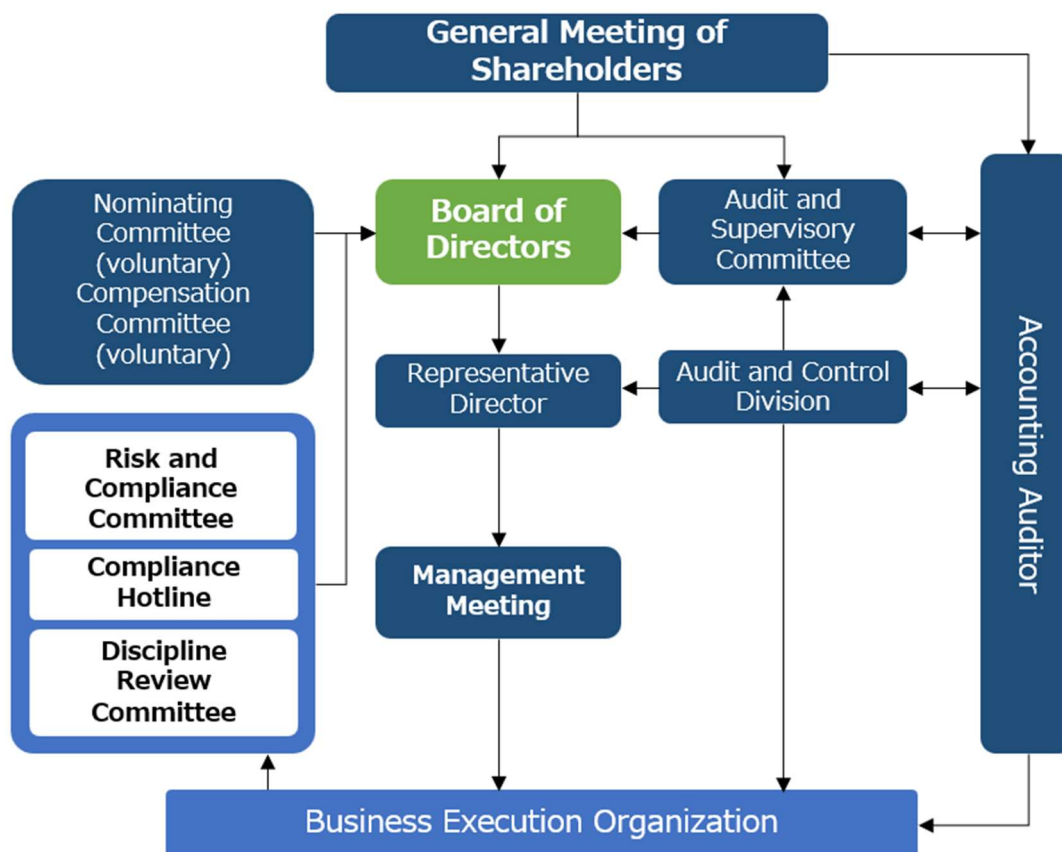


## Corporate Governance

### 【Corporate Governance Structure】

#### Corporate governance structure diagram



#### Board of Directors

The Board of Directors of PayPay Corporation (the “Company”) is responsible for making decisions on important matters related to business execution and for supervising the execution of duties by Directors. The Board consists of nine Directors, including four independent outside directors, and is chaired by the President & Representative Director, CEO, Corporate Officer. Each independent outside director has sufficient independence and possesses extensive knowledge and experience in business management and other areas. All independent outside directors actively participate in discussions at meetings of the Board and contribute to management judgments and decision-making.

Matters to be brought before the Board of Directors are set forth in the Board of Directors Rules. In addition to matters stipulated by laws and regulations and the Articles of Incorporation, the Board decides on fundamental management policy, medium- to long-term management plans, and annual budgets; important matters

relating to the Company's assets and funds, such as investments and loans exceeding a certain amount and the setting of annual borrowing limits; and important matters relating to the General Meeting of Shareholders, officers, and shares. In order to enhance the agility of the Company's corporate activities, the Board may, by resolution, delegate decisions on important business execution to Directors for matters other than those to be brought before the Board.

In appointing Directors, the Board of Directors selects candidates and submits them as proposals to the General Meeting of Shareholders.

The Company and the non-executive Directors Jun Shimba, Takeshi Idezawa, Yoshimitsu Goto, Junichi Miyakawa, Yasuyoshi Karasawa, Paul Yonamine, Hiroko Kono, and Hiroto Kaneko have entered into agreements to limit liability for damages under Article 423, Paragraph 1 of the Companies Act pursuant to Article 427, Paragraph 1 of the Companies Act. Under these agreements, the maximum amount of such liability is the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act.

#### **Nominating Committee (Voluntary Advisory Body of the Board of Directors)**

The Nominating Committee has been established as a voluntary advisory body of the Board of Directors to provide advice and recommendations in order to strengthen the independence, objectivity, and accountability of the Board's functions relating to the nomination of Directors.

Members of the Nominating Committee are appointed by the Board of Directors from among the Directors. To enhance independence and objectivity, a majority of the members are independent outside directors.

Currently, the Nominating Committee consists of three Directors: Paul Yonamine (Chair / Independent Outside Director), Hiroko Kono (Independent Outside Director), and Ichiro Nakayama (President & Representative Director, CEO, Corporate Officer).

Matters to be brought before the Nominating Committee are set forth in the Nominating Committee Rules. The Committee deliberates on matters such as the Directors' skills matrix and diversity, the review and consideration of the President's succession plan, and other related matters.

The Nominating Committee consists of regular meetings and special meetings. Regular meetings are held at least once per year, and special meetings are held as necessary.

#### **Compensation Committee (Voluntary Advisory Body of the Board of Directors)**

The Compensation Committee has been established as a voluntary advisory body of the Board of Directors to provide advice and recommendations in order to strengthen the independence, objectivity, and accountability of the Board's functions relating to the compensation of Directors.

Members of the Compensation Committee are appointed by the Board of Directors from among the Directors. To enhance independence and objectivity, a majority of the

members are independent outside directors.

Currently, the Compensation Committee consists of three Directors: Yasuyoshi Karasawa (Chair / Independent Outside Director), Hiroto Kaneko (Independent Outside Director), and Ichiro Nakayama (President & Representative Director, CEO, Corporate Officer).

Matters to be brought before the Compensation Committee are set forth in the Compensation Committee Rules. The Committee deliberates on policies for determining, and the details of, compensation for each Director (excluding Directors who are Audit and Supervisory Committee Members), and other related matters.

The Compensation Committee consists of regular meetings and special meetings. Regular meetings are held at least once per year, and special meetings are held as necessary.

### **Risk and Compliance Committee**

The Risk and Compliance Committee has been established to deliberate and receive reports on important matters relating to risk management and compliance at the Company and its group companies.

The Committee is chaired by the Chief Risk Officer (CRO) / Chief Compliance Officer (CCO), and consists of the Chair, the President & Representative Director, CEO, Corporate Officer, Group Heads, and members appointed by the Chair.

Matters to be brought before the Risk and Compliance Committee are set forth in the Risk and Compliance Committee Regulation. The Committee deliberates on and reports matters relating to risk management, compliance, information security and data governance, measures against financial crime, applications and reports to supervisory authorities and the maintenance and management of various licenses, internal control systems and governance, internal controls relating to human resources and compliance, other Committee-related matters specified in rules and regulations, and other matters deemed necessary by the Chair.

The Committee regularly (monthly) reports agenda items and the outcomes of related discussions to the Audit and Supervisory Committee Members.

### **Audit and Supervisory Committee**

Based on the Company's internal control system, the Audit and Supervisory Committee audits overall business activities, including the appropriateness of policies, plans, and procedures, the effectiveness of business execution, and compliance with laws and regulations.

The Audit and Supervisory Committee receives reports on, and discusses or resolves, important matters related to audits. The Committee consists of four independent outside directors, and is chaired by Yasuyoshi Karasawa, the Chair of the Audit and Supervisory Committee. Each Committee member has sufficient independence and,

based on extensive knowledge and experience in business management, accounting, and auditing, audits the execution of duties by Directors and provides advice and recommendations regarding decision-making by the Board of Directors.

The Audit and Supervisory Committee, in principle, meets once per month and establishes audit policy and audit plans. In order to ensure the effectiveness of audits, each Committee member, in addition to gathering information by attending meetings of the Board of Directors, gathers necessary information through various internal and external meetings and interviews. The Committee also receives regular reports from Directors, employees, auditors of major subsidiaries, and others, and works in cooperation with the Accounting Auditor and the internal audit function, receiving reports on audit plans and audit results.

### **Internal Audit**

The Internal Audit Department, which belongs to the Audit and Control Division, consists of 15 staff members, including the department head. While maintaining independence within the Company, it conducts internal audits of each department of the Company and its subsidiaries to confirm that operations are conducted lawfully and appropriately in accordance with laws and regulations, the Articles of Incorporation, and internal rules and regulations. The Department reports the results to the President and provides explanations to the Audit and Supervisory Committee Members.

### **Support structure for Outside Directors**

In order for all Directors, including independent outside directors, to attend meetings of the Board of Directors with an adequate understanding of the specific agenda items, the Secretariat sends Board materials to all Directors in advance and, as necessary, provides supplemental explanations.

In addition, Audit and Supervisory Committee Members may, as necessary, engage independent attorneys, certified public accountants, or other external experts, and the Company will bear the related expenses.

### **Coordination among Audit and Supervisory Committee Members, Accounting Auditor, and Internal Audit Department**

#### **1. Audit and Supervisory Committee Members and the Accounting Auditor**

Audit and Supervisory Committee Members receive regular explanations from the Accounting Auditor (Deloitte Touche Tohmatsu LLC) regarding the audit plan, quarterly reviews, and audit results, and, as necessary, exchange information and opinions, thereby coordinating with the Accounting Auditor.

#### **2. Audit and Supervisory Committee Members and the internal audit function**

Audit and Supervisory Committee Members receive regular explanations from the Internal Audit Department, which conducts internal audits for the Company, regarding audit plans and the results of internal audits of the Company's departments and major subsidiaries. As necessary, they exchange information and opinions, thereby coordinating with the internal audit function.

### **3. Accounting Auditor and the internal audit function**

The Internal Audit Department receives regular explanations from the Accounting Auditor regarding audit results. In addition, the Accounting Auditor and the Internal Audit Department exchange information and opinions as necessary, thereby coordinating with each other.

### **Handling of Transactions with the Controlling Shareholder**

The Company recognizes that related party transactions, including transactions with the parent company group, may have an impact on the Company's financial position and operating results by taking advantage of a related party's advantageous position. Accordingly, when conducting related party transactions, the Company pays particular attention, pursuant to the Rules on Related Party, Etc. Transactions Management, to whether the transaction is economically rational from the perspective of the Group's management and whether the transaction terms are appropriate in comparison with other external transactions.

In principle, material related party transactions require approval from the Audit and Supervisory Committee, and transactions requiring a resolution of the Board of Directors—such as transactions with parties that qualify as a controlling shareholder—are to be conducted based on a resolution of the Board of Directors.

In addition, even for related party transactions that do not qualify as material transactions, the Company reports the total amount and details of such transactions to the Board of Directors and the Audit and Supervisory Committee.

Furthermore, with respect to competitive transactions by Directors and transactions involving a conflict of interest with the Company, the Board of Directors Rules designate such transactions as matters to be resolved. The Company obtains approval from the Board of Directors for each transaction and reports the results of each transaction to the Board of Directors.

### **Dividend Policy**

The Company recognizes the maximization of shareholder value as an important management issue. However, as the Company is currently in a growth stage, it believes that strengthening retained earnings is important to ensure long-term stability of its management foundation and to achieve continuous expansion and development of its business. Accordingly, since its establishment, including the current fiscal year, the Company has not paid dividends. With respect to future dividends of surplus, the Company intends to make decisions after comprehensively considering business performance, financial condition, future business development, investments, and other factors; however, at present, the possibility and timing of dividend payments have not been determined.

## 【Directors and Officers】

### Directors' Skills Matrix

The Company believes that, in order for the Board of Directors to hold effective discussions and make swift and appropriate decisions while ensuring diversity, it is important that each Director participating in the Board possess high levels of expertise, in addition to diverse perspectives and experience.

Name	Position	Management	Finance/ Accounting	Technology	Legal/Risk	Human Resources/ Talent Development	Sales/ Marketing	Global Perspective/ Diversity
Ichiro Nakayama	President & Representative Director, CEO, Corporate Officer	◎		●				●
Jun Shimba	Director	●				●	◎	
Takeshi Idezawa	Director	◎		●				●
Yoshimitsu Goto	Director	●	◎					●
Junichi Miyakawa	Director	◎		●				●
Yasuyoshi Karasawa	Outside Director	◎	●		●			
Paul Yonamine	Outside Director	◎		●				●
Hiroko Kono	Outside Director		●			◎		●
Hiroto Kaneko	Outside Director	●	◎					●

※ While each Director possesses a broad range of management experience, the skills matrix highlights, for each Director, the three specific areas in which the Director provides significant oversight value for the Company's management. The Director's most core strength is indicated as "Primary expertise (◎)," and complementary strengths are indicated as "Additional competency (●)."

### Reasons for Appointment of Directors

In order to strengthen the Board of Directors' oversight function and improve the objectivity and transparency of the decision-making process, the Company appoints independent outside directors who satisfy independence standards and also invites Directors who possess extensive knowledge and experience across a wide range of fields. The reasons for appointing each Director are as follows.

#### 1. Directors (excluding Directors who are Audit and Supervisory Committee Members)

Name	Reason for Appointment
Ichiro Nakayama	Having developed experience in the information and communications business and the IT industry, and possessing extensive knowledge as a corporate manager in B2C businesses (consumer services), he has led the growth of the Group as President & Representative Director, CEO, Corporate Officer since the Company's founding in 2018. The Company appointed him because it determined that he is an appropriate person to help achieve sustained enhancement of the Group's corporate

	value.
Jun Shimba	<p>At SoftBank Corp., he has served in key roles, including as the executive responsible for business operations primarily in the consumer segment, and has also served as a Representative Director and possesses a high level of insight and broad knowledge in management. In addition, since the Company's founding in 2018, he has contributed significantly to the growth of the Group as a Director.</p> <p>The Company appointed him because it determined that he is an appropriate person to help achieve sustained enhancement of the Group's corporate value.</p>
Takeshi Idezawa	<p>Having a track record of successfully turning around the former Livedoor Co., Ltd., he has overseen overall management of the LINE Group and possesses a high level of insight and broad knowledge in management, including achieving the business integration of Z Holdings Corporation and LINE Corporation.</p> <p>The Company appointed him because it determined that he is an appropriate person to help achieve sustained enhancement of the Group's corporate value.</p>
Yoshimitsu Goto	<p>He possesses extensive knowledge and experience in finance and corporate management, including serving as Director and Senior Managing Executive Officer, CFO and CISO of SoftBank Group Corp., and as Representative Director, President and CEO and acting owner of Fukuoka SoftBank HAWKS Corp. In addition, since 2019, he has contributed significantly to the growth of the Group as a Director of the Company.</p> <p>The Company appointed him because it determined that he is an appropriate person to help achieve sustained enhancement of the Group's corporate value.</p>
Junichi Miyakawa	<p>He possesses a high level of insight and broad knowledge in management, including experience as Representative Director and CEO of SoftBank Corp. and serving as president of group companies. In addition, he has deep knowledge of cutting-edge technologies and has led the growth of SoftBank Corp. as the business head in the technology domain.</p> <p>The Company appointed him because it determined that he is an appropriate person to help achieve sustained enhancement of the Group's corporate value.</p>

## 2. Outside Directors (Audit and Supervisory Committee Members)

Name	Reason for Appointment
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<p>Yasuyoshi Karasawa</p>	<p>He has extensive work experience including involvement in corporate planning, sales, public relations, and financial planning, and possesses broad and advanced knowledge and experience in overall management, including experience as CEO of the MS&amp;AD Insurance Group and serving as chair of the board.</p> <p>The Company appointed him because it determined that he would be able to appropriately perform his duties as an Outside Director who is an Audit and Supervisory Committee Member, as the Company expects that he will leverage these experiences to provide appropriate advice regarding management and to sufficiently fulfill a role in supervising business execution.</p>
<p>Paul Yonamine</p>	<p>He possesses broad and advanced knowledge and experience in areas such as digital transformation (DX), organizational management, finance, and accounting, cultivated through extensive management experience including at consulting firms, serving as Representative Director of IBM Japan, Ltd., and serving as CEO of overseas financial institutions.</p> <p>The Company appointed him because it determined that he would be able to appropriately perform his duties as an Outside Director who is an Audit and Supervisory Committee Member, as the Company expects that he will leverage these experiences to provide appropriate advice regarding management and to sufficiently fulfill a role in supervising business execution.</p>
<p>Hiroko Kono</p>	<p>She has been engaged in work at an investment company; the establishment and operation of an educational corporation; and human resource development at a coaching company, and her experience and insight are highly regarded.</p> <p>The Company appointed her because it determined that she would be able to appropriately perform her duties as an Outside Director who is an Audit and Supervisory Committee Member, as the Company expects that she will leverage these experiences to provide appropriate advice regarding management and to sufficiently fulfill a role in supervising business execution.</p>
<p>Hiroto Kaneko</p>	<p>Having cultivated a global perspective at Arthur Andersen and, as a certified public accountant, having long been involved in various issues faced by companies, he possesses extensive experience and a high level of insight in auditing and accounting consulting. In addition, he has participated in management as a member of management teams and has knowledge as a business manager.</p> <p>The Company appointed him because it determined that he</p>

	would be able to appropriately perform his duties as an Outside Director who is an Audit and Supervisory Committee Member, as the Company expects that he will leverage these experiences to provide appropriate advice regarding management and to sufficiently fulfill a role in supervising business execution.
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## Directors' Compensation

### 1. Overview of the Directors' Compensation System

The Company's Directors' compensation is designed to enable management to work toward sustained enhancement of corporate value in a manner aligned with the interests of shareholders. Using databases of external survey organizations, the Company conducts research and analysis and, taking into account market levels, company performance, and each individual's role and contribution, sets compensation at a competitive level as executive compensation.

#### (1) Basic compensation (fixed)

Basic compensation is determined as an annual amount in accordance with each Director's role and responsibilities, taking into account competitiveness as executive compensation, and is paid in a fixed cash amount each month.

For Audit and Supervisory Committee Members, only basic compensation is paid from the perspective of maintaining independence. Individual amounts are determined through discussions among Audit and Supervisory Committee Members.

#### (2) Performance-linked compensation (short-term incentive)

As an incentive toward achieving performance targets, an amount calculated after comprehensively considering company performance indicators such as revenue, which indicate the scale of the Company's core business, as well as the results of the execution of duties by each Director who engages in business execution, is paid in cash for each fiscal year. The ratio of basic compensation to performance-linked compensation is set, as a guideline, at 50%:50% (assuming 100% achievement of performance targets).

#### < Calculation Method >

Performance indicators: Revenue, etc.

Formula: Basic compensation amount × bonus payment rate (determined within a range of 0% to 150% depending on the degree of achievement of performance indicator targets, etc.)

#### (3) Share-based compensation (mid- to long-term incentive)

The Company has introduced share-based compensation in order to further enhance incentives to contribute to sustained enhancement of corporate value.

In 2022, the Company introduced trust-based stock options, and in 2025, it introduced tax-qualified stock options and stock options exercisable upon

retirement, designing incentives for officers to work toward enhancing corporate value from the same perspective as shareholders.

As a result, the Company has enhanced the linkage between management compensation and shareholder returns and strengthened motivation toward long-term growth and profit generation.

## **2. Decision-making Body and Process for Directors' Compensation**

To strengthen the independence, objectivity, and accountability of the Board of Directors' decision-making function regarding compensation for Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company has established the Compensation Committee as a voluntary advisory body of the Board of Directors.

The Compensation Committee is composed primarily of independent outside directors, and ensures transparency and objectivity in the compensation determination process by providing advice and recommendations to the Board of Directors regarding compensation policy and levels for each Director.

Compensation for Audit and Supervisory Committee Members is determined through discussions of the Audit and Supervisory Committee after the conclusion of the annual General Meeting of Shareholders relating to the preceding fiscal year, in order to ensure independence.

## **【Investor Relations Activities】**

### **Basic Approach to Disclosure**

The Company's American Depositary Shares (the "ADSs") are listed on the Nasdaq Global Select Market in the United States. With respect to both financial and non-financial information, the Company will make timely and appropriate disclosure of information that it, as a Foreign Private Issuer (an "FPI"), is required to disclose under the disclosure rules of the U.S. Securities and Exchange Commission (the "SEC") and other applicable rules. In addition, even with respect to information that is not necessarily required to be disclosed, the Company will carefully consider the degree of impact on stakeholders, including investors, and will proactively disclose such information as necessary.

The ADSs are also being offered in Japan, and the Company has filed a securities registration statement pursuant to the Financial Instruments and Exchange Act. The Company will continue to make appropriate disclosure in accordance with the Act and other applicable laws and regulations.

### **Timely Disclosure of Material Information**

#### **1. Disclosure standards and methods**

As an FPI, the Company is required to promptly file a Form 6-K with the SEC once material information is publicly disclosed in Japan, the Company's home country. Since there are no quantitative standards for such material information, the Company will consider disclosure in accordance with Japanese laws and regulations (including the Financial Instruments and Exchange Act) and the de minimis standards for timely disclosure under Japanese stock exchange rules. Even if information does not meet these disclosure standards, the Company will make fair and prompt disclosure of all material information that is deemed likely to have a significant impact on investment decisions, so that all stakeholders can obtain such information equally.

The above material information will be disclosed, as appropriate, through EDGAR, which is the electronic disclosure system for disclosure documents provided by the SEC, and EDINET, which is the electronic disclosure system for disclosure documents (such as annual securities reports) under the Financial Instruments and Exchange Act in Japan, and will be promptly posted on the Company's website.

#### **2. Disclosure framework**

The Company conducts timely disclosure through its Investor Relations Department as a dedicated function. The Information Disclosure Regulations stipulate the matters to be reported to the Investor Relations Department in connection with timely disclosure, as well as the timing and procedures for such reporting. When timely disclosure is required, the Investor Relations Department closely coordinates with relevant departments such as accounting, finance, legal, and general affairs to prepare timely disclosure materials, and promptly makes timely disclosure upon approval by the Information Disclosure Officer.

### **Quiet Period for IR Activities**

In order to prevent leakage of financial results information and to ensure fairness, the Company will establish a quiet period for IR activities (the "quiet period") from the

day after the fiscal year-end date until the date of the financial results announcement. During this period, the Company will refrain from responding to or commenting on inquiries related to financial results.

## **【Basic Policy on Building Internal Control Systems】**

### **Purpose**

In accordance with the Companies Act and the Ordinance for Enforcement of the Companies Act, the Company establishes the following basic policy regarding the development of systems to ensure the appropriateness of the Company's operations.

### **Systems to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation**

1. The Company shall establish the PayPay Group Code of Conduct as a guideline for the conduct of Directors and employees, develop a legal compliance system for the performance of their duties, and establish corporate ethics.
2. The Company shall establish relevant regulations for compliance, maintain a compliance system, and strive to identify compliance issues.
3. The Company shall formulate the Compliance Manual, the Compliance Program, and other relevant documents, and continuously provide education and training necessary for compliance from the viewpoint of fostering compliance awareness and preventing legal violations.
4. The Company shall develop and operate the Compliance Hotline Regulations for the early detection, correction, and resolution of compliance violations and other misconduct.
5. The Company, fully recognizing the importance of compliance in its management and business execution, shall establish the Risk and Compliance Committee, chaired by the Chief Compliance Officer. The Company shall strive to build and maintain an effective compliance framework that ensures, among other measures, prompt reporting to management in the event of any misconduct.
6. The Company shall establish the Policy Against Antisocial Forces and shall thoroughly sever any and all relationships with such forces by, among other measures, refusing to respond to unjust demands, engage in secret dealings, or provide funding. In addition, in order to set forth more specific responses, the Company shall formulate internal rules such as the Rules on the Prevention of Damages Caused by Antisocial Forces and shall develop a system to take a resolute stance as an organization as a whole.

### **Systems for the storage and management of information pertaining to the execution of duties by Directors**

1. The Company shall establish Information Security Basic Rules and build an information security management system.
2. The Company shall establish the Rules for Storing and Managing Documents and appropriately record, store, and manage information related to the execution of duties by Directors and employees. The Company shall endeavor to thoroughly disseminate the retention period and management method, and shall periodically monitor the status of retention and management.
3. The Company shall make documents necessary for Directors to execute their duties, such as minutes of the General Meeting of Shareholders and Board of Directors meetings and documents concerning important matters related to business operations, available for inspection by Directors and Audit and Supervisory

Committee Members at all times.

4. The Company shall establish a department in charge of timely disclosure and other disclosure of the Company's material information and shall develop and operate a system to ensure that information to be disclosed is promptly and comprehensively collected and is disclosed accurately, sufficiently, and in a timely manner in accordance with laws and regulations.
5. With respect to personal information, the Company shall establish the Privacy Policy and the Personal Information Protection Regulations, in addition to applicable laws and regulations, and shall appropriately manage such personal information.

#### **Regulations and other systems for managing risk of loss**

1. The Company shall establish internal rules and regulations in order to appropriately manage various risks in its business operations and to take necessary measures to avoid or mitigate such risks.
2. The Company shall establish the Rules for Risk Management to prepare for contingencies in accordance with anticipated risks, shall establish a system for prompt and appropriate information gathering and emergency response, and shall respond promptly and appropriately in accordance with said rules and regulations in the event of an emergency.
3. The Company shall conduct information security risk analysis, formulate measures addressing assessed security risks, and promote continuous improvement of such measures.
4. The Company shall provide education and training on risk management to its officers and employees on an ongoing basis.
5. The Company shall review the risk management system on a regular basis.
6. The Company shall establish a management framework for incidents and other risks that arise in the course of business operations and that become apparent.
7. The Company shall establish the Crisis Management Rules and build and operate a business continuity management (BCM) system in order to continue its business and fulfill its role in society even in the event of disasters or other circumstances that may cause significant damage to the Company.

#### **Systems to ensure that the execution of duties by Directors is conducted efficiently**

1. Directors shall execute their duties in accordance with applicable laws and regulations and the Board of Directors Rules and other relevant rules.
2. The Company shall clearly stipulate authorities and responsibilities regarding the execution of duties in the Rules on Administrative Authorities and other internal rules and regulations, and shall execute operations efficiently.
3. The Company shall establish a Management Meeting, consisting of Corporate Officers, Group Heads, Division Heads, and the head of the internal audit function, to deliberate and consider matters to be brought before the Board of Directors and other important management matters.
4. In order to improve management efficiency, the Company shall determine its medium- to long-term management plans and annual budgets at meetings of the Board of Directors and execute such plans and budgets.

#### **Systems to ensure the appropriateness of operations in the corporate group**

**consisting of the Company and its parent company and subsidiaries**

1. With respect to important decision-making matters in business activities, the Company shall conduct the necessary prior deliberation and obtain approval by resolution of the Board of Directors in accordance with the Board of Directors Rules and the Rules on Administrative Authorities.
2. The Company shall establish Financial Accounting Regulations, related detailed regulations, and guidelines in order to ensure the reliability of financial reporting.
3. The Company shall establish an internal audit function independent of the departments subject to audits to conduct internal audits of the Company and its subsidiaries with respect to compliance with laws and regulations, the Articles of Incorporation, and internal rules and regulations, as well as the validity of the procedures and details of the execution of duties.
4. The Company shall establish the Rules Regarding the Management of Related Companies and, in order to ensure the appropriateness of operations within the Group, shall develop an appropriate reporting system to the Company regarding matters relating to the execution of duties by directors and other officers of subsidiaries, depending on the function and materiality of each subsidiary. The Company shall also provide guidance, support, and advice regarding important matters at such subsidiaries.
5. In order to ensure the efficient execution of duties by directors and other officers of subsidiaries, the Company shall clarify authorities and responsibilities by, among other measures, entering into agreements with subsidiaries, and shall require the Company's approval when subsidiaries make important decisions. In addition, the Company shall require directors and other officers of subsidiaries to consult, as necessary, with relevant departments and Directors and other officers of the Company.
6. In order to minimize damages (losses) through coordination among the Company and group companies depending on the circumstances in the event of contingencies, the Company shall develop a risk management system covering the entire Group, as well as a system for prompt and appropriate information gathering and emergency response in the event of contingencies.
7. If a director, auditor, executive officer, or employee of a subsidiary, or a person who receives a report from any such person, discovers a material violation of laws and regulations or internal rules and regulations within the Group, or any fact that may cause significant damage to the Group, such person shall immediately report such matter to the Company's Audit and Supervisory Committee. In addition, the Company shall develop a system under which such persons will not be dismissed or otherwise treated disadvantageously for making a report pursuant to the Compliance Hotline Regulations or for reporting to the Company's Audit and Supervisory Committee.

**Matters concerning employees to assist the Audit and Supervisory Committee, independence of such employees from Directors (excluding Directors who are Audit and Supervisory Committee Members), and ensuring the effectiveness of instructions to such employees by the Audit and Supervisory Committee**

1. If the Audit and Supervisory Committee requests that employees be assigned to assist it in the performance of its duties ("Assisting Employees"), the Board of

Directors shall secure an appropriate number of dedicated Assisting Employees with the necessary knowledge and abilities.

2. In order to ensure the independence of Assisting Employees, the Company shall vest the Audit and Supervisory Committee with authority to direct and command Assisting Employees, and shall grant the Audit and Supervisory Committee the right to consent to transfers, performance evaluations, disciplinary actions, and other personnel matters of Assisting Employees.
3. The Company shall grant Assisting Employees the necessary authority to conduct investigations and to collect information.

**Systems for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee**

1. Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees shall report to the Audit and Supervisory Committee without delay the matters stipulated by laws and regulations and internal rules and regulations.
2. The Company shall not dismiss or otherwise treat disadvantageously any Director (excluding Directors who are Audit and Supervisory Committee Members) or employee for making a report pursuant to the Compliance Hotline Regulations or for reporting to the Audit and Supervisory Committee.

**Matters concerning procedures for advance payment or reimbursement of expenses incurred in connection with the execution of duties by Audit and Supervisory Committee Members, and policies for processing such expenses or liabilities**

If an Audit and Supervisory Committee Member requests that the Company make an advance payment of expenses incurred in connection with the execution of his or her duties, reimburse expenses already paid, or repay liabilities incurred, the Company shall comply with such request unless it is determined that such expenses or liabilities were not incurred in connection with the execution of duties of the Audit and Supervisory Committee.

**Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively**

The Company shall develop and operate necessary matters to ensure that audits by the Audit and Supervisory Committee are conducted effectively.

End of file

(As of March 12, 2026)