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TechnoPro Holdings, Inc.
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Our corporate governance is as detailed below.

I Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information

1. Basic Approach

(Purpose of our Group Activities and our Corporate Governance System)

1. The purpose of our Group's business activities is to increase our corporate value and common shareholder interests through sustainable growth, which we achieve by outlining basic management policies and strategies based on our Group Corporate Philosophy that the executives and employees of all our Group companies work as one to implement. Through our success at achieving sustainable growth, we are able to contribute to industry development in Japan and overseas, and make contributions towards a more prosperous society.

2. As a holding company, we oversee strategic planning and operations management functions for the entire Group to ensure that our Group appropriately fulfills our social responsibilities. Furthermore, as a listed company, we have established a corporate governance system centered on our Board of Directors to fulfill our responsibilities to shareholders by ensuring self-discipline and accountability in relation to the management of Group operations.

(Basic Approach to Corporate Governance)

1. We always aims for the best corporate governance and strives continually to achieve it.

2. We respect the rights of our shareholders and believe the true meaning of corporate governance is to ensure fairness and transparency in decision-making and to increase the health of management. We work to enhance our corporate governance through activities grounded in the following basic approach.

(1) Relationship with shareholders

- Respect shareholder rights and ensure equality between shareholders.
- Create positive relationships and cooperate appropriately with shareholders and all our stakeholders.
- Ensure the appropriate disclosure and transparency of corporate information.
- Have constructive communication with shareholders practicing medium- to long-term investment strategies.

(2) Corporate governance system

- Adopt corporate structure employing a Board of Directors, which makes decisions over management and has supervisory and monitoring authority over business execution, and an Audit & Supervisory Board comprising auditors, which oversees audit functions.
- Adopt an executive officer system that allocates executive authority and responsibility over daily operations to executive officers to enable dynamic and efficient business management.
- Establish and utilize a Nomination and Compensation Committee to further enhance governance functions by ensuring the appropriate involvement of and receipt of advice from outside directors/audit & supervisory board members regarding matters such as executive appointments and compensation.
- Establish an Independent Executive Committee comprised of pre-designated, independent outside directors/audit & supervisory board members who will meet regularly to deliberate on motions to be presented to the Board and the Audit & Supervisory Board.
- Enhance system of internal controls for the purpose of ensuring the reliability of financial reporting.

Our Group's basic approach to corporate governance is outlined in the TechnoPro Group’s "Corporate Governance Guidelines", which can be reviewed on our website.
(https://www.technoproholdings.com/en/ir/governance/corporate_governance.html)

[Reasons for not implementing the principles of the Corporate Governance Code]

Our policy is to implement all the principles of the Corporate Governance Code.

[Disclosure in accordance with the principles of the Corporate Governance Code]

[Principle 1-4 Interlocking Shareholding]

The TechnoPro Group’s basic policy is to not engage in pure investments. Investments in companies other than consolidated subsidiaries, including cross-shareholdings, are limited to the purposes of creating business opportunities and building and reinforcing collaborative relationships. The Group engages in such investments in accordance with the following policy.

(1) Investment decisions

- Decisions on new investments are based on their contribution to increases in the TechnoPro Group’s corporate value, for the purpose of holding and from the perspective of medium- to long-term economic rationality.

(2) Monitoring

- During the period in which it holds investments, the Group shall conduct periodic assessments with respect to whether the purpose of holding is being met, as well as the rationality and necessity of holding the investments from multiple perspectives, such as changes in

economic advantages and disadvantages (benefits and risks) observed after acquisition, mainly factoring in capital costs. Based on these assessments, the Group shall examine annually whether or not it is appropriate to continue holding investments at meetings of the Board of Directors. In particular, if the Board decides to continue with cross-shareholding for a listed stock, the Company shall disclose the results of relevant examinations in a timely fashion.

(3) Exercise of voting rights

- In exercising its voting rights, in principle the Group decides whether to vote for or against proposals based on whether such proposals are in line with the Group's investment purposes and whether they enhance the corporate value of the investee, rather than abstaining from voting or giving the investee carte blanche.

(4) Ensuring reasonable transactions with owners of cross-held shares

- The Company shall periodically shall examine the terms and conditions for transactions with shareholders that own the Company's stock for strategical reasons (owners of cross-held shares), based on economic rationale, and strive to secure mutual profits for the Company and shareholders. Revisions to the terms and conditions shall not be implemented for purposes such as an act of preventing the owners of cross-held shares from selling the Company's stock.

[Principle 1-7 Related Party Transactions]

To protect shareholder interests, we work to prevent Group executives and employees from using their position to conduct transactions that are counter to the interests of the Group and our shareholders.
The Board of Directors ensures the timely and accurate disclosure of information and conducts the appropriate management of potential conflicts of interest between the Company and related parties, including supervisory and management personnel, and majority shareholders. Furthermore, company directors shall not pursue self- or third-party interests that are contrary to the interests of the Group. Even when not intentional, a director may not conduct conflict-of-interest transactions or competing transactions without the approval of the Board of Directors.
Specifically, the following procedures are outlined in and managed in accordance with "Related Party Transaction Management Regulations".

(1) Prior Confirmation of Related Parties

- Require that Group directors, audit & supervisory board members, and executive officers submit information related to any personal conflicts of interest (at time of appointment and in the event of any changes)
- Maintenance of a related party list based on submitted information

(2) Confirmation of Interests, Determination of Importance, and Approval Prior to Transaction

- Confirmation of applicability to related-party transactions based on an investigation of the contract party (vendor investigation) and by cross-referencing against the above credibility list when conducting new transactions with a purchaser
- Determination of importance of recognized related-party transactions by the Accounting Department Manager
- Approval by Board of Directors of relevant company for related-party transactions deemed to be important

(3) Director Letter of Confirmation Submission Requirement

- Require that directors submit a letter of confirmation during financial accounting

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

The Company and its major subsidiaries do not have a corporate pension fund set forth in the Corporate Governance Code. Instead, the Group has introduced a defined contribution corporate pension plan to achieve mitigation of financial risk in the future and balanced financial position, while also assisting stable asset building by employees in line with their life planning.

[Principle 3-1 Enhancement of Information Disclosure]

<Management Philosophy>

The Company has established and published the following management philosophy. Through the realization of this philosophy, we aim to achieve sustainable growth, improve corporate value, and increase long-term common interests of our shareholders. At the same time, we aim to achieve ideal corporate governance in order to promote long-term stock retention by our shareholders.

(Group Corporate Philosophy "The TechnoPro Group Vision")
(1) We help engineers find and follow their dreams.
(2) We are a group of highly specialized engineers, helping our global customers achieve their goals in research, development, and design.
(3) We provide engineers an opportunity to work in many fields, helping build strong and flexible industries capable of responding to ongoing market changes.

<Medium-Term Business Plan>

We, with an accurate understanding of its capital costs, draft and disclose a medium-term business plan and other important management strategies, including our basic policies related to profit plans and capital strategy as well as goals related to profitability and capital efficiency, to provide a plain, clear, and logical explanation to shareholders regarding our specific policies on the distribution of management resources and the steps necessary to achieve our goals.
We outlined "Strategic framework for long-term value creation - Sustainable Growth for a Bright Future-," our Group medium-term business plan for the period through the fiscal year ending June 2022. This plan is published on our company website (https://www.technoproholdings.com/en/ir/management/plan.html).

<Basic Approach to and Basic Policies Concerning Corporate Governance>

Our basic approach to and basic policies concerning corporate governance are outlined in this report under "I. Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information - 1. Basic Approach."

<Policies and Procedures for Decisions on Management Level/Director Compensation by the Board of Directors>

The Board of Directors has the Nomination and Compensation Committee, an advisory organ on nominations and compensations for the Group Directors, Audit & Supervisory Board Members and Executive Officers, for which the majority would consist of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members, as a way to strengthen objectivity and accountability

regarding decisions made on nominations and remunerations for the Group executives. Matters related to the Nomination and Compensation Committee is prescribed in the “Regulations for Nomination and Compensation Committee” which requires a resolution by the Board of Directors for changes. Furthermore, the president (chairperson) of the Nomination and Compensation Committee shall be selected from Committee members who are Independent Outside Directors or Independent Outside Audit & Supervisory Board Members.
Details are indicated in this report under "II. Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision 1. Matters Concerning institutional structure, group management, etc. [Related to director compensation] Details of disclosure concerning compensation amounts and policies on determining calculation methods".

<Policies and Procedures for when the Board of Directors will appoint or remove Senior Management Members and Nominate Director/Audit & Supervisory Board Member Candidates>

(1) Nomination Policy

Our "Selection Standards and Appointment and Dismissal Procedures for Directors and Audit & Supervisory Board Members" require for the nomination of all directors and audit & supervisory board members (applies to all candidates for both positions) that candidates fulfill all requirements as stipulated by law and as outlined in our Articles of Incorporation, that candidates do not apply to circumstances for removal from consideration as outlined in the "Executive Regulations", and that candidates are not currently nor at any point in the past have ever been involved with an antisocial force. Additionally, it is assumed that candidates fulfill the following requirements.

- Of superior character, knowledge, and insight, law-abiding and of high moral character
- Capacity to make objective decisions, observant, and insightful

Furthermore, during the Nomination of outside directors and outside audit & supervisory board members, specific requirements outlined in addition to the above include:

- Has advanced insight, vast practical experience, and leadership experience in a field such as business management, internal controls, legal compliance, finance, accounting, law, government, risk management, education, etc.
- Ability to have a comprehensive understanding of our Group, ability to ascertain essential issues and risks facing the Group, ability to contribute to frank, proactive, constructive deliberations at Board of Directors meetings, etc.

Furthermore, requirements for each position/role are outlined below.

- Outside director: Able to provide advice and support towards objective management supervision and decisions from a practical perspective as well as towards the sustainable growth of the company based on vast experience in business management or a specialized field
- Company director (directors other than outside directors): Expert in industry trends and relevant regulations affecting the Group as well as with the Group's business model, has vast experience in respective field of expertise. Possesses organization management skills and able to execute business from a company-wide perspective
- Outside audit & supervisory board member: As a position selected for the purpose of further increasing the neutrality and independence of the audit system, outside audit & supervisory board members must be able to express audit opinions objectively from a neutral standpoint.
- Company audit & supervisory board members (other than outside audit & supervisory board members): Expert in Group organization, business, and administrative processes, able to appropriately gather information internally to conduct highly effective internal audits.

(2) Procedures

The Board of Directors takes the above requirements into consideration and consults with the Nomination and Compensation Committee to deliberate on and recommend candidates, after which the nomination of director/audit & supervisory board member candidates is made. If any Director or Audit & Supervisory Board Member does not meet the abovementioned qualifications during his/her term, or is considered to engage in any misconduct or conduct that damages the Company’s credibility, or is judged ineligible to be a Director or Audit & Supervisory Board Member, the Company shall take prescribed measures, including dismissal according to laws and regulations. A proposal for the dismissal of a Director shall be determined by the Board of Directors through deliberation of the Nomination and Compensation Committee.

[Supplementary Principle 4-1(1) Scope of Delegating Authority to Management]

(1) Roles and Responsibilities of the Board of Directors

In light of the responsibilities and accountability as the shareholders’ trustee, the Board of Directors is responsible for the Groups’ sustainable growth and for continuous improvements to medium- to long-term corporate value and common shareholder interests. The Board of Directors aims to fulfill these responsibilities by creating an ideal corporate governance structure to support the realization of our Corporate Philosophy and serves in a supervisory role for all business activities to ensure fairness and transparency while also conducting ideal decision-making, including making decisions on a basic management policy and other vital matters, evaluating major risks and drafting response measures, nominating senior management personnel and deciding on compensation. Furthermore, the Board of Directors shall include a medium-term management plan and fiscal budget in the basic management policy and focus on conducting strategic and constructive deliberations related to specific management strategies and policies aimed achieving said plans and targets. In the event that the company fails to achieve the goals outlined in a medium-term business plan or fiscal budget, the Board of Directors shall sufficiently analyze and validate said factors, provide an explanation to shareholders, and take appropriate measures to reflect those results into plans for the upcoming fiscal year. The Board of Directors supervises the implementation of timely, accurate information disclosure and conducts the appropriate management of potential conflicts of interest between the Company and related parties, including supervisory and management personnel, and majority shareholders.

(2) Scope of Delegating Authority to Management

The Board of Directors shall ensure Group's agility to execute business operations and shall ensure sufficient deliberation time at Board of Directors’ meetings for important matters. Furthermore, to strengthen supervisory functions for general operations, excluding matters stipulated by the Companies Act, relevant laws, or the Articles of Incorporation, matters entrusted to the Board of Directors via a resolution by the General Meeting of Shareholders, and matters outlined above in (1) Roles and Responsibilities of the Board of Directors, the Board of Directors may defer matters related to operating decisions to executive directors and executive officers. The Board of Directors shall establish appropriate internal controls and a risk management system within the Group to ensure the practicality of the decision-making process for entrusted matters.

[Supplementary Principle 4-3(2), 4-3(3) Standards and Procedures for Appointment and Dismissal of CEO and Succession Plans]

The Board of Directors shall formulate the “Standards and Procedures for Appointment and Dismissal of CEO” described below as part of succession plans for the Company’s chief executive officer (CEO). Based on an understanding that the appointment and dismissal of a CEO to be the most important strategic decision from the perspective of the Company's sustainable growth and enhancement of corporate value on a medium- to long-term basis, the Company utilizes “Standards and Procedures for Appointment and Dismissal of CEO” in order to select the most appropriate person as CEO, whether internally or externally, and establish procedures for objective, timely and transparent appointments and dismissals. The Board of Directors shall also continuously supervise succession plans for chief executive officers.

1. Appointment Standards for CEO

The Company has established the “Core requirements” for a CEO, in particular, as the appointment standards for a CEO, based on the prerequisite that the relevant CEO shall meet the requirements (“‘prerequisites’ for All Directors and Audit & Supervisory Board Members” and “requirements for Inside Directors in particular” in the Selection Standards for Directors and Audit & Supervisory Board Member.

(Core requirements for a CEO)

- Presence in terms of dignity and quality as the highest ranking member of the top management.
- Absence of any health problem mentally or physically.
- Excellent exercise of leadership.
- Excellent capability of responding to change.
- Ability to make reasonable decisions and willingness to take responsibility for decisions made.
- Willingness to develop human resources and promote talented people proactively.
- Ability to undertake management from a global perspective.
- Possibility of exercising excellent management ability based on a great deal of experience and achievements in the management of a previous company or companies (if a CEO is selected from external qualified candidates).

2. Appointment Procedures for a CEO

- The Nomination and Compensation Committee, the majority of which consists of Independent Outside Directors and Independent Outside Audit & Supervisory Board Members of the Company, shall submit a proposal to the Board of Directors after selecting the CEO candidate.
- If a CEO candidate is selected internally, the Nomination and Compensation Committee shall select such candidate from among internal qualitied candidates through deliberations, including the implementation of individual interviews as necessary, while simultaneously taking into consideration overall evaluations from the perspective of the requirements in the abovementioned 1 and attendance in training programs based on plans for the development of human resources, among other factors.
- If no candidate is available internally, the Nomination and Compensation Committee shall select a CEO candidate externally from among qualified candidates.
- The Board of Directors shall conduct deliberations on a candidate submitted by the Nomination and Compensation Committee and determine the next CEO. In doing so, the chairperson of the Nomination and Compensation Committee shall provide a detailed explanation on the selection, including reasons for choosing the relevant candidate (if a CEO is selected from among external candidates, reasons for such selection shall be presented).
- The Nomination and Compensation Committee shall determine a tentative successor in an emergency plan by September 30 of every year in the case of an unexpected incident occurring to a CEO, subject to deliberations based on the evaluation of such a successor by members of the Nomination and Compensation Committee. The selection (cancellation and replacement) of a tentative successor is implemented every year.

3. Dismissal Standards for a CEO

The Company has established “Underperformance” and “Applicable factors that make a CEO unsuitable to assume the highest ranking management position” as dismissal standards for CEO.

(1) (Underperformance)

- The Group remains unprofitable for three consecutive years in terms of consolidated operating income.

(2) (Applicable factors that make a CEO unsuitable to assume the highest ranking management position.)

- If the CEO’s health conditions are too poor to discharge his/her duties as a CEO.
- If any matter that applies mutatis mutandis as reason for the disqualification of Directors specified in Article 331 of the Companies Act.
- If the Company’s credibility is considered to be damaged and the smooth operation of businesses is affected due to the CEO’s behavior or words, findings of any misconduct/occurrence of losses and damages for which the CEO should be responsible, or other factors.

4. Dismissal Procedures for CEO

- Deliberations and necessary surveys pertaining to the applicability or non-applicability of factors in the abovementioned 3. (2) shall be made through meetings held by Independent Officers comprising all Independent Outside Directors and Independent Audit & Supervisory Board Members of the Company. If the dismissal of CEO is decided to be appropriate at a meeting of Independent Officers, the chairperson (chief Independent Outside Director) shall submit a proposal for the dismissal of CEO to the Board of Directors.
- If the requirement in the abovementioned 3. (1) or any fact considered to be reason for dismissal without the need for deliberation by a meeting of Independent Officers is identified, the Board of Directors shall resolve to dismiss the CEO unconditionally.

[Principle 4-9 Independence Standards and Qualifications for Independent Outside Directors/Audit & Supervisory Board Members]

For a summary of TechnoPro “Independence Standards for Outside Directors/Audit & supervisory board members” refers to “II. Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision – 1. Matters Concerning institutional structure, group management, etc. [Related to independent directors] Other matters related to independent directors.”

[Supplementary Principle 4-11(1) Policy and Procedures Concerning Nomination of Directors]
Our policy and procedures concerning the Nomination of directors is outlined in “I. Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes, and other Basic Information – 1. Basic Approach [Disclosure in accordance with the principles of the Corporate Governance Code] [Principle 3-1 Enhancement of Information Disclosure] <Policies and Procedures for when the Board of Directors will appoint or remove Senior Management Members and Nominate Director/Audit & Supervisory Board Member Candidates>.”

[Supplementary Principle 4-11(2) Status of Directors/Audit & Supervisory Board Members with Managerial Duties at other companies]
Our policy on directors/audit & supervisory board members with managerial duties at other companies is as outlined below.

- As directors/audit & supervisory board members are required to provide the time and labor necessary to fulfill their roles and responsibilities appropriately, it is preferable that directors/audit & supervisory board members do not simultaneously serve as executives (director, audit & supervisory board members, executive officer) of more than three listed companies in addition to their role at TechnoPro.
- When a director or Audit & Supervisory Board Member receives a request from another company or organization to serve in an executive position, regardless of whether or not said company is listed, the director must provide notification to the Board of Directors.
- Regular reports should be issued to the Board of Directors regarding the status of directors/audit & supervisory board members with managerial duties at other companies.

Furthermore, each year we provide disclosure on director/audit & supervisory board member candidates as well as the status of directors and managers with important managerial duties via Convocation Notice of Annual General Meeting of Shareholders reference materials, business reports, and other disclosure documents.

[Supplementary Principle 4-11(3) Analyzing and Evaluating Overall Efficacy of the Board of Directors]
Each year, directors conduct a self-evaluation to assess whether or not the Board of Directors is conducting operations in accordance with the “TechnoPro Group Corporate Governance Guidelines.” The results of this assessment are submitted to the Board of Directors. Our policy requires that, each year, the Board of Directors uses the self-evaluation conducted by each director to perform an analysis and evaluation concerning the overall efficacy of the Board of Directors and provides appropriate disclosure of a summary of said results. Through this process, we work to maintain and continuously improve the efficacy of our corporate governance.
We began this efficacy analysis and evaluation process in the fiscal year ended June 2016 and provide summary disclosure for said results in this report.
A summary of the efficacy analysis and evaluation for the Board of Directors for the fiscal year ended June 2019 is as detailed below.

1. Methodology and Process of the Analysis and Evaluation
Analysis and evaluation methods are as follows.

○ Evaluation method
Self-evaluation questionnaire (registered form)

○ Evaluators
All Directors and Audit & Supervisory board members

○ Questionnaire Items Evaluated (Major topics)
(1) Size and composition of the board of directors
(2) Operation of board of director meetings
(3) Information and support provided to outside directors and/or outside Audit & Supervisory board members
(4) Board member roles and responsibilities
(5) Relationships with shareholders, investors, and other stakeholders
(6) Individual contributions (as director and/or Audit & Supervisory board member)
(7) Nomination and Compensation Committee operations

○ Collection of opinions and proposals
The questionnaire included standard evaluation topics, as well as space requesting comments related to board strengths and areas for improvement. The directors and members of the Audit & Supervisory Board were also asked to provide candid opinions and suggestions.

○ Analysis method
Based upon the results of the self-evaluation questionnaire, discussions are held in the Meeting of the Board of Directors, with its effectiveness confirmed at issues identified.

Prior to the start of evaluation for the fiscal year ended June 2019, the board again discussed the need to revise methods for analysis and evaluation at the regular meeting of the board held in April 2019. As a result of this, the contents of the “Corporate Governance Code” revised in June 2018 were reflected in the self-evaluation questionnaire that has been used in the past, with a decision made to change or add some of the question items.

After evaluations by all directors (including outside directors) and Audit & Supervisory board members, the board of directors received a report of the results of the self-assessment at a regular meeting of the board held July 2019. Members analyzed the results of the evaluation and discussed issues recognized. At the same time, members engaged in lively and constructive discussions of future initiatives to ensure greater board effectiveness.

2. Analysis and Evaluation Results
As a result of the evaluation and analysis in 1., above, the TechnoPro Holdings board of directors has concluded that the board performs its roles and responsibilities appropriately and effectively overall. The board identified the following particular strengths that should be continued.

<Particular Strengths>
(1) Through appropriate conduct of board meetings, the board chair has continued to foster an atmosphere in participants can express

themselves freely from their own professional viewpoints.
(2) A continuing high level of organization, including the Independent Executive Committee, the selection of lead independent outside director, the establishment of the Nomination and Compensation Committee, the appointment of supporting staff for Audit & Supervisor board members, etc.
(3) In formulating the annual budget, the board works in good faith through discussions to execute its required roles and responsibilities in deliberations right from the policy formulation stage.

Progress and improvements related to issues identified in the prior year's evaluation (fiscal year ended June 2018) are as described below (Furthermore, for reference the following table shows items that have advanced and improved up until that point).

<Progress and Improvements during the Fiscal Year Ended June 2019>
(1) After repeated deliberations by the Nomination and Compensation Committee, and discussions by the board of directors, the "Standards and Procedures for Appointment and Dismissal of CEO" were decided upon.
(2) Carried out more in-depth discussions and sharing of important company issues, strategies, and measures including necessary efforts for work style reform in Japan and improvements to our employee satisfaction, global business strategies as a group, and projects to promote business process innovation.
(3) Started reporting on performance of acquired subsidiaries and investees as well as progress of post merger integration, and discussions into the usage of cost of capital as KPI in terms of investment standards and business management.

The following issues represented areas in which the board recognizes room for improvement and/or need for greater efforts to improve board of director effectiveness.

<Issues to Address>
(1) Appropriate monitoring by the board of directors through reporting to not only the Nomination and Compensation Committee but also the board of directors as regards the progress of succession plans for the chief executive officer
(2) Reporting semiannually to the board of directors regarding not only the main operating company, but also on the business status and challenges of other subsidiary companies, acquired companies, and investees
(3) From the perspective of ensuring the balance and diversity of the board of directors and of the audit & supervisory board as a whole, studying the formulation and utilization of a "skill matrix" for members of the board of directors and audit & supervisory board
(4) Continue to consider and improve the timing of providing prior explanations of the agenda and advance sending of materials to outside directors and outside audit & supervisory board members, and variations in management by the board of directors in accordance with content of the agenda

3. Future Initiatives
In the context of this Analysis and Evaluation of the Effectiveness of the Board of Directors, the TechnoPro Holdings board of directors will strive for greater board effectiveness, aiming for best practices in corporate governance and further growth in corporate value by reviewing and reporting in a focused way to Section 2., Issues to Address, above.

[Supplementary Principle 4-14(2) Training Policy for Directors/Audit & Supervisory Board Members]
We outline a basic policy to ensure directors/audit & supervisory board members fulfill their legal responsibilities and the duties entrusted by shareholders. This policy is as outlined below.

1. Newly appointed directors/audit & supervisory board members are provided explanations concerning Group matters within approximately two months of appointment.
2. Depending on the experience and knowledge of the newly appointed director/audit & supervisory board member, the company will provide training opportunities related to finance, accounting, corporate finance, laws related to the Companies Act, corporate governance, corporate compliance, etc., and will provide support for expenses related to said training.
3. In particular, persons who are promoted from within the company to the position of director will be provided training opportunities to develop their skills and qualifications. Training will focus on building more advanced business management conceptualization, leadership, and implementation skills from the perspective of company-wide and Group-wide management, medium- to long-term planning, and strategic planning. Furthermore, the company will provide support for expenses related to training.
4. Additionally, the company will provide appropriate training opportunities during the term of appointment for the director/audit & supervisory board member to constantly update the knowledge used in his/her respective role. Furthermore, the company will provide support for expenses related to training.

[Principle 5-1 Policy Concerning Constructive Communication with Shareholders]
In addition to the General Meeting of Shareholders, we conduct constructive communication with shareholders to the extent and via means deemed appropriate. We outline the following as a basic policy concerning system and initiatives to promote constructive communication with shareholders.

- The Managing Director and CFO is in charge of communication with shareholders.
- Communication with shareholders is handled by the Communication and IR Department, which is overseen by the Managing Director and CFO and conducts appropriate information sharing with the Management Planning Department, Accounting Department, General Affairs Department, and other related departments prior to communicating with shareholders.
- Hold regular investor conferences to a reasonable extent as a way to enhance communication with shareholders.
- Opinions, etc. received during communication with shareholders should be reported appropriately to directors, etc.
- Ensure appropriate management of insider information during communication with shareholders.

We have outlined a "Disclosure Policy" that encompasses our basic approach concerning IR activities and information disclosure and the framework of our information disclosure controls. This information is available on our website via the following URL.
(https://www.technoproholdings.com/en/ir/management/disclosure_policy.html)

For details on our IR activities, etc., refer to "III. Status of Policies Concerning Shareholders and other Parties with Interests – 2. Status of IR Activities."

2. Capital Structure

Percentage of foreign-held stock	30% or more

[Status of major shareholders]

Name or title	Number of retained shares	Percentage (%)
SSBTC CLIENT OMNIBUS ACCOUNT	2,833,953	7.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	2,186,000	6.02
Japan Trustee Services Bank, Ltd. (Trust Account)	2,095,000	5.77
STATE STREET BANK AND TRUST COMPANY 505001	999,201	2.75
CITIBANK, N.A.-NY, AS DEPOSITARY BANK FOR DEPOSITARY SHARE HOLDERS	929,843	2.56
BBH FOR MATTHEWS JAPAN FUND	928,500	2.55
Mizuho Securities Co., Ltd.	879,100	2.42
GOLDMAN, SACHS & CO. REG	846,353	2.33
BNYM AS AGT/CLTS NON TREATY JASDEC	814,770	2.24
THE BANK OF NEW YORK MELON 140044	807,323	2.22

Controlling shareholders (excluding parent company)	———
Parent company	None

Supplemental information

- The abovementioned status of major shareholders is indicated based on the shareholder ledger as of the end of June 2019.
- The revised Report on Large-Volume Shareholders provided for public record dated June 21, 2019 indicates that five-company partnership of Capital Research and Management Company, Capital Guardian Trust Company, Capital International K.K., Capital International, Inc. and Capital International Sarl holds 2,776,600 (7.65%) of our shares as of June 14, 2019, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of end of June 2019.
- The Report on Large-Volume Shareholders provided for public record dated June 21, 2019 indicates that the two-company partnership of Mizuho Securities Co., Ltd. and Asset Management One Co., Ltd. holds 2,371,200 (6.53%) of our shares as of June 14, 2019, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of end of June 2019.
- The Report on Large-Volume Shareholders provided for public record dated July 4, 2019 indicates that the two-company partnership of Sumitomo Mitsui Trust Asset Management Co., Ltd. and Nikko Asset Management Co., Ltd. holds 1,847,100 (5.09%) of our shares as of June 28, 2019, but we do not include this information in the abovementioned list of major shareholders as we were unable to confirm their actual number of shares held as of end of June 2019.

3. Corporate Attributes

Listed exchange and market segment	Tokyo Stock Exchange, First Section
End of fiscal year	June
Industry type	Service industry
Number of employees (consolidated) as of the end of the most recent fiscal year	1000 or more
Net sales (consolidated) during the most recent fiscal year	From 100 billion yen to less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the most recent fiscal year	From 10 companies to less than 50

4. **Guidelines concerning Measures to Protect Minority Shareholders during Transactions with Controlling Shareholders**

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5. **Other Special Matters with Potential to Greatly Impact Corporate Governance**

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II Status of Business Management Body and other Corporate Governance Systems for Managerial Decision-Making, Execution, and Supervision

1. Matters concerning Institutional Structure, Group Management, etc.

Organization format	Company with audit & supervisory board

[Related to directors]

Number of directors as outlined in Articles of Incorporation	20
Term of directors as outlined in Articles of Incorporation	1 year
Board of Directors chairperson	President
Number of directors	8
Status of appointment of outside directors	Appointed
Number of outside directors	3
Number designated as independent directors among outside directors	3

Relationship with company (1)

Name	Attributes	Relationship with company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Tsunehiro Watabe	Person from other companies											
Kazuhiko Yamada	Attorney											
Harumi Sakamoto	Person from other companies											

* Answer choices regarding relationship with company
* Select "○" if "current/recently" applies to the person for any of the categories, select "△" if "in the past" applies.
* Select "●" if "current/recently" applies to a family member for any of the categories, select "▲" if "in the past" applies.

a. Executive officer of a listed company or other subsidiary
b. Executive officer or non-executive director of the parent company of a listed company
c. Executive officer of the sibling company of a listed company
d. A person conducting major transactions with a listed company or an executive officer of said company
e. A major business partner or an executive officer of a listed company
f. Consultant, accounting expert, or legal expert receiving significant cash or other assets other than director's compensation from a listed company
g. Major shareholder of a listed company (if said major shareholder is a company, then an executive officer of said company)
h. Executive officer (individual only) of a business partner of a listed company (when not applicable to either d, e, or f)
i. Executive officer (individual only) of a company in a relationship of mutual outside director appointments
j. Executive officer (individual only) of an organization receiving charitable donations from a listed company
k. Other

Relationship with company (2)

Name	Independent director	Supplemental information concerning conformity items	Reason for appointment
Tsunehiro Watabe	○	———	Mr. Watabe possesses expertise based on a wealth of experience and an extensive personal network stemming from his position as director at banks and foreign-affiliated financial institutions. We have selected him as an independent director, believing he will provide advice and recommendations regarding general TechnoPro Group business operations, as well as appropriate oversight. In our judgment, Mr. Watabe fulfills our “Independence Standards for Outside Directors/Audit & Supervisory Board Members” and has no potential conflicts of interest with general shareholders. Accordingly, we have designated Mr. Watabe as an independent director.
Kazuhiko Yamada	○	———	Mr. Yamada possesses a wealth of experience and extensive expertise as an attorney in the fields of corporate acquisitions, corporate restructuring, equity practice, corporate law, and laws concerning financial instruments. We have selected him as an independent director, believing he will provide advice and recommendations regarding general TechnoPro Group business operations, as well as appropriate oversight. In our judgment, Mr. Yamada fulfills our “Independence Standards for Outside Directors/Audit & Supervisory Board Members” and has no potential conflicts of interest with general shareholders. Accordingly, we have designated Mr. Yamada as an independent director.
Harumi Sakamoto	○	———	Ms. Sakamoto possesses a wealth of experience and extensive expertise as a government administrator involved in polices of the Ministry of Economy, Trade and Industry and as an executive of various corporations and organizations. We have selected her as an independent director, believing she will provide advice and recommendations regarding general TechnoPro Group business operations, as well as appropriate oversight. In our judgment, Ms. Sakamoto fulfills our “Independence Standards for Outside Directors/Audit & Supervisory Board Members” and has no potential conflicts of interest with general shareholders. Accordingly, we have designated Ms. Sakamoto as an independent director.

Voluntary committee equivalent to election committee or compensation committee	Yes

Status of voluntary committees, member composition, attributes of committee chair (chairperson)

	Committee name	All committee members (people)	Full-time committee members (people)	Inside directors (people)	Outside directors (people)	Outside experts (people)	Other (people)	Council chair (Chairperson)
Voluntary committee equivalent to nomination committee	Nomination and Compensation Committee	6	0	2	2	0	2	Other

Voluntary committee equivalent to compensation committee	Nomination and Compensation Committee	6	0	2	2	0	2	Other

Supplemental information

To ensure the appropriateness and strengthen the objectivity and the accountability of the decision processes for director nominations and compensation, we have established a Nomination and Compensation Committee chaired by an independent outside member of the Audit & Supervisory Board and consisting of a majority of independent directors and independent members of the Audit & Supervisory Board. The Nomination and Compensation Committee serves as an advisory organ to the Board of Directors. The basic approach, guidelines, rules, and procedures required for decisions on director nomination and compensation are deliberated by the Nomination and Compensation Committee, after which the Board of Directors makes decisions in consideration of the deliberations of the Nomination and Compensation Committee.

In addition, the Nomination and Compensation Committee conducts deliberations regarding nominations and individual compensation for directors, members of the Audit & Supervisory Board, and executive directors of the company and company subsidiaries. After these deliberations, the Nomination and Compensation Committee provides opinions, reports, advice, and recommendations to the board of directors.

[Nomination and Compensation Committee Structure]

Chair	Independent Outside member of the Audit & Supervisory Board	Mitsutoshi Takao
Member	Independent Outside Director	Tsunehiro Watabe
Member	Independent Outside Director	Kazuhiko Yamada
Member	Independent Outside member of the Audit & Supervisory Board	Tatsuhisa Nagao
Member	Representative Director and President	Yasuji Nishio
Member	Director	Takeshi Yagi

[Activities of the Nomination and Compensation Committee]
During the fiscal year ended June 2019, the Nomination and Compensation Committee met with full membership eight times, conducting deliberations regarding Company and TechnoPro Group director appointments, director compensation, CEO appointment/dismissal standards, and CEO appointment/dismissal procedures.

[Related to audits]

Audit & supervisory board established	Established
Number of audit & supervisory board members as outlined in Articles of Incorporation	5
Number of audit & supervisory board members	4

Status of coordination between audit & supervisory board members, accounting firm, and the internal audit department

Audit & supervisory board members coordinate closely on a regular basis with the accounting firm and the internal audit department to receive reports on audit methods and results, and use audit results to improve audit quality and efficiency.
Specifically, an audit & supervisory board member information exchange meeting is held monthly during which audit & supervisory board members and the internal audit department coordinate information concerning the status of audit implementation and audit plans. Furthermore, audit & supervisory board members hold quarterly meetings with the accounting firm and the internal audit department to share information related to audit policy and planning, accounting audits, and internal controls.

Status of appointment of outside audit & supervisory board members	Appointed
Number of outside audit & supervisory board members	3
Number designated as independent directors among outside audit & supervisory board members	3

Relationship with company (1)

Name	Attributes	Relationship with company (*) a											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Tatsuhisa Nagao	Person from other companies													
Mitsutoshi Takao	Person from other companies													
Akira Mikami	Person from other companies													

* Answer choices regarding relationship with company
* Select "○" if "current/recently" applies to the person for any of the categories, select "△" if "in the past" applies.
* Select "●" if "current/recently" applies to a family member for any of the categories, select "▲" if "in the past" applies.

a. Executive officer of a listed company or other subsidiary
b. Non-executive director of or involved in accounting of listed company or its subsidiary
c. Executive officer or non-executive director of the parent company of a listed company
d. Audit & supervisory board members of the parent of a listed company
e. Executive officer of the sibling company of a listed company
f. A person conducting major transactions with a listed company or an executive officer of said company
g. A major business partner or an executive officer of a listed company
h. Consultant, accounting expert, or legal expert receiving significant cash or other assets other than director's compensation from a listed company
i. Major shareholder of a listed company (if said major shareholder is a company, then an executive officer of said company)
j. Executive officer (individual only) of a business partner of a listed company (when not applicable to either f, g, or h)
k. Executive officer (individual only) of a company in a relationship of mutual outside director appointments
l. Executive officer (individual only) of an organization receiving charitable donations from a listed company
m. Other

Relationship with company (2)

Name	Independent audit & supervisory board member	Supplemental information concerning conformity items	Reason for appointment
Tatsuhisa Nagao	○	———	Mr. Nagao possesses extensive expertise in finance and a wealth of experience as a full-time member of the Audit & Supervisory Boards of major corporate groups. We have selected him as a full-time independent outside member of the Audit & Supervisory Board, believing he will provide supervision, conduct audits, and offer advice from an objective perspective. In our judgment, Mr. Nagao fulfills our “Independence Standards for Outside Directors/Audit & Supervisory Board Members” and has no potential conflicts of interest with general shareholders. Accordingly, we have designated Mr. Nagao as an independent audit & supervisory board member.
Mitsutoshi Takao	○	———	Mr. Takao possesses expertise in finance, accounting, and general business administration, as well as extensive experience as a manager in major corporations. We have selected him as a full-time independent outside member of the Audit & Supervisory Board, believing he will provide supervision, conduct audits, and offer advice from an objective perspective. In our judgment, Mr. Takao fulfills our “Independence Standards for Outside Directors/Audit & Supervisory Board Members” and has no potential conflicts of interest with general shareholders. Accordingly, we have designated Mr. Takao as an independent audit & supervisory board member.

Akira Mikami	○	———	Mr. Mikami possesses extensive expertise and practical experience with respect to internal controls, internal audits, and risk management, as well as an international perspective developed during his service at major trading companies and a wealth of experience as a full-time member of the Audit & Supervisory Boards at publicly traded companies. We have selected him as an independent outside member of the Audit & Supervisory Board, believing he will provide supervision, conduct audits, and offer advice from an objective perspective. In our judgment, Mr. Mikami fulfills our “Independence Standards for Outside Directors/Audit & Supervisory Board Members” and has no potential conflicts of interest with general shareholders. Accordingly, we have designated Mr. Mikami as an independent audit & supervisory board member.

[Related to independent directors]

Number of independent directors	6

Other matters related to independent directors

A summary of our “Independence Standards for Outside Directors/Audit & Supervisory Board Members,” the standards by which we select independent directors from among outside directors (outside directors and outside audit & supervisory board members), is provided below.

1. We judge an outside director or outside director candidate (hereinafter, "person in question") to be independent of the Company when none of the following is applicable to the person in question.

(1) Person working for the Company or a Company affiliate (hereinafter, Group), or person who recently*1 (same below) worked for the Group
(2) Person currently or recently employed at a business partner for whom our transactions accounted for not less than 2% of said company's consolidated net sales during the previous fiscal year, or whose transactions accounted for not less than 2% of the Group's consolidated net sales during the previous fiscal year.
(3) Individual or person working for a company/organization possessing or who recently possessed not less than 10% of the Company's total issued shares as of the end of the previous fiscal year
(4) Person currently or recently employed at a company/organization for which the Group owns not less than 10% of said company/organization's total issued shares as of the end of the previous fiscal year.
(5) Person currently or recently employed at an auditing firm that conducts the Group's legally mandated audits
(6) Person currently or recently employed at a financial institution that plays a vital role in the Group's capital procurement and upon which the Group is reliant to an irreplaceable extent
(7) Person who currently is or recently was a consultant, legal expert, accounting expert, or tax expert who has received direct compensation other than director's compensation from the Group exceeding 10 million yen during any single fiscal year over the last 3 fiscal years (if the party receiving said compensation is a corporation, group, or other organization, then a person employed by said organization)
(8) Person who currently is or recently was the chairman or an executive officer of an organization that has received charitable contributions or support from the Group exceeding 10 million yen during any single fiscal year over the last 3 fiscal years
(9) Executive officer of a company with whom the Group has mutually dispatched directors or auditors to the other company
(10) A relative within the second degree of kinship or a cohabiting family member of a person applicable to any of the above (excluding non-vital persons*2).

(Notes)
*1: "Recently" shall refer to a period of less than three years from the time of holding the position as director or audit & supervisory board member
*2: "Vital" assumes an important employee, such as a company or business partner director, executive officer, or auditor, or a certified public accountant or attorney working at an accounting firm or legal office.

2. Even if applicable to any of the definitions set forth in Paragraph 1, the person in question may be designated as an independent director based on the judgment of the Board of Directors or Audit & Supervisory Board following a review by the Nomination and Compensation Committee.

3. Notwithstanding the conditions set forth in Paragraph 1, independent directors must not have circumstances that can be rationally deemed to prevent the execution of duties as an independent outside director.

4. Independent directors must work to ensure they maintain these standards throughout the term of their appointment and must report immediately if they no longer maintain independence as defined in these standards.

[Related to incentives]

Implementation status of policies related to allocation of incentives to directors	Incorporation of performance linked compensation system

Supplemental information concerning relevant items

The “Basic Policies and Procedures for Determining Executive Compensation” stipulate that compensation to internal directors be comprised of fixed compensation commensurate to respective duties and performance-linked compensation (short-term performance-linked compensation, medium- to long-term performance-linked compensation). For details, refer to “[Related to director compensation] Details of disclosure concerning compensation amounts and policies on determining calculation methods” introduced later in this report.

1. The Company pays cash bonus to executive directors as short-term performance-linked compensation, which serves as a short-term incentive. This bonus amount is based on single-year consolidated earnings. The indicator related to short-term incentives are Company key performance indicators, namely net profit attributable to owners of the parent company. Performance for this indicator was 9,683 million yen for the fiscal year ended June 2019 compared to a target of 8,900 million yen.

2. The Company grants restricted stock to executive directors as medium- and long-term performance-linked compensation, which serves as a medium- and long-term incentive. At the 12th general shareholders’ meeting, held on September 28, 2017, the Company’s shareholders resolved to grant restricted stock as a measure to revise the Company’s executive salary structure (excluding outside directors) as an incentive for sustained improvement in medium- and long-term Company value and share prices. The goal of this structure is also to create greater shared value between directors and shareholders. Accordingly, this structure adopted a restricted share-based compensation plan in place of the former compensation-type stock option plan. Based on the goals outlined above, the total amount of this compensation is to be not more than 100 million yen per year, which we consider to be an appropriate amount, paid separately from existing compensation plans, etc.

Persons applicable to receive allocation of stock options	

Supplemental information concerning relevant items

———

[Related to director compensation]

(Individual director compensation) Status of disclosure	Individual compensation not disclosed

Supplemental information concerning relevant items

Disclosure concerning compensation for the fiscal year ended June 2019 as stipulated by law was provided in our business report and annual securities report. Total compensation to directors and audit & supervisory board members during the relevant fiscal year was 348 million yen.

Established policy on determining compensation value and calculation method	Yes

Details of disclosure concerning compensation amounts and policies on determining calculation methods

Our Group considers the following when determining compensation for directors, audit & supervisory board members, and executive officers.
(1) Maintain practicality that ensures our ability to fulfill our responsibilities to shareholders in terms of accountability and performance.

(2) Ensure compensation that serves as an incentive for the implementation of management policies and increases corporate earnings and shareholder value. Compensation that promotes not only short-term results, but also continuous increases to corporate value and shareholder value.

(3) Represents sufficient compensation relative to performance, at a level that supports the hiring of, provides motivation to, and ensures the retention of elite personnel.

Specifically, we outline the following in the “Basic Policies and Procedures for Determining Executive Compensation.”
1. Basic principles and procedures
(1) Compensation for individual directors is within a range determined by the General Meeting of Shareholders and decided by the

Board of Directors following deliberation by the Nomination and Compensation Committee.

(2) Compensation for individual audit & supervisory board member is based on a system separate from that for directors and is within a range determined by the General Meeting of Shareholders and decided based on deliberation by the Audit & Supervisory Board. Consulting with the Nomination and Compensation Committee concerning the determination of compensation for audit & supervisory board member shall be regarding the adequacy and appropriateness of the total compensation level.

(3) Compensation for individual executive officers is based on a system separate from that for directors and audit & supervisory board members and is decided by the Board of Directors following deliberation by the Nomination and Compensation Committee.

2. Basic compensation policy

(1) Executive directors (excluding Outside Directors)

a. Compensation for executive directors shall be based on a scale designed to increase director motivation towards maximizing corporate value and focus on being linked to medium- to long-term shareholder profit.
b. Compensation for executive directors shall be comprised of fixed compensation commensurate to respective duties and performance-linked compensation (short-term performance-linked compensation, medium- to long-term performance-linked compensation).
c. Short-term performance-linked compensation shall be paid based on consolidated performance for the given fiscal year as well as based on department performance and the director's level of contribution to said department. The standard for short-term performance-linked compensation to executive directors shall be a maximum of 100% of fixed compensation for said director, with the lower limit being no compensation provided.
d. Medium- to long-term compensation may include restricted share and other stock-linked compensation.

(2) Outside directors

a. In light of the purpose of outside directors being to provide management supervision and advice from an independent perspective, compensation for outside directors shall be based solely on fixed compensation.
b. Fixed compensation shall be commensurate to the responsibilities of an outside director and shall be determined based on consideration separately for full-time and part-time, and based on the roles of each individual.

(3) Audit & supervisory board members

a. In light of the position of audit & supervisory board members to audit business operations by directors regardless of corporate performance, compensation for auditors shall be based solely on fixed compensation.
b. Fixed compensation shall be commensurate to the responsibilities of an audit & supervisory board member and shall be determined based on consideration separately for full-time and part-time, and based on the roles of each individual.

(4) Executive officers

a. Compensation for executive officers shall be set to provide strong motivation to execute business and shall be linked to performance.
b. Compensation for executive officers shall be comprised of fixed compensation commensurate to respective duties and performance-linked compensation (short-term performance-linked compensation, medium- to long-term performance-linked compensation).
c. Short-term performance-linked compensation shall be paid based on consolidated performance for the given fiscal year as well as based on department performance and the executive officer's level of contribution to said department.
d. Medium- to long-term compensation may include restricted share and other stock-linked compensation.

3. Performance evaluation benchmarks

Performance evaluations for executive directors and executive officers shall be based on the level of contribution to the relevant department for a given consolidated fiscal year as well as the level of achievement for targets such as sales revenue, pre-amortization income for a given year and relevant benchmarks rate of increase/decrease compared to the previous fiscal year. Furthermore, benchmarks shall be determined based on an evaluation of initiatives promoting long-term corporate growth, including the development of internal control systems, compliance, and human resource development.

4. Other

(1) There is no retirement bonus system for directors, audit & supervisory board members, and executive officers. However, this may not be the case in the event of special circumstances, including when a subsidiary joining the Group via corporate acquisition has an existing retirement bonus system and when such a system is deemed necessary.

(2) In addition to this "Basic Policies and Procedures for Determining Executive Compensation," the Company also provides disclosure via appropriate methods concerning compensation paid to directors and audit & supervisory board members.

[Support system for outside directors (outside audit & supervisory board members)]

To promote efficacy during Board of Directors' meetings, the General Affairs Department, the office for the Board of Directors, sends materials related to matters up for deliberation as well as materials on the previous month's performance and business reports to all directors and audit & supervisory board members, including outside directors and outside audit & supervisory board members. These materials are sent well in advance of the meeting date. The Audit & Supervisory Board Office, which was established as a department dedicated to assisting audit & supervisory board members and is responsible for administrative functions related to the Audit & Supervisory Board, sends Audit & Supervisory Board materials to outside directors in advance and also provides regular information sharing, including monthly updates regarding the details of audit & supervisory board reports. Furthermore, outside directors and outside audit & supervisory board members receive preliminary reports from the president and representative director, managing directors, or executive officers as necessary regarding particularly important matters.

2. Matters concerning Functions, including Business Execution, Audits and Supervisory Tasks, Nomination, Decisions on Compensation, etc. (summary of current corporate governance structure)

TechnoPro is a company with an Audit & Supervisory Board, a corporate format that comprises supervision and monitoring functions based the Board of Directors, which includes independent outside directors, and audit functions by an Audit & Supervisory Board, which includes independent outside audit & supervisory board members. We have established and utilize a Nomination and Compensation Committee to further enhance governance functions by ensuring the appropriate involvement of and receipt of advice from outside

directors/audit & supervisory board members regarding matters such as executive appointments and compensation. We have adopted an executive officer system that allocates authority and responsibility over daily operations to executive officers to enable dynamic and efficient business management.

- Our Board of Directors is comprised of 8 directors (of which, 3 are outside directors). In addition to monthly regular Board of Directors' meetings, we hold provisional Board of Directors' meetings as necessary to receive reports on regarding the status of decisions on important operations and performance, deliberate on measures, and supervise the status of work executed by each director. The structure of inside directors, who report to the President and Representative Director, consists of business directors and managing directors, and we give consideration to internal controls related to organizational management. Furthermore, outside directors monitor company management from a neutral standpoint or based on their expert perspective.
  During the fiscal year ended June 2019, the Company held 15 meetings of the board of directors, attended by all board members.

- To supplement the supervisory and monitoring functions of the Board of Directors, we have established a Nomination and Compensation Committee and have built a structure to ensure objective deliberation regarding the nomination of management personnel and decisions on compensation.

○ Nomination and Compensation Committee (held provisionally as necessary)
Nomination and Compensation Committee deliberates on the Nomination of and compensation for directors, audit & supervisory board member, and executive officers, and issues opinions, reports, advice, and recommendations to the Board of Directors.

- The Audit & Supervisory Board is comprised of two standing auditors and two part-time auditors (of whom, three are outside auditors). In addition to monthly regular Audit & Supervisory Board meetings, we hold provisional Audit & Supervisory Board meetings as necessary. Furthermore, auditors attend Board of Directors' meetings and issues opinion statements as necessary.
  During the fiscal year ended June 2019, the Company held 15 meetings of the Audit & Supervisory Board, attended by all members.

- The Company has established an Independent Executive Committee to answer the requirements for the use of independent directors under Japan’s Corporate Governance Code, as well as to strengthen our governance.
  During the fiscal year ended June 2019, the Company held 15 meetings of the Audit & Supervisory Board, attended by all members.

○ Independent Executive Committee (meets as-needed basis)
This committee consists of six individuals--three independent outside directors and three independent outside members of the Audit & Supervisory Board. The committee has been established to exchange information, share awareness, exchange opinions, and conduct deliberations as necessary.

- As of the end of September 2019, we have 14 executive officers involved in the execution of business. We established the Group Management Committee as the body in charge of deliberating important matters related to business execution, managing the process of Company and subsidiary performance, conducting information sharing necessary for the entire Group, and coordinating close-knit partnerships and dynamic strategic adjustments.

○ Group Management Committee (in principle, meets weekly)
Group Management Committee members include our President and Representative Director, executive directors, executive officers, subsidiary representative directors & presidents, among others.

- We have established appropriate group-wide internal controls and a risk management system to ensure the practicality of the decision-making process for entrusted matters related to business execution and to ensure the appropriateness of the status of operations. The Internal Audit Department, which is directly overseen by the representative director, conducts Group-wide business audits and compliance audits and has established a consultation desk run by an outside attorney who is independent of Group management to help prevent compliance infractions before they occur. Furthermore, the CSR Promotion Department was established to implement specific policies related to internal controls and risk management. This department creates an integrated risk management plan outlining matters such as core initiatives related to risk management and monitoring categories, and issues progress reports to the Board of Directors. We also established a CSR Committee with the President and Representative Director serving as committee chairman and consisting of Group directors and executive officers as committee members. This committee deliberates on important matters related to compliance system planning and management.

○ The CSR Committee (in principle, meets quarterly)
The CSR Committee was established to ensure we fulfill our social responsibilities as a corporate group. The committee deliberates on matters such as risk management, compliance, information security, and social contributions, and issues reports to the Boards of Directors of the Company and our subsidiaries.

- We have established the "Basic Policy on Internal Controls Concerning Financial Reporting" and have built an evaluation system driven by the Financial Reporting Risk Management Committee with the goal of ensuring that internal controls concerning financial reporting function on both a company-wide level and on a local process level in accordance with evaluations of internal controls related to the Financial Instruments & Exchange Act and financial reporting as well as audit standards.

○ Financial Reporting Risk Management Committee
With the managing director serving as committee chairman, each year this committee conducts risk evaluations and decides on important matters related to the development and management of an internal control system for financial reporting.

Furthermore, in accordance with the provisions of Article 427, Paragraph 1 of the Companies Act, the Company concludes contracts limiting liability as defined under Article 423, Paragraph 1 of said law with directors (excluding executive directors), and audit & supervisory board members. The limit on damage liability set forth in these contracts shall be the liability limit prescribed in Article 425, Paragraph 1 of the Companies Act. Furthermore, the limit to liability shall be recognized only when the execution of duties by the director or audit & supervisory board member resulting in liability were conducted in good faith and did not constitute gross negligence.

3. Reason for Selecting Current Corporate Governance System

As a company that has established an Audit & Supervisory Board, we have strengthened the monitoring and supervision functions of the Board of Directors by electing independent outside directors and establishing a Nomination and Compensation Committee. Furthermore, we focus on supporting the audit functions of audit & supervisory board members by enhancing the environment for and by selecting multiple independent outside audit & supervisory board members to support audit functions. The purpose of this system is to receive objective judgments concerning the status of our business operations from an outside perspective, ensure a high level of business transparency, and ensure the sufficient execution of business monitoring functions, thereby increasing the corporate value of our Group and sufficiently fulfilling our responsibilities regarding accountability.

III Status of Policies Concerning Shareholders and other Parties with Interests

1. Status of Initiatives related to Improving the Substance of General Meeting of Shareholders and optimizing the Process of Exercising Voting Rights

	Supplemental information
Early delivery of General Meeting of Shareholders' convening notice	We send notices concerning the convening of the General Meeting of Shareholders at least 3 business days prior to the legally mandated deadline.
Setting dates for the General Meeting of Shareholders that avoids peak periods	Our fiscal year concludes in June and we hold the General Meeting of Shareholders is September, and to the extent possible set dates that are not concurrent with the General Meeting of Shareholders for other companies.
Exercising voting rights via electronic methods	We enable the exercising of voting rights via electronic methods.
Participation in electronic voting platform and other initiatives to improve the voting environment for institutional investors	We participate in the electronic voting platform.
Provision of meeting notice (summary) in English	We provide an English version of our meeting notice (summary).
Other	We publish our General Meeting of Shareholders notice (Japanese and English) on our website.

2. Status of IR Activities

	Supplemental information	Explanation provided directly by representative
Creation/publication of disclosure policy	We create and publish our disclosure policy.	
Holding regular conferences for individual investors	We proactively attend conferences for individual investors held by securities companies and others to help investors better understand our company.	Yes
Holding regular conferences for analysts and institutional investors	We host quarterly financial results briefing for analysts and institutional investors (including two conference calls). We also regularly hold individual and group meetings with institutional investors and analysts.	Yes
Holding regular conferences for overseas investors	In addition to overseas IR, we provide presentations at conferences hosted by domestic and overseas securities firms. We also regularly hold individual and group meetings with overseas institutional investors and analysts.	Yes
Publication of IR materials on website	In addition to the regular publication of monthly materials, we also publish financial and IR materials such as financial information, timely disclosure materials, press releases, securities reports and quarterly reports, General Meeting of Shareholders materials, earnings conference materials, and materials related to our medium-term business plan.	
Establishment of IR department (manager)	The Communication and IR Department, which is overseen by the Director (in charge of Management) and CFO, is responsible for IR.	

3. Status of Initiatives related to Respecting the Position of Stakeholders

	Supplemental information
Internal regulations for respecting the position of stakeholders	To ensure that we, as a corporate group that is trusted by society, work to build positive relationships with stakeholders and proactively contribute to society, our Group has outlined the “TechnoPro Group Code of Conduct” and we conduct honest corporate practices that focus on compliance. The “TechnoPro Group Code of Conduct” can be viewed our website. (https://www.technoproholdings.com/en/ir/management/code_of_conduct.html) We also have outlined the “6 Promises of TechnoPro Group Employees.” We conduct honest corporate practices by upholding and promoting these promises. “TechnoPro Group Six Core Commitments” 1. Act with initiative and accountability • We work with the end goal in mind, selecting the best course of action. 2. Strive to improve expertise and skills • We aspire to greatness in our profession, learning new skills and knowledge every day. 3. Communicate effectively and act with sincerity • We treat everyone with respect, building relationships of understanding and trust. 4. Be an ultimate professional and a trusted team player • We work with other entities, incorporating various ideas and insights for superb results. 5. Act with insight and speed for the success of others • We monitor trends in markets and technology, anticipating needs and offering superior solutions. 6. Be perfect in legal and ethical compliance • We inspire trust and confidence through perfect compliance with labor laws, information security statutes and practices, and ethics rules governing business in general and in our industry in particular.
Promote environmental conservation activities, CSR activities, etc.	We believe creating an environment in which engineers can play an active role beyond engineering and constructing an industrial infrastructure that can flexibly respond to changes in the market environment are how we as a Group can provide our greatest contribution to society. At the same time, our inherent responsibility as a corporate group and member of society is to prevent risks, reinforce compliance with the Labor Dispatch Act and other relevant laws, and promote environment conservation and social contribution activities. We established the CSR Committee as part of our CSR system for promoting internal partnerships. This committee overseas the drafting of CSR-related policies, the creation of internal systems, and enlightenment activities for directors and employees. In the field of environmental conservation, we are grounded in the assumption of sustainable business activities and sustainable development. With an understanding of the importance of the balance between business activities and the global environment, we have established the following as our Environmental Principles and Basic Environmental Policy, and through the implementation of these we aim to make proactive contributions to society. TechnoPro Group Environmental Principles • The TechnoPro Group views the conservation of a sustainable environment for future generations to be a vital management issue. With this awareness, we proactively promote business activities that achieve balance with the environment and we encourage our directors and employees to undertake initiatives related to environmental issues as we strive to be good corporate citizen and contribute to an enriched 21st century society. • The TechnoPro Group uses environmentally conscious development, design, research, and services to provide technological solutions to customers in a diverse range of industries, including machinery, electrical and electronics, transportation equipment, IT infrastructure, software development, chemical, bio, and architecture. TechnoPro Group Basic Environmental Policy 1. Legal compliance: In addition to social norms, our Group complies with laws, regulations, rules, and environmental treaties consented to by the Group related to environmental conservation.

	2. Considerations related to the natural environment and the reduction of environmental risks We maintain an awareness of the resource reduction and environmental load caused by our business activities. Through the ingenuity of our executives and employees, we work towards resource conservation, energy reduction, resource recycling, waste reduction, and the prevention of environmental pollution and to reduce overall environmental risks to society. 3. System We plan, decide on, and promote initiatives related to environmental conservation through our CSR committee, which is comprised of the Group's top management. 4. Enlightenment: In addition to working to improve environmental awareness among directors and employees, we also promote participation in social contribution activities related to environmental conservation. 5. Publication and promotion of environmental policy: In addition to promoting awareness of this policy within the Group, we also make this information available to the general public.
Creation of policies related to information sharing for stakeholders	We believe ensuring the accurate understanding and evaluation of our Group by all our stakeholders, including shareholders, business partners, and employees, is vital to our company. In addition to legally mandated disclosures, we work to disseminate Group information by publishing information on our website and hosting conferences. Specifically, in the "TechnoPro Group Corporate Governance Guidelines", we outline the following concerning information disclosure and transparency. • We determine policies concerning matters such as Group risk management, internal control systems, and legal compliance in accordance with the Companies Act and other applicable laws, and provide timely and appropriate disclosure. • We comply with the Companies Act, the Financial Instruments and Exchange Act, and other applicable laws as well as applicable financial instrument exchange regulations to disclose financial and administrative information via fair, detailed, and simple methods. • We shall formulate a Disclosure Policy, and based on such policy, we shall not only make a law-based disclosure, but always provide honest and value-added disclosure from the perspective of shareholders and investors. • We have established a system and means for information disclosure and work to foster trust-based relationships by enhancing communication with shareholders and investors. • We shall strive to disclose/provide information in English to the extent that such disclosure is reasonable.
Other	<About our diversity policy> Our Group aims to achieve greater results by having directors and employees from diverse backgrounds demonstrate mutual respect for individuality while maximizing individual potential as professionals and also working as a team to benefit from the gathering of different ideas and skills. In light of this, we make decisions on recruitment, hiring, and promotions, etc., fairly based on competence, skills, roles and expectations, and character without consideration of nationality, gender, age, or whether or not the person has any physical disability. <Policies and initiatives related to utilization of women in the workplace> As part of our efforts to maximize the potential of female employees, we strive to ensure workplace environment that welcomes women back after childbirth by offering systems such as childcare leave, childcare and nursing leave, and reduced work hours. We believes that increasing the number of female employees is an important issue in the selection and promotion of future managers and leaders. Accordingly, we have set female hire ratio as a KPI under management materiality (target: 17% of new grads hires, 20% of mid-career hires). Female new hires for the past several fiscal years are as follows: FY2014 (36); FY2015 (63); FY2016 (67); FY2017 (88); FY2018 (150); FY2019 (239). Moving forward, we will continue to evaluate systems that promote career advancement and incorporate the perspective of female employees to ensure advance the hiring of motivated and skillful female employees. On a non-consolidated basis, the Company has appointed one female director. On a Group basis, the group has appointed three female directors.

IV Matters concerning Internal Control System, etc.

1. Basic Approach concerning Internal Control System and Status of Development Updated

TechnoPro Holdings, Inc. ("the Company") has established the following policy based on Article 362 Paragraph 5 of the Companies Act, Article 362 Paragraph 4 Item 6 of the Companies Act, and Article 100 Paragraphs 1 and 3 of the Ordinance for Enforcement of the Companies Act.

1.Internal Controls Structure

- The Company is a pure holding company, responsible for strategic planning and management support functions for TechnoPro Group companies. Accordingly, the Company's basic policy for an internal controls system applies to the Company, Company subsidiaries ("Group Companies;" "TechnoPro Group" when including the Company).
- The Company maintains and operates the following structure of internal controls for itself and creates and imposes the following structure of internal controls for Group Companies in accordance with laws and other rules and within a scope deemed rational.

1-1. Management Implementation Structure

- The Company's board of directors makes decisions regarding the TechnoPro Group controls environment (vision, medium-term management plan, human resources, etc.). The board obtains an understanding of the performance and internal controls status of the TechnoPro Group, exercising supervision over TechnoPro Group directors to determine whether performance is conducted efficiently and appropriately.
- The board of directors implements an executive officer system that allocates authority and responsibility over daily operations to executive officers, enabling directors to focus on strategic decision making and supervisory functions, thereby increasing business efficiency and strengthening business supervisory functions.
- As a rule, TechnoPro Group executive officers serve concurrently as Group Companies directors. The Group Management Committee, consisting of TechnoPro Group executive officers and others, deliberates basic policies and important matters related to the general management of the TechnoPro Group.
- The Company manages TechnoPro Group Companies, clearly defining matters for Company approval and matters that are reported to the Company according to TechnoPro Group company management regulations.
- TechnoPro Group executives and employees follow decision-making rules according to the importance of the matter in question and subject to rules regarding the division of labor regulations, work authority regulations, decision-making standards as determined by the board of directors of each company. In this way, the TechnoPro Group ensures rapid decision-making and efficient business execution.
- The Company provides shared services (accounting, finance, human resources, legal affairs, information systems, etc.) for the TechnoPro Group to achieve operational efficiencies and ensure internal controls.

1-2. Internal Audit System

- The Company's Internal Audit Department investigates the status and operations of the system of internal controls within the TechnoPro Group according to internal audit rules, etc., providing advice and proposals for the improvement thereof.
- To ensure the independence and objectivity of internal audits, the Company's Internal Audit Department reports to the Company's representative director and president directly.
- The annual internal audit policy and internal audit plan for the TechnoPro Group is reported to the Company's board of directors after being approved by the Company's representative director and president.
- The Company's Internal Audit Department coordinates closely with the Company's Audit & Supervisory Board to ensure effective and practical audits.

1-3. Audit & Supervisory Board Member Audit System

- The Company's Audit & Supervisory board members coordinate with the Audit & Supervisory board members of each Group Company through domestic Group company audit & supervisory board member networking meetings to ensure the practicability and fairness of Group Company Audit & Supervisory board member audits. The Company's Audit & Supervisory board members are responsible for auditing the creation and operation of internal controls systems at Group Companies.
- As a rule, the Company's Audit & Supervisory Board members serve concurrently as Audit & Supervisory Board members of major Group Companies.
- The Company has established an Audit & Supervisory Board Office as an organization independent of the board of directors to provide dedicated support for the duties of the Company's Audit & Supervisory Board members. Further, TechnoPro Group directors cooperate in the creation of an audit environment to ensure the practicability of TechnoPro Group Audit & Supervisory Board member audits.
- Staff assigned to the Company's Audit & Supervisory Board Office do not serve concurrently in other departments and are not subject to the direction of personnel other than the Company's Audit & Supervisory Board members. Further, matters related to the reassignment, HR evaluation, promotion, demotion, etc. of staff assigned to the Company's Audit & Supervisory Board Office require the approval of the Company's Audit & Supervisory Board.
- The Company has established a structure in which TechnoPro Group Audit & Supervisory Board members can collect information directly through attendance as major councils and committees, important decision-making documents or other important documents, regular reports from the Company's Internal Audit Department, shared information related to internal notices, reports from TechnoPro Group executives and employees, etc.
- The Company has determined and publicized clearly rules to the effect that TechnoPro Group executives and employees shall not be treated unfairly as a result of reports or internal notices to the TechnoPro Group Audit & Supervisory Board members.
- Audit-related expenses incurred by the Company's Audit & Supervisory Board members shall be provided in an annual fiscal budget, payable by the Company, unless such is proven to be unrelated to the execution of duties.

1-4. Information Retention Management System

- The TechnoPro Group as a whole has established a system for the appropriate retention and use of information related to the operation of the structure of internal controls described above.
- The TechnoPro Group shall properly create and retain documents based on annual general shareholders' meeting minutes, board of directors meeting minutes, and other legally mandated documents.
- Information related to decisions made at major meetings and information related to major decisions and/or the execution of duties by directors shall be recorded, retained and/or destroyed, either in physical or electronic media, according to document management rules and document retention rules.

- The TechnoPro Group has established a system for quickly searching and viewing these documents to confirm the existence and retention status of said documents. This system consists of document digitization and entry into a database.

2. Internal Controls
- The TechnoPro Group as a whole shall strengthen internal controls related to the following matters, according to the structure of internal controls described in the prior paragraphs.

2-1. Internal Controls Related to Risk Management
- TechnoPro Group executives and employees shall engage in the execution of their duties within the relevant authority and scope of responsibility according to the authority and scope of responsibility defined for the individual. Said individual is responsible for managing the risk of loss related to the duties in question (“Risk”).
- The TechnoPro Group has established risk management rules and other related rules, preparing mechanisms to communicate information and emergency measures commensurate with the risk in the event of an emergency. The TechnoPro Group responds to emergencies in a prompt and proper manner in accordance with said rules.
- The TechnoPro Group has established a risk management monitoring system to collect information within the Company related to group-wide risk, providing a prompt and effective response.
- The TechnoPro Group provides ongoing education and training related to risk management to TechnoPro Group executives and employees.
- On an annual basis, the Company’s board of directors identifies risks related to the execution of our operations, revising our corresponding risk management structure. Further, the TechnoPro Group has established an integrated risk management system for the central management of the TechnoPro Group with respect to a variety of quantitative and qualitative risks.

2-2. Internal Controls Related to Compliance
- As an entity engaged in labor dispatch, paid placement services, and other businesses, the TechnoPro Group complies with relevant laws and statutes, having established structures for strict compliance as a whole with laws, statutes, and our articles of incorporation, as well as with corporate ethics (“Compliance”).
- The Company has established a CSR Committee chaired by the Company’s representative director and president, who is the chief officer responsible for Company Compliance, and whose members consist of TechnoPro Group directors and executive officers. This committee deliberates important matters related to Compliance structure planning and operations.
- The TechnoPro Group has established the TechnoPro Group Code of Conduct, requiring compliance from TechnoPro Group executives and employees. At the same time, the TechnoPro Group conducts ongoing education and training related to Compliance.
- By setting and operating Compliance rules, we maintain our Compliance structure, identify issues, and improve issues that must be addressed.
- The TechnoPro Group has instituted an internal reporting system (internal reporting system and third-party report desk independent of management). We make this reporting system known to executives and employees for the prevention, early detection, and prompt and effective response to acts in violation of Compliance. At the same time, reports from executives and employees related to Compliance are reflected in our business management.
- In the event that an act in violation of Compliance is discovered, we strive to take appropriate response measures in cooperation with external experts and in accordance with our Compliance rules and internal reporting rules. Further, we have instituted and operated penalties for persons who violate or fail to report the violation of Compliance.

2-3. Internal Controls Related to Financial Reporting
- The TechnoPro Group has functions in place to ensure the group- and process-level internal controls related to financial reporting. These controls are based on the Financial Instruments and Exchange Act and other related laws to ensure the reliability of our financial reporting.
- The TechnoPro Group has established the Financial Reporting Risk Management Committee to strengthen internal control functions related to TechnoPro Group financial reporting. This committee is responsible for important decisions, meeting on an annual basis to assess risks, and create and operate internal controls systems related to financial reporting.

2-4. Internal Controls Related to Information Systems and Information Security
- TechnoPro Group executives and employees may have access to secret information related to customer research and development or personal information related to employment candidates or executives and employees of the TechnoPro Group. In light of these circumstances, the TechnoPro Group has implemented a strict information security management system.
- The TechnoPro Group has created and operates rules related to information systems and information security, providing education and training to executives and employees in order to instill the appropriate handling of information and information equipment.
- By strengthening the infrastructure of network security, etc., we engage in measures against data loss or leakage.

2. Basic Approach to the Elimination of Antisocial Forces and Status of Measures

Our Group has outlined the "Antisocial Force Response Regulations" and "Antisocial Force Response Manual". Designating the CSR Promotion Department as the department in charge, we have established and operate a system to eliminate any relations with antisocial forces.
For contracts with business partners, we require the inclusion of an antisocial force elimination clause (clause stipulating the right to cancel a contract if it is determined that the opposing party is an antisocial force) in an agreement and as a requirement of memorandums and contracts. Furthermore, directors and employees are required to submit a pledge stating that they do not constitute an antisocial force and that they have no involvement with antisocial forces.

V Other

1. Incorporation of Measures to Prevent TOB

Incorporation of measures to prevent TOB	None

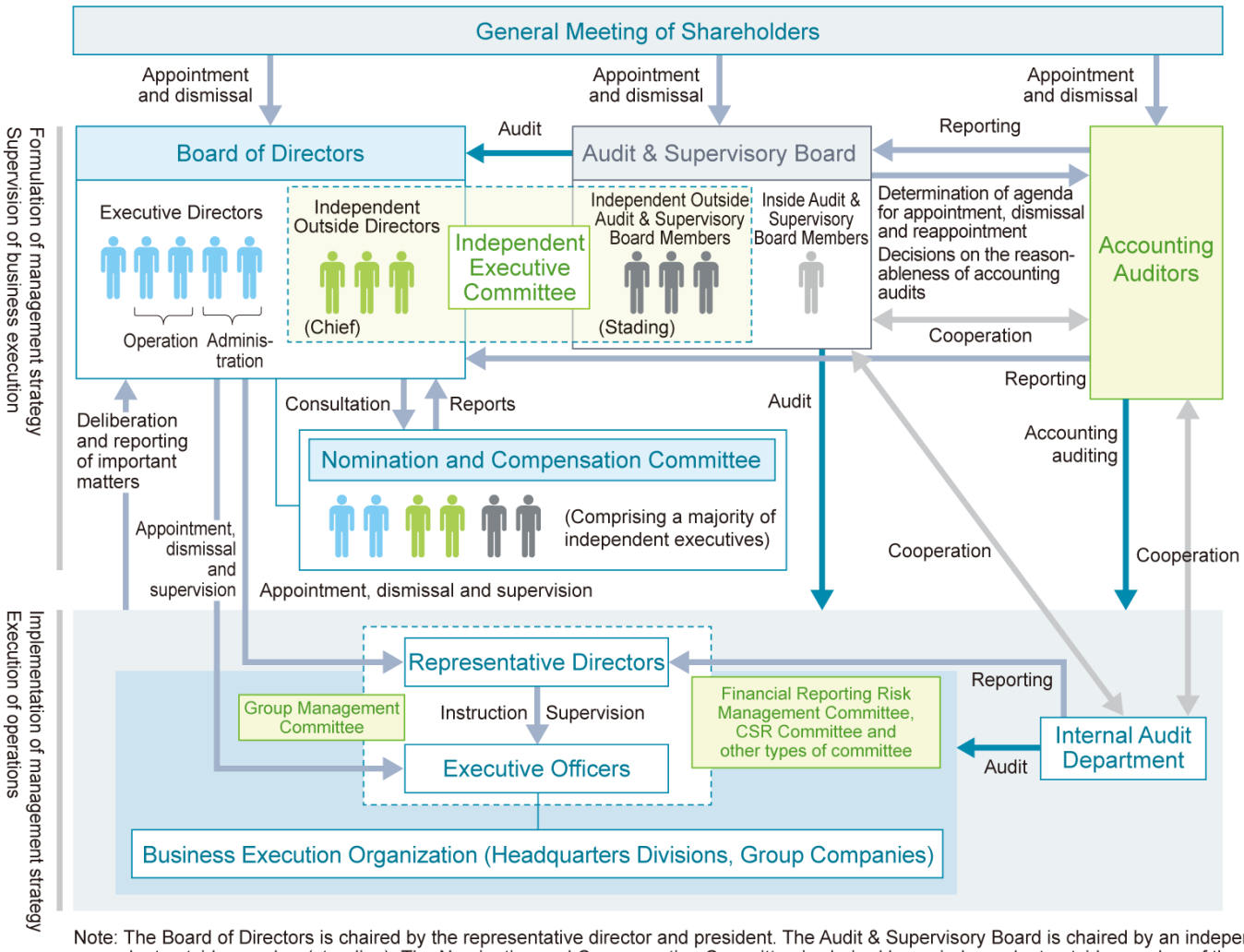
Supplemental information concerning relevant items

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2. Other Matters related to Corporate Governance System, etc.

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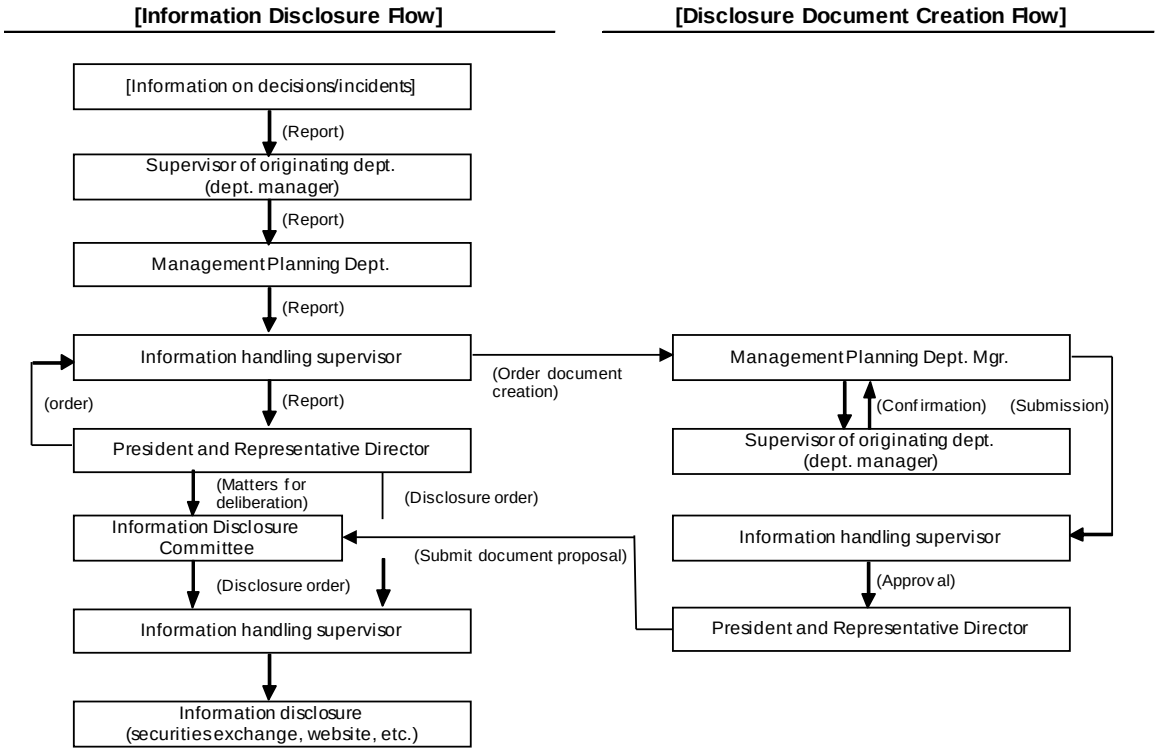
[Flow Chart (Reference Materials)]



Note: The Board of Directors is chaired by the representative director and president. The Audit & Supervisory Board is chaired by an independent outside member (standing). The Nomination and Compensation Committee is chaired by an independent outside member of the Audit & Supervisory Board. The Independent Executive Committee is chaired by the chief independent outside director.

[Summary of timely information disclosure system (flow chart)]

[Information on Decisions/Incidents]



[Financial Information]

