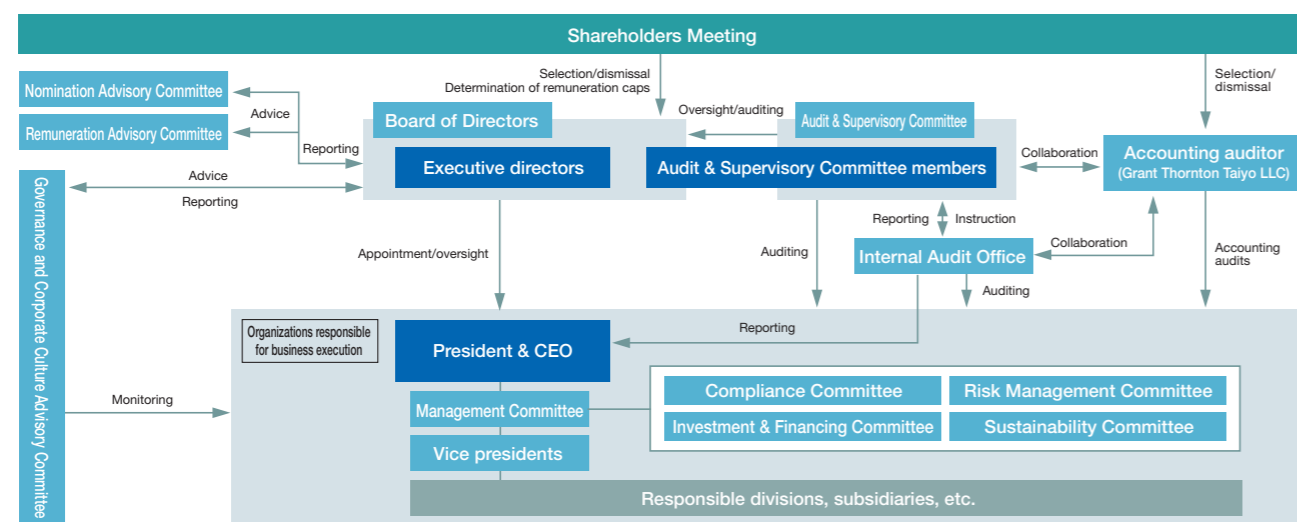


Corporate governance

In accordance with its corporate philosophy system, the Net One Group is continuously striving to enhance and strengthen its corporate governance to ensure transparent, impartial, and swift decision-making while generating sustainable growth and raising its corporate value over the medium to long term.

Corporate governance structure

Net One Systems is working to establish a highly effective corporate governance structure through several measures. We conduct supervision and audits of management and the execution of duties performed by the Board of Directors (the majority of whom are independent outside executive directors) and the Audit and Supervisory Committee. We have also strengthened the business management and supervisory functions of the Board of Directors by introducing a vice president system while improving the efficiency and speed of business execution. Furthermore, we work to ensure fairness and objectivity through the nomination and remuneration of executive directors and vice presidents conducted by the Nomination Advisory Committee and the Remuneration Advisory Committee.



Key governance characteristics

Oversight and execution	Risk management and internal control	Corporate culture reforms
Pursuit of monitoring board-based governance	Net One's unique three lines model	Fostering a corporate culture rooted in our Purpose
<p>Major examples</p> <ul style="list-style-type: none"> Transformation into a company with an audit and supervisory committee Six out of nine executive directors are independent outside executive directors Chairperson of the Board of Directors is an independent outside executive director Execution functions enhanced through our chief executive system 	<p>Major examples</p> <ul style="list-style-type: none"> Risk management process oversight from the CRO and the Risk Management Committee Establishment of a Governance and Corporate Culture Advisory Committee Establishment of a unique 1.5th line between the first and second internal control lines of defense 	<p>Major examples</p> <ul style="list-style-type: none"> Corporate culture monitoring surveys Dialogue held between management and employees (RCT) Corporate philosophy dissemination activities

Continuous implementation of measures to prevent recurrence of fraudulent acts

Activity highlights observed since fiscal 2022

Reinforcement of executive functions

Development and enhancement of our chief executive system

We have introduced chief executive positions into various sectors with the aim of building a highly effective corporate governance structure. By clarifying the roles and domains associated with these positions, we are strengthening their practical functionality. In addition, we have created profiles for a total of 19 positions, including both CEO and vice president, to facilitate a sustainable system of succession.

Chief executives formulate and implement company-wide strategies pertaining to their areas of responsibility to facilitate the achievement of targets associated with our Purpose and the rest of our corporate philosophy system. In addition, they carry out their own professional responsibilities while providing direction to others in positions of authority.

Primary objectives behind efforts targeting the development and enhancement of our chief executive system

Separating oversight and executive functions and clarifying the responsibilities of both

Generating synergy between business divisions, optimizing resource allocation, and streamlining the implementation of policies and initiatives

Improving our ability to gather information regarding key issues

Appropriate delegation of authority

Responsibilities of chief executives

- Assist the CEO and participate in decision-making processes associated with business challenges and company-wide strategies
- Provide direction, orders, guidance, advice, and support to divisions throughout the Company regarding matters relevant to designated areas of responsibility
- Support operational execution performed by vice presidents responsible for functional and business strategies
- Develop personnel capable of implementing company-wide strategies to ensure healthy and perpetual growth for the Net One Group moving forward

Chief executive officer (CEO)	<ol style="list-style-type: none"> Facilitate the realization of the Group's Purpose by developing short-, medium-, and long-term visions and formulating management policies and strategies Lead the formulation of management strategy action plans and oversee execution of the Group's business operations Share the Group's future vision with all its stakeholders and strengthen relationships with these stakeholders through appropriate and proactive information disclosure Promote sustainable growth by leading the development of future managerial personnel
Chief operating officer (COO)	<ol style="list-style-type: none"> Support the achievement of business goals by overseeing operational execution within the Group's areas of business and optimizing management resource allocation Cooperate with the CEO while coordinating with, and providing support to, all chief executives Provide all stakeholders with explanations regarding the Group's operations Maintain organizational control and lead business continuity efforts during both normal and emergency situations
Chief financial officer (CFO)	<ol style="list-style-type: none"> Formulate financial strategies (targeting optimal financing and capital allocation) and policies to facilitate the realization of management strategies Conduct appropriate financial reporting in accordance with laws and regulations and spearhead appropriate responses to audit results; in addition, promote the establishment of management and tax accounting practices that contribute to corporate value enhancement Oversee risk management (assessments, evaluations of effectiveness, and decisions regarding the need for impairment accounting) related to investments Lead timely and appropriate disclosure of financial information, take heed of feedback provided by shareholders and investors, and formulate disclosure measures that enhance corporate value
Chief human resources officer (CHRO)	<ol style="list-style-type: none"> Conduct flexible and swift decision-making to facilitate the execution of management strategies while investigating organizational structures and formulating policies to ensure efficient operations; in addition, develop policies and measures to help organizations function reliably in pursuit of their objectives Secure personnel capable of facilitating the achievement of management objectives, identify the expertise required for the Group to ensure their success, and formulate basic policies for recruitment, training, evaluation, and compensation Assist the CEO while promoting the development and advancement of future managerial personnel Establish basic policies to ensure that both our Purpose and the rest of our corporate philosophy system receive acceptance throughout the Group and establish a better corporate climate and culture
Chief strategy and digital officer (CSDO)	<ol style="list-style-type: none"> Formulate strategies to facilitate growth, promote flexible and expeditious decision-making within the Group, generate synergy between organizations, and strengthen the momentum behind efforts targeting strategy achievement Formulate company-wide operational reforms and information strategies to strengthen the Group's business base and increase both productivity and managerial adaptability through the application of digital technologies
Chief technology officer (CTO)	<ol style="list-style-type: none"> Stay abreast of technological trends and environmental changes and spearhead efforts targeting competitive advantage while monitoring the execution of growth strategies from a diverse range of perspectives Maintain a strong awareness of our Purpose and Mission and ensure widespread acceptance of our corporate philosophy system while formulating technology and service strategies aimed at resolving challenges through the application of more advanced technologies Facilitate the attainment of our growth strategy by formulating company-wide policies for the development of personnel with expertise in technology and service-related fields, thereby supporting the development of professional personnel
Chief risk management officer (CRO)	<ol style="list-style-type: none"> Analyze and assess company-wide risks, formulate basic policies to ensure appropriate mitigation, and direct the implementation of these policies Establish systems for addressing major disasters and other contingencies and provide leadership for the entire Company while assisting the CEO during emergency situations Formulate policies related to the establishment of internal control systems, monitor the regulation of these systems, and ensure efficient improvement cycles
Chief compliance officer (CCO)	<ol style="list-style-type: none"> Establish a basic policy for compliance with laws and regulations and promote investigations into measures targeting its enduring acceptance and implementation Establish a culture of respect for human rights within the Company and spearhead business operations rooted in mutual respect between employees Formulate policies targeting broad contributions to society, including regional development and the resolution of various social challenges

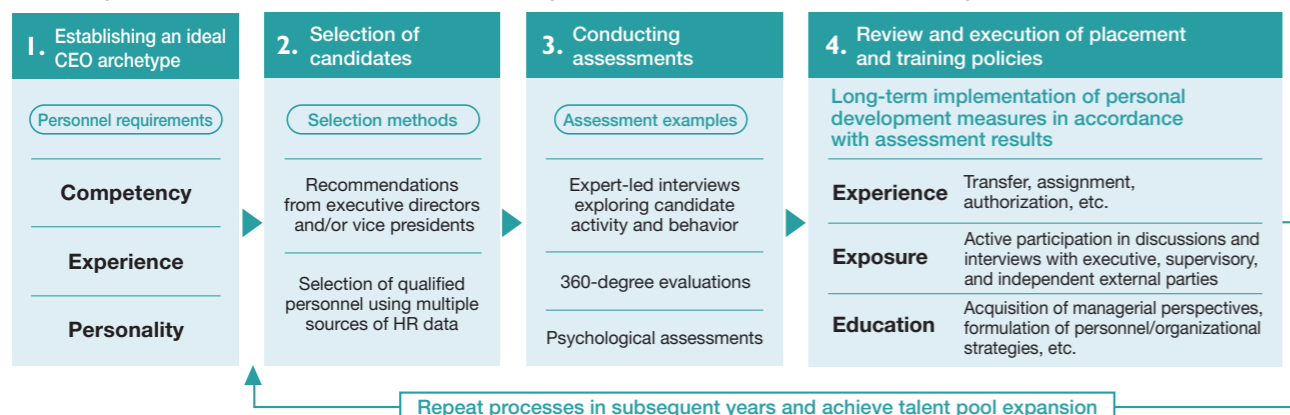
Nomination Advisory Committee

Formulation and administration of succession plans

During fiscal 2022, the first year following the inauguration of our Nomination Advisory Committee, the committee primarily reviewed succession plans applicable under our current structure. Having obtained approval from our Board of Directors, the committee is proceeding with the formulation and implementation of a final succession plan. The committee is also in the process of clearly defining requirements for inclusion in our skill matrix.

P.49

Review procedures for the formulation and implementation of a CEO succession plan



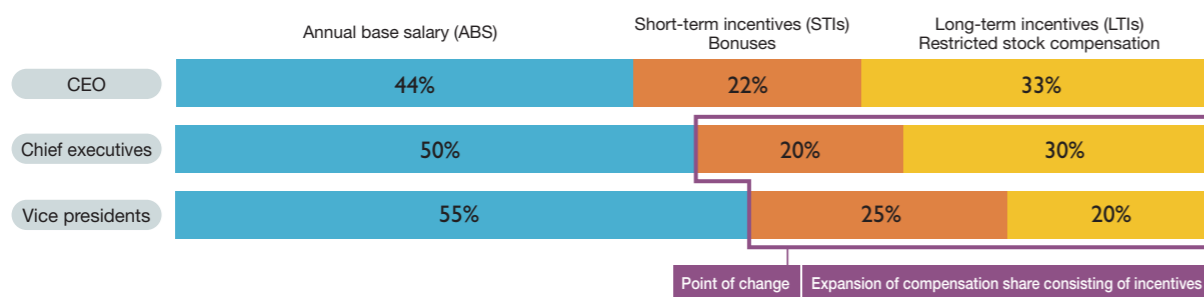
Remuneration Advisory Committee

Fine-tuning our remuneration system while strengthening our chief executive system

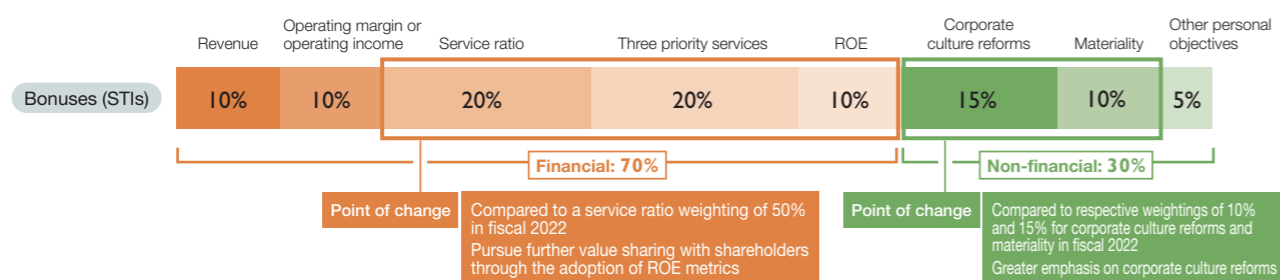
During the first year following the inauguration of our Remuneration Advisory Committee, the committee reviewed possible remuneration systems for the subsequent fiscal year based on our current executive remuneration system, which was significantly revised during fiscal 2022 (introduction of a restricted stock compensation plan, adoption of non-financial targets and indicators, etc.), and our Board of Directors has approved and adopted the committee's proposed system.



Breakdown of executive remuneration*1



Description of short-term incentives and key points for review heading into fiscal 2023



*1 Figures have been rounded to the nearest percentage point and therefore may not add up to 100%.

Message from the Chairperson of the Audit and Supervisory Committee



Transition into a company with an audit and supervisory committee Focusing on improving the capabilities of the Audit and Supervisory Committee under a three-member structure

The Net One Group's governance reforms have reached new milestones since Net One Systems transitioned into a company with an audit and supervisory committee in fiscal 2022. We have changed the composition of our Board of Directors and shifted to a system under which the board will place more focus on its supervisory role (a monitoring board system). Thanks to these modifications, the atmosphere of board meetings has changed, with the exchange of ideas and opinions becoming more dynamic. Through two-way consultations involving our Board of Directors, our Audit and Supervisory Committee makes decisions regarding the details and specifics of proposals and basic policies and plans related to internal audits. Additionally, as a full-time Audit and Supervisory Committee member, I consistently attend important internal conferences and committee meetings while working to enhance the committee's collaborative relationship with the Internal Audit Office. Through these efforts, I gain a better understanding of the Company's internal circumstances and formulate my recommendations to the Board of Directors and the Audit and Supervisory Committee in accordance with this understanding.

Our Audit and Supervisory Committee has three members. Like myself, Outside Executive Director Iizuka is a certified public accountant, but she is also a business manager and has accumulated a wealth of knowledge and experience concerning accounting systems while working as a consultant. Outside Executive Director Kusaka has previously held positions with large companies and due to his managerial experience, is uniquely equipped with highly sound and principled perspectives. We are confident that the current composition of the Audit and Supervisory Committee allows us to effectively combine our expertise and supplement each other's capabilities as we fulfill the committee's responsibilities.

Priority measures for fiscal 2022 Enhancing our audit system to facilitate a more thorough exploration of the true nature of challenges confronting the Group

During fiscal 2022, instead of simply identifying incidents, we focused on conducting more thorough explorations of the reasons behind them. During screening panels held through the Internal Audit Office (meetings conducted for the purpose of discussing and evaluating the content of reviews conducted in accordance with internal audits), we begin this exploration process by establishing an understanding of the specific circumstances behind each detected incident. Through multifaceted discussions, we produce internal audit results that lead to the discovery of the root causes or issues behind these incidents. We then report these discoveries to the divisions that

were subject to internal auditing and additionally share them with all other relevant divisions and departments, thereby facilitating improvements that help prevent recurrence.

Meanwhile, we have endeavored to conduct theme-specific internal audits regarding risks affecting the entire Company, and these efforts have led to meaningful suggestions and recommendations. Additionally, thanks to improvement in the quality of information supplied by the Internal Audit Office, our Audit and Supervisory Committee has been able to recognize issues facing the Company more precisely and conduct more thorough and in-depth audits.

With regard to personnel development, during fiscal 2022, we held study sessions for staff attached to the Audit and Supervisory Committee. Career paths associated with the Internal Audit Office are progressively taking shape, and we are confident that expansion in opportunities for personnel equipped with perspectives related to auditing will help strengthen foundations supporting the Net One Group.

Pursuing future development Focusing on the construction of systems designed to anticipate change while carefully monitoring the implementation of recurrence prevention measures

As environments within our industry undergo rapid change, we must proactively adjust our regulations and controls to keep pace with fluctuations in the nature of business dealings. I expect that future discussions conducted within our corporate division will have a positive impact on our internal control system's capacity for identifying and responding to change. As time progresses, we will also encounter a greater need for operational risk analyses based on the status of our budgetary plans. Accordingly, we focus intently on monitoring the speed at which efforts aimed at improving our corporate division, which checks and supports our sales division, are being undertaken.

We have implemented a variety of recurrence prevention measures, and while our understanding of associated mechanisms has progressed quickly, we are also facing workload-related issues and have begun planning adjustments for these measures. Maintaining a cohesive vision for ideal future controls, we will continue to monitor corresponding plans to ensure that all essential measures are appropriately maintained.

The success of the Net One Group's future development hinges upon the extent to which it can effectively shift toward a service-based business model. Essential to this shift are efforts associated with visualization, which are currently underway across the entire Company. If we more accurately determine the earning power of our services and further improve our governance and risk management, we will be able to hedge against risks and reach investment decisions that will facilitate the transition toward our next phase of growth. Moving forward, through sound auditing and purposeful proposals, we will push forward with efforts targeting the prosperous future envisioned by the Net One Group.

Executives

Executive directors

○ Chairperson ● Member

Name and position		Takafumi Takeshita	Takuya Tanaka	Mitsuru Kiuchi	Maya Ito	Masayoshi Wada	Shinobu Umino	Kazuhiro Noguchi	Sachiko Iizuka	Shigeki Kusaka
					Independent executive director	Independent executive director	Newly appointed Independent executive director	Independent executive director	Independent executive director	Independent executive director
	President & CEO	Executive director Executive vice president Chief operating officer (COO)	Executive director Executive vice president Chief operating officer (COO)	Executive director Executive vice president Chief human resources officer (CHRO) Chief risk management officer (CRO) Chief compliance officer (CCO)	Independent outside executive director Chairperson of the Board of Directors	Independent outside executive director Chairperson of the Remuneration Advisory Committee	Independent outside executive director Chairperson of the Nomination Advisory Committee	Independent outside executive director Full-time Audit & Supervisory Committee member Chairperson of the Audit & Supervisory Committee	Independent outside executive director Audit & Supervisory Committee member	Independent outside executive director Audit & Supervisory Committee member
	Shares held	66,604	14,726	11,121	413	441	194	248	692	2,309
	Attendance at meetings of the Board of Directors	15/15 (100%)	15/15 (100%)	13/13 (100%)	15/15 (100%)	13/13 (100%)	—	15/15 (100%)	15/15 (100%)	15/15 (100%)
Committee	Nomination Advisory Committee	● 10/10 (100%)			● 10/10 (100%)		○ —			
	Remuneration Advisory Committee			● 10/10 (100%)	● 10/10 (100%)	○ 10/10 (100%)				
	Audit & Supervisory Committee						○ 3/3 ¹ (100%) ○ 10/10 (100%)	● 3/3 ¹ (100%) ● 10/10 (100%)	● 3/3 ¹ (100%) ● 10/10 (100%)	● 3/3 ¹ (100%) ● 10/10 (100%)
Skill matrix	Corporate management / management strategy	●	●			●	●		●	●
	Technology	●	●			●	●			●
	Human resources / corporate culture and organizational reform	●	●	●			●			
	Finance / accounting		●	●				●	●	
	Governance / law / risk management			●	●	●	●	●		●
	Sustainability	●		●	●	●	●			

¹ Refers to attendance at meetings of the Audit & Supervisory Board (prior to Net One Systems' transition into a company with an audit and supervisory committee)

* The skill matrix above identifies the primary specialties and experience of each executive director and does not reflect the full ranges of their expertise.

Vice presidents

Senior vice president, chief technology officer (CTO)	Fumihiko Shinoura (Shares held: 8,584)	Vice president, general manager of East Japan Business Unit 3	Yoshimitsu Narita (Shares held: 4,910)
Senior vice president, chief strategy & digital officer (CSDO)	Koji Tsuji (Shares held: 8,365)	Vice president, general manager of Central Japan Business Unit	Yoichi Matsumoto (Shares held: 9,900)
Senior vice president, chief financial officer (CFO), executive director of Net One Partners Co., Ltd.	Masayuki Kitajima (Shares held: 6,783)	Vice president, general manager of West Japan Business Unit	Daisuke Hatakeyama (Shares held: 3,540)
Senior vice president, general manager of Corporate Planning Division, general manager of Corporate Management & Administration Division, general manager of Business Control Division	Kazuaki Ishibashi (Shares held: 3,600)	Vice president, general manager of Sales Engineering Unit	Kenta Minagawa (Shares held: 2,800)
Vice president, general manager of East Japan Business Unit 1	Junji Ueno (Shares held: 3,400)	Vice president, general manager of Customer Service Division	Takatoshi Tsuchiya (Shares held: 2,100)
Vice president, general manager of East Japan Business Unit 2, executive director of Net One Next Co., Ltd.	Akiko Kanai (Shares held: 4,113)	Vice president, general manager of Business Development Division, executive director of Net One Next Co., Ltd.	Yusuke Fujita (Shares held: 1,900)

* Shareholdings indicated above reflect the number of shares held by each individual according to the Company's shareholder register as of March 31, 2023 plus restricted stock compensation granted by resolution of the Company's Board of Directors on June 23, 2023 and the number of shares held by each individual through the Company's employee shareholding association as of August 31, 2023.

Skill descriptions and significance

Corporate management / management strategy	As we aim to fulfill our Purpose and all other elements of the Declaration of the Net One Group while simultaneously enhancing our corporate value, we must ensure appropriate oversight and support for the decision-making processes of our executive management team by securing experience in the fields of corporate management or managerial oversight.
Technology	To establish a solid position as a leading network company, we must demonstrate thorough understanding and experience in technological areas (e.g., knowledge of networks and ICT, insight into market environments, and perception of future trends).
Human resources / corporate culture and organizational reform	To maximize the activity of our personnel, who represent the source of our competitive strength, and improve employee engagement while promoting corporate culture reforms using our restructured corporate philosophy system as a driving force, we must exhibit knowledge and experience concerning basic HR principles, human capital management methods, and corporate culture and organizational reforms.
Finance / accounting	As we aim to increase our medium- to long-term corporate value, we must demonstrate knowledge and experience in finance, accounting, and shareholder relations, thereby ensuring a proper balance between strategic business investment and the proactive delivery of shareholder returns while facilitating our pursuit of an optimal capital structure and our establishment of a stable business base.
Governance / law / risk management	To develop strong trust-based relationships with stakeholders, further strengthen our business base, and become a shining example of effective corporate governance, we must exhibit comprehensive knowledge and experience concerning governance, law, and risk management.
Sustainability	To cement sustainability as the foundation of our management and accelerate efforts addressing our four key materiality-related issues, we must demonstrate knowledge and experience related to the co-creation of social and economic value (e.g., understanding of social challenges and their incorporation into management strategies).