Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

CORPORATE GOVERNANCE

Last updated: December 27, 2023

JMDC Inc.
President and CEO
Ryo Noguchi
Contact: IR Office (E-mail: ir@jmdc.co.jp)
TSE Prime Market, Stock Code: 4483
https://www.jmdc.co.jp/en/

The status of the Company's corporate governance is as follows.

I Basic Policy on Corporate Governance, Capital Structure, Corporate Attributes, and Other Basic Information

1. Basic policy

Our corporate philosophy is "A healthy and prosperous life for all people." Based on this corporate philosophy, we have been striving to maximize medium and long-term corporate value through dialogue with all stakeholders. In addition, we have adopted to become a Company with an Audit & Supervisory Committee in order to strengthen the effectiveness of corporate governance and thereby enhance our corporate value over the medium to long term. We will continue to develop a management control system and a monitoring system for business execution to ensure compliance with laws and regulations, maintain appropriate cooperative relationships with stakeholders, and foster a corporate culture and climate that respects the ethics of sound business activities.

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

[Supplementary Principle 1-2 (iv): Exercise of rights at the General Meeting of Shareholders]
In order to promote understanding among foreign investors, we have translated the Notice of the General Meeting of Shareholders, etc. into English. On the other hand, the electronic exercise of voting rights is not implemented at this time, but will be considered as necessary, while continuing to closely monitor the composition of shareholders and the ratio of foreign investors.

[Supplementary Principle 2-4 (i)]
The Company's policy is to hire people who sympathize with the Company's mission and can contribute to the enhancement of corporate value, regardless of gender, nationality, etc. The Company is working to create an environment, etc., in which these people can work productively and enthusiastically. The Company does not set target figures for each attribute, as we provide all employees with fair and equal opportunities for evaluation and promotion.

[Supplementary Principle 3-1 (iii)]
The Company's group has three reportable segments: “Healthcare-Big Data,” “Tele-medicine,” and “Dispensing Pharmacy Support.” At this time, however, we do not expect climate change issues to have a material impact on our business, and therefore do not make any disclosures under the TCFD.
On the other hand, we acknowledge the importance of addressing climate change issues in order to sustain the lives of people and economic activities, and we are making efforts to do so through such measures as digitalizing documents and other materials and energy saving.
As a specific approach to the SDGs and ESGs, we promote the "BIG DATA FOR CHILDREN" project.
In Japan, there are very few development of drugs targeted to children, and in clinical practice, drugs are used off-label and drugs for adults are used with the ingenuity of individual doctors and pharmacists.
In terms of disease burden, there has not been enough detailed research and analysis of the various burdens, such as living and economic burdens, placed on children with diseases.
In addition, basic descriptive epidemiology, such as what diseases children suffer from and to what extent, and how many hospital visits and hospitalizations they have, has not been sufficiently conducted.
The " BIG DATA FOR CHILDREN" project is a project that utilizes our company's healthcare big data, the largest of its kind in Japan, to promote unique initiatives to resolve the difficulty of conducting research on the actual conditions of disease and treatment in children.
By informing society about the realities of children suffering from diseases, we are creating an opportunity to save the children who will build the future of Japan.
For more information on ESG initiatives, please visit our website at https://www.jmdc.co.jp/en/esg/.

[Supplementary Principle 4-1 (ii)]
The Company's group does not formulate and publish a medium-term management plan as we belong to the healthcare field, where business opportunities are expanding exponentially and the business environment changes extremely rapidly, making medium to long-term forecasts difficult.

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

[Principle 1-4: Policy stock ownership]
The Company does not hold any policy stock.

[Principle 1-7 Related party transactions]
The Company shall obtain the approval of the Board of Directors for transactions with related parties, except for transactions of minor amounts, and shall consider the rationality of the related party transaction, the business necessity of the transaction, and the appropriateness of the terms and conditions of the transaction when granting such approval. For related party transactions that are ongoing as of the end of each fiscal year, the rationality of such transactions, the business necessity, and the appropriateness of the transaction terms and conditions shall be reviewed and resolved at the first meeting of the Board of Directors held after the start of the new fiscal year.

[Principle 2-6 Exercise of functions as an asset owner of a corporate pension plan]
The Company has a defined contribution pension plan and provides employees with training as necessary.

[Principle 3-1 Enhancement of information disclosure]

(1) Management philosophy, management strategies, and management plans
Disclosed on the Company's website, in financial briefing materials, in the annual securities report, etc. (https://www.jmdc.co.jp/en/ir/library/)

(2) Approach and basic policy on Corporate Governance
The basic policy on Corporate Governance is described in Section 1.1 of this report.

(3) Policy for determining compensation for Directors
The Company has established the Nomination & Compensation Committee as a voluntary advisory body to the Board of Directors, the majority of whose members are audit committee members or Independent Outside Directors.
In addition, at a meeting of the Board of Directors held on June 13, 2022, the Company resolved a policy for determining the details of compensation for each individual Directors (excluding Directors who are Audit & Supervisory Committee Members, the “Directors”). A summary of this policy is as follows.

- The remuneration of the Company's Directors shall be based on a remuneration system that fully functions as an incentive to continuously increase corporate value, and shall consist solely of base remuneration, which is a monthly fixed remuneration, and stock acquisition rights, which are paid separately from remuneration.
- The basic remuneration for each Directors shall be determined in accordance with the roles and responsibilities expected of each Directors, and in consideration of the economic environment, market trends, the payment levels of other companies, and other factors, and shall be determined in a comprehensive manner.
- The compensation for each individual Directors shall be determined at the discretion of the Nomination & Compensation Committee in accordance with the policy above.

In the resolution of such decision-making policy, the Company inquires the Nomination & Compensation Committee on the details of the resolution in advance and receives its report. The reason for delegating the determination of each individual Director’s compensation to the Nomination & Compensation Committee is to ensure the fairness, transparency, and objectivity of the procedures for determining compensation.

(4) Procedures for nomination and dismissal of Directors
In nominating or dismissing Directors (excluding Directors who are Audit & Supervisory Committee Members), the Nomination & Compensation Committee deliberates on the proposals for nomination and dismissal and submits its results as opinions to the Board of Directors. Then, the Board of Directors submits the proposals to the General Meeting of Shareholders based fully on the results of that deliberation.

(5) Explanation of Director nomination and dismissal
The Company appoints individuals with good insight and character who can fulfill the responsibilities of their positions to the Board of Directors. A summary of their career history and reasons for nomination are included in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 4-1 (i)]
The Board of Directors Regulations, Executive Officers Regulations, and Rules on Authority to Make Decisions stipulate matters to be resolved by the Board of Directors and matters to be decided by Executive Officers. The Board of Directors also makes resolutions on important matters in accordance with the Board of Directors Regulations, in addition to matters stipulated by laws and regulations and in the Articles of Incorporation, and supervises the execution of business by the Directors.

[Principle 4-9 Independence criteria and qualifications for Independent Outside Directors]
The criteria for determining the independence of Outside Directors conform to the standards set forth by the Tokyo Stock Exchange. In addition, the Company selects individuals with the ability to provide constructive and open-minded opinions at meetings of the Board of Directors.

[Supplementary Principle 4-10 (i)]
Details of the Nomination & Compensation Committee, which is established on a voluntary basis as an advisory body to the Board of Directors, are described in "2. Functions of business execution, audits, supervision, nomination, compensation decisions, etc. (Outline of the current corporate governance system)".

[Supplementary Principle 4-11 (i)]
The Company's Articles of Incorporation stipulate that the number of Directors (excluding those who are Audit & Supervisory Committee members) and the number of Directors who are Audit & Supervisory Committee members shall not exceed five respectively, and currently eight Directors (including seven male and one female) are appointed.
The members of the Board of Directors are selected with consideration given to the balance and diversity of their experience, knowledge, and abilities. The reasons for the appointments are stated in the Notice of the General Meeting of Shareholders.
The skills matrix of the Board of Directors is disclosed on the Company's website and in the Notice of the General Meeting of Shareholders.

[Supplementary Principle 4-11 (ii)]
The status of Directors holding concurrent positions is stated in the Notice of the General Meeting of Shareholders and the annual securities report. The Company has confirmed that all of the Directors are able to appropriately fulfill their roles and responsibilities in the Company.

[Supplementary Principle 4-11 (iii)]
For the purpose of improving the functioning of the Board of Directors and enhancing its corporate value, the Company conducted an analysis and evaluation of the effectiveness of the Board of Directors for the fiscal year 2022. Specifically, we conducted a survey of Directors and Directors who are members of the Audit and Supervisory Committee on general matters related to the Board of Directors, including the composition and operation methods of the Board of Directors, the state of deliberations, and the state of cooperation with Outside Directors. In order to elicit candid opinions from those surveyed, the survey was conducted anonymously, and the collection, tabulation, and analysis of the survey results were contracted to an outside organization.
The results of the questionnaire analysis confirmed that the effectiveness of the Company's Board of Directors is generally ensured. On the other hand, opinions were expressed regarding future issues, such as diversity of board members and increasing the ratio of female directors, and issues for further improvement of the Board of Directors' functions and activation of discussions were also shared.
The Company's Board of Directors will continue to take prompt action to improve the functions of the Board of Directors, based on this effectiveness evaluation, after thorough consideration of the issues.

[Supplementary Principle 4-14 (ii)]
In principle, the Company's Directors are expected to deepen their understanding of the roles and responsibilities expected of them and, at their own discretion, strive to acquire and appropriately update all necessary knowledge and engage in other studies. In addition, the Company will determine whether to provide financial support for the cost of training and workshops that each individual Directors voluntarily participates in according to his or her own needs, after examining the necessity of such training and workshops.

[Principle 5-1 Policy on constructive dialogue with shareholders]
The policy on developing systems and initiatives to promote constructive dialogue with shareholders is as follows:
(1) The IR office has been established as the department responsible for investor relations, and Tomohiro Mochizuki, Senior Executive Officer and CFO, is in charge of this office.
(2) The Company has also established a system to share opinions and requests identified in dialogues with shareholders with the relevant departments.
(3) The Company holds financial results briefings for analysts and institutional investors after the announcement of financial results at the end of the second quarter and the end of the fiscal year. In addition, the Company actively participates in conferences hosted by securities companies and holds briefings for foreign investors. The Company also strives to disclose information on its website simultaneously in English and Japanese.
(4) It is the Company's policy to report to the Director in charge as appropriate any shareholder opinions or concerns that are identified through dialogues, and to take appropriate actions to address them.
(5) In order to properly manage insider information, the Company has established rules for timely disclosure and prevention of insider trading and manages such information in accordance with these rules.

2. Capital structure

Percentage of shares held by foreign investors	20% or more but less than 30%

[Major shareholders] Update

Name	Number of shares held (shares)	Percentage (%)
OMRON Corporation	20,459,000	31.33
Noritsu Koki Co., Ltd.	8,855,954	13.56
The Master Trust Bank of Japan, Ltd. (Trust account)	4,872,100	7.46
Yosuke Matsushima	2,310,178	3.54
MORGAN STANLEY & CO. INTERNATIONAL PLC	2,117,493	3.24
Yuta Yamamoto	1,857,550	2.84
Custody Bank of Japan, Ltd. (Trust account)	1,834,770	2.81
JP JPMSE LUX RE CITIGROUP GLOBAL MARKETS L EQ CO	1,387,703	2.31
JP JPMSE LUX RE BARCLAYS CAPITAL SEC LTD EQ CO	980,735	1.50
JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	803,900	1.23

Controlling shareholder (excluding parent company)	———
Parent company	OMRON Corporation (Listed: Prime) (Code: 6645)

Supplementary explanation Update

At a meeting of the Board of Directors held on September 8, 2023, the Company resolved to announce its opinion regarding the Tender Offer (the “Tender Offer”) by OMRON Corporation (“OMRON”) for the common shares of the Company (the “Company's shares”) as of the same date, and to leave the decision on whether to tender their shares in the Tender Offer to the judgment of the shareholders of the Company. The above resolution of the Board of Directors of the Company was approved on the assumption that the Company's shares will remain listed on the Prime Market of the Tokyo Stock Exchange, Inc. after the completion of the Tender Offer, not with the intention of delisting the Company's shares, although OMRON intends to make the Company a consolidated subsidiary of OMRON through the Tender Offer. The Tender Offer, which had been conducted since September 11, 2023, was completed as of October 10, 2023, and OMRON reported that 29,051,039 of the Company's shares were tendered and that the total number of the Company's shares tendered exceeded the minimum number of shares to be purchased (12,036,700 shares) and the Tender Offer was successfully completed. As a result, settlement of the Tender Offer was made as of October 16, 2023 (the commencement date of settlement of the Tender Offer), and the ratio of voting rights held by OMRON to the voting rights of all shareholders of the Company exceeded 50%, making OMRON a parent company of the Company.

3. Corporate attributes

Listed exchanges and market segments	Prime Market, Tokyo Stock Exchange
Fiscal year-end	March
Industry	Information and telecommunications
Number of (consolidated) employees as of the end of the immediately preceding fiscal year	1000 or more

(Consolidated) net sales in the immediately preceding fiscal year	10 billion yen or more but less than 100 billion yen
Number of consolidated subsidiaries as of the end of the immediately preceding fiscal year	10 or more but less than 50

4. Guidelines on the minority shareholders' protection policy in transactions with controlling shareholders Update

In cases where the Group conducts transactions with the OMRON Group, including at the start of new transactions and at the continuation of existing transactions, the Group will carefully consider the necessity of such transactions and the appropriateness of transaction terms from the standpoint of protecting minority shareholders.

5. Other special circumstances that may have a material impact on corporate governance

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II Managerial Decision-Making Organization, Management Organization for Execution and Supervision, and Other Corporate Governance Systems

1. Matters concerning institutional structure, organizational management, etc.

Organizational structure	Company with an Audit & Supervisory Committee

[Board of Directors]

Number of Directors stipulated in the Articles of Incorporation	10 persons
Term of office of Directors as stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of Directors	8 persons
Appointment of Outside Directors	Appointed
Number of Outside Directors Update	4 persons
Number of Outside Directors designated as Independent Directors	4 persons

Relationship with the Company (1) Update

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Jihyun Lee	From another company											
Tsuneo Shimoda	From another company											
Nanpei Hayashi	From another company											
Daisuke Fujioka	Certified public accountant											

*** Items regarding the relationship with the Company**
*** ○ if the item applies to the person in the "current/recent" category. △ if the item applies to the person in the "past" category.**
*** ● if the item applies to a close relative in the "current/recent" category. ▲ if the item applies to a close relative in the "past" category.**

a Person who executes the business of a listed company or its subsidiary
b Person who executes the business of, or is a Non-Executive Director of, a listed company's parent company
c Person who executes the business of a listed company's sibling company
d Person whose main business partner is a listed company or a person who executes the business of a listed company
e Major business partner of a listed company or person who executes its business
f Consultants, accounting professionals, and legal professionals who receive large amounts of money or other assets from listed companies in addition to Executive compensation
g A major shareholder of listed companies (if such major shareholder is a corporation, a person who executes the business of such corporation)

h Person who executes, by himself or herself, the business of a business partner of a listed company (not falling under any of d, e, or f)
i Person who executes, by himself or herself, the business of a party where an Outside Director assumes a reciprocal appointment
j Person who executes, by himself or herself, the business of a party to which a listed company makes donations
k Other

Relationship with the Company (2) Update

Name	Audit & Supervisory Committee member	Independent Director	Supplementary explanation regarding conforming items	Reason for appointment
Jihyun Lee		○	———	She has experience as an executive at a listed company and as a manager in Japan and overseas. She also has broad insight into leadership development from her experience as a human resources consultant and teacher. We have judged that she would be able to appropriately perform her duties as Outside Director of the Company. Although she is currently a Representative Director of Raise Partners, Inc., she is designated as an Independent Director as she has no special interest in the Company and there is no risk of a conflict of interest with general shareholders.
Tsuneo Shimoda	○	○	———	He has many years of experience in corporate divisions dealing with finance, accounting, and general affairs. He has extensive practical and professional experience in financial accounting and as a corporate auditor. He has also served as a full-time Corporate Auditor and full-time Audit & Supervisory Committee member of the Company for seven years, and is familiar with the management and business operations of the Company's group. Based on this background, he has provided objective opinions and appropriate advice regarding the Company's management from a neutral standpoint, and we have judged that he is an appropriate person to audit the Company's business execution. He has no special interest in the Company, and there is no risk of a conflict of interest with general shareholders, and is therefore designated as an Independent Director.

Nanpei Hayashi	○	○	———	He has extensive knowledge of corporate management gained through his experience at an investment management company and has extensive experience as an Outside Director. We have judged that he is an appropriate person to audit the Company's business operations, etc. as he has used his experience and knowledge to provide objective opinions and appropriate advice regarding the Company's management from a neutral standpoint. Although he is currently a Representative Director of NH Partners Ltd., he is designated as an Independent Director as he has no special interest in the Company and there is no risk of a conflict of interest with general shareholders.
Daisuke Fujioka	○	○	———	He is a certified public accountant with a high level of expertise and is particularly well versed in the technology industry, having served as an Outside Director of other listed companies and developing companies. He has utilized his expertise to provide objective opinions and appropriate advice regarding the Company's management from a neutral standpoint, and we have judged him to be an appropriate person to audit the Company's execution of business operations. Although he is currently an Executive Partner of ES Next LLC, he is designated as an Independent Director as he has no special interest in the Company and there is no risk of a conflict of interest with general shareholders.

[Audit & Supervisory Committee]

Composition of board members and attributes of the chairperson

	All board members (number of persons)	Full-time board members (number of persons)	Internal Directors (number of persons)	Outside Directors (number of persons)	Board chair (chairperson)
Audit & Supervisory Committee	3	1	0	3	Outside Director

Directors and employees to assist the Audit & Supervisory Committee in its duties	Available

Matters concerning such Directors and employee's independence from the Executive Directors

Two members of the Management & Administration Department support Audit & Supervisory Committee members as assistants, but there is no involvement in such assistance from the Executive Officers, and the independence of Audit & Supervisory Committee members' activities is ensured.

Cooperation among the Audit & Supervisory Committee, accounting auditors, and Internal Audit Department

The Audit & Supervisory Committee works closely with the accounting auditor and the Internal Audit Office to regularly exchange information to enhance mutual cooperation and improve audit effectiveness and efficiency.

[Voluntary committees]

Voluntary committee equivalent to the Nominating Committee or the Compensation Committee	Available

Establishment status of voluntary committees, their member compositions, and attributes of the committee chair (chairperson)

	Name of committee	All committee members (number of persons)	Full-time committee members (number of persons)	Internal Directors (number of persons)	Outside Directors (number of persons)	Outside experts (number of persons)	Other (number of persons)	Committee chair (chairperson)
Voluntary committee equivalent to the Nominating Committee	Nomination & Compensation Committee	5	3	2	3	0	0	Outside Director
Voluntary committee equivalent to the Compensation Committee	Nomination & Compensation Committee	5	3	2	3	0	0	Outside Director

Supplementary explanation

The Company has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors. The Nomination and Compensation Committee stipulates that a majority of its members shall be Audit Committee members or Independent Outside Directors, and is chaired by an Independent Outside Director. The Nomination and Compensation Committee is responsible for reviewing proposals for the election and dismissal of Directors (including members of the Audit Committee) and Executive Officers, determining compensation standards and other matters, and is also in charge of making proposals as its opinions to the Board of Directors. In addition, it determines the compensation, etc. of each individual Directors, based on the delegation of the Board of Directors.

[Independent Directors]

Number of Independent Directors	4 persons

Other matters concerning Independent Directors

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[Incentives]

Status of the implementation of measures granting incentives to Directors	Introduction of stock option plan

Supplemental explanation for relevant items

The Company grants stock options with the aim of enhancing the motivation and morale of employees toward better business performance.

Grantees of stock options	Internal Directors, employees, Directors of subsidiaries, employees of subsidiaries, and others

Supplemental explanation for relevant items

The Company has introduced a stock option plan for the above grantees in order to enhance their motivation and morale toward better performance and to secure excellent human resources.

[Compensation for Directors]

Status of disclosure (of compensation for each individual Directors)	Individual compensation is not disclosed.

Supplemental explanation for relevant items

Individual compensation is not disclosed as there is no individual whose total amount of compensation is 100 million yen or more.

Policy for determining the amount of compensation or its calculation method	Available

Details of disclosure of policy for determining the amount of compensation or its calculation method

At the meeting of the Board of Directors held on June 13, 2022, the Company resolved a policy for determining the amount of compensation to be paid to Directors (excluding Directors who are Audit & Supervisory Committee members) ("Directors"). The following is a summary of the Company's policy for determining the details of compensation, etc. for each individual Directors.

a. Basic policy
The Company's compensation for Directors shall be based on a compensation system that fully functions as an incentive to continuously increase corporate value and shall consist solely of base compensation, which is a monthly fixed compensation (monetary compensation). The base compensation for each individual Directors shall be determined in accordance with the roles and responsibilities expected of each individual Directors and in comprehensive consideration of factors such as the economic environment, market trends, and the compensation levels of other companies.

b. Procedures for determining basic compensation
The Company has established the Nomination & Compensation Committee as a voluntary advisory body to the Board of Directors with a majority of its members being Audit & Supervisory Committee members or Independent Outside Directors. The Board of Directors delegates the Nomination & Compensation Committee to draft a policy for determining the amount of compensation for each individual Directors and report to the Board of Directors. The amount of remuneration for each individual Directors shall be determined at the discretion of the Nomination & Compensation Committee based on the above policy.

[Support system for Outside Directors]

The Management & Administration Department provides support to Outside Directors.

2. Functions of business execution, audits, supervision, nomination, compensation decisions, etc. (Outline of the current corporate governance system) Update

(Board of Directors)
The Board of Directors consists of eight Directors (including four Outside Directors). The Board of Directors holds a regular meeting once a month in principle and an extraordinary meeting as necessary to ensure prompt management decision-making. The Board of Directors makes resolutions on important matters in accordance with the Board of Directors Regulations in addition to matters stipulated by laws and regulations and in the Articles of Incorporation and supervises the execution of business by the Directors.

(Audit & Supervisory Committee)
The Company has an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of three Outside Directors. In principle, the Audit & Supervisory Committee holds monthly meetings, and extraordinary Audit & Supervisory Committee meetings are held as necessary. The Audit & Supervisory Committee audits the status of compliance with laws, regulations, and the Articles of Incorporation and the execution of duties by Representative Directors and Executive Directors and strives to ensure that operational and accounting audits are conducted effectively. In addition, the Audit & Supervisory Committee works closely with the accounting auditor and the chief in charge of internal auditing as well as regularly exchanges information to enhance mutual cooperation and improve the effectiveness and efficiency of audits.

(Board of Executive Officers)
The Board of Executive Officers consists of twelve Executive Officers (including one Directors), and one Director, who is a full-time Audit & Supervisory Committee member, attends the meetings as an observer. In addition to the regular monthly Executive Officers' Meeting, extraordinary Executive Officers' Meetings are held as necessary. The Board of Executive Officers has the authority to make decisions on matters related to business execution and sets important management matters as agenda items according to the Board of Executive Officers Regulations and deliberates on them in order to improve the efficiency of management activities.

(Nomination & Compensation Committee)
The Company has established the Nomination & Compensation Committee as a voluntary advisory body to the Board of Directors with a majority of its members being Audit & Supervisory Committee members or Independent Outside Directors. The Nomination & Compensation Committee deliberates on drafts prepared by the President and CEO regarding matters such as the nomination and dismissal of Directors (including Directors who are Audit & Supervisory Committee members) and Executive Officers as well as individual compensation amounts. After deliberation, it submits its report to the Board of Directors.

(Risk Management Committee)
The Risk Management Committee has been established as a voluntary body to implement risk management in the Group. The Risk Management Committee is chaired by a representative Director and consists of persons appointed by the chairperson, with one Director who is a full-time Audit Committee member attending as an observer. In principle, the Risk Management Committee holds a regular meeting once a year, and extraordinary meetings as necessary.

(Information Security Committee)
The Company has established the Information Security Committee as a voluntary body to implement information security management in the Group. The Information Security Committee is chaired by the Chief Information Security Officer (CISO) and consists of executive officers and the general managers of administrative divisions and offices, with one director who is a full-time Audit Committee member attending as an observer. In principle, the Information Security Committee holds a regular meeting once every six months, and extraordinary meetings are held as necessary.

3. Reasons for choosing the current corporate governance system

The Company has an Audit & Supervisory Committee for the purposes of improving the sustainable value of the company and further strengthening corporate governance.

III Status of the Implementation of Measures Concerning Shareholders and Other Stakeholders

1. Status of initiatives to invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights

	Supplementary explanation
Early dispatch of the Notice of the General Meeting of Shareholders	The notice of the Annual General Meeting of Shareholders was sent on June 6, 2023, and the electronic provision of the notice was disclosed through the Tokyo Stock Exchange on June 2, 2023, so as to enable shareholders to review the notice at their earliest convenience.
Exercise of voting rights by electromagnetic means	The Company will promote the consideration of the exercise of voting rights by electromagnetic means.
Participation in a platform for exercising voting rights electronically and other efforts to improve the environment for institutional investors to exercise their voting rights	We are considering participating in a platform for exercising voting rights.
Provision of the notice of convocation (summary) in English	As with the Japanese original, the Company disclosed the information through the Tokyo Stock Exchange on June 2, 2023.

2. IR activities

	Supplementary explanation	Explanation by the representative himself/ herself
Preparation and publication of disclosure policy	We are considering posting the information on our IR website.	
Holding regular briefing sessions for individual investors	We are considering holding these sessions as needed.	Available
Holding regular briefing sessions for analysts and institutional investors	We hold financial results briefings after the announcement of financial results at the end of the second quarter and the end of the fiscal year. We respond to individual interviews by institutional investors as well.	Available
Holding regular briefing sessions for foreign investors	We hold briefings for foreign investors through conferences hosted by securities companies.	Available
Posting IR materials on the website	We have established an IR page on our website on which to post timely disclosure information, financial briefing materials, annual securities report, etc.	
Establishment of a department (person in charge) for IR	We have established an IR Office.	

3. Initiatives to respect the position of stakeholders

	Supplementary explanation
Regulations concerning respect for the position of stakeholders through internal rules and regulations, etc.	We will build a sound and fair management system based on compliance management as our basic policy and strive to maintain and enhance our corporate value to maintain the trust of our stakeholders.
Implementation of environmental preservation activities, CSR activities, etc.	As a specific approach to the SDGs and ESGs, we promote the "BIG DATA FOR CHILDREN" project. In Japan, there are very few development of drugs targeted to children, and in clinical practice, drugs are used off-label and drugs for adults are used with the ingenuity of individual doctors and pharmacists. In terms of disease burden, there has not been enough detailed research and analysis of the various burdens, such as living and economic burdens, placed on children with diseases. In addition, basic descriptive epidemiology, such as what diseases children suffer from and to what extent, and how many hospital visits and hospitalizations they have, has not been sufficiently conducted. The " BIG DATA FOR CHILDREN" project is a project that utilizes our company's healthcare big data, the largest of its kind in Japan, to promote unique initiatives to resolve the difficulty of conducting research on the actual conditions of disease and treatment in children.

	By informing society about the realities of children suffering from diseases, we are creating an opportunity to save the children who will build the future of Japan.

IV Internal Control Systems, etc.

1. Basic policy concerning internal control systems and their development status

The Company's Board of Directors has resolved the Basic Policy for the Establishment of Internal Control Systems and the Company is currently developing and operating internal control systems based on this basic policy. The outline of the policy is as follows:

a. System to ensure that the execution of duties by Directors and employees shall comply with laws and regulations and the Articles of Incorporation

(a) The Company shall deter violations of laws and regulations and the Articles of Incorporation in accordance with the Basic Compliance Policy and Code of Conduct covering the Company's group as well as the Board of Directors Regulations and other internal regulations. In the event that a director discovers violations of laws and regulations, and the Articles of Incorporation by other directors, the governance system shall be strengthened by immediately reporting such violations to the Audit Committee and the Board of Directors.

(b) The Company shall establish a system that enables internal reporting of facts related to violations of laws and regulations, compliance, etc., and shall operate the system in accordance with the operating rules and regulations.

(c) The Company shall conduct internal audits by the Internal Audit Office, which is directly supervised by the President, to ensure the effectiveness of internal controls.

(d) The Company shall establish a training system for compliance.

(e) The Audit & Supervisory Committee may express its opinions and request improvement measures when it finds any problem in the operation of the Company's compliance system and whistle-blowing system.

b. System for the storage and management of information regarding the execution of duties by Directors

Information regarding the execution of duties by the Company's Directors shall be stored and managed in accordance with the Company's internal rules.

c. Regulations and other systems to manage the risk of losses incurred by the Company's group

(a) The Company shall establish Risk Management Regulations which cover the Group to define the basic items of the risk management system. In addition, the Company shall establish the "Risk Management Committee" chaired by the President, and similarly, the "Risk Management Committee" and other committees shall be established at subsidiaries to deliberate on matters related to risk.

(b) In the event that a major risk materializes, the Company shall promote the development of a business continuity plan (BCP) and various manuals in order to take prompt initial response.

d. System to ensure the efficient execution of duties by Directors of the Company's group

(a) The Board of Directors shall hold a meeting once a month and an extraordinary meeting as necessary and shall make resolutions on agenda items as stipulated in the Board of Directors Regulations.

(b) The Boards of Directors of the Company's subsidiaries shall meet at least once a month as appropriate and shall make resolutions on agenda items as stipulated in the Board of Directors Regulations.

e. System to ensure the appropriateness of business operations of the Company's group

In order to report on the execution of duties by the Directors of the Company's group and to ensure the appropriateness of the operations of the Company's group, we shall establish the following systems.

(a) The Company shall designate a department in charge of each subsidiary and, while respecting the autonomy of its subsidiaries, the Company shall receive periodic reports on the status of their business, hold prior discussions on important matters, and provide guidance and advice as necessary from the divisions in charge.

(b) The Company shall establish rules for the management of its subsidiaries and other rules, and subsidiaries shall establish their own important rules.

f. Matters concerning employees assisting the Audit & Supervisory Committee in the event that it requests the appointment of such employees to assist in its duties

The Company shall appoint such employees and have them assist the Audit & Supervisory Committee with respect to the opinions of the Audit & Supervisory Committee. The assistant shall be determined with respect to the opinions of the Audit & Supervisory Committee as a dedicated employee or a concurrently appointed employee.

g. Matters concerning the independence from Directors of employees who are assigned to assist in the duties of the Audit & Supervisory Committee of the Company and matters concerning ensuring the effectiveness of instructions given to such employees by the Audit & Supervisory Committee

(a) To ensure the independence of employees assisting in the duties of the Audit & Supervisory Committee, the Company shall collect and respect the opinions of the Audit & Supervisory Committee with respect to personnel matters (transfers, evaluations, etc.).

(b) Such employees shall follow the orders of the Audit & Supervisory Committee. In the event that such employees are concurrently serving in other positions, they shall prioritize following the orders of the Audit & Supervisory Committee, and the Company shall give consideration to the burden of their duties.

h. System to enable Directors and employees of the Company's group, or persons who receive reports from them, to report to the Audit & Supervisory Committee and other systems to report to the Audit & Supervisory Committee

(a) Directors and employees of the Company's group, or persons who receive reports from them, shall promptly report to the Company's Audit & Supervisory Committee any facts that may cause significant damage or disadvantage to the Company.

(b) Directors and employees of the Company's group, or persons who receive reports from them, shall promptly report to the Company's Audit & Supervisory Committee any possibility or occurrence of misconduct or material facts in violation of laws, regulations, or the Articles of Incorporation in connection with the execution of duties by the Directors.

(c) The Audit & Supervisory Committee of the Company may request reports from the Directors and employees of the Company's group as necessary.

(d) The Company shall ensure an appropriate reporting system to the Audit & Supervisory Committee based on the Internal Reporting System Operation Regulations and Compliance Regulations as an internal reporting system for facts concerning legal violations and compliance, etc.

(e) The Company shall establish and appropriately apply a rule that a person who makes a report as described in (a) and (b) above shall not be treated disadvantageously by reason of having made such a report.

i. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by the Audit & Supervisory Committee of the Company and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties

The Company shall promptly settle expenses or debts incurred in connection with the execution of duties by the Audit & Supervisory Committee of the Company including prepayment or reimbursement procedures for such expenses.

j. Other systems to ensure that audits by the Audit & Supervisory Committee are conducted effectively

(a) Representative Directors and Audit & Supervisory Committee members will continue to meet regularly (approximately four times a year).

(b) The Company shall enhance its audit function by clarifying audit targets and responsibilities and increasing the number of audit staff.

(c) The Company shall establish a system to ensure that the audits of the Company's Audit & Supervisory Committee are conducted effectively, such as by ensuring that Audit & Supervisory Committee members have opportunities to attend meetings of the group companies at the request of the Audit & Supervisory Committee.

2. Basic policy and status of development for the elimination of antisocial forces

The Company's group, its special interest parties, shareholders, business partners, etc. have no relationship with antisocial forces. Our group shall not provide any benefits under any name to antisocial forces that threaten the order and safety of civil society and shall sever all relationships with such forces. Our group shall take a firm and systematic stance against antisocial forces in close cooperation with outside professional organizations such as lawyers and the police.

V Other

1. Introduction of anti-takeover measures

Anti-takeover measures	Not available

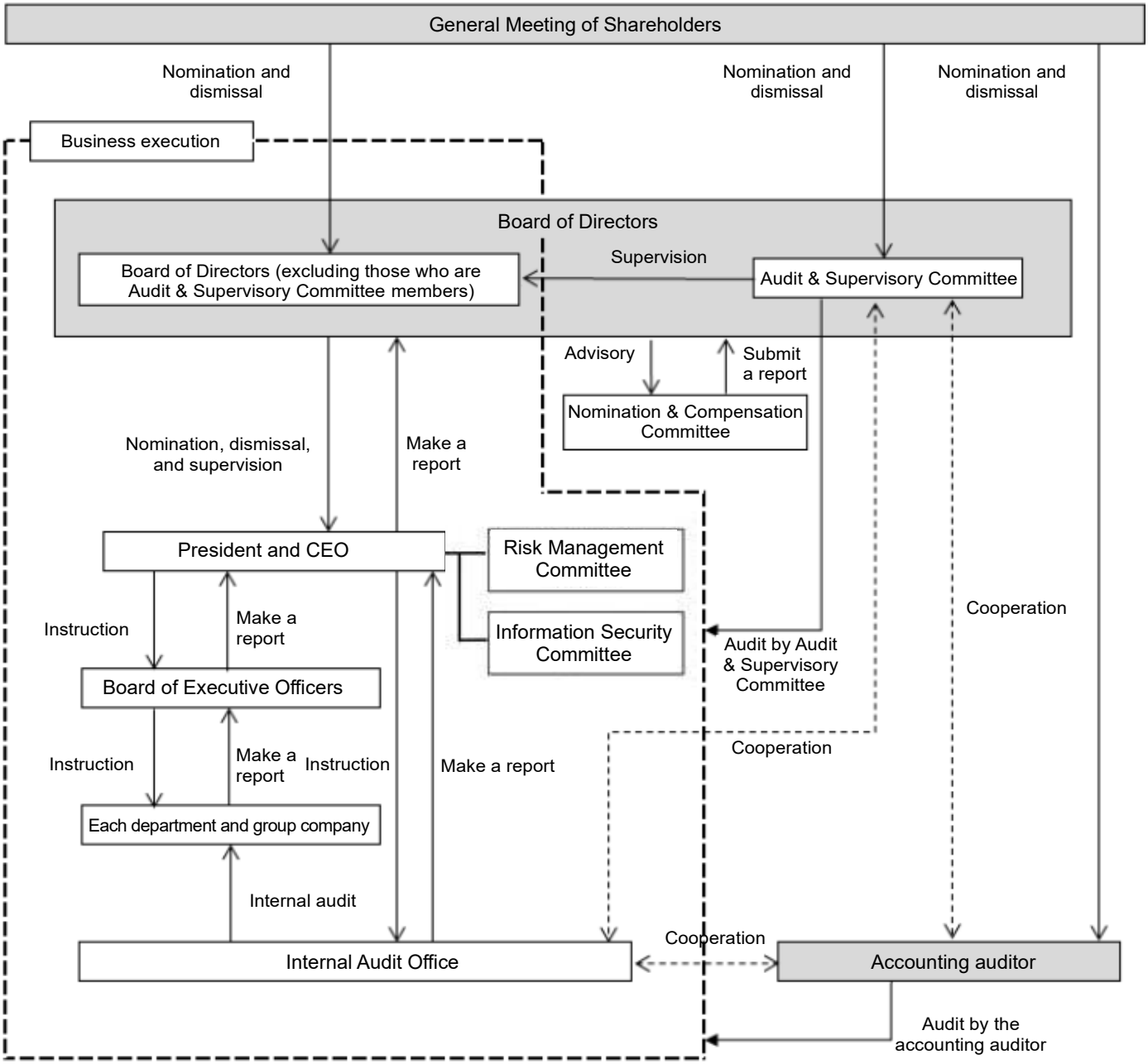
Supplemental explanation for relevant items

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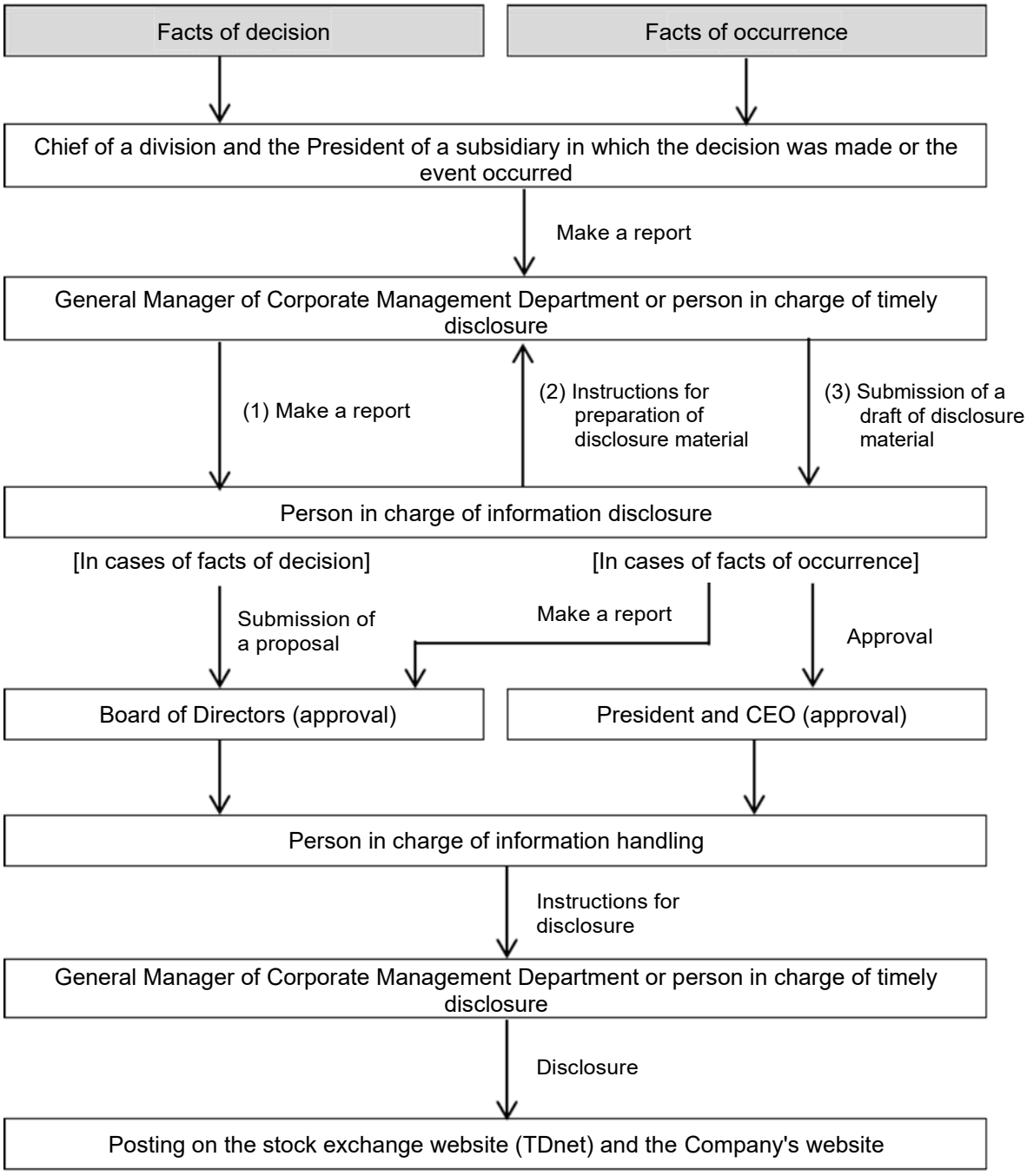
2. Other matters concerning the corporate governance system, etc.

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[Schematic diagram] Reference material for corporate governance system



[Schematic diagram of the timely disclosure system] Information on facts of decision and facts of occurrence



[Schematic diagram of the timely disclosure system] Information on financial results

