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## Corporate Governance Report

Last Update: October 27, 2022

**Visional, Inc.**

Soichiro Minami

Representative Director and CEO

Contact: +81-3-4540-6200

Securities Code: 4194

<https://www.visional.inc/>

The corporate governance of Visional, Inc. (the “Company”) is described below.

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

#### 1. Basic Views

The Company’s basic views on corporate governance is to enhance its corporate value on a long-term basis by optimizing management and creating customer value, as well as increasing transparency by proactively disclosing corporate information so as to build long-term relationships of trust with all stakeholders including our shareholders. Accordingly, the Company strives to strengthen corporate governance placing importance on the rights of shareholders and other stakeholders, responding to the social trust, and achieving sustainable growth and development.

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

The Company has fully implemented the basic principles of the Corporate Governance Code.

#### 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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#### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Soichiro Minami	16,159,000	42.13
SSBTC CLIENT OMNIBUS ACCOUNT	3,525,950	9.19
Master Trust Bank of Japan, Ltd. (Trust account)	1,835,700	4.78
YJ2 Investment Partnership	1,721,400	4.48
MSIP CLIENT SECURITIES	1,718,070	4.48
Custody Bank of Japan, Ltd. (Trust account)	1,276,900	3.32
Shin Takeuchi	920,200	2.39
MSCO CUSTOMER SECURITIES	519,481	1.35
Makoto Nagata	503,200	1.31
NORTHERN TRUST CO. (AVFC) RE UKUC UCITS CLIENTS NON LENDING 10PCT TREATY ACCOUNT	458,300	1.19

Controlling Shareholder (except for Parent Company)	-
Parent Company	N/A

Supplementary Explanation
-

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Growth
Fiscal Year-End	July
Type of Business	Information & Communication
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

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

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

### 1. Organizational Composition and Operation

Organization Form	Company with an audit and supervisory committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	13
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	CEO
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Toru Shimada	From another company											
Naoko Harima	CPA											
Tadatsugu Ishimoto	Tax Accountant											
Maiko Chihara	Lawyer											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

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

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board member

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

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

i. Executive of a company, between which and the Company's outside directors/audit & supervisory board member are mutually appointed (the director himself/herself only)

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

k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Toru Shimada		○	-	<p>(Reasons of appointment as Outside Director) Mr. Shimada has a wealth of experience and a broad range of insight in management overall and the internet service field mainly acquired through serving as a representative director of a publicly listed company. The Company judges that he is well qualified for offering advice to and supervising the management of the Company and its Group, and thus appointed him as Outside Director.</p> <p>(Reasons of designation as independent director) The Company judges that Mr. Shimada meets the criteria for independence set forth by the Tokyo Stock Exchange, and his independence and objectivity as an independent director are adequately ensured; thus designated him as an independent director.</p>
Naoko Harima	○	○	-	<p>(Reasons of appointment as Outside Director) In addition to her professional knowledge in finance and accounting as a CPA, Ms. Harima has experience in management supervision of general business corporations. The Company has appointed Ms. Harima as Outside Director with the expectation that she could draw on her knowledge and experience in monitoring the Company's management.</p> <p>(Reasons of designation as independent director) The Company judges that Ms. Harima meets the criteria for independence set forth by the Tokyo Stock Exchange, and her independence and objectivity as an independent director are adequately ensured; thus designated her as an independent director.</p>

Tadatsugu Ishimoto	○	○	-	<p>(Reasons of appointment as Outside Director)  In addition to his professional knowledge in finance as a tax accountant, Mr. Ishimoto has experience in management supervision of general business corporations. The Company has appointed Mr. Ishimoto as Outside Director with the expectation that he could draw on his knowledge and experience in monitoring the Company's management.</p> <p>(Reasons of designation as independent director)  The Company judges that Mr. Ishimoto meets the criteria for independence set forth by the Tokyo Stock Exchange, and his independence and objectivity as an independent director are adequately ensured; thus designated him as an independent director.</p>
Maiko Chihara	○	○	-	<p>(Reasons of appointment as Outside Director)  In addition to her professional insight in corporate legal risk management and compliance systems as a lawyer, Ms. Chihara has experience in management supervision of general business corporations. The Company has appointed Ms. Chihara as Outside Director with the expectation that she could draw on her knowledge and experience in monitoring the Company's management.</p> <p>(Reasons of designation as independent director)  The Company judges that Ms. Chihara meets the criteria for independence set forth by the Tokyo Stock Exchange, and her independence and objectivity as an independent director are adequately ensured; thus designated her as an independent director.</p>

**[Audit and Supervisory Committee]**

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	0	3	Outside Director

Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Not Appointed
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Reasons for adopting the current corporate structure

Auditing by the Audit and Supervisory Committee can be improved through exchanging information and cooperating with the Internal Audit Department, internal control division, etc. when necessary. Therefore, the Audit and Supervisory Committee does not appoint exclusive staff for support. The Company will consider the appointment of exclusive staff to support the Audit and Supervisory Committee if need arises.

Cooperation among Audit and Supervisory Committee, Accounting Auditor and Internal Audit Departments

The Audit and Supervisory Committee utilizes the Company's internal control system, etc., and conducts audits in close cooperation with the Internal Audit Department and others. In addition, the Internal Audit Department, Audit and Supervisory Committee Members, and the accounting auditor facilitate their mutual coordination through holding three-party meetings for the purpose of sharing information such as on audit plans, findings, areas for improvement, etc., and exchanging opinions regarding topics including whether there are any audit-related problems and issues.

**[Voluntary Establishment of Nomination/Compensation Committee]**

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Compensation Committee
Committee's Name	-	Directors' Compensation Committee
All Committee Members	-	5
Full-time Members	-	0
Internal Directors	-	1
Outside Directors	-	4
Outside Experts	-	0
Other	-	0
Chairperson	-	Internal Director

Supplementary Explanation
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The Company reinforces the independence, objectivity, and accountability of its Board of Directors' functions by securing transparency and objectivity in the process of evaluating and determining directors' compensation. With the objective of further enhancing the Group's corporate governance system, the Company established the Directors' Compensation Committee, a voluntary compensation committee, on February 3, 2020.

The Directors' Compensation Committee consists of a total of five members, comprised of the Representative Director and CEO and four Outside Directors, and is chaired by the Representative Director and CEO. Committee meetings are held as necessary upon consultation from the Board of Directors, to deliberate on matters listed below and submit recommendations to the Board of Directors:

- (1) Proposed policy for determining the compensation, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members)
- (2) Drafts for a proposal on compensation, etc. for directors (excluding Directors who are Audit and Supervisory Committee Members) to be discussed at a general meeting of shareholders
- (3) Proposed policy for determining the compensation, etc. for each of the Directors, and
- (4) Proposed details on the compensation, etc. for each of the Directors

### [Independent Directors]

Number of Independent Directors	4
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Matters relating to Independent Directors
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The Company designates all of its Outside Directors who meet the independence criteria as independent directors.

### [Incentives]

Incentive Policies for Directors	Stock Options
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Supplementary Explanation
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The Company has introduced stock options as an incentive for improving the Groups' performance and corporate value.

Recipients of Stock Options	Internal Directors / Outside Directors / Employees / Subsidiaries' Directors / Subsidiaries' Employees
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Supplementary Explanation
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Stock options are granted within the limit of the amount approved at a general meeting of shareholders, according to the respective positions and expected roles of recipients.

### [Director Compensation]

Disclosure of Individual Directors' Compensation	No Individual Disclosure
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Supplementary Explanation
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There are no Directors whose amount of compensation, etc. totals 100 million yen or more, thus no disclosure has been made for individual compensation.

The compensation for Directors is disclosed in the total amount per category.

Policy on Determining Compensation Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

Compensation, etc. for individual Directors (excluding Directors who are Audit and Supervisory Committee Members) is determined by the Board of Directors within the limit of the aggregate amount of compensation determined by resolution of a general meeting of shareholders, respecting the recommendations of the Directors' Compensation Committee, a voluntary compensation committee, submitted to the Board of Directors by taking into account the role, responsibilities and level of contribution to formulating and controlling Group-wide strategies of each Director.

Compensation for Directors who are Audit and Supervisory Committee Members is decided by the Audit and Supervisory Committee within the limit of the aggregate amount of compensation determined by resolution of a general meeting of shareholders.

**[Supporting System for Outside Directors]**

The Legal Department offers support to Outside Directors.

Prior to a Board of Directors' meeting, the department hands out materials, etc. in order to provide Outside Directors with ample time for reviewing, and also gives briefings prior to the meeting as necessary.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)**

The overview of the Company's corporate governance system is as follows:

**(Board of Directors)**

The Board of Directors of the Company consists of eight Directors (four of whom are Outside Directors) and is chaired by the Representative Director and CEO. Board of Directors' meetings are held monthly, in principle, to make decisions on the Group's management policies, management plans, annual budgets, and other important matters of each Group company. The Board of Directors also oversees business execution through examining reports on monthly budget control, monthly business performance, and other important business matters from each Group company.

**(Audit and Supervisory Committee)**

The Audit and Supervisory Committee of the Company consists of three Directors who are Audit and Supervisory Committee Members, all of which are Outside Directors. Committee meetings are held monthly, in principle, to discuss matters stipulated by laws and regulations and the articles of incorporation, as well as matters regarding important audit operations. In addition to attending Board of Directors' meetings, Full-time Audit and Supervisory Committee Member also attends important management meetings to audit and supervise the status of business execution by Directors. Furthermore, the committee works closely with the Internal Audit Department, the internal audit division, to conduct necessary audits on the status of internal control, compliance, and others.

The Audit and Supervisory Committee formulates audit policies, audit items, and audit plans, etc. and conduct statutory audits, as well as carry out audits on business execution by Directors while placing an emphasis on strengthening management supervisory functions. The committee receives periodic reports on the status of audits conducted by the accounting auditor, based on which the committee conducts audits effectively in collaboration with the Internal Audit Department.

Furthermore, full-time Audit and Supervisory Committee Members attend important meetings, liaises with the Head of the Internal Audit Department, and conducts one-on-one interviews with Directors who are not Audit and Supervisory Committee members, among other activities. They also request the executive divisions to submit reports as necessary for the purpose of collecting information on the status of the Company's



business execution, and by providing timely reports to other Audit and Supervisory Committee Members, they strive to improve the supervisory functions of the committee.

(Directors' Compensation Committee)

The Directors' Compensation Committee of the Company consists of a total of five members, comprised of the Representative Director and CEO and four Outside Directors, and is chaired by the Representative Director and CEO. The Directors' Compensation Committee submits its recommendations to the Board of Directors on the compensation of Directors (excluding those who are Audit and Supervisory Committee Members) within the limit of the aggregate amount of compensation resolved at a general meeting of shareholders by taking into account the role, responsibilities and level of contribution to formulating and controlling Group-wide strategies of each Director as necessary.

(Executive Committee / Group Executive Committee)

The Executive Committee of the Company consists of Directors (excluding Outside Directors), executive officers, and other individuals appointed by the Representative Director and CEO. Its meetings are held as needed to have a preliminary discussion on matters to be resolved at a Board of Directors' meeting and matters requiring the approval of representative directors, and to deliberate and decide other operational policies of the Company.

The Group Executive Committee consists of Directors (excluding Outside Directors), executive officers, and other individuals appointed by the Representative Director and CEO. Its meetings are held once a week, in principle, to have a preliminary discussion on matters to be resolved at a Board of Directors' meeting and matters requiring the approval of representative directors, and to deliberate and decide other operational policies of the Group.

Full-time Audit and Supervisory Committee Members attend Executive Committee meetings and Group Executive Committee meetings as observers to monitor business execution.

(Internal Audit)

The Internal Audit Department, which is under direct control of the representative directors, is responsible for the internal audit of the Company, and two staff members are appointed to perform such duties. In accordance with the Company's "Internal Audit Regulations" and an annual internal audit plan that was approved by the Representative Director and CEO, the office carries out internal audits periodically to confirm whether each of the Group companies operate their business in compliance with their respective internal rules and regulations, whether they operate their business efficiently, and whether they maintain compliance. The Head of the Internal Audit Department reports the outcome of these audits to representative directors, gives comments to improve operations and on other issues to each of the business divisions that were audited, and follows up on the status of improvement at a later date.

(Status of Accounting Audits)

The Company entered into an audit contract with Deloitte Touche Tohmatsu LLC. There are no special interests between the Company and Deloitte Touche Tohmatsu LLC or its engagement partners who are in charge of the Company's auditing.

(Liability Limitation Agreement)

Pursuant to the provision of Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with four Outside Directors (three of whom are Audit and Supervisory Committee Members) to limit their liability for damages under Article 423, Paragraph 1 of the Companies Act to the amount stipulated by laws and regulations.

### **3. Reasons for Adoption of Current Corporate Governance System**

In order to keep a good balance between making prompt management judgements and establishing a system that enables transparent, fair, speedy, and bold decision-making, the Company became a company with an audit and supervisory committee in February 2020.

In addition to appointing four Outside Directors, including three Audit and Supervisory Committee Members, the Company segregated the supervisory body that oversees management decision-making and business execution from the executing body to accelerate decision-making and ensure the function of monitoring management. The current system is considered best suited for the Company.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of Convocation of General Meeting of Shareholders	In order to ensure sufficient time for shareholders to review proposed agendas prior to exercising their voting rights, the Company strives for the early dispatch of convocation notices of general meetings of shareholders.
Scheduling AGMs Avoiding the Peak Day	Since the Company's fiscal year ends in July and the Ordinary General Meeting of Shareholders is held in October every year, we do not consider this to be a concentrated date.
Allowing Electronic Exercise of Voting Rights	The Company is able to exercise its voting rights via the Internet and other means.
Participation in Electronic Voting Platform	A platform for the electronic exercising of voting rights operated by ICJ, Inc. has been adopted.
Providing Convocation Notice in English	The English version of the Convocation Notice is posted on the Company's website at the same time as the Japanese version.

#### 2. IR Activities

	Supplementary Explanations	Briefings hosted by Representative Directors
Preparation and Publication of Disclosure Policy	Disclosed on the Company's website under a page dedicated to IR.	
Regular Investor Briefings for Individual Investors	The Company plans to hold financial result briefings and attend conferences, etc. Details are to be discussed going forward.	No
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds financial result briefings for analysts and institutional investors. The briefings are available on the Company's website under a page dedicated to IR.	Yes
Regular Investor Briefings for Overseas Investors	The Company holds financial result briefings for analysts and institutional investors with simultaneous interpretation. The presentation is available on the Company's website under a page dedicated to IR.	Yes
Posting of IR Materials on Website	Financial information, timely disclosure information, and more are available on the Company's website under a page dedicated to IR.	
Establishment of Department and/or Manager in Charge of IR	The Corporate Planning Department has staff in charge of IR.	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	<p>Pursuant to compliance regulations, the Company upholds “Visional Group Code of Conduct” as a basic policy concerning compliance. It constitutes a basic code of conduct which stipulates that all individuals engaging in operations of the Group shall comply with laws, regulations, social norms and other rules in order to practice sound and appropriate management and business execution when performing their respective duties. The Visional Group Code of Conduct stipulates detailed matters to be complied with in the relationships with each of the following stakeholders:</p> <ul style="list-style-type: none"> <li>• Society</li> <li>• Clients and business partners</li> <li>• Competitors and rights holders</li> <li>• Shareholders</li> <li>• Company</li> <li>• Employees</li> </ul> <p>The Company gains an understanding of the status of the Groups’ compliance through the Group Risk and Compliance Committee in order to mainly discuss and deliberate matters concerning the establishment and promotion of the Group’s system on compliance. The committee meets once every three months and consists of the Company’s Directors (excluding Outside Directors), Executive Officer, Head of Administration Division, and persons in charge of compliance of each Group company (Representative Director and CEO of each company) to deliberate and examine important issues concerning the Group’s compliance.</p>
Implementation of Environmental Activities, CSR Activities etc.	<p>The Company has a “Sustainability” page on our corporate website.  <a href="https://www.visional.inc/en/sustainability/sustainability.html">https://www.visional.inc/en/sustainability/sustainability.html</a></p>
Development of Policies on Information Provision to Stakeholders	<p>The Company strives to comply with the Companies Act, other relevant laws including the Financial Instruments and Exchange Act, and the regulation set forth by the Tokyo Stock Exchange, and undertakes efforts mainly to enhance its internal system and IR activities. In doing so, the Company is committed to disclosing prompt, accurate, and fair corporate information from a stakeholder’s viewpoint.</p>

## IV. Matters Related to the Internal Control System

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

At a meeting held on February 3, 2020, the Board of Directors passed a resolution concerning the establishment of the “Basic Policy on the Internal Control System” as a system to ensure the appropriateness of the Company’s business operation. Currently, the Company operates its internal control system in accordance with the said basic policy. A summary of the policy is described as follows:

1. System to ensure that directors and employees of the corporate group, which consists of the Company and its consolidated subsidiaries (the “Visional Group”), execute their duties in compliance with laws, regulations and the articles of incorporation

- (1) For the objective of operating fair corporate activities and enhancing social trust in the Visional Group, the Company shall develop and implement rules and regulations to ensure thorough compliance, and shall comply with laws, regulations articles of incorporation, rules and regulations in every aspect of performing duties.
- (2) While developing and implementing an organizational system such as the Group Compliance Committee to ensure thorough compliance, the Company shall inspect the Visional Group’s status of legal compliance periodically and take appropriate measures to address the results of the inspection.
- (3) The Company shall develop and implement an internal reporting system in an effort to early detect and correct violations of laws and regulations as well as to appropriately protect whistleblowers that report violations of laws and regulations. To prevent whistleblowers who made reports to the Company via the internal reporting system or other appropriate means from being unfairly treated for making the report, the Company shall develop and implement necessary systems such as clarifying in related rules and regulations that such treatment is prohibited.
- (4) For appropriate operations of the Board of Directors, the Company shall formulate the “Board of Directors Regulations,” based on which Board of Directors’ meetings shall be held once a month in principle to make decisions on important business executions upon sufficient deliberations. The Company shall receive reports from Directors on the status of their execution of duties appropriately.
- (5) The Company shall ensure objectivity and further improve reasonableness of determination regarding business execution by inviting Outside Directors to attend the Board of Directors’ meetings and take part in deliberation.
- (6) The Company shall establish an Internal Audit Department responsible for internal audits. The Internal Audit Department shall conduct audits independently from each division.
- (7) The Company shall develop and implement an internal control system to ensure the reliability of its financial reporting. The Company shall evaluate the effectiveness of the system annually and make corrections as necessary.
- (8) In order to eliminate any relations with anti-social forces, the Company shall stipulate the “Rules for Eliminating Anti-Social Forces,” based on which each company within the Visional Group (“Each Group Company”) develops and implements rules and regulations suitable for its own business practice and thoroughly complies with the said rules and regulations.

2. System for storage and management of information concerning the execution of duties by the Company’s Directors and staff (employees)

- (1) Information regarding the execution of duties by Directors shall be recorded as a written document or on electromagnetic media (the “Documents, etc.”), and the Company shall develop and implement rules and regulations concerning the creation and management, etc. of the Documents, etc.
- (2) The Company shall prevent unauthorized use, disclosure or leakage of corporate information. The Company shall develop and implement rules and regulations concerning proper treatment of confidential and personal information. In addition, the Company shall hold internal training sessions, etc. to have employees thoroughly comply with the said rules and regulations.
- (3) In addition to preparing materials including business reports, financial statements, and annual securities reports appropriately in accordance with the Companies Act, Financial Instruments and Exchange Act, and timely disclosure rules set forth by securities exchanges, the Company shall disclose corporate information in a timely and appropriate manner.

3. Rules and other systems concerning management of the Visional Group’s risk of loss

- (1) In order to prevent risks from arising as well as to maintain and improve a system for mitigating damages in the event of risks materializing, the Company shall establish risk management rules, based on which

- the Company performs self-inspections on the status of risk management, identifies material risks requiring priority countermeasures, and implements risk management under detailed action plans.
- (2) Policies for dealing with material risks concerning management and other important matters concerning risk management shall be reported to the Board of Directors and the Audit and Supervisory Committee.
  - (3) The Company shall promote internal control to prevent fraud, errors and losses in the course of business execution, and shall develop and implement systems and rules and regulations necessary to achieve this.
4. System to ensure the efficient execution of duties by the Company's Directors and employees
- (1) The "Organization Rules," "Rules for Administrative Authority," and "Rules for Segregation of Duties" shall stipulate details about management bodies, organization of positions, segregation of duties, and matters to be approved and approval authorities per position so that duties are executed efficiently.
  - (2) Regular meetings of the Board of Directors shall be held once a month to make decisions on important matters and oversee the status of business execution by Directors. In order to improve the efficiency of the Board of Directors' management, meetings of the Executive Committee shall be held, attended by Directors and individuals appointed by representative directors, as a system that facilitates flexible decision-making on fundamental and significant matters regarding business execution.
  - (3) In addition to setting out management plans, the Company shall develop and implement management control systems such as a budget system and a target control system.
  - (4) The Company shall build and implement an IT system that would be best suited from standpoints including proper information management, standardization and streamlining of operations, and strengthening of internal control.
5. Visional Group's system to ensure the appropriateness of business operations of the corporate group
- (1) The "Visional Group Code of Conduct" is formulated as the philosophy and standards of behavior common to Each Group Company, and the Company shall strive to inculcate and thoroughly implement it within the Group.
  - (2) The Group's management plans shall be adequately set out by the Company's Board of Directors and the Group Executive Committee. Furthermore, for the objective of appropriate decision-making on matters regarding business execution at each of the Visional Group's subsidiaries ("Each Group Subsidiary"), the Company's personnel may be dispatched as directors of the subsidiaries, and when necessary, officers and employees of Each Group Subsidiary shall attend important meeting bodies of the Company.
  - (3) Of matters regarding business execution at Each Group Subsidiary, the "Rules for Administrative Authority" stipulates those that shall be resolved by, approved by, or reported to the Board of Directors, the Executive Committee and important meeting bodies of the Company, and the rules shall be implemented appropriately.
  - (4) The "Subsidiaries and Affiliates Management Regulations" stipulate basic matters concerning Group management such as the basic roles and the authoritative system of decision-making of the Company and its affiliated companies including Each Group Subsidiary. In addition, the Company shall develop and implement rules and regulations that should apply to the entire Visional Group (the "Group Rules"), and ensure that they are shared and thoroughly complied with among Each Group Company.
6. System to ensure effective auditing by the Company's Audit and Supervisory Committee
- (1) The Company shall respect the audit plans set forth by the Audit and Supervisory Committee, and cooperate so they can perform audits smoothly and improve the audit environment.
  - (2) The Company shall adopt necessary measures to enable Audit and Supervisory Committee Members to attend important meeting bodies such as Executive Committee meetings in order for them to gain an understanding of the process of important decision-making and the status of business execution. The Company shall also develop and implement a system for Each Group Company to make appropriate reports on matters required by the Audit and Supervisory Committee Members.
  - (3) The Company shall develop and implement a system for Each Group Company to immediately report to the Audit and Supervisory Committee on issues including the occurrence of significant violations of laws, regulations and the articles of incorporation, misconduct, or activity that may potentially cause significant damage to the Company at the time of their discovery.
  - (4) Representative directors and other management executives shall meet with the Audit and Supervisory Committee Members as necessary to exchange opinions regarding matters such as the Visional Group's management issues.

- (5) The Internal Audit Department responsible for internal audits shall work in close cooperation with the Audit and Supervisory Committee such as through exchanging opinions regarding audit plans and audit results.
- (6) The Company may appoint staff to assist the duties of Audit and Supervisory Committee Members when needed, and opinions of the Audit and Supervisory Committee Members shall be respected when selecting such staff. Personnel affairs such as evaluation and transfer of such staff shall be decided through prior consultation with full-time Audit and Supervisory Committee Members in order to ensure the effectiveness of instructions given to such staff.
- (7) Pursuant to Article 399-2, Paragraph 4 of the Companies Act, any expenses or liabilities incurred through the execution of duties by the Audit and Supervisory Committee Members shall be borne appropriately by the Company upon receiving a claim from the Audit and Supervisory Committee Members.

## **2. Basic Views on Eliminating Anti-Social Forces**

### **(1) Basic policy for relations with anti-social forces**

The “Visional Group Code of Conduct,” the Group’s basic policy for compliance, primarily stipulates that the Group shall not have any relations, including business transactions, with anti-social forces in any circumstances, and shall reject unwarranted demands from anti-social forces, and never provide them with funding.

### **(2) Status of development of an internal system to eliminate anti-social forces and detailed measures**

The Group has established and implements the “Rules for Eliminating Anti-Social Forces” and “Manual for Eliminating Anti-Social Forces.” Specifically, any unwarranted demands, etc. from anti-social forces shall be consulted with external professional bodies, etc. In addition, the Company’s department in charge of the matter shall investigate to check whether or not its business partners fall under anti-social forces.

Furthermore, contracts and other documents used in transactions shall contain an anti-social forces elimination clause in order to facilitate the elimination of transactions and cancellation of contracts with anti-social forces.

**V. Other**

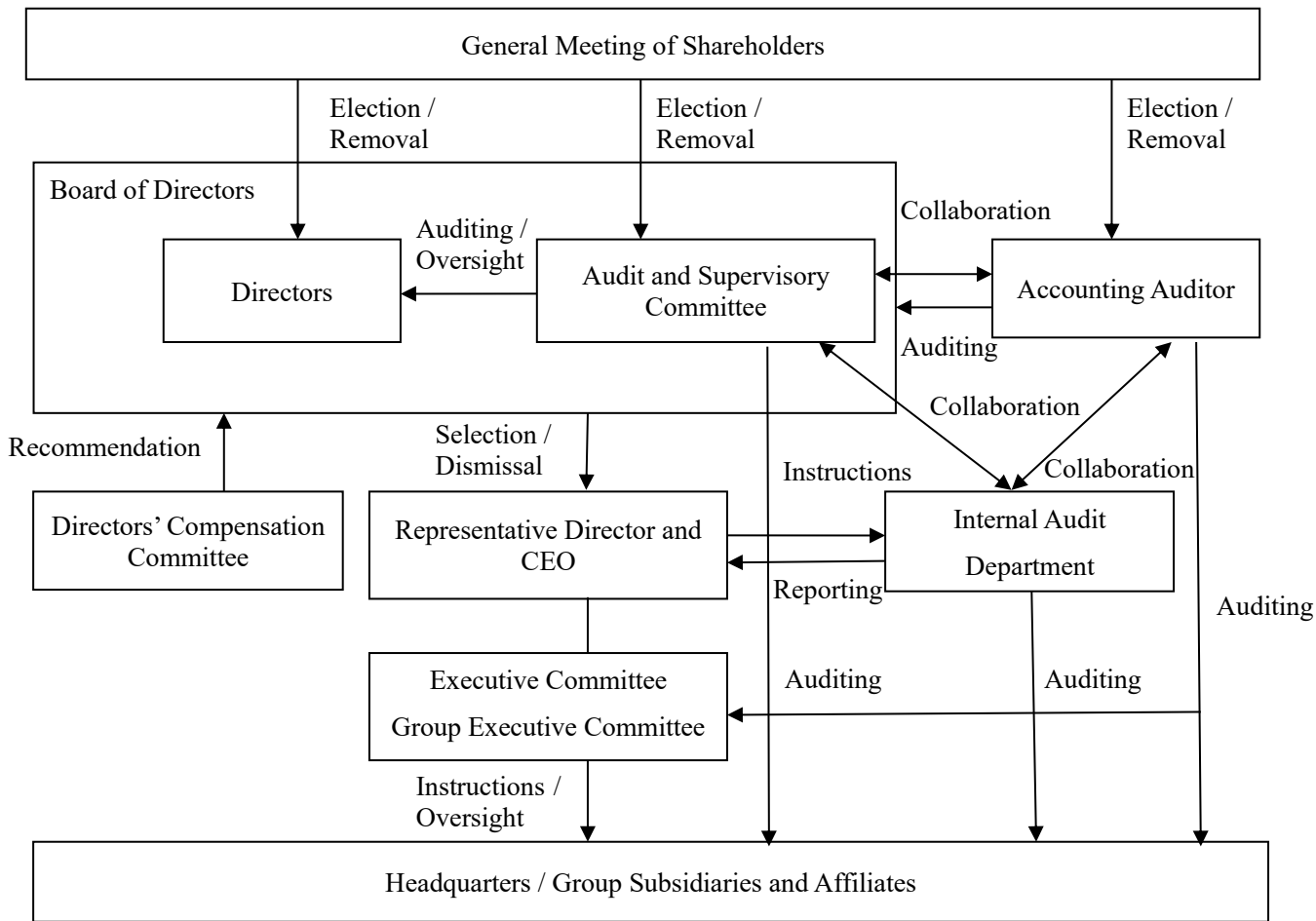
**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
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**2. Other Matters Concerning to Corporate Governance System**

Attached are the flowcharts that illustrate the Company's corporate governance system and timely disclosure procedures for reference.

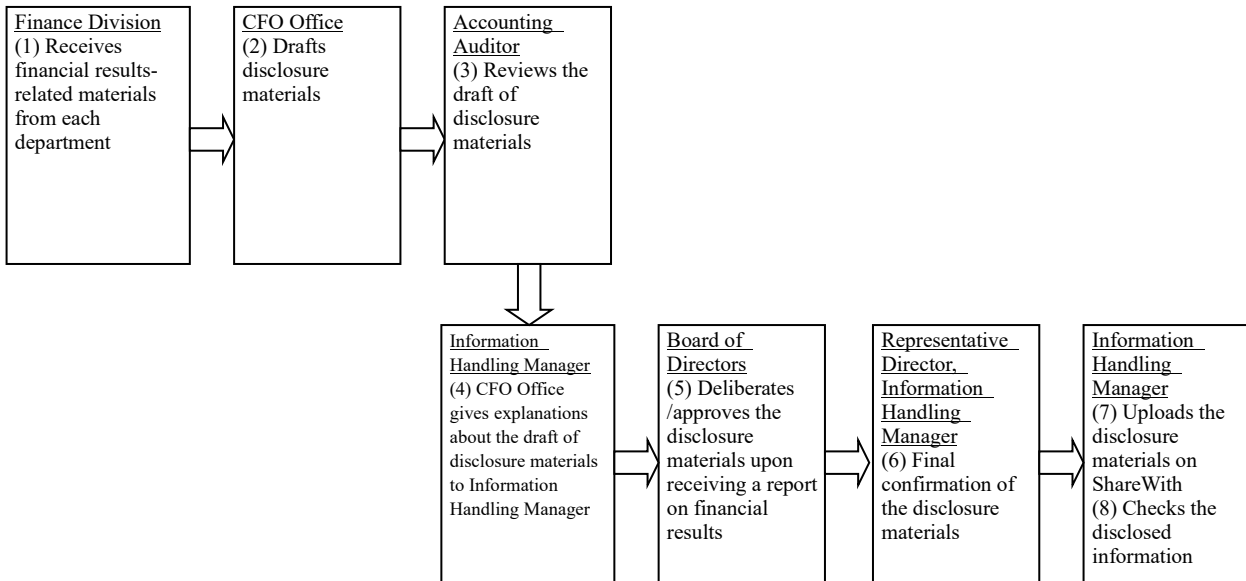
[Flow chart (for reference)]



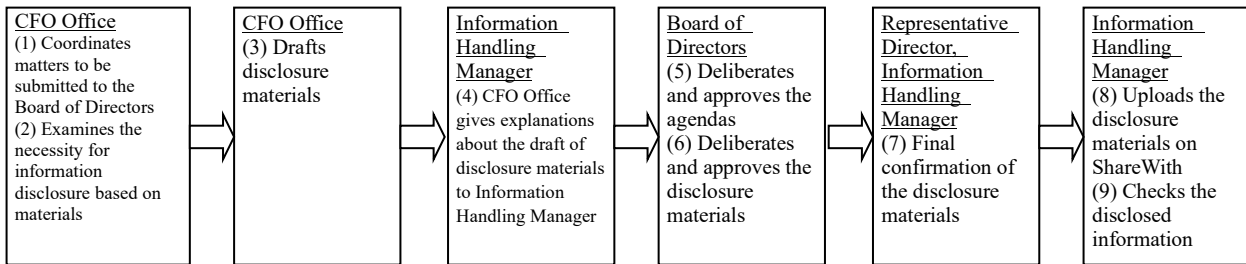


[Overview of Timely Disclosure Structure (Flowchart)]

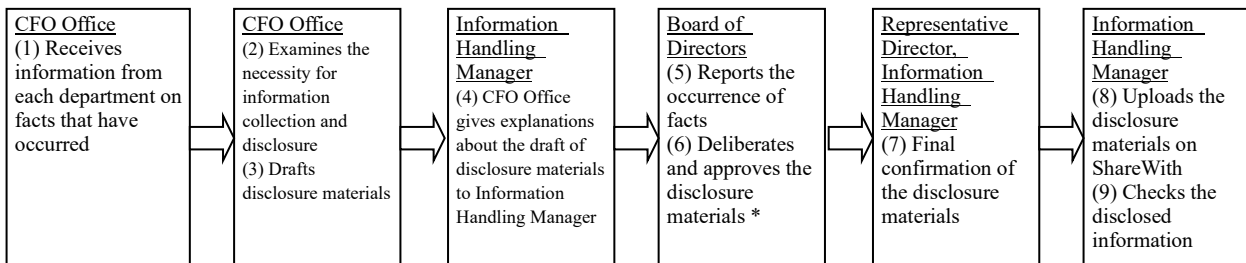
Information on financial results



Facts that were determined



Facts that occurred



\* In the event of occurrence of a fact that requires immediate disclosure, it shall be promptly disclosed with the approval of representative directors, with the disclosed materials provided to the Board of Directors.