

November 8, 2023  
CHANGE Holdings, Inc.

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Security Code 3962

The status of our corporate governance is as follows.

### I. Basic views on corporate governance, capital structure, corporate attributes, and other basic information

#### 1. Basic concepts

##### (i) Our mission

In the future, it is predicted that about 1 out of 2.6 citizens will be older than 65 in 2065, resulting in a world of super-aged society. In recent years, as a result of the spread of the new corona virus, the development of the digital transformation in Japan (hereinafter referred to as "DX") has become far behind the world. As a result, companies that are active to DX and evolving themselves and those who are not have become more bipolar in the stock market, so it is urgent for them to respond to DX, reform their business, and invest in DX. In addition, local governments are also faced with the challenge of severe financial condition and population decline, and despite the declining number of staff, the burden of their operations is on an increasing trend, which makes it essential for them to improve operational efficiency through DX.

Under such circumstances, CHANGE Group (hereinafter, the "Group") has been developing businesses such as digitization of business models and business processes and support for the development of digital human resources to dramatically improve Japanese productivity through "People × Technology" and to make Japan a sustainable society despite a declining population, based on our mission of "Change People, Change Business, Change Japan", and the Group has been providing solutions to the digitization needs of many customers since its inception.

##### (ii) Basic policy on corporate governance

The Company (hereinafter simply, "we") believes that corporate governance is a mechanism for ensuring transparency in management and business execution and ensuring thorough compliance while at the same time promoting efficient management in order to clarify management responsibility and accountability and provide the benefits of maximizing corporate value to our shareholders, customers, employees and other stakeholders.

We will use the Corporate Governance Code as a tool to confirm that the above-mentioned mechanism is moving in the right direction and will continuously work to enhance and deepen corporate governance.

[Reasons for not implementing each principle of the Corporate Governance Code]

We are implementing each principle of the Corporate Governance Code.

[Disclosure based on each principle of the Corporate Governance Code]

##### [Principle 1-4]

We do not hold any shares for cross-shareholding purpose (hereinafter, "cross-holding shares") at this time.

We have a basic policy of not holding any cross-holding shares unless it is anticipated that we will strengthen collaboration by holding them, or we determine that it will contribute to the increase of our corporate value.

##### [Principle 1-7]

We are fully aware that transactions between related parties may impair the soundness of management. Therefore, based on the "Related-party Transaction Rules," the Board of Directors discusses and approves it after carefully examining the necessity of the transaction, the validity of its conditions, and whether the conditions are appropriate compared with other external transactions, under the condition that the relevant officer shall be excluded from the quorum for such resolution. We require each Director to report on the status of concurrent appointment periodically and promptly as executives of other entities, related parties, and other issues. We have established a system to always follow the latest information and report all continuing related party transactions at the first meeting of the Board of Directors to be held after the beginning of the new fiscal year. In the event of transactions between related parties, we disclose the transaction results to the Annual Securities Report in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws and regulations, as well as the rules of the Tokyo Stock Exchange.

In addition, although transactions with any companies, etc. whose shareholding ratio in the Company's

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shares is between 10% and 50% and with subsidiaries of such companies, etc. do not fall under related party transactions, they may force us unnecessary transactions or distort transaction conditions, which we consider a high level of caution for us. Therefore, such transactions are required to be reported to the Board of Directors for properly checking.

Regarding the status of these transactions, not only Control & Management Unit ascertains the transaction details, amounts, etc., but also the Board of Corporate Auditors (or simply, "Auditors") confirms them.

[Principle 2-4(1)]

■Basic concept for ensuring diversity (promoting diversity and inclusion)

We recognize that the most important source of creating value for the Group is "people," and that the most important management resource in business growth is "human resources." We believe that "diversity and inclusion" not only has the function of maintenance and promotion of an organizational environment in which each employee respects each other's individuality and values and maximizes the power of each employee, but also are the corporate and business activities themselves aimed at realizing the mission by improving the performance of the entire organization. Based on this recognition, we are actively promoting diversity and inclusion.

■Targets and status of actions for ensuring diversity

<As a whole>

In order to improve corporate value over the medium to long term, we believe it is important to maintain diversity and to create an environment in which all human resources can actively work regardless of their nationality, gender, age, or disability. To this end, we have provided a variety of training programs to encourage each employee to develop skills and self-enlightenment. In addition, we have introduced a variety of programs to create a working environment that is easy to work at, including child-care and family-care holidays and telework systems. We publish the overall status of our efforts on our sustainability website.

Our sustainability website: <https://www.change-jp.com/sustainability/society/>

<Female>

We are trying to create a working environment where all employees, regardless of gender, can choose a variety of ways of working to meet their individual needs and life stages. As a result, they can continue to work with high motivation while taking advantage of their individuality and talent. Specifically, we are working to expand a variety of systems that can be used by all genders to achieve both private and work balance in response to changes in the environment associated with life events such as birth, childcare, and elderly care. We intend to strive to achieve the government's goal of "at least 30% of the total number of female employees in the leadership position."

<Foreigners>

Our Basic Policy on Sustainability stipulates that no discrimination, exclusion, nor priority shall be imposed on employees based on race, color of skin, nationality, ethnicity, language, etc. We appoint employees to managerial posts who have the personality, experience, ability, and knowledge necessary for the performance of their duties, irrespective of gender, nationality, or background of employment. Currently, we do not have any foreign managers, but in the past, we had a foreign executive officer. In the future, we intend to continue to develop our internal environment with the aim of achieving a ratio that exceeds the current figures.

< Mid-career recruiting >

In the past year, more than 50% of new employees are mid-career employees. Currently, mid-career recruits account for 63% of all full-time employees, many of whom play a core role in each division. We appoint persons who have the personality, experience, ability, and knowledge necessary for the performance of their duties, irrespective of gender, nationality, or background of employment, to managerial posts, and do not discriminate in any way with respect to the promotion of mid-career recruiters to managerial posts.

As a result, in recent years the ratio of mid-career recruits among all managers has consistently exceeded 50%. At the same time, we are enhancing the recruitment and training of new graduates. Over the medium to long term, we expect the percentage of new graduates entering management positions to increase. For the foreseeable future, however, we intend to "maintain the level at the current level."

[Principle 2-6]

We do not have a corporate pension fund system.

[Principle 3-1]

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

We have established a system of philosophies, consisting of our Mission, Vision and Values, and our officers and employees are implementing these in accordance with our Principles of Conduct. We disclose our "Mission" and "Vision" on our website and in our financial results briefing materials, etc.

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(2) Basic approach to corporate governance and basic policies

It is described in "I.1. Basic Concepts" in the Corporate Governance Report.

(3) Policies and procedures for the Board of Directors to determine the remuneration of Directors

In order to strengthen the independence and objectivity of the functions of the Board of Directors and the accountability of Directors' remuneration, we have established the Remuneration Advisory Committee as an advisory body to the Board of Directors, of which majority is composed of Independent Outside Directors. *The Remuneration Advisory Committee* discusses issues related to the policies for determining individual remuneration for the Director, including the selection of performance-related indicators and the standard for giving share-based remuneration, which are linked to performance-based remuneration, as well as issues related to individual remuneration of the Director, and reports to the Board of Directors. At a meeting of the Board of Directors held on December 15, 2020, we adopted a policy for determining individual remuneration for Directors. *The Remuneration Advisory Committee* is consulted in advance on the agenda for the resolution to be made at the Board of Directors and receives a related report. At a meeting of the Board of Directors on December 24, 2021, the Company decided to change the performance-linked remuneration policy so that "the performance-linked remuneration indicator will only consist of the net profit (consolidated results) attributable to the owners of the parent for the year ending March 2023", from the fiscal year ending March 2022 and thereafter."

a. Basic remuneration policy

Remuneration for Directors, excluding Outside Directors, consists of fixed remuneration and performance-linked remuneration. Fixed remuneration is determined by comprehensively judging the duties, roles, and contributions, etc. regarding the execution of duties as Directors. Performance-linked remuneration is based on net profit attributable to owners of the parent (consolidated results) for the year ending March 2023 as remuneration for the execution of duties for the year ending March 2023. With regard to remuneration linked to medium-to long-term performance, we believe that Directors, excluding Outside Directors, have already earned sound incentives for sustainable growth at this moment because they have sufficient number of shares of the Company.

Remuneration for Outside Directors is based only on fixed remuneration from the viewpoint of independence and objectivity with respect to management, and we determine it after comprehensively assessing management responsibility as the Director, our business performance, economic trends, and other factors.

Remuneration for Auditors consists solely of fixed remuneration from the viewpoint of independence and objectivity with respect to management.

b. Policy on performance-linked remuneration

Indicators for the performance-linked remuneration are net profit attributable to owners of the parent (consolidated results) for the year ending March 2023. These indicators are easy-to-understood and affect the capital resources and stock prices towards growth investments. Therefore, we consider them the most important indicators for us because the stock market is highly interested in these indicators.

c. Policy on determination of payment ratio of performance-linked remuneration and other remuneration

Our Directors' remuneration consists of fixed and performance-linked remuneration, and performance-linked remuneration is determined with the objective of ensuring that sound incentives work toward the achievement of the Group's and the Company's annual performance goals. Remuneration for Outside Directors only consists of fixed remuneration.

d. Policy for determining the timing or conditions for the provision of the remuneration to the Directors and Auditors, etc.

Regarding the fixed remuneration of Directors and Auditors, only the monthly fixed remuneration is applied. In addition, the amount of basic remuneration for Auditors is determined by the discussion of Auditors at the Board of Auditors within the range of the maximum remuneration approved at the General Meeting of Shareholders.

The performance-linked remuneration for the Directors will be paid once a year within one month after the end of the General Meeting of Shareholders in the relevant business year.

e. Matters concerning delegation of determination of remuneration, etc.

The Board of Directors does not delegate decisions on individual remuneration, etc. to others.

(4) Policy and procedures for the Board of Directors to appoint Executive, Director and Auditor

In order to strengthen the independence and objectivity of the functions of the Board of Directors in connection with the nomination of Directors (including successors), and to strengthen accountability, we have established the Nomination Advisory Committee as an advisory body to the Board of Directors, of which majority is composed of Independent Outside Directors. The Nomination Advisory Committee discusses issues related to

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the election, re-assignment, and removal of the Director, as well as issues related to the successor (including training) of the Representative Director, and reports to the Board of Directors.

The Board of Directors has received a report from the Nomination Advisory Committee, reviewed and decided candidates of Directors based on their personality, experience, capabilities, knowledge, and so on which contribute to our growth and medium-to long-term improvement in corporate value. In addition, the Board of Directors decided candidates of Auditors with consultation and consent from the Board of Auditors based on their personalities, experience, abilities and knowledge which enable them to conduct audits neutrally and objectively.

On the other hand, in the event that a reason for dismissal of the Director arises, the Board of Directors shall review and deliberate the matter based on discussion and report by the Nomination Advisory Committee and submit a proposal for dismissal to the General Meeting of Shareholders in accordance with laws and regulations and dismiss the Director by a resolution of the General Meeting of Shareholders.

In addition, in the event that a reason for dismissal of the Auditor arises, the Board of Directors shall review and deliberate the matter, submit the proposal for dismissal to the General Meeting of Shareholders in accordance with laws and regulations and dismiss the Auditor by a resolution of the General Meeting of Shareholders.

(5) Explanation about individual elections and designations regarding present Directors or Auditors.

Hiroshi Fukudome (Representative Director and Chief Executive Officer)

Mr. Hiroshi Fukudome is a founding member of the Company and has been responsible for his duties as the Representative Director since April 2003. The Company has determined that he will be able to continue to use his knowledge about overall business of the Company to strengthen the functions of the Board of Directors and has appointed him.

Akira Ito (Director, Executive Officer and Executive Vice President)

Mr. Akira Ito is a founding member of the Company and has been responsible for his duties as the Director since April 2003. The Company has determined that he will be able to continue to use his knowledge about corporate management and DX, etc. to strengthen the functions of the Board of Directors and has appointed him.

Yutaka Yamada (Director and Executive Officer, CFO)

Mr. Yutaka Yamada has been responsible for his duties as the Director since June 2014. The Company has determined that he will be able to continue to use his knowledge about corporate management, finance, and accountings, etc. to strengthen the functions of the Board of Directors and has appointed him.

Takeshi Matsumoto (Outside Director, Independent Officer)

Mr. Takeshi Matsumoto has been involved in IT businesses for many years and possesses a wealth of experiences and a broad insight as a manager. Based on his knowledge and experience, we expect him to ensure the objectivity and neutrality of the management by incorporating his external perspective and monitoring function. We have determined that he will contribute to further growth of the Group and the enhancement of corporate governance. For this reason, the Company has determined that he can properly perform his duties as the Outside Director and has appointed him.

Kayo Takigawa (Outside Director, Independent Officer)

Ms. Kayo Takigawa is a qualified lawyer, being familiar with corporate laws, and having a wide range of knowledge regarding legal issues. Based on her knowledge and experience, we expect her to ensure the objectivity and neutrality of the management by incorporating her external perspective and monitoring function. Although she has not been involved in corporate management other than being an outside director, the Company has determined that she can properly perform her duties as the Outside Director and has appointed her for the above reason.

Takehiko Kubo (Standing Auditor, Independent Officer)

Based on his management experience at a large company and many years of experience at a financial institution, Mr. Takehiko Kubo has considerable knowledge of compliance, internal control, risk management, finance and accounting. In order to ensure the soundness of the Group's management and increase corporate value over the medium to long term, the Company expects him to conduct effective audits while fully cooperating with other part-time Auditors. In addition, the Company expects him, as part of the audit, to participate in important meetings, including the Board of Directors, and to actively express candid views, including the validity of the proposals as well as the legality of the proposals, from an independent and objective standpoint in the decision-making process. Due to the above reasons, the Company has determined that he can properly perform his duties as the Outside Auditor and has appointed him.

Hiroyuki Yaji (Outside Auditor, Independent Officer)

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As a certified public accountant, Mr. Hiroyuki Yaji has many years of experience in corporate accounting audits, and has extensive knowledge and insight into corporate governance, compliance, and other topics. In order to ensure the soundness of the Group's management and increase corporate value over the medium to long term, the Company expects him to conduct auditing operations based on his own knowledge, experience, etc., while fully cooperating with the standing Auditor. In addition, the Company expects him, as part of the audit, to participate in important meetings, including the Board of Directors, and to actively express candid views, including the validity of the proposals as well as the legality of the proposals, from an independent and objective standpoint in the decision-making process. Due to the above reasons, the Company has determined that he can properly perform his duties as the Outside Auditor and has appointed him.

Ryuzo Koide (Outside Auditor, Independent Officer)

Mr. Ryuzo Koide has a wealth of practical experience in large companies, a wealth of experience as a manager, and a wide range of insights. In order to ensure the soundness of the Group's management and increase corporate value over the medium to long term, the Company expects him to conduct auditing operations based on his own knowledge, experience, etc., while fully cooperating with the standing Auditor. In addition, the Company expects him, as part of the audit, to participate in important meetings, including the Board of Directors, and to actively express candid views, including the validity of the proposals as well as the legality of the proposals, from an independent and objective standpoint in the decision-making process. Due to the above reasons, the Company has determined that he can properly perform his duties as the Outside Auditor and has appointed him.

[Supplementary Principle 3-1(3)]

■Sustainability initiatives

Under the mission of “Change People, Change Business, Change Japan” and the vision of Change Productivity,” we are working to co-create a sustainable society with a variety of stakeholders (realizing a sustainability society). In order to make Japan a sustainable society despite a decreasing population, we are developing businesses, such as digitization of business models and business processes, support for the development of digital human resources, and co-creation of self-sustaining local communities. We are providing a variety of solutions to many customers. We believe that the themes for businesses of companies of the Group themselves incorporate the perspectives of sustainability, and that the Group's growth strategy is based on the concept of sustainability. Our basic approach to sustainability and examples of initiatives by the Group as well as the impact of risks and opportunities related to climate change on our business activities and earnings are disclosed in detail on our sustainability website. Regarding the relationship between our approach to sustainability and our management strategies and issues, we disclose and provide specific information in an easy-to-understand manner in the Revised Midterm Business Plan announced on May 13, 2022.

Our sustainability website: <https://www.change-jp.com/sustainability/>

Revised Midterm Business Plan: <https://ssl4.eir-parts.net/doc/3962/tdnet/2123306/00.pdf>

■Disclosures based on TCFD or equivalent framework

The Group's business strategy is tied closely to the environment. One of the strategic areas of the Group's Midterm Business Plan is to "resolve social issues faced by local communities and make them sustainable," with the aim of "challenging resolving important and urgent issues in areas where sustainability is at stake." In particular, the impact of climate change, including CO<sub>2</sub>/GHG (GHG) emissions, have a direct impact on the community's people, society, and economics, and the Group has many solutions and services to mitigate the impacts of climate change if we are so required. We believe that to address these issues seriously is one of the Group's important social responsibilities, as well as providing new business opportunities. Based on the above understanding, we disclose “business risks and opportunities associated with climate change” on our sustainability website (<https://www.change-jp.com/sustainability/environment/climate.html#sec2>). In the future, we will evaluate and improve the systems and based on TCFD framework and will work to further enhance the quality and volume of the information we disclose.

■Human and intellectual property investment

<Human capital>

We consider the proactive provision of training opportunities aimed at improving employee skills to be an extremely important theme from the perspective of continuously improving corporate value and competitive advantage. In order to maximize each employee's ability and create new value, we are continuously maintaining and promoting a "corporate culture for learning" so that employees can learn actively and maintain their desire to continue improving their skills and capabilities. We also provide in-house training (by job type, level and age) throughout the year. We intend to provide a variety of training sessions to improve skills so that each employee can actively challenge various fields without fearing "trial and error". Our concrete efforts for human capital are disclosed on our Sustainability Site (<https://www.change-jp.com/sustainability/society/employee.html#sec2>).

<Intellectual property>

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We are promoting digital transformation through training in services and digital human resources, using AI, voice internet, mobility, IoT, big data, cloud, security and other algorithms, and infrastructure technologies (collectively called "Libraries"). To help realize customers' digital transformation, it has become possible for us to combine Libraries based on customer needs and to provide a comprehensive digital transformation solution for them. In order to utilize new technologies, such as AI, voice internet, mobility, IoT, big data, cloud, and security, which composes the NEW-IT Business, both wheels of the "application development to create effects (offense)" and "secure and efficient operation management (defense)" must be successfully turned. In line with the emergence of new technologies, we develop applications tailored to each industry and business category, and systematize our technologies and know-how, including organizational improvements and skill enhancements. In addition, it is important to establish a timely supply system for the Libraries. Regarding new technologies, we are constantly updating our Libraries by raising antennas for collecting information, evaluating them from the viewpoint of practicality, availability, and reliability. Based on the Libraries, we invest in intellectual property through the execution of an intellectual property transfer agreement or license agreement that is considered necessary, or through M&A of a company that owns the intellectual property.

[Supplementary Principle 4-1 (1)]

We have introduced the Executive Officer System in which a portion of important business execution is delegated from the Board of Directors to Executive Officers in order to build a swift and highly effective business execution system and to strengthen the management oversight function of the Board of Directors. The Boards of Directors has defined the items that require the decision-making of the Board, the items that are delegated by the resolutions of the General Meetings of Shareholders, and important items that affect our business operations in the Rules of the Board of Directors, and based on this, it makes these decisions.

With regard to deliberations and decisions other than those to be decided by the Board of Directors, we have broadly delegated authority to Executive Officers and other officers, based on internal regulations, such as organizational regulations, division of duties regulations, consensus-building regulations, and administrative authority regulations. In addition, we have clarified responsibilities in the execution of operations, and are working to ensure flexibility and speed in the execution of operations.

[Principle 4-9]

We have established and practiced our own standards regarding independence for the appointment of Outside Directors and Outside Auditors, having referred to the Companies Act and the Tokyo Stock Exchange's Criteria for the Independence of Outside Directors and Outside Auditors

< Criteria for the Independence of Outside Officers >

If our Outside Director and Outside Auditor (hereinafter referred to as "Outside Officer") does not fall under any of the following (1) to (13), he or she can be judged to be independent. Hereinafter, the Company and our affiliated companies (referring to the parent company, subsidiaries, and a sibling company (referring to any company having the same parent company)) are referred to as "the Group". Executive Director, Executive Officer, manager, and other employee are referred to as "Executive Director, etc."

- (1) Executive Director, etc. of a company whose current Major Shareholder (a shareholder with 10% or more voting rights, the same shall apply hereafter) is the Group
- (2) If the Major Shareholder or the Major Shareholder of the Group is a company in the last five years, the Executing Director, etc. of such company or its parent company or its Significant Subsidiary (referring to the subsidiary that is described as a Significant Subsidiary in the item of "Status of the Significant Parent Company and Subsidiary" or any other material publicized by such company in general in the business report for the most recent business year of the company).
- (3) The Main Business Partner of the Group (referring to a person or a company who received payment from the Group for 2% or more of the total annual sales of the Group in the past three business years) or its Executive Director, etc.
- (4) The Main Lender of the Group (referring to that who provides the Group with a credit equal to or greater than 10 million yen per year or 30% of the average annual costs of the related organization, whichever is greater, on average over the past three business years) or its Executive Director, etc.
- (5) Certified public accountants (or certified tax accountants) or members, partners or employees of the accounting auditor or the audit firm (or certified tax accountant firm) who are accounting advisor of the Group.
- (6) Certified public accountants (or certified public tax accountants) or partners or employees of audit firm (or certified public tax accountant firm) who were the accounting auditor or the accounting adviser of the Group and who were actually in charge of auditing activities of the Group (except for those who were supplementarily involved)

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- (7) Lawyers, certified public accountants, certified tax accountants, or other consultants who do not fall under (5) and (6) above, BUT those who have gained more than 10 million yen per year in the form of money or other property benefits from the Group other than the executive officers' Remuneration in the past three business years
- (8) Employees, partners, associates, or employees of a legal firm, auditing firm, certified public tax accounting firm, consulting firm, or other specialized advisory firm that does not fall under (5) and (6) above, BUT whose main client is the Group (meaning a firm who received from the Group payment for Remuneration exceeding 2% of the consolidated sales of such firm or ¥100 million, whichever is higher, in the past three business years).
- (9) Persons or Executive Officers, etc. who have received donations or subsidies of 10 million yen or more per year from the Group in any of the past three business years.
- (10) Executive Director, etc. of a company or its affiliate that accepts a board member (whether full-time or part-time) from the Group.
- (11) Persons who fall under any of the following items within 10 years before assuming office:
- (a) Executive Director, etc. or a director who does not correspond to the Executive Director, etc. of our parent company.
  - (b) Auditor of our parent company (provided that, regarding outside auditors, they are independent outside auditors)
  - (c) Executive Director, etc. of our sibling company
- (12) Spouses or relatives within the second degree of kinship of the person who falls under (1) to (11) above.
- (13) Otherwise, persons who have a possibility of a constant substantial conflict of interest with our general shareholder as a whole due to circumstances other than those considered in (1) to (12) above.

※Even if a person does fall under any of the above-mentioned items as an Independent Outside Director, such person can be appointed by our Board of Directors as an Independent Outside Director in light of the personality and insights of the person can be regarded as such, provided that, the Company shall explain the reason for considering that the person is appropriate as the Independent Outside Director, unless it violates the standards set by the Tokyo Stock Exchange and the Companies Act and other laws and regulations.

[Supplementary Principle 4-10(1)]

Please refer to the following sections of this Report.

II. Status of the business management organization and other corporate governance systems related to management decision-making, execution, and supervision

1. Organizational structure and operation

[Optional Committee]

Status of the establishment of optional committees, attributes of the members and the chairperson, and supplementary explanation

[Supplementary Principle 4-11 (1)]

In order to realize our Group's mission, we believe it is necessary to conduct management that contributes to the resolution of social issues from a long-term perspective, based on the values of various stakeholders and the social influence of the Company. Therefore, from the perspective of enhancing corporate value over the medium to long term, the Board of Directors endeavors to ensure that knowledge, experiences, abilities, and diversity are optimal as a whole. Currently, the Board of Directors is composed of Internal Directors who are familiar with each division and Independent Outside Directors and Independent Outside Auditors who possess a high level of expertise, and we believe that we maintain a sufficient set of skills and diversity as a whole. The basic idea of the size of the Board of Directors is that it shall consist of a sufficient and appropriate number to conduct extensive discussions. The number of members is up to seven for the Board of Directors and up to five for Auditors as stipulated in the Articles of Incorporation. Currently, the Board of Directors consists of three Internal Directors, two Independent Outside Directors, one Independent Outside Standing Auditor and two Independent Outside Auditors. Of the eight total Directors and Auditors, five are Independent Outside Officers.

The table shown at the end of the report lists the skills currently possessed by the Directors and the Auditors. We believe that the Board of Directors has the necessary skills as a whole. Please see the Skill Matrix Table at the end of the report/

Principle 3-1 (4) describes the policies and procedures for the election of the Director and the Auditor.

[Supplementary Principle 4-11(2)]

We disclose the status of important concurrent positions held by the Outside Directors and Outside Auditors, as well as Internal Directors and Standing Auditors in the Notice of Convocation of the General Meeting of

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Shareholders and in the Annual Securities Report.

[Supplementary Principle 4-11(3)]

We have annually been conducting analyses and evaluations of the effectiveness of the Board of Directors in accordance with the following evaluation process since 2020.

<Evaluation process>

The Board of Directors surveys all members of the Board of Directors, including Outside Directors and Outside Auditors in a 32-item nominal questionnaire. Based on the results of the compilation and analysis, the Board of Directors has discussed issues to be addressed in the future.

The evaluation results for 2023 are summarized below.

<Evaluation results>

The Board of Directors has evaluated the effectiveness of the Board of Directors generally in terms of both composition and operations because the results of the compilation and analysis of the questionnaire showed many positive evaluations. Meanwhile, in order to continuously improve the effectiveness of the Board of Directors and further strengthen corporate governance, we also confirmed that the following matters are to be addressed. We intend to further improve the effectiveness of the Board of Directors by implementing measures to address the following issues.

<Recognized issues and policy for future actions>

●Distribution of materials for meetings of the Board of Directors well in advance of the date of meetings

Over the past year, the Executive Office of the Board of Directors has worked to ensure that the materials of the Board of Directors are distributed in advance of the meeting date (i) to understand the agenda ahead of schedule, (ii) to strengthen the management of the schedule for preparation of materials, and (iii) to ensure that the date of distribution of materials is strictly observed. Even so, there are still many agendas, so we will try to distribute materials as early as possible.

●Criteria for Resolution at the Board of Directors

Not just the further discussion on the above issue, in order to further secure the time for discussion on important issues at the Board of Directors, we will continue to investigate a wide range of improvement measures, including setting a more appropriate level of standards for discussion and resolution at the Board of Director.

[Supplementary Principle 4-14 (2)]

We provide all Directors and Auditors with necessary training opportunities to fulfill their expected roles and responsibilities based on the knowledge and experiences and also recommend that they participate in various seminars, study sessions, and cross-industry exchange sessions which are appropriate to help learn the necessary knowledge and industry trends, of which costs are borne by the Company.

All of Directors and Auditors attend the Board of Directors workshop held at least once a year by inviting outside lecturers after the Board of Directors in order to train themselves (in 2023, the workshop was held in June under the theme of "Outline of the Financial and Capital Strategies").

In addition, when appointing a new Director, the Company provides such Director with an opportunity to explain in advance the roles and responsibilities required under the Companies Act, as well as the business operations of the Company and the Group, the financial condition of the Company and the Group, and the status of the establishment of an internal control system.

[Principle 5-1]

In order to promote constructive dialogues with shareholders, we have designated the Control & Management Unit as the IR-related department. At the same time, we have implemented the following initiatives annually and the Representative Director and CEO directly explains financial results and responds to Q&A sessions.

<Quarterly>

- Online financial results briefing for individual investors
- Financial results briefings for institutional investors and analysts

<At the General Meeting of Shareholders>

- Dialogue with Shareholders (conducted directly following the General Meeting of Shareholders.)

In addition, we actively hold individual IR meetings with institutional investors and analysts in order to realize sustainable and medium-to long-term improvements in corporate value.

We disclose information on our website, including information on our management plans and business results ([https://www.change-jp.com/ir/news/#top\\_anchor](https://www.change-jp.com/ir/news/#top_anchor)).

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## Corporate Governance

### CORPORATE GOVERNANCE

#### 2.Capital structure

Foreign shareholders ratio	10% or more and less than 20%
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#### [Status of major shareholders]

Name	Number of shares held	Percentage
S B I Holdings, Inc.	21,938,800	30.32
The Master Trust Bank of Japan, Ltd. (Trust Account)	7,154,300	9.88
The Custody Bank of Japan, Ltd. (Trust Account)	4,545,600	6.28
Yoshihisa Jimbo	2,752,000	3.80
Tamayo Sunaga	2,707,892	3.74
Hiroshi Fukudome	2,141,500	2.96
STATE STREET BANK AND TRUST COMPANY 505223	1,797,306	2.48
GIC PRIVATE LIMITED - C	1,492,400	2.06
Akira Ito	1,174,000	1.62
Tetsuya Ishihara	1,170,000	1.61

Controlling shareholders (excluding the parent)	None
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Parent	None
Listed exchanges of the parent	None

#### Supplementary explanation

1. The shareholding ratio is calculated after deducting 623,335 treasury shares.
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#### 3.Corporate attributes

Listing market section	Prime
Fiscal year end	March
Industry type	Information & communication
Number of (consolidated) employees at the end of the most-recent fiscal year	500 to 1,000
(Consolidated) Sales for the most-recent fiscal year	10 billion yen to less than 100 billion yen
Number of consolidated subsidiaries at the end of the most-recent fiscal year	10 to 50 companies

#### 4.Guidance regarding how to protect minority shareholders when dealing with the controlling shareholders

None
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#### 5.Other special circumstances which may have a material impact on the corporate governance

(1)Approach to Group Management Under the mission of “Change People, Change Business, Change Japan,” and based on the vision of “Change Productivity”, CHANGE Group (or simply, the “Group”) has been developing business models, digitizing business processes, and supporting for the development of digital human resources in order to dramatically increase Japanese productivity and make Japan a more sustainable society in the face of the decreasing population. On May 13, 2022, the Group announced the Mid-term Business Plan (revised version) called “Digitize & Digitalize Japan (Phase 2)” whereby, under the flag of “Digital” × “Local” × “Social”, the Group has been resolving social issues faced by local communities through the use of digital technology, actively hiring digital human resources to make local communities sustainable, expanding new business domains by using cutting-edge technologies, developing IT platform services, SaaS services, and other products for local governments, and striving to grow businesses that will dramatically improve Japanese productivity including
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local areas.

On April 1, 2023, the former CHANGE, Inc. changed its corporate name to “CHANGE Holdings, Inc.” (or simply, “we”) and shifted to a holding company structure. Currently, we have 39 Group companies (as of October 13, 2023). Based on the Group's mission, we aim to build a management structure in which we respect the independence of group companies. At the same time, we intend to build the "federal system" that will create synergies among members of the Group and maximize the corporate value of the Group. As the parent company, we will strengthen the Group's strategic functions, optimize the allocation of management resources, and promote the development of management personnel for the next generation in order to increase the corporate value of the Group. In addition, we have established internal rules, such as the “Affiliated Company Management Regulation” to monitor and supervise the execution of Group companies. Important decision-making and compliance-related matters of Group companies will be reported to our Board of Directors and approved thereby.

#### (2)Significance of having listed subsidiaries

We have acquired E-Guardian, Inc. (or simply, the “Company”) which is listed on the Prime Market of the Tokyo Stock Exchange and is included in the Group. We own 48.98% of the outstanding shares of the Company through a tender offer that was completed in October 2023 and the assumption of the Company's third-party allotment of shares that was also executed in the same month. As a result of the International Financial Reporting Standards (IFRS), we have included the Company in our consolidated subsidiaries.

The Company has a wide range of businesses related to Internet security, and we expect that the Group will play a core role in the top-class security vendors in the cyber security field in Japan through the reorganization of the security industry. In addition, the CHANGE Group and the Company have different customer bases, therefore by providing each other crossly with their respective services, they are expected to satisfy the customer needs of both companies, improve their sales capabilities and profitability, which will contribute to enhancing the corporate value of both companies. In particular, in order to satisfy the needs of our customers for increasing their security personnel, it is important for the Group to promote the Company's security services and to jointly develop new services through the alliance with the Company. We believe that it is significant that we will maintain the Company as a subsidiary.

In addition, we believe that it is important for the Company to foster its unique corporate culture firmly rooted in the businesses it has developed and to raise awareness of its credibility among the society and cybersecurity industry in order to acquire more security specialists. Therefore, it is significant to maintain its management autonomy and keep it as a publicly traded company for the interests of all shareholders, including other shareholders of the Company, as well as for enhancing the corporate value of the Group as a whole.

We believe that even if we do not make the Company a wholly owned subsidiary, it will be possible to share the know-how of both companies, conduct wide-ranging personnel exchanges, and effectively utilize management resources. However, we will continue to verify the rationality of maintaining it as the listing company.

#### (3)Approach to ensuring the effectiveness of the governance structure of a listed subsidiary

In response to our disclosure requirements, we have required the Company to provide a prior report on any issues which are related to the exercise of voting rights at our General Meetings of Shareholders, those that affect our timely disclosure, and those that have a significant impact on our consolidated financial statements.

In addition, in order to conduct a tender offer for the Company's shares, which was completed in October 2023, we have prescribed matters requiring prior discussions and prior approvals with and by us in the "Capital and Business Alliance Agreement" (hereinafter, the “Agreement”) with the Company dated August 2, 2023. These matters are only limited to material matters that may affect the management of the Group, taking into account conflicts of interest with other shareholders of the Company. The Agreement provides that we have the right to designate one director of the Company for its board membership, and we will dispatch one board member from us after the approval of the Company's 26th General Meeting. The director (candidate) is in a position to supervise the execution of business in order to increase the Company's corporate value but will basically respect the judgment of the Company's management. The director (candidate) is assumed to make every effort to ensure that the interests of other shareholders of the Company will not be unduly impaired.

In addition, with regard to the terms and conditions of transactions between a Group company (excluding the Company and its subsidiaries and affiliates) and the Company and its subsidiary and affiliate, the Special Committee consisting of independent outside directors has been established as the sub-committee of the Company's board of directors, and the "Guidelines on Inter-Group Transactions" has been established by the two companies to prohibit transactions which are unfairly favorable or unfavorable as compared with the same or similar transactions with independent third parties and to prohibit transactions for the purpose of transferring profits, losses or risks, in order to avoid unduly harming the interests of both shareholders.

II. Status of the management mechanism and other corporate governance system related to managerial decision-making, execution, and supervision

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## Corporate Governance

### CORPORATE GOVERNANCE

#### 1. Items related to organizational structure and operation

Organizational form	A company with the Board of Auditors
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#### [Related to Directors]

Number of Directors in the Articles of Incorporation	7 persons
Term of office of Directors in the Articles of Incorporation	2 years
Chairman of the Board of Directors	the President
Number of Directors	5 persons
Appointment of Outside Directors	Already selected
Number of Outside Directors	2 persons
Number of Outside Directors appointed as an Independent Director	2 persons

#### Related to the Company (1)

Name	Attribute	Relationship with the Company (*1)											
		A	B	C	D	E	F	G	H	I	J	K	
Takeshi Matsumoto	From other company												
Kayo Takigawa	Lawyer												

※1 Nature of relationship with the Company

- a. Executive of the Company or their subsidiary
- b. Manager or non-executive directors of the parent of the Company
- c. Executive of a brother company of the Company
- d. A person whose main business partner is the Company, or an executive thereof
- e. Major business partner of the Company, or its business executive
- f. Consultant, accounting expert, and legal expert who has received significant money and other property from the Company in addition to the executive remuneration
- g. Major shareholder of the Company (if the major shareholder is a company, the business executor of such company)
- h. Executive of the Company's business partner (not applicable to either d, e, or f) (only a person)
- i. Executive of a company which has a relationship of the mutual assignment of Outside Directors with the Company (only a Person)
- j. Executive of an entity to which the Company makes donations (only a person)
- k. Other

#### Relationship with the Company (2)

Name	Independent Officers	Supplementary Explanation Concerning Relationship with the Company	Reason for Appointment
Takeshi Matsumoto	○		Mr. Takeshi Matsumoto has been involved in IT businesses for many years and possesses a wealth of experiences and a broad insight as a manager. Based on his knowledge and experience, we expect him to ensure the objectivity and neutrality of the management by incorporating his external perspective and monitoring function. We have determined that he will contribute to further growth of the Group and

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## Corporate Governance

### CORPORATE GOVERNANCE

			the enhancement of corporate governance. For this reason, the Company has determined that he can properly perform his duties as the Outside Director and has appointed him. There is no interest of conflict to be described between him and the Company.
Kayo Takigawai	○	We have signed a contract with the Nagashima, Ono, and Tsunematsu Legal Office, to which Ms. Kayo Takigawa belongs, regarding the delegation of legal work. However, the Group is not their major business partner, and because she has never been involved in our business, we believe that her independence is sufficiently assured.	Ms. Kayo Takigawa is a qualified lawyer, being familiar with corporate laws, and having a wide range of knowledge regarding legal issues. Based on her knowledge and experience, we expect her to ensure the objectivity and neutrality of the management by incorporating her external perspective and monitoring function. Although she has not been involved in corporate management other than being an outside director, the Company has determined that she can properly perform her duties as the Outside Director and has appointed her for the above reason.

[Voluntary Committee]

Existence of a committee equivalent to a nominating committee or a remuneration committee	Yes
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Status of the establishment of a voluntary committee, the composition of the committee and the attribute of the chairman

	Title of the committee	All members (names)	Full-time member (name)	Internal Director (Name)	Outside Director (name)	External experts (name)	Other (Name)	Chairman
Any committee corresponding to the nominating committee	Nomination Advisory Committee	3	0	1	2	0	0	Internal Director
	Remuneration Advisory Committee	3	0	1	2	0	0	Internal Director

Supplementary explanation

<p>&lt;Nomination Advisory Committee&gt;</p> <p>In order to strengthen the independence and objectivity of the functions of the Board of Directors in connection with the nomination of the Directors (including successors), and to strengthen accountability, we have established the Nomination Advisory Committee as an advisory body to the Board of Directors, of which majority is composed of Independent Outside Directors. Our Nomination Advisory Committee discusses and reports to the Board of Directors on issues related to the election, re-assignment, and removal of board members, as well as issues related to successor planning (including training) of the Representative Directors. In addition, we have established rules of the Nomination Advisory Committee, which define the position of the Nomination</p>
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Advisory Committee and how to operate it.

●Composition

Please see "Status of the establishment of a voluntary committee, the composition of the committee and the attribute of the chairman."

●Events

The Nominating Advisory Committee was held once during the fiscal year ending March 2024, and other discussions were made separately by committee members. The date of the meeting are as follows. In the fiscal year ended March 2023, the Nomination Advisory Committee were not held because there was no change in the election period for Directors.

1st Nomination Advisory Committee held on May 23, 2023

●Attendance

Yoshihisa Jimbo (Internal Director) attended all (once)  
Hiroshi Fujiwara (Outside Director) attended all (once)  
Eriko Hayashi(Outside Director) attended all (once)

Remuneration Advisory Committee

In order to strengthen the independence and objectivity of the functions of the Board of Directors and the accountability of Directors' remuneration, we have established the Remuneration Advisory Committee as an advisory body to the Board of Directors, of which majority is composed of Independent Outside Directors. The Remuneration Advisory Committee discusses issues related to the policies for determining individual remuneration for each Director, including the selection of performance-related indices and the standard for giving share-related remuneration, which are linked to performance-based remuneration, as well as issues related to individual remuneration for each Director, and reports the discussion results to the Board of Directors. In addition, we have established rules of the Remuneration Advisory Committee that clarify the status of the Remuneration Advisory Committee and how it is operated.

●Composition

Please see " Status of the establishment of a voluntary committee, the composition of the committee and the attribute of the chairman."

●Events

The Remuneration Advisory Committee meetings were held 2 times in the fiscal year ended March 2023 to discuss Director's remuneration, etc., and other discussions were made separately by committee members..

1st Remuneration Advisory Committee held on May 6, 2022

2nd Remuneration Advisory Committee held on May 30, 2022

The Remuneration Advisory Committee meetings were held 2 times in the fiscal year ended March 2024 to discuss Director's remuneration, etc., and other discussions were made separately by committee members.

1st Remuneration Advisory Committee held on June 21, 2023

2nd Remuneration Advisory Committee held on June 23, 2023

●Attendance

Yoshihisa Jimbo (Internal Director) attended all (twice)  
Hiroshi Fujiwara (Outside Director) attended all (twice)  
Eriko Hayashi(Outside Director) attended all (twice)

[Related to Auditors]

Adoption of an Auditor System	Adopted
Number of Auditors in the Articles of Incorporation	5 persons
Number of Auditors	3 persons

Collaboration between Auditors, the Accounting Auditor, and the Internal Audit Division

The person in charge of internal audits, Auditors, and Accounting Auditors always exchange information as appropriate to promote effective and efficient audits. Specifically, they are collaborating as follows:

(i)Collaboration between Auditors and the Internal Audit Division

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Auditors receive an explanation of the Internal Audit Plan (risk identification, risk assessment, selection of priority audit themes based on the results of risk assessment, audit schedules for the current fiscal year, etc.) conducted by the Internal Audit Division and holds question and answer sessions with the Internal Audit Division. Auditors also attend on-site hearings made by the Internal Audit Division when necessary to identify issues related to business execution and exchange opinions with the Internal Audit Division regarding such recognized issues, etc. Auditors receive Internal Audit Reports upon completion of internal audits. In addition, the Internal Audit Division regularly holds meetings with Auditors as needed.

(ii) Collaboration between Auditors and Independent Accounting Auditors

Auditors receive an explanation of the Accounting Audit Plan (audit system, audit method, etc.) to be conducted by the Accounting Auditor, receive the Accounting Audit Report based on the law at the end of the audit. In addition, the Accounting Auditor holds meetings with Auditors on individual cases and have discussions on system changes, etc. as necessary.

(iii) Cooperation among Auditors, the Accounting Auditor, and the Internal Audit Division

They hold three-way audit meetings at least once a year with the aim of promoting audits effectively and efficiently and enhancing the effectiveness of the audits themselves.

Status of Outside Auditors	Appointed
Number of Outside Auditors	3 persons
Number of Outside Auditors appointed as Independent Officer	3 persons

#### Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)												
		A	B	C	D	E	F	G	H	I	J	K	L	M
Takehiko Kubo	From other company						△							
Hiroyuki Yaji	From other company								△					
Ryuzo Koide	From other company													

※1 Nature of relationship with the Company

- a. Executive of the Company or their subsidiary
- b. Non-executive Directors or Accounting Advisor of the Company or its subsidiary
- c. Executive or non-executive directors of a parent of the Company
- d. Auditor of the parent of the Company
- e. Executive of a brother company of the Company
- f. A person whose main business partner is the Company, or an executive thereof
- g. Major business partner of the Company, or its business executive
- h. Consultant, accounting expert, and legal expert who has received significant money and other property from the Company in addition to the executive remuneration
- i. Major shareholder of the Company (if the major shareholder is a company, the business executor of such company)
- j. Execute of the Company's business partner (not applicable to either d, e, or f) (only a person)
- k. Executive of a company which has a relationship of the mutual assignment of Outside Directors with the Company (only a person)
- l. Executive of an entity to which the Company makes donations (only a person)
- m. other

#### Relationship with the Company (2)

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## Corporate Governance

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Name	Independent Officers	Supplementary Explanation Concerning Relationship with the Company	Reason for Appointment
Takehiko Kubo	○	Mr. Takehiko Kubo, who was an officer of Sumitomo Mitsui Banking Corporation, our main bank, until March 2017, was not involved in transactions with us during his tenure and has passed a certain period since his retirement. Therefore, we judge that his independence is sufficiently assured.	<p>Based on his management experience at a large company and many years of experience at a financial institution, Mr. Takehiko Kubo has considerable knowledge of compliance, internal control, risk management, finance, and accounting. In order to ensure the soundness of the Group's management and increase corporate value over the medium to long term, the Company expects him to conduct effective audits while fully cooperating with other part-time Auditors. In addition, the Company expects him, as part of the audit, to participate in important meetings, including the Board of Directors, and to actively express candid views, including the validity of the proposals as well as the legality of the proposals, from an independent and objective standpoint in the decision-making process. Due to the above reasons, the Company has determined that he can properly perform his duties as the Outside Auditor and has appointed him.</p> <p>Mr. Kubo attended all meetings of the Board of Directors and the Board of Auditors in the year ending March 2023. Please note that there is no direct conflict of interest between the company and him.</p>
Hiroyuki Yaji	○	Mr. Hiroyuki Yaji was a partner of Ernst & Young ShinNihon LLC, our Accounting Auditor, until October 2022. Over the last three years, he has not actually been in charge of the auditing operations of the Group. We believe that his independence is sufficiently assured.	<p>As a certified public accountant, Mr. Hiroyuki Yaji has many years of experience in corporate accounting audits, and has extensive knowledge and insight into corporate governance, compliance, and other topics. In order to ensure the soundness of the Group's management and increase corporate value over the medium to long term, the Company expects him to conduct auditing operations based on his own knowledge, experience, etc., while fully cooperating with the standing Auditor. In addition, the Company expects him, as part of the audit, to participate in important meetings, including the Board of Directors, and to actively express candid views, including the validity of the proposals as well as the legality of the proposals, from an independent and objective standpoint in the decision-making process. Due to the above reasons, the Company has determined that he can properly perform his duties as the Outside Auditor and has appointed him.</p> <p>As Mr. Yaji was elected as the Outside Auditor on June 27, 2023, he did not attend any meeting of the Board of Directors and the Board of Auditors in the year ended March 2023. There is no conflict of interest between the company and him.</p>
Ryuzo Koide			Mr. Ryuzo Koide has a wealth of practical experience in large companies, a wealth of

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## Corporate Governance

### CORPORATE GOVERNANCE

			<p>experience as a manager, and a wide range of insights. In order to ensure the soundness of the Group's management and increase corporate value over the medium to long term, the Company expects him to conduct auditing operations based on his own knowledge, experience, etc., while fully cooperating with the standing Auditor. In addition, the Company expects him, as part of the audit, to participate in important meetings, including the Board of Directors, and to actively express candid views, including the validity of the proposals as well as the legality of the proposals, from an independent and objective standpoint in the decision-making process. Due to the above reasons, the Company has determined that he can properly perform his duties as the Outside Auditor and has appointed him.</p> <p>As Mr. Koide was elected as the Outside Auditor on June 27, 2023, he did not attend any meeting of the Board of Directors and the Board of Auditors in the year ended March 2023. Please note that there is no direct conflict of interest between the company and him.</p>
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#### [Related to Independent Directors]

Number of Independent Directors	5 persons
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#### Other Items Related to Independent Directors

<p>We have established and practiced our own standards regarding independence for the appointment of Outside Directors and Outside Auditors, having referred to the Companies Act and the Tokyo Stock Exchange's Criteria for the Independence of Outside Directors and Outside Auditors. For the criteria for determining the independence of our Outside Directors and Outside Auditors, please refer to I. "Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information" [Disclosure Based on Principles of the Corporate Governance Code] in Principle 4-9.</p>
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#### [Incentives]

Implementation concerning incentives for Directors	We have introduced a performance-linked remuneration system and a share option system
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#### Supplementary explanation

<p>We have introduced a share option plan with the aim of enhancing motivation and morale to improve business performance and enhancing shareholder value over the medium to long term. Details of the performance-linked remuneration system are described in [Directors' remuneration].</p>
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Eligible persons for the share option	Internal Director and employees
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#### Supplementary explanation

<p>We have introduced a share option plan with the aim of enhancing motivation and morale to improve business performance and enhancing shareholder value over the medium to long term.</p>
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#### [Director's remuneration]

Disclosure status	Not disclosing individual remuneration
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#### Supplementary explanation

<p>Since there is no Director or Auditor whose total remuneration is 100 million yen or more, individual</p>
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## Corporate Governance

### CORPORATE GOVERNANCE

disclosure of remuneration is not necessary. Remuneration for the Directors and Auditors is disclosed in the total amount basis for each category.

Existence of a policy for determining the amount of remuneration or the calculation method thereof	Yes
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Disclosure of the policy for determining the remuneration or the method for calculating such amount

<p>(a) Policy for determining remuneration, etc. Please refer to the following section of this Report. I. Basic views on corporate governance, capital structure, corporate attributes, and other basic information 1. Basic concepts [Disclosure based on each principle of the Corporate Governance Code] [Principle 3-1] (3) Policies and procedures for the Board of the Directors to determine the remuneration of Executives and Directors</p> <p>(b) Method of calculating performance-linked remuneration for the fiscal year ending March 2024 We determined the performance-linked remuneration for the fiscal year ending March 2024 and pay it based on the following method after the performance-linked index figures are finalized.</p> <p>a. Total payment The total amount to be paid is the total of the individual payments of b. (i) and (ii) (the maximum amount is 85,000,000 yen).</p> <p>b. Individual payments The specific calculation formula for individual payments is shown below: (i) Performance-linked remuneration based on the consolidated performance Index: Profit for the fiscal year ending March 2024 attributable to owners of the parent before recording performance-linked remuneration</p> <p>Total amount of performance-linked remuneration based on consolidated performance = <math>B \times C</math> A = Net profit attributable to owners of the parent before recording performance-linked remuneration for the fiscal year ending March 2024 / net profit attributable to owners of the parent for the fiscal year ending March 2024 (7,211,942,785 yen) B = 5,000,000 yen C = <math>(A-1.00) \times 100</math> (decimal point to be truncated, 0.17 is the upper limit) Calculation basis for individual payment = Total payment of performance-linked remuneration based on consolidated performance <math>\times</math> position points / total number of eligible position points Position points are as follows: Representative Director and CEO: 50 Director and Executive Vice President: 25 Director and CFO: 25</p> <p>(iii) Description and performance of performance indicators</p> <table border="1"><thead><tr><th>Details of performance indicators</th><th>Target value for the fiscal year ended March 2023</th><th>Actual value for the fiscal year ended March 2023</th><th>(Millions of yen) Total amount paid based on the above calculation formula</th></tr></thead><tbody><tr><td>Incentive fee based on consolidated results</td><td>4,669</td><td>3,856</td><td>--</td></tr></tbody></table>				Details of performance indicators	Target value for the fiscal year ended March 2023	Actual value for the fiscal year ended March 2023	(Millions of yen) Total amount paid based on the above calculation formula	Incentive fee based on consolidated results	4,669	3,856	--
Details of performance indicators	Target value for the fiscal year ended March 2023	Actual value for the fiscal year ended March 2023	(Millions of yen) Total amount paid based on the above calculation formula								
Incentive fee based on consolidated results	4,669	3,856	--								

[Support system for Outside Directors (Outside Auditors)]

In order to build a system in which Outside Directors and Outside Auditors can accurately and effectively implement supervision and monitoring of management from an independent standpoint, we have established a system to provide necessary materials related to management and explain the circumstances whenever necessary in cooperation with the Administrative Division and the Internal Audit Division.

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## Corporate Governance

### CORPORATE GOVERNANCE

<Status of those who has retired from our Representative Director>

■ Names of consultants, advisors, etc., who are former presidents and representatives

Name	Position	Duties	Working conditions (full-time or part-time, paid or not, etc.)	Retirement date	Term
Yoshihisa Jimbo	Chairman and Founder	Advisory for management, the performance of certain internal issues, planning and operations for employee training	Full-time and paid	June 27, 2023	-

■ Total number of consultants and advisors who were the former Representative Director, etc.

1 person

■ Other Matters

On June 27, 2023, Mr. Yoshihisa Jimbo, the Chairman of the previous Board, retired the position of the Representative Director and was newly assigned as the Chairman, Founder and Executive Officer on June 28, 2023.

The Chairman, Founder and the Executive Officer has been delegated authorities from the Board to be engaged on some internal issues in accordance with the Rules for Executive Authority. However, he will not be involved in decision-making and execution of other management, and also do not basically participate in the Board of Directors.

2. Issues related to the functions of business execution, auditing and supervision, designation, and remuneration determination (overview of the current corporate governance system)

The corporate organization and other corporate governance system related to managerial decision-making, execution, and supervision are as follows:

a. Board of Directors

The Board of Directors is composed of five Directors (including two Outside Directors). The decision-making body is capable of responding swiftly to changes in the business environment, and we are working to establish a system for supervising the execution of business operations and to ensure fair decision-making. In principle, the Board of Directors holds regular meetings once a month as well as ad hoc meetings as necessary to determine important items related to management and business execution. Auditors also attend the Board of Directors' meetings to audit the execution of their duties. According to the Articles of Incorporation, the number of Directors shall consist of no more than seven, and the resolution to elect such Directors shall be adopted by a majority of the votes of shareholders present at a General Meeting of Shareholders, provided that, at least shareholders holding one-third of total voting rights and entitled to exercise their voting rights shall attend the meeting and the voting is not on the cumulative basis.

b. Nomination Advisory Committee

In order to strengthen the independence and objectivity of the functions of the Board of Directors in connection with the nomination of Directors (including the succession plan) and to strengthen accountability, we have established the Nomination Advisory Committee (consisting of a total of three members, including the Representative Director and two Independent Outside Directors), the majority of which are Independent Outside Directors, as an advisory body to the Board of Directors. The Nominating Advisory Committee discusses and reports to the Board on issues related to the election, re-assignment, and removal of Directors, as well as issues related to successor planning (including training) of Directors. In addition, the Nomination Advisory Committee Regulations stipulates that it shall consist of three or more members and that the majority of the members shall be Independent Outside Directors, and, to pass a resolution, a majority of the members who can vote for the resolution shall attend the meeting and the majority of such attending members can make the resolution.

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#### c. Remuneration Advisory Committee

In order to strengthen the independence and objectivity of the functions of the Board of Directors and the accountability of Directors' remuneration, we have established the Remuneration Advisory Committee (composed of a total of three members, including the Representative Director and two Independent Outside Directors), a majority of which are Independent Outside Directors, as an advisory body to the Board of Directors. The Remuneration Advisory Committee discusses issues related to the policies for determining individual remuneration for each Director, including the selection of performance-related indices and the standard for giving stock-related remuneration, which are linked to performance-based remuneration, as well as issues related to individual remuneration for each Director, and reports them to the Board of Directors. The Regulations of the Remuneration Advisory Committee stipulates it shall consist of three or more members and that the majority of the members shall be Independent Outside Directors, and, to pass a resolution, a majority of the members who can vote for the resolution shall attend the meeting and the majority of such attending members can make the resolution

#### d. Management Committee

We have established the Management Committee as an advisory body to the Board of Directors to discuss management policies, management strategies, business plans, and other matters. The Management Committee is composed of three Directors and Executive Officers and five Executive Officers, and any other Officers nominated by the Chief Executive Officer. The Standing Auditor voluntarily participates, and it is, in principle, held once a month.

#### e. Board of Auditors

The Board of Auditors consists of three members, one Standing Auditor and two part-time Auditors. Members of the Board of Auditors also attend meetings of the Board of Directors, and they have established a system for auditing overall management, centered on accounting audit and operational audit. Under the Articles of Incorporation, number of the Board of Auditors is limited to five, and the resolution to elect such Auditors shall be adopted by a majority of the votes of shareholders attending at the General Meeting of Shareholders who at least hold one-third of the total voting rights and are entitled to exercise their voting rights.

#### f. Risk Management System

We recognize risk management as an extremely important management issue. Specifically, we are working to enhance our internal control functions by formulating business plans, budget controls, operating and checking operations based on various internal rules, and strengthening internal audits in order to strengthen the risk management while the Directors and the Board of Directors execute operations and supervise management.

#### g. Internal Audit

We have established an independent Internal Audit Division. One dedicated internal audit officer, appointed by the Representative Director and Chief Executive Officer, conducts operational audits and reports the audit results to the Representative Director and the Chief Executive Officer and Standing Auditor. The Representative Director and the Chief Executive Officer, based on reports, instructs relevant divisions to make improvements and instructs them to report on the improvements. In addition, the Internal Auditor, Auditors, and Accounting Auditors appropriately exchange information to ensure effective and efficient audits.

### 3. Reason for adopting the current corporate governance system

We are a company with internal statutory auditors and have established the General Meeting of Shareholders, the Board of Directors, the Board of Auditors, and the Accounting Auditor as organizational bodies in accordance with the Companies Act. We also recognize risk management as an extremely important management issue. Specifically, we are working to enhance our internal control functions by formulating business plans, budget controls, operating and checking operations based on various internal rules, and strengthening internal audits in order to strengthen risk management while the Directors and the Board of Directors execute operations and supervise management.

With regard to the functions and roles that we expect of Outside Directors, they can ensure the objectivity and neutrality of the management-monitoring functions by bringing an external perspective because they have wealth of experiences in our business areas and have specialized and wide-ranging knowledge in corporate legal affairs, accounting, etc. The functions and roles expected of Outside Auditors are to ensure the objectivity and neutrality of the management-monitoring function by bringing an external perspective because they have management experiences at large companies as CEO and CFO, practical experience at a financial institution and executive experiences at multiple companies.

In order to build the above-mentioned system, we have appointed two Independent Outside Directors and three Independent Outside Auditors to exercise sufficient supervisory and oversight functions over the Board of Directors.

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## Corporate Governance

### CORPORATE GOVERNANCE

#### III. Implementation of measures for shareholders and other stakeholders

##### 1. Initiatives to activate the General Meeting of Shareholders and facilitate the exercising of voting rights

	Supplementary explanation
Early dispatch of the General Meeting of Shareholders Convocation Notices	In order to ensure adequate time for consideration in the exercise of voting rights, we are working to deliver them as soon as practicable. We sent the notice of convocation for the General Meeting of Shareholders in the fiscal year Ended March 2023 on June 9, 2023. The information contained in the notice is also published on our website on June 6, 2023.
Scheduling of the General Meeting of Shareholders to avoid concentration (with other companies)	We are avoiding concentrated dates with other companies. We held the Annual General Meeting of Shareholders on June 27, 2023.
Voting by electromagnetic method	Voting rights can be exercised via the Internet.
Participation in the Electronic Voting Platform and other measures to improve the environment for the exercising of voting rights by institutions	We have been participating in the Electronic Voting Platform for institutional investors operated by ICJ, Inc.
Availability of a notice (summary) in English	We released the English version of the convocation notice on our website on June 6, 2023.
Others	We have introduced a virtual general meeting (hybrid participating type) with the aim of achieving the revitalization of the General Meeting of Shareholders. At the General Meeting of Shareholders, we visualized various materials, and received inquiries via the Internet. This is an opportunity for shareholders who are unable to attend the General Meeting of Shareholders to understand the nature of our business and our business conditions.

##### 2. Investor relations activities

	Supplementary explanation	Presentation by the CEO
Creating and publishing the Disclosure Policy	We believe that it is necessary to communicate the information necessary for investment decisions in a prompt, accurate, and fair manner in order to build long-term relationships of trust with our shareholders and investors. Therefore, we would like to formulate a Disclosure Policy and post it on our website in the future.	
Regular briefings for individual investors	We hold online financial results briefings for individual investors every quarter. Representative Director and CEO appears and is appointed to provide a direct explanation of our business overview and operating results.	Yes
Regular briefings for analysts and institutional investors	We hold online financial results briefings for analysts and institutional investors every quarter. Representative Director and CEO appears and is appointed to provide a direct explanation of the Company's business overview and operating results.	Yes
Regular briefings for overseas investors	We regularly hold telephone and online conferences. In addition, we have active opportunities for dialogue, including participation in conferences hosted by security companies.	Yes
Publication of IR data on the website	Information on IR is available on our website. <a href="https://www.change-jp.com/ir/">https://www.change-jp.com/ir/</a>	
Creation of an IR Division (IR Officer)	The Control & Management Unit is in charge of IR.	

##### 3. Measures to ensure respects for stakeholders

	Supplementary explanation
Internal Rules, etc. that	We adopted the Basic Sustainability Policy at a meeting of the Board of

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<p>promote respects for the status and position of stakeholders</p>	<p>Directors held on December 24, 2021. One of the policies therein is to build relationship of trust with stakeholders.</p> <p>&lt;Basic Sustainability Policy (excerpt)&gt;                  2. Building Trust with Stakeholders                  • We deeply understand that we are developing our businesses through relationships with a diverse range of stakeholders, including shareholders, customers, vendors, employees, and communities, and will work to build relationships of trust with them through smooth and mutual communication.</p> <p>In addition, we have prepared various internal regulations which stipulate the establishment of a business promotion and management system that respects the perspectives of stakeholders.</p>
<p>Implementation of environmental protection and CSR activities</p>	<p>&lt;Approaches to climate change and environmental preservation activities&gt;                  Our Group's business strategy is tied closely to the environment. One of the strategic areas of the Group's Midterm Business Plan is to "resolve social issues faced by local communities and make them sustainable," with the aim of "challenging resolving important and urgent issues in areas where sustainability is at stake." In particular, the impacts of climate change, including CO2/GHG (GHG) emissions, have a direct impact on the community's people, society, and economics, and we have many services for providing solutions to mitigate the impacts of climate change if so required. We believe that to address these issues seriously is one of the Group's important social responsibilities, as well as providing new business opportunities. Our Group's approach to climate change countermeasures and specific initiatives are disclosed in detail on our sustainability website.                  "Concept of Climate Change and Environmental Conservation Activities":  <a href="https://www.change-jp.com/sustainability/environment/climate.html#sec1">https://www.change-jp.com/sustainability/environment/climate.html#sec1</a>                  "Concrete Efforts to Reduce Greenhouse Gas":  <a href="https://www.change-jp.com/sustainability/environment/climate.html#sec3">https://www.change-jp.com/sustainability/environment/climate.html#sec3</a></p> <p>3                  &lt;Initiatives for local community contribution and CSR activity&gt;                  To create a sustainable future for local communities, we have established new alliances with partners having the same ambition, involving corporations, organizations, and citizens, based on the value of "co-creation in the region", and developing solutions to social issues, not just to expand their businesses. Our Group's specific initiatives are disclosed in detail on our sustainability website.                  Specific initiatives related to community involvement and CSR activities:  <a href="https://www.change-jp.com/sustainability/society/community.html#sec1">https://www.change-jp.com/sustainability/society/community.html#sec1</a></p>
<p>Policy formulation for the disclosure of information to stakeholders</p>	<p>In order to achieve sustainable growth and improve corporate value over the medium to long term, we believe it is important to promote business activities while understanding the needs of our stakeholders. Accordingly, in order to provide our stakeholders with appropriate information on the status of our activities, we disclose not only the business and other various reports, such as Securities Reports, and timely disclosure information contained in the Notice of Convocation of the General Meeting of Shareholders, but also voluntarily disclose other information that we deem necessary from the standpoint of social responsibility.</p>
<p>Others</p>	<p>&lt;Approaches to respect for human rights&gt;                  As a company responding to the expectations of its stakeholders and actively fulfilling its social responsibilities, the Group believes that one of our important social missions is to respect human rights and proactively address various human rights issues. The Group understands that the provisions of the "International Bill of Human Rights (the Universal Declaration of Human Rights and the International Covenant on Human Rights and the International Covenant on Civil and Political Rights)" and the "Fundamental Principles at Work" (the Four Fields and the 8 Conventions) of the International Labor Organization (the ILO), as well as the "Ten Principles on Human Rights, Labor Standards, the Environment and Anticorruption in the United Nations Global Compact" should be observed at a minimum. To express this recognition, we have established the "Basic Policies on Respect for Human Rights."</p>

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	<p>Basic Policy on Respect for Human Rights: <a href="https://www.change-jp.com/sustainability/society/humanrights.html#sec1">https://www.change-jp.com/sustainability/society/humanrights.html#sec1</a></p> <p>&lt;Status of diversity and female active participation&gt; For information on the active participation of our diversity and women, please refer to Principle 2-4(1), Disclosure Based on the Principles of the Corporate Governance Code.</p> <p>&lt;Systems to support diverse working styles&gt; We introduced and are still keeping a telework system for all employees since March 2020 and are currently applying this system. When introducing the telework system, we have designed a system that allows employees to choose a variety of working styles according to their own situation, such as working at the office in consideration of the difficulty of working at home due to various circumstances. In addition, we have introduced a full-fledged online contract signing system so as not to prevent diverse ways of working. In the future, we intend to further expand a variety of systems that will support a variety of ways of working in addition to the existing childcare and family care vacation systems.</p>
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#### IV. Items related to internal control system, etc.

##### 1. Basic policy and structures regarding the internal control system

The Board of Directors has already decided on a system to ensure the appropriateness of operations as set forth in the Companies Act and the Regulations for Enforcement thereof, and the details are as follows:

1. System to ensure that executions of duties by Directors and employees comply with laws and regulations and the Articles of Incorporation

A) In addition to establishing the Code of Conduct for the members of the Board and employees to comply with laws and regulations, the Articles of Incorporation, social codes, and internal rules, we also provide continuous education and dissemination activities related to the basics of compliance and information management that are essential to business operations.

B) The Compliance Committee conducts investigations into the compliance system to check whether or not there is a problem with compliance. If there is a problem, the Committee instructs improvement.

C) In addition to establishing a system for reporting suspected compliance violations, we have established the Internal Notification Rule and secured strict measures to ensure the confidentiality of callers and to prevent them from suffering from disadvantages.

D) In the event of a compliance violation, the Compliance Committee investigates the cause, prevents the occurrence of the violation, and clarifies the responsibility and take strict actions.

2. Structure and system to preserve and manage information relating to directors in the execution of their duties

We appropriately preserve and manage information relating to the execution of duties of the Director in the form of documents or electronic records in accordance with internal rules such as the Document Retention and Management Rules.

3. Rules and other system to manage risk of loss

A) With regard to the risk of loss (risk), we strive to prevent the occurrence of risks and prevent the spread of crises by responding to them in accordance with the Risk Management Rules.

B) The status of activities in each department related to risk management is reported to the Board of Directors as necessary, and the Control & Management Unit audits the effectiveness of the Risk Management System.

C) We regularly hold meetings with all employees to communicate and report on operations, to collect information, and share and unify knowledge.

4. System for ensuring efficient execution of Directors' duties

A) To ensure the effective execution of the duties of the Director, we hold the Board of Directors' meeting monthly and, if necessary, on an ad hoc basis.

B) The Board of Directors sets company-wide goals shared by Directors and employees and strives to diffuse these goals.

C) Directors make necessary decisions on the items delegated to execute business in accordance with the Rules for Segregation of Operations.

5. Structure to ensure that the operations of the Company and its affiliated companies are adequate

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A) Managers of affiliated companies monitor and oversee the execution of their board members in accordance with internal rules, such as the Affiliated Companies Management Rules.

B) Major decision-making in the business activities of subsidiaries is to be reported to the Board of Directors and be approved.

C) We regularly hold meetings with subsidiaries to share information, communicate, and unify group management policies.

D) The Internal Audit Division regularly conducts operational audits, internal control audits, etc. of subsidiaries, and reports the results to the Representative Director and the Chief Executive Officer and the Standing Auditor.

6. In cases where an Auditor requests to have employees who assist in the duties of the Auditor, matters concerning the system concerning such employees and the independence of such employees from the Directors

A) In order to improve the effectiveness of the audit by the Auditors and to ensure the smooth performance of the audit functions, when an Auditor requests the placement of an employee who should assist in his/her duties, such employee can be assigned for that purpose. These employees are selected from those who have the appropriate knowledge and skills required for audit operations after the Board of Directors consults with the Auditors.

B) These employees can concurrently be engaged in other regular positions but shall stop such regular position if request for full-time audit assignment is made by Auditors.

C) Transfers, evaluations, and disciplinary actions for these employees are determined after the approval of the Auditors.

7. System for reporting from the Directors and employees to the Auditors and other systems for reporting to the Auditors

A) The Auditor can attend the Management Committee and the Board of Directors' meetings in order to understand the status of the execution of important decision-making processes and operations.

B) The Auditor can view internal decision forms and other important documents, and if requested, relevant parties immediately submit documents and materials to the Auditors.

C) The Director immediately reports to the Auditor if there is any risk of significant damage to the Group in the course of executing his or her duties.

D) The Auditor may directly request the Directors and employees to report on important matters that may affect the business or business performance.

8. System to ensure that an employee who reported to the Auditor does not receive unfavorable treatment because of the fact that the employee submitted the report

The Group forbids unfavorable treatments against those who have reported to the Auditor and protect them from being subject to disciplinary action or other disadvantageous measures simply because they have reported to the Auditors.

9. Matters concerning procedures for advance payment or reimbursement of expenses arising from the execution of duties by the Auditor and other policies for the payment of expenses or obligations arising from the execution of such duties

In the event the Auditor requests advance payment or reimbursement of expenses incurred in the execution of his/her duties, such expenses or liabilities shall be promptly paid unless it is reasonably deemed unnecessary for the execution of the duties.

10. Other systems to ensure that Auditors efficiently conduct audits

A) When the Auditor recognizes it necessary, he or she can consult with the Representative Director and the Chief Executive Officer and ask the Internal Auditor to investigate specific issues. In addition, the Auditor can ask the Internal Auditor to cooperate for the audit at any time, as necessary.

B) The Auditors regularly exchange information with the Internal Auditor and the Accounting Auditor, and conduct efficient audits by working closely with them to exchange information and opinions on the status of the internal control system, assessments of risks, and important audit items, etc.

11. Structure for eliminating Anti-social forces

A) The Group is committed to taking an organizational action without having any relationship to Anti-social forces which threaten the order and safety of citizens and without accepting unjust demands or transactions from and with them.

B) For this reason, the Control & Management Unit has established the Anti-Social Forces Countermeasures Rules as the department responsible for Anti-social forces and has already established a system to collect information from relevant administrative agencies, etc., to maintain close contact with them and legal counsels in the event of the occurrence of such problem, and to deal with such problem in an organized manner.

C) Before starting a transaction with a new customer, we search for newspapers and journal articles using

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credit information agencies, etc. based on the "Countermeasures against Anti-social Forces" and conduct a thorough preliminary survey in addition to an independent survey via the Internet.

#### 2. Basic approach and a system to exclude Anti-social forces

We recognize that our special stakeholders, shareholders and business partners do not have any relationship with Anti-social forces.

For specific systems and measures to eliminate Anti-social forces, based on "Countermeasures against Anti-social Forces", we search the Internet before the start of a transaction for a new vendor, subcontractor, supplier, and executive, and search for articles of Nikkei Telecom. The same surveys are conducted once a year for continuing customers. The Basic Transaction Agreement, etc. includes a termination clause when any relationship with Anti-social Forces is found.

In addition, we participated in the City Center for the Exclusion of Organized Crime Organizations, conduct awareness-raising activities for employees, and collaborate with external specialized agencies such as police and legal councils.

#### V. Others

##### 1. Introduction of anti-takeover measure

Introducing the anti-takeover measure	None
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Supplementary explanation

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##### 2. Other corporate governance related matters

(1) Corporate governance structure  
Please refer to the schematic diagram (reference data).

##### (2) Timely disclosure system

We appoint the Director supervising the Administration Divisions as the manager in charge of timely disclosure.

We will strive to ensure that we will fairly disclose corporate information in a timely and appropriate manner in compliance with the Financial Instruments and Exchange Act, the Regulations on Listing of Securities, and other relevant laws and regulations.

The Director in charge of timely disclosure will collect information and disclose the information in a timely manner as long as it is the one that should be disclosed after review in accordance with the procedures.

Please refer to the outline (diagram) of the timely disclosure system below.

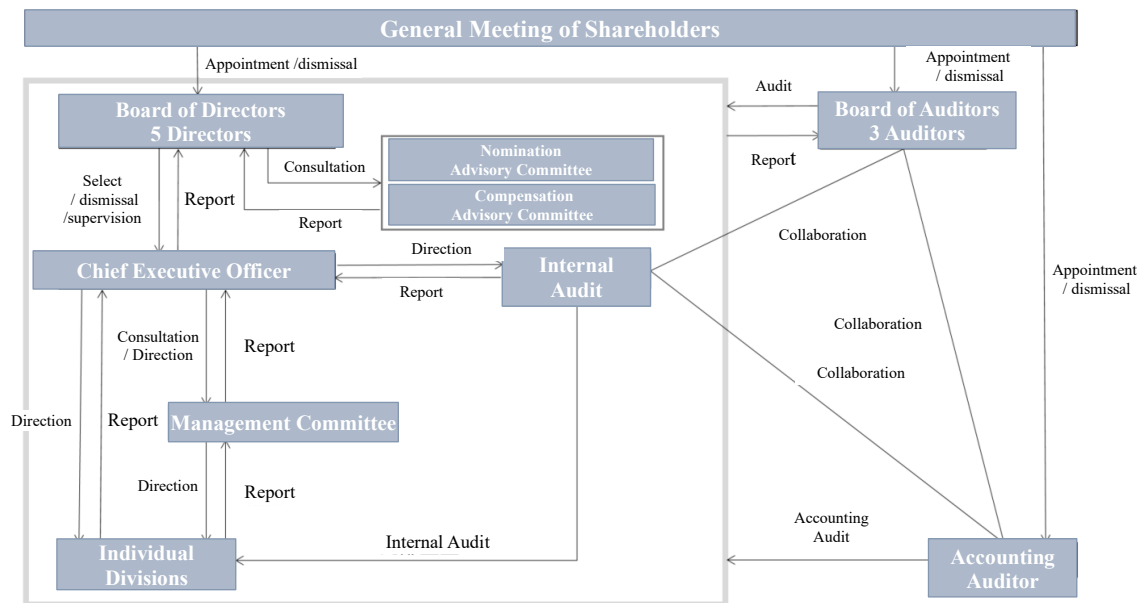
Skill Matrix Table

Name	Gender	Position	Skills									
			Management Strategy	Legal, Compliance Risk Control	Global	Finance & Accounting	IT & DX	Development of Human resources	Investment M&A	Financing	ESG Diversity	Governance
Hiroshi Fukudome	male	Representative Director and Chief Executive Officer	✓		✓		✓	✓	✓		✓	
Akira Ito	male	Director, Executive Officer and Executive Vice President	✓				✓	✓	✓			✓
Yutaka Yamada	male	Director and Executive Officer, CFO	✓	✓	✓	✓			✓	✓		
Takeshi Matsumoto	male	Outside Director, Independent Officer	✓	✓			✓	✓	✓	✓		✓
Kayo Takigawai	female	Outside Director, Independent Officer		✓					✓			✓
Takehiko Kubo	male	Standing Auditor, Independent Officer	✓	✓		✓		✓	✓	✓	✓	✓
Hiroyuki Yaji	male	Outside Auditor, Independent Officer				✓			✓	✓		✓
Ryuzo Koide	male	Outside Auditor, Independent Officer	✓	✓			✓	✓	✓			✓

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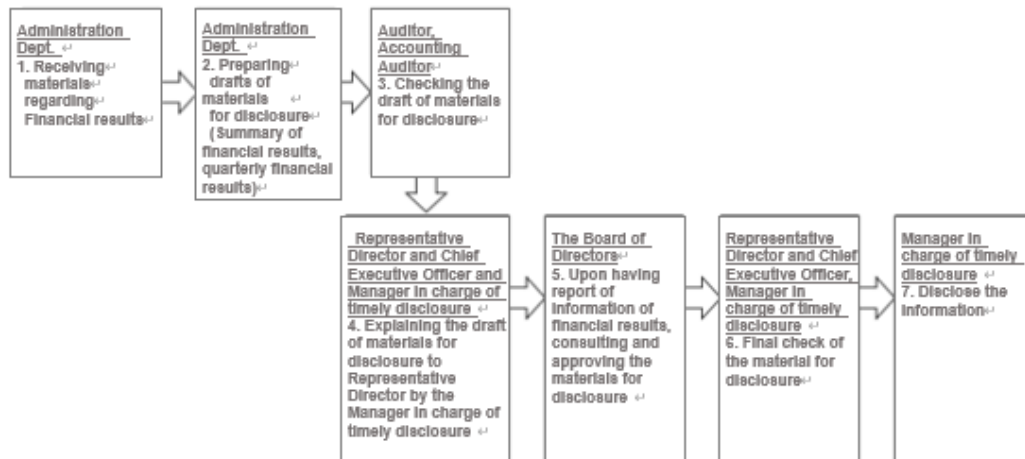
[Organization (Reference)]



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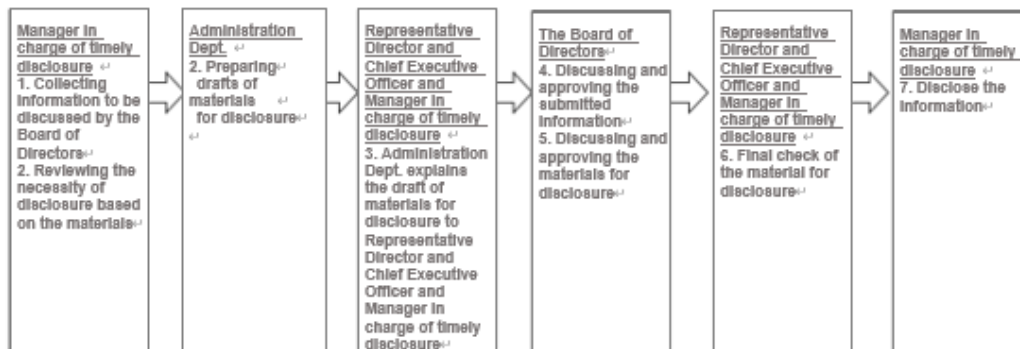
[Overview of Timely Disclosure System (Diagram)]

### Information of Financial Results



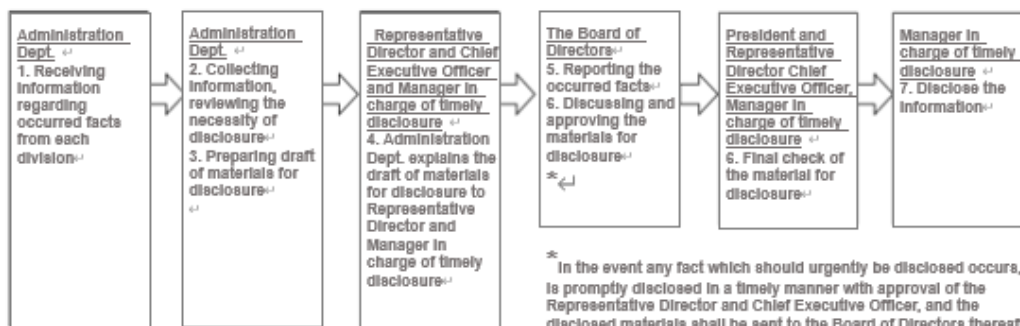
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### Decided Facts



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### Occurred Facts



\* In the event any fact which should urgently be disclosed occurs, it is promptly disclosed in a timely manner with approval of the Representative Director and Chief Executive Officer, and the disclosed materials shall be sent to the Board of Directors thereafter.

End

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