policy, the Board of Directors, except for matters prohibited by law from delegation, shall stipulate specific items, etc. in the Board of Directors rules, and within the scope of such items, delegate authority pertaining to the execution of important operations to the executive directors.

4.1.2. Audit and Supervisory Committee

- 1) In principle, the Audit and Supervisory Committee shall meet once a month to determine the Audit and Supervisory Committee's audit plan, report on the status of audits conducted in accordance with the said audit plan, audit the execution of duties by directors, and other matters.
- 2) The Audit and Supervisory Committee shall conduct its own audits of whether the internal control system is properly established and operated by the Board of Directors, as well as systematic audits utilizing the internal audit division. The Audit and Supervisory Committee shall receive reports on the contents of the audit plan for each fiscal year prepared by the internal audit division in advance, and shall provide necessary opinions, etc., and shall also receive reports from the internal audit division on the results of the audits. The internal audit division shall perform audit

duties under the direction, order and management supervision of the Representative Director and President/Group CEO, but the Audit and Supervisory Committee may directly direct and order the internal audit division to perform audits, etc, as necessary. In such cases, in the event of conflict or inconsistency in the content of the directives and orders by the Representative Director and President/Group CEO and the Audit and Supervisory Committee, the instructions of the Audit and Supervisory Committee shall take precedence.

- 3) Directors who are Audit and Supervisory Committee members shall supervise the execution of the duties of the Directors through “the exercise of voting rights at meetings of the Board of Directors” as “Directors” and “the exercise of the right to express opinions regarding the personnel and remuneration of directors, excluding directors who are Audit and Supervisory Committee members” as the “Audit and Supervisory Committee.”

4.2. Composition of Board of Directors [Principles 4.11, 4.8, 4.12; Supplementary Principle 4.11.1]

4.2.1 Size

- 1) The Company’s Articles of Incorporation sets the maximum number of directors at twelve (12), of which no more than four (4) directors shall be Audit and Supervisory Committee members. The Group regards it as important that accurate, timely, and decisive decision making takes place based on lively discussion. It therefore appoints approximately ten (10) directors, taking into account such matters as the type and volume of business at the time in question.
- 2) The Articles of Incorporation stipulate that the number of directors who are Audit and Supervisory Committee members shall be no more than four (4), but in accordance with the law, a majority of the directors shall be independent outside directors. In addition, in preparation for a shortage in the number of directors who are Audit and Supervisory Committee members as stipulated in laws and regulations, one alternate director who is an Audit and Supervisory Committee member shall be appointed as necessary in accordance with 4. 3. below, etc.

4.2.2 Balance and diversity

- 1) Identifying required skills for accurate, prompt and decisive decision-making and appropriate management supervision, we will make efforts to have appropriate balance of knowledge, experience and abilities as well as diversity in terms of expertise, internationality, gender, age, and work experiences in the board.
- 2) The number of independent outside directors shall be a majority of the total number of directors.
- 3) There shall be at least two (2) internal directors.
- 4) By gender there shall be at least 10% each of men and women.
- 5) The number of directors who are not Audit and Supervisory Committee members shall be no less than the number of directors who are Audit and Supervisory Committee members.

4.3. Policies Relating to Nomination of Director Candidates and Appointment and Dismissal of Executives [Principles 3.1 iv) v), 4.9, 4.5, 4.7, 4.11]

- 4.3.1 The Group nominates director candidates, appoints and dismisses executives in accordance with the “MEITEC Group Standards for Nomination of Director Candidates” set out and disclosed separately.
- 4.3.2 Starting from the Annual General Meeting of Shareholders held in June 2016, reasons for appointment or nomination of individual directors have been disclosed as part of the proposals for appointment.
- 4.3.3 When removing the Representative Director and President/Group CEO or an executive director, and dismissing a director, the Group does so with clear disclosure regarding the existence of a valid reason while paying utmost care not to miss the timing and giving consideration to objectivity and transparency.
- 4.3.4 When submitting a proposal for the dismissal of a director to a General Meeting of Shareholders, the Group will disclose the individual reasons for dismissal.

4.4. Procedures Relating to Nomination of Director Candidates and Appointment and Dismissal of Executives [Principle 3.1 iv) v)]

- 4.4.1 In order to strengthen independence, objectivity, and accountability with regard to the nomination of director candidates, the selection or removal of the Representative Director and President/Group CEO or executive directors, and the dismissal of internal directors, the Group ensures that fair and highly transparent procedures are followed by employing optional approaches to seek involvement and advice from independent outside directors.
- 4.4.2 The Audit and Supervisory Committee decides whether to approve appointments in accordance with the “Standards for Approval of Proposals for Appointment of Directors who are Audit and Supervisory Committee Members.”

4.5. Term of Office of Directors [Principle 4.3]

- 4.5.1 The term of office of directors (excluding directors who are Audit and Supervisory Committee members) expires at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within one (1) year following the director’s appointment. Reappointment is permitted.
- 4.5.2 The term of office of directors who are Audit and Supervisory Committee members expires at the conclusion of the Annual General Meeting of Shareholders for the last fiscal year ending within two (2) years following the director’s appointment. Reappointment is permitted. However, the term of office of an alternate director who is an Audit and Supervisory Committee member appointed to assume the office of a director who is an Audit and Supervisory Committee member expires when the predecessor’s term of office would have expired.
- 4.5.3 The term of office, including reappointment, for non-executive directors (including directors who are Audit and Supervisory Committee members) including independent outside directors shall in principle be up to eight (8) years.

4.6. Restrictions on Concurrent Posts Held by Directors [Supplementary Principle 4.11 ii)]

4.6.1 Directors (excluding directors who are Audit and Supervisory Committee members)

Executive directors	Non-executive directors including independent outside directors
<ul style="list-style-type: none"> • Executive directors are, in principle, prohibited from holding concurrent posts as officers or employees at companies outside the Group, regardless of whether or not the company in question is listed on a securities exchange. 	<ul style="list-style-type: none"> • In principle, non-executive directors shall not serve concurrently as a director or auditor of more than three (3) listed companies, including the Company.

4.6.2 Directors who are Audit and Supervisory Committee members

Standing Chairman of the Audit and Supervisory Committee	Other than left:
<ul style="list-style-type: none"> • Standing Chairman of the audit and supervisory committee is prohibited from holding concurrent posts as officers or employees at companies outside the Group, regardless of whether or not the company in question is listed on a securities exchange. 	<ul style="list-style-type: none"> • In principle, standing Chairman of the audit and supervisory committee shall serve concurrently as a director or auditor of more than three (3) listed companies, including the Company.

4.6.3 If directors hold concurrent posts as officers at other listed companies, the Group employs appropriate means to disclose the details of such concurrent posts on an annual basis.

4.7. Use of Optional Approach [Principles 4.10, 4.6, 4.7, 4.8; Supplementary Principles 4.1.3, 4.2.1, 4.3.2, 4.3.3, 4.10.1]

4.6.4 Officer Appointment Advisory Committee

- (1) In order to improve oversight of the Board of Directors and also strengthen accountability relating to “evaluation, candidate nomination, remuneration for directors,” the Group will establish an Officer Appointment Advisory Committee.
- (2) The Officer Appointment Advisory Committee meets at least once each year and will be charged with the following two matters:
 - 1) Evaluation of the appropriateness of the following processes
 - Selection or removal of the Representative Director and President/Group CEO (including supervising succession planning)
 - Selection or removal of executive directors
 - Nomination of director candidates
 - Dismissal of internal directors
 - Evaluation of internal executive directors’ performance
 - Remuneration for internal executive directors
 - 2) The following recommendations and reports to the Board of Directors
 - Recommendations for proposed appointments, dismissals, selections, and removals.

- Reports on results of evaluation
 - Recommendations of improvement measures for procedures when necessary
- (3) The committee comprises the Representative Director and President as well as outside directors and is chaired by an outside director in order to enhance its independence and objectivity.

4.8. Evaluation of Board of Directors' Effectiveness [Principle 4.11; Supplementary Principle 4.11.3]

- 4.8.1 At least once each year, the Board of Directors analyzes and evaluates the Board of Directors' effectiveness as a whole, taking into consideration the relevant matters, including the self-evaluations of each director.
- 4.8.2 A summary of the results of evaluating the Board of Directors' effectiveness will be disclosed for the first time in June 2016, and continuously thereafter.

4.9. Information Gathering and Support Structure [Principles 4.13, 4.8, 4.12]

- 4.9.1 The Group has established a support structure including personnel, electronic systems, and other resources to facilitate timely and appropriate sharing of information as well as proactive collection of information. In this way it aims to enable free, open, and constructive discussions and exchanges of views contributing to active deliberations in situations where it coordinates with the Board of Directors, business divisions, and other entities.
- 4.9.2 Opinions and advice from external specialists required for the Board of Directors and other decision making bodies to make rational decisions are obtained as appropriate at the Group's expense.
- 4.9.3 As part of efforts to develop an environment that supports appropriate risk-taking, the Group takes out directors and officers liability insurance (D&O insurance) providing a reasonable level of coverage. The associated insurance premiums are borne by the Group provided that it considers the premiums reasonable and their tax treatment is valid.
- 4.9.4 Outside directors are supported in the performance of their duties by the Board of Directors Secretariat.
- 4.9.5 Directors who are Audit and Supervisory Committee members are supported in conducting audits by the Office of Audit and Supervisory Committee, which is independent of business execution, in accordance with the basic policy regarding development and maintenance of an internal control system.

4.10. Executive Remuneration [Principles 3.1 iii), 4.2; Supplementary Principle 4.2.1]

- 4.9.6 The "Policy on Calculation Methods and Determination on Amount of Remuneration, etc. for Directors," which has been disclosed in the business results, securities report, and other materials, is as follows.

"Policy on Calculation Methods and Determination on Amount of Remuneration, etc. for Directors"

1. Method of Determination

The total amount of remuneration of directors shall be within the total amount of remuneration adopted at the 50th Annual General Meeting of Shareholders held in June

2023, and individual amounts of remuneration will be determined in accordance with the policy amended or abolished by resolutions of the Board of Directors.

<Overview of the Resolution for the General Meeting of Shareholders: Amounts of remuneration for directors>

Indicated in yearly amount	Fixed remuneration	Performance-linked remuneration	Total remuneration
Directors (excluding directors who are Audit and Supervisory Committee members)	Up to 135 million yen	Up to 2.5% of consolidated profit*, and up to 250 million yen	Up to 385 million yen
Portion for outside directors of above	Up to 54 million yen	(excluded from payment)	Up to 54 million yen
Directors who are Audit and Supervisory Committee members	Up to 60 million yen	(excluded from payment)	Up to 60 million yen
Total	Up to 195 million yen	Up to 250 million yen	Up to 445 million yen

*“Profit attributable to owners of parent” of “Consolidated Statements of Income and Comprehensive Income”

2. Policy about executive remuneration

- By maintaining the stance of clarifying and disclosing methods of calculation and the process of determinations of remuneration in the same manner as before, the Group will enhance management transparency and strengthen corporate governance, and thus further improving corporate value.
- The rate of performance-linked executive remuneration for executive directors will be increased to enhance sharing the mid and long-term interest with shareholders.
- In order to preserve the independence of outside directors and directors who are Audit and Supervisory Committee members, they will not be compensated with performance-linked remuneration.
- The retirement bonus system for directors, which was abolished in the fiscal year ended March 31, 2002, will not be adopted.

3. Specific executive remuneration amount

Total amount of executive remuneration = (1) Fixed remuneration +

(2) performance-linked remuneration <(3) appropriation of the amount equivalent to 20%>

(1) Individual fixed remuneration

Directors (excluding directors who are Audit and Supervisory Committee members)			
Representative Director and President, Group CEO, CEO/COO	yearly	28,800 thousand yen	(2,400 thousand yen monthly)
Senior Vice President and Directors	yearly	24,000 thousand yen	(2,000 thousand yen monthly)
Internal executive directors (excluding “President” and “Senior Vice President”)	yearly	19,200 thousand yen	(1,600 thousand yen monthly)
Outside Directors	yearly	10,800 thousand yen	(900 thousand yen monthly)
Directors who are Audit and Supervisory Committee members			
Standing Chairman of the Audit and Supervisory Committee	yearly	24,000 thousand yen	(2,000 thousand yen monthly)
Directors who are Audit and Supervisory Committee members (excluding Standing Chairman of the Audit and Supervisory Committee)	yearly	10,800 thousand yen	(900 thousand yen monthly)

(2) Performance-linked remuneration

- The total amount shall be up to 2.5% of profit attributable to owners of parent before deductible expenses accounting of performance-linked remuneration. However the maximum total amount 250 million yen annually.
- Performance-linked remuneration will be limited to be paid to directors, except for outside directors and directors who are Audit and Supervisory Committee members.
- In principle, individual allocation amount for individual directors will be determined at Board of Directors’ meetings after the consultation at the Officer Appointment Advisory Committee. However, while this is exclusively the case for the determination of the allocation method, it is also permissible that determinations are made to entrust the Representative Director and President/Group CEO with the determination of specific allocation amounts.
- Performance-linked remuneration is paid within three months after the end of the applicable fiscal year.

(3) Appropriation of the amount equivalent to 20% of performance-linked remuneration (after deduction of tax)

- The amount equivalent to 20% of performance-linked remuneration (after

deduction of tax) for each director will, with approval from each director, be contributed to the Officers Shareholding Group (the relevant amount will be divided into twelve (12) equally, and the same amount will be contributed each month for the 12 months from July each year) and utilized to acquire own shares.

- Acquired own shares are prohibited to be transferred during the period in office and until one year passes from resignation in principle, in accordance with the Shareholding Group Rules and other internal rules.
- When a person subject to payment of the relevant remuneration resigns, in accordance with the Officers Shareholding Group Rules of the Company, this handling shall not be applied.

(4) Percentage of fixed remuneration and performance-linked remuneration

- The allocation of performance-linked remuneration for each director is determined based on the performance assessment following the procedures described in 3.(2) above in accordance with the “Policy about executive remuneration” described in 2 above. Therefore, the percentage of fixed compensation and performance-based compensation in Executive Remuneration for each director(excluding outside director and directors who are Audit and Supervisory Committee members) shall vary based on such determination.

4. Additional Rules

- For remuneration of directors who are Audit and Supervisory Committee members, determination upon consultation by directors who are Audit and Supervisory Committee members is required in accordance with the provisions of the law.
- Remuneration to directors from subsidiaries in which a director holds a concurrent post is waived in principle.
- Allowances for commutation, job transfer unattended by family, or job relocation as well as a daily allowance for business trip expenses will be paid separately.

4.11. Policy on Director Training [Principle 4.14; Supplementary Principle 4.14.2]

- 4.11.1 Directors acquire and appropriately update the necessary knowledge and skills to continue appropriately fulfilling their roles and responsibilities, primarily by means of independent study. Meanwhile, if the Group acknowledges the need for training, it will establish timely and appropriate opportunities and occasions for training at its own expense.
- 4.11.2 Given the need for new internal directors (including internal directors who are Audit and Supervisory Committee members) to fully understand the roles and responsibilities (including legal liabilities) expected of them, the Group provides opportunities and occasions for suitable training, including external training, at its own expense (training may also be provided for outside directors and outside Audit and Supervisory Committee members, as necessary).
- 4.11.3 The Group establishes opportunities and occasions for necessary information to be shared with new outside directors (including outside directors who are Audit and Supervisory Committee members), in principle by the Representative Director and President/Group CEO. Such information may relate to its business, finances, and organization, as well as to issues to be addressed, and other matters.

5. Dialogue with Shareholders and Investors [General Principle 5]

5.1. Policy for Constructive Dialogue with Shareholders and Investors [Principle 5.1]

- 5.1.1 As stipulated in the description of the MEITEC Group's "Ideal State," the Company aims to increase its Value to Shareholders, maximizing mid and long-term shareholders returns by creating "sound profits" based on continuous improvement of the Values. At the same time, based on the Guidelines for Investor and Company Engagement, it strives unremittingly to promote understanding of the Group among shareholders and investors, engaging in constructive dialogue with them via general meetings of shareholders, investor relations activities, and other means.
- 5.1.2 When engaging in dialogue, the Company's Representative Director and President/Group CEO and other executives take the lead in responding to shareholders and investors in a timely and appropriate manner, aiming to ensure that the shareholders and investors evaluate the Company appropriately.
- 5.1.3 With regard to development of a structure and implementation of initiatives to promote such constructive dialogue, the Company has separately set out and disclosed the "MEITEC Group: Policy on Dialogue with Shareholders and Investors."
- 5.1.4 The Company endeavors to ascertain changes in shareholder composition and related matters by means of an investigation to identify beneficial shareholders conducted in principle twice annually (every six months). The results of the investigation are reported to the Board of Directors and used in deliberating such matters as methods for conducting effective dialogue with shareholders and investors.

5.2. Establishing and Disclosing Business Strategy and Business Plan [Principle 5.2]

- 5.2.1 In disclosing and explaining its management plans and strategies, with an accurate grasp of its capital cost, the Company indicates its policy with regard to capital strategy that "makes it a priority to improve the quality and quantity of equity capital whilst also considering its balance of funds," as stated in 1.3 of this basic policy, as well as its profit planning and targets for key indicators. The Company takes confidentiality relating to its competitive advantages into consideration when indicating policies.
- 5.2.2 To encourage understanding of the MEITEC Group, the Company endeavors to ensure that its disclosure documents are written in an easy-to-understand manner with clear explanations.