

Last Update: June 26, 2023

UT Group Co., Ltd.

Yoichi Wakayama, President, Representative Director & CEO

Tel: +81-3-5447-1710

Securities Code: 2146

<https://www.ut-g.co.jp/english>**Corporate governance of UT Group Co., Ltd.****I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information****1. Basic Views****Updated**

UT Group Co., Ltd. ("UT Group" or "the Company") has redefined its corporate philosophy to make its aim and values more easily understood by people who newly join the Company. Consistent with this, corporate governance has been identified as one of the most important aspects of management. In order to continuously strengthen governance in response to the Corporate Governance Code, the Basic Policy on Corporate Governance has been adopted by a resolution of the Board of Directors in its meeting, and has been published on the Company website. To assure the effectiveness of corporate governance based on this policy, Basic Policy on Compliance, Basic Policy on Risk Management, and Basic Policy on Information Security have been adopted.

The content of the Basic Policy on Corporate Governance is summarized as follows:

- Shareholders' rights

UT Group respects the rights of its shareholders and strives to ensure equality of shareholders, and to create an environment in which shareholders can exercise their rights appropriately.

- Collaboration with stakeholders

UT Group strives to promote sustainable corporate value by working properly with its employees, clients, business partners and all other stakeholders.

- Proper disclosure of information and ensuring transparency

In order to gain the trust of its shareholders and other stakeholders, UT Group actively discloses information with high transparency and strives to disclose information in an integrated manner so as to clearly communicate its vision and its management strategy intended to contribute to realization of the vision.

- Responsibilities of the Board of Directors, etc.

In order to achieve sustained improvement of corporate value which has high growth potential, consistent with the mission "Create vigorous workplaces empowering workers," UT Group's Board of Directors delegates its executive authority to executive officers, who are instructed to make speedy decisions, in a fair manner and in the best possible way, while providing effective oversight functions as its major role in management supervision.

The composition of the Board of Directors is not limited to the internal structure of the organization. Half of the Directors are independent, their number and share of Board positions intended to assure that the Board performs effective supervisory functions, while also making it possible for the Board to discuss various matters from a wide range of perspectives with the benefit of the effects of diversity in terms of knowledge of related fields, capability, industry experience, age, and gender.

In order to make decisions in appointing directors as well as executive officers who are responsible for business execution, and to determine their remuneration, reliance is made on an advisory committee of which a majority of its members are outside experts so as to ensure transparency. In addition, UT Group has developed a remuneration system that reflects an arrangement that is balanced from the perspectives of short- and medium-to-long-term, an arrangement believed to support risk-taking for growth. The Company has also established a system to manage risk. The system and its operation are consistently supervised.

- Dialogue with shareholders

As an important aspect of its relation with shareholders UT Group strives to disclose management direction and strategy for improving medium- to long-term corporate value, and to engage in constructive dialogue with shareholders. The Company seeks to establish a proper structure to enable it and to get a good picture of the shareholder structure.

- Ethical standards and corporate culture

UT Group provides intangible social infrastructure that supports employment and production activities and, based on its awareness of social responsibility as expressed by being engaged with each worker, the Company strives to foster a corporate culture that contributes to a sustainable society by adhering to local laws and regulations, as well as international norms, including human rights.

[Disclosure Based on the Principles of the Corporate Governance Code]**Updated****【Principle 1-4 Cross-shareholdings】**

UT Group has a policy of not holding shares of individual companies for the purpose of cross shareholdings.

【Principle 1-7 Related Party Transactions】

UT Group has stipulated rules concerning transaction between the Company and Directors or major shareholders in order to

prevent the transactions from harming the shared interests of the Company and its shareholders. Such transactions including competing transactions and conflict-of-interest transactions with its Directors, or transactions with other companies, are explicitly stated as matters to be resolved by the Board of Directors, in accordance with the "Rules on Transaction Control of Related Insiders" and the "Rules for the Board of Directors". The relevant Director(s) in such a case shall be excluded as a related party of special interest from a quorum of the decision-making persons dealing with the matter.

The status of such individual transactions shall be reported to the Board of Directors and be monitored, based on the Rules on Transaction Control of Related Insiders, while the Audit & Supervisory Committee shall audit the matter based on the Audit Standards of Audit & Supervisory Committee. In addition, a framework for control of transactions of related parties has been devised and an annual survey is conducted to check if there has been any transaction between related parties.

【Supplementary Principle 2-4-1 Ensuring Diversity on Promotion of Core Personnel】

Under the mission of "Creating vigorous workplaces empowering workers," UT Group has been promoting an environment in which diverse personnel work vigorously, regardless of their nationality, academic background or age. The ratio of female managers currently stands at 12.7%, but the Company aims to reach 15% by the end of fiscal year ending March 2025. In the Diversity Promotion Activities, the Company will promote workstyle reform and institutional and culture reforms, particularly in business divisions with a low proportion of women.

【Principle 2-6 Roles as Asset Owners of the Corporate Pension Plan】

Although UT Group has not introduced the fund-type and contract-type fixed benefit pension and welfare pension funds as a system, the Company has introduced a corporate-type defined contribution pension fund, and has been providing educational opportunities to employees through training and e-learning to promote stable asset formation for employees.

【Principle 3-1 Full Disclosure】

- (i) The Company's Mission, Vision, Values, and Medium-Term Business Plan are disclosed on its website.
- (ii) The Basic Views on Corporate Governance are published in the Company's website, Corporate Governance Report, and Securities Report.
- (iii) Remuneration of Directors is published in the Securities Report.
- (iv) Based on the policy of choosing as Directors those who are anticipated to contribute to the Group's sustainable growth and enhancement of medium- to long-term corporate value, director candidates are selected by the Nomination and Remuneration Committee, an advisory body attached to the Board of Directors, with consideration given to ensuring balance in ability and knowledge of the overall Board, and are appointed by the Board. Concerning candidates for Audit & Supervisory Committee Members, the Nomination and Remuneration Committee selects candidates who can contribute to maintenance and enhancement of the Company's sound management and social credibility and can do neutral, objective auditing, and upon agreement by the Audit & Supervisory Committee, the Board of Directors decides who shall be Audit & Supervisory Committee Members. Concerning External Directors, using the Tokyo Stock Exchange's standards related to independence for reference, candidates who are believed to ensure sufficient independence are elected, with consideration given to their experience and relationship with the Company. Concerning dismissal of Directors and Audit & Supervisory Committee members, procedures for dismissal shall be begun for those whose misconduct or material facts in violation of laws and regulations or the Articles of Incorporation have been detected; those who are recognized as falling far short of the selection standards; those who have significantly damaged corporate value by neglect of duties; and those who are deemed to be difficult to appropriately carry out duties. Procedures for dismissal of Directors and Audit & Supervisory Committee Members shall be resolved by the Board of Directors, upon fair, rigorous discussions by the Nomination and Remuneration Committee, and be decided at the General Meeting of Shareholders.
- (v) Reasons for election of Director candidates and Audit & Supervisory Committee member candidates are disclosed in the Notice of the General Meeting of Shareholders. Dismissal of Directors and Audit & Supervisory Committee Members shall also be disclosed in the Notice of the General Meeting of Shareholders or other documents, as needed.

【Supplementary Principle 3-1-3 Efforts on Sustainability】

UT Group is working on sustainability issues based on the Basic Policy on Sustainability, recognizing "Workers' potential to be broadened," "Continued strengthening of business base," "Fair and transparent organizational controls" and "Appropriate environmental considerations" as important issues. In addition, regarding investment in human capital and intellectual property, we have established the UT Group Basic Policy on Human Resources Development based on the belief that workers are the most important asset of a company, and are working to educate and develop human resources. Specifically, we are cultivating in-house certified career partners who provide support for career development, promoting education through e-learning and enriching educational programs for each job type. By promoting such initiatives, we are working to create an environment in which more people can expand their potential. In response to climate change, we have established a Basic Policy on Environmental based on the Basic Policy on Sustainability and are building an environmental management system. We will continue to disclose items in accordance with the framework proposed by the TCFD in our Annual Securities Report and Integrated Report.

Please refer to our website for our thoughts, policies and initiatives regarding sustainability.

(<https://www.ut-g.co.jp/english/sustainability/>)

【Supplementary Principle 4-1-1 Outline of the Scope of Delegation to the Management】

UT Group has separated the decision-making and overseeing function of management and the execution of operations by establishing both the Board of Directors as a decision-making and overseeing body of management and the Management Committee as a system for execution of operations based on the Board's decision-making. The Board of Directors discusses and makes decisions on matters stipulated in laws and the Articles of Incorporation and significant matters related to the Company and its subsidiaries. In addition, the Company has adopted an Executive Officer System whereby Executive Officers carry out business execution according to the Rules on Authority of Duties on significant matters of business execution resolved by the Board of Directors. In the Management Committee, the status of execution and issues involving important matters concerning execution of duties are reported, and specific execution methods are resolved with regard to policies concerning matters

discussed at the Board of Directors and basic management policies resolved at the Board of Directors. The Rules on Authority of Duties clearly specify the authority of the Board of Directors, President, Management Committee, and other bodies.

【Principle 4-9 Independence Standards and Qualification of Independent External Directors】

UT Group does not specifically set forth independence standards and policies for External Directors. However, independent directors are selected based on the standards provided by the Tokyo Stock Exchange. Individuals who can serve in roles and execute duties of contributing to the Company's sustainable growth and enhancement of its medium- to long-term corporate value, who have professional knowledge needed in corporate management, who can be expected to make candid, active, and constructive contributions to discussions by the Board of Directors, and who are fully qualified, are selected as candidates for independent external director posts.

【Supplementary Principle 4-10-1 Authority and Roles of the Nomination and Remuneration Committee】

UT Group is a company with the Audit & Supervisory Committee, and the Board of Directors consists of six members including four Outside Directors, three of whom are Independent Outside Directors. All Outside Directors, including Independent Outside Directors, are Audit & Supervisory Committee Members, and they use their high expertise and rich experience to express their opinions on important matters through deliberations by the Board of Directors and provide advice where necessary.

In order to ensure the objectivity and transparency of the procedures for nominating candidates for directors and determining remuneration, and to strengthen the accountability of the Board of Directors, we have established the Nomination and Remuneration Committee with a majority of three Outside Directors, two of whom are Independent Outside Directors, out of five members as an advisory body of the Board of Directors, to obtain appropriate involvement and advice from Outside Directors including Independent Outside Directors.

【Supplementary Principle 4-11-1 Basic Views on the Overall balance of knowledge, experience and skills and the diversity and scope of the Board of Directors】

In order to realize the Fourth Medium-Term Business Plan, UT Group has identified the skills and other attributed to be held as a whole by the Board of Directors and has developed a skills matrix that shows the key skills, careers, and expertise of each director. The Nomination and Remuneration Committee selects candidates for directors in consideration of the number of directors and skills of each director, depending on the Company's status and business environment. Please refer to the Company's website for the skills matrix.

(<https://www.ut-g.co.jp/english/ir/management/governance/>)

Refer to "Principle 3-1 (iii) to (v)" concerning UT Group's views on the balance of knowledge, experience, and skills of the Board as a whole, and diversity, as well as policies and procedures for selection of directors.

【Supplementary Principle 4-11-2 Concurrent Positions of Directors and Audit & Supervisory Committee Members】

The status of concurrent positions held by Directors and Audit & Supervisory Committee Members is disclosed in the Securities Report and the Notice of the General Meeting of Shareholders every year.

At present, two out of four External Directors concurrently hold a position of director of other listed companies. One of these External Directors concurrently are directors of five other listed companies while the other External Director concurrently holds a position of director of another listed company.

The number of companies where the Directors hold concurrent position is considered reasonable and the Directors are believed to have sufficient time and energy to appropriately carry out expected roles and duties.

【Supplementary Principle 4-11-3 Overall Analysis and Evaluation of the Effectiveness of the Board of Directors】

UT Group conducts analysis and evaluation of the effectiveness of the Board of Directors to strengthen the function of the Board of Directors. For FY3/2023, questionnaire concerning "Organization and management of the Board of Directors", "Management strategy and business strategy", "Corporate ethics and risk management", "Performance monitoring and evaluation of management" and "Dialogue with shareholders, etc." was implemented to all Directors. (Answers were given directly to the external organization, maintaining anonymity)

The evaluation was summarized and analyzed based on the advice of the said external organization.

As a summary of the results of the analysis and evaluation, we confirmed that effectiveness of the Board is generally ensured. Going forward, the Board of Directors will focus on addressing the issues identified in the questionnaire results, continuously strive to ensure the effectiveness of the Board of Directors, and aim to further enhance corporate governance and continuously raise corporate value.

Please refer to the Company's website for the results of the evaluation of the effectiveness. (https://ssl4.eir-parts.net/doc/2146/ir_material12/207701/00.pdf)

【Supplementary Principle 4-14-2 Policy on Directors and Directors who are Audit & Supervisory Committee Members Training】

UT Group's Directors and Audit & Supervisory Committee Members constantly and actively acquire and learn information concerning the Company's financial conditions, compliance with laws and regulations, corporate governance, and other matters. The Company appoints External Directors who have expert knowledge in legal, finance and accounting, etc. They share their knowledge on laws and regulations, and other relevant matters at the Board of Directors meetings and other occasions, when appropriate.

【Principle 5-1 Policy on Constructive Dialogues with Shareholders】

UT Group's IR activities are mainly performed by the unit in charge of IR in the General Affairs Division. Every quarter a video of the financial result presentation by President & Representative Director is uploaded on the website. The Company also attends conferences hosted by securities companies and welcomes one-on-one meetings. Information on business plans and operating conditions is proactively disclosed on the Company's website.

The division in charge of IR reports details of dialogues with shareholders and investors to the Board of Directors, when appropriate, in order for the information to be available for use in operations and management. The IR Policy, with its basic policy being to provide prompt information disclosure with transparency, fairness, and consistency, has been officially determined and is disclosed on the corporate website.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
----------------------------	---------------------------

[Status of Major Shareholders]

Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
Yoichi Wakayama	9,031,178	22.38
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,339,900	10.75
Custody Bank of Japan, Ltd. (Trust Account)	4,292,300	10.63
Custody Bank of Japan, Ltd. (Trust E Account)	2,605,000	6.45
Lei Hau' oli Co., Ltd.	1,817,200	4.50
THE BANK OF NEW YORK MELLON SA / NV10	803,700	1.99
THE BANK OF NEW YORK MELLON 140044	768,161	1.90
UT Group Employee Stock Ownership Association	609,298	1.51
NORTHERN TRUST CO. (AVFC) RE STATE TEACHERS RETIREMENT SYSTEM OF OHIO	489,200	1.21
STATE STREET BANK AND TRUST COMPANY 505227	439,701	1.09

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

Supplementary Explanation

—

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Section of Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Service
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	From 100 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

—

5. Other Special Circumstances which May Have Material Impact on Corporate Governance

—

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

1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Committee
-------------------	--

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President & Representative Director
Number of Directors	6
Appointment of External Directors	Yes
Number of External Directors	4
Number of Independent External Directors	Updated 3

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (●)										
		a	b	c	d	e	f	g	h	i	j	k
Taisuke Igaki	From another company								○			
Hiroko Sasaki	From another company								○			
Hirokazu Mizukami	From another company											
Koichi Shima	From another company											

Categories for "Relationship with the Company"

- "○" when the director presently is in or recently became associated with the category;
"△" when the director was in the category in the past
 - "●" when a close relative of the director presently is in or recently became associated with the category;
"▲" when a close relative of the director was in the category in the past
- a. Executive of the Company or one of its subsidiaries
 - b. Executive or non-executive director of the parent company of the Company
 - c. Executive of another subsidiary company of the Company
 - d. A party whose major client or supplier is the Company or an executive thereof
 - e. Major client or supplier of the listed company or an executive thereof
 - f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/auditor
 - g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
 - h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
 - i. Executive of a company, between which and the Company external directors/auditors are mutually appointed (the director himself/herself only)
 - j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
 - k. Other

Name	Audit & Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Taisuke Igaki	○		Mr. Taisuke Igaki is an outside director (Audit & Supervisory Committee Member) of en Japan Inc., Ltd. While UT Group has paid the company advertising posting fees related to job offers, the percentage of transactions for the fiscal year ended March 2023 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group. Mr. Igaki is also a corporate employee lawyer at Nishimura & Asahi LPC. UT Group has paid the firm a commission fee related to legal counseling, etc., but the percentage of transactions for the fiscal year ended March 2023 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group.	Mr. Taisuke Igaki has actively provided advice and suggestions within the Company from the perspectives of compliance and corporate governance, leveraging his wealth of experience in all legal matters, including cross-border transactions, M&A, corporate rehabilitation and litigations. He was elected as Outside Director who is an Audit & Supervisory Committee Member with the expectation that he will continue to leverage this experience to contribute to the growth and risk management of the Company. While UT Group has transactions with en Japan Inc. and Nishimura & Asahi LPC, where he concurrently has a position, as stated on the left, the firm and UT Group have no special interest relationship. As Mr. Taisuke Igaki satisfies standards for independence set forth by the Tokyo Stock Exchange, and he has no concerns of conflict of interest with general shareholders, however the Company does not designate him as an Independent Officer in accordance with the policy of the LPC to which he belongs.
Hiroko Sasaki	○	○	Ms. Hiroko Sasaki is the Representative Director, President and CEO of Lyxis Co., Ltd. UT Group has paid Lyxis a commission fee for education related business, but the percentage of transactions for the fiscal year ended March 2023 is less than 1% of the total consolidated cost of sales and SG&A expenses of UT Group.	Ms. Hiroko Sasaki is the founder of ChangeWAVE Inc. Leveraging her experience of being involved in management reforms of numerous companies, she has developed services that take charge of reforms of society, corporations, organizations and individuals from the perspective of human resource development. She was elected as Outside Director who is an Audit & Supervisory Committee Member with the expectation that she will leverage this experience to contribute to the achievement of the Company's vision of "becoming the company with a future workstyle platform". While UT Group has transactions with Lyxis Co., Ltd., where she concurrently has a position, as stated on the left, Lyxis and UT Group have no special interest relationship. As Ms. Hiroko Sasaki satisfies standards for independence set forth by the Tokyo Stock Exchange, and she has no concerns of conflict of interest with general shareholders, the Company designated her as an Independent Director.

Hirokazu Mizukami	○	○	—	<p>Mr. Hirokazu Mizukami has a wealth of knowledge and experience gained over many years working at financial institutions. He was elected as Outside Director who is an Audit & Supervisory Committee Member based on the judgment that he is providing appropriate and useful comments on the legality, soundness and transparency of the Company's management practices, and is appropriately fulfilling his duties.</p> <p>As Mr. Hirokazu Mizukami satisfies standards for independence set forth by the Tokyo Stock Exchange, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Director.</p>
Koichi Shima	○	○	<p>Mr. Koichi Shima serves as Outside Director (Audit and Supervisory Committee Member) of Nippon Denkai, Ltd. The Group has recorded business transactions with Nippon Denkai, Ltd. However, the amount of these transactions for the fiscal year ended March 2023 is less than 1% of the total of the Company's consolidated net sales.</p>	<p>Mr. Koichi Shima has served as a corporate manager and auditor, based on his knowledge and experience in a broad range of fields including human resources, general affairs, marketing, sales company management, internal and external public relations, advertising, brand management, IR, finance, legal affairs, and compliance. He was selected as candidate for Outside Director who is an Audit & Supervisory Committee Member in the expectation that he will leverage this knowledge and experience to contribute to the achievement of the Company's vision of "becoming the company with a future workstyle platform".</p> <p>While UT Group has transactions with Nippon Denkai, Ltd., where he concurrently has a position, as stated on the left, Nippon Denkai and UT Group have no special interest relationship. As Mr. Koichi Shima satisfies standards for independence set forth by the Tokyo Stock Exchange, and he has no concerns of conflict of interest with general shareholders, the Company designated him as an Independent Director.</p>

[Audit & Supervisory Committee]

Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Chair-person
Audit & Supervisory Committee	4	0	0	4	External Directors
Director and employee who assist duties of Audit & Supervisory Committee	N/A				

Reasons for Adoption of the Current System

When requested by the Audit & Supervisory Committee, an employee who performs assistance to duties of the Committee will be selected and be dedicated to performing assistance to the Audit & Supervisory Committee. With regard to nomination of personnel, Directors (excluding those who are Audit & Supervisory Committee Members) exchange opinions with the Audit & Supervisory Committee and obtain its agreement.

Audit & Supervisory Committee regularly exchanges information and collaborates with the Auditing Company and the Internal Audit Division, and has meetings with the President & Representative Director as appropriate.

[Voluntary Establishment of Committee(s)]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

Voluntary Establishment of Committee(s), Composition, and Attributes of Chairperson

	Committee's Name	All Committee Members	Full-time Members	Internal Directors	External Directors	External Experts	Others	Chair-person
Committee Corresponding to Nomination Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	External Directors
Committee Corresponding to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	External Directors

Supplementary Explanation

Updated

Although the Company is not a company with a nomination committee and other committees system prescribed in the Corporate Law, it has established a voluntary Nomination and Remuneration Committee as an advisory body of the Board of Directors. The Committee aims to ensure the transparency and objectivity of the procedures for nomination of candidates for Directors and Audit & Supervisory Committee Members and their remuneration, and to strengthen the accountability of the Board of Directors.

[Independent Directors]

Number of Independent Directors

Updated

3

Matters relating to Independent Directors

[Incentives]

Implementation Status of Measures Involving the Provision of Incentives to Directors

Introduction of Performance-based Remuneration and the Stock Option Program

Supplementary Explanation

Updated

[Overview of the Performance-based Remuneration System]

UT Group has introduced a performance-based remuneration system, which is described later in this report in the "Director Remuneration" section, "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

[Outline of the stock option system]

At the meeting of the Board of Directors held on May 20, 2020, the Board of Directors resolved to issue stock acquisition rights for a fee to directors, executive officers and employees of the Company and its subsidiaries.

As of May 31, 2023, the number of stock acquisition rights is 80,177, and the class, content and number of shares to be issued upon exercise of stock acquisition rights are 8,017,700 common shares. The amount to be paid upon exercise of the stock acquisition rights is 1,859 yen per share, and the period to exercise stock acquisition rights is from May 1, 2021 to April 30, 2028. The issue price of the shares shall be 1,859 yen upon exercise of the stock acquisition rights.

Please refer to the Securities Report for details. The conditions for the exercise of stock acquisition rights are as follows:

1. Stock Acquisition Rights holders may exercise the Stock Acquisition Rights in each fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2027, provided they meet one of the conditions listed in each of the following items:

(1) If the EBITDA is 15 billion yen or higher in any fiscal year between the fiscal year ended March 31, 2021 and the fiscal year

- ending March 2024
- (2) If the EBITDA is 20 billion yen or higher in any fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2025
- (3) If the EBITDA is 30 billion yen or higher in any fiscal year between the fiscal year ended March 31, 2021 and the fiscal year ending March 2027

EBITDA as stated above is the sum of the operating profit of the Company's consolidated income statement, which has been audited, as stated in the Securities Report submitted by the Company and the depreciation costs (including goodwill amortization costs) stated in the consolidated cash flow statement of the Report. In determining the amount of EBITDA, the amount of operating profit in the consolidated statements (or profit/loss statements if the consolidated financial statements have not been prepared) stated in the Company's Securities Report plus depreciation costs (including goodwill amortization costs) on the Company's consolidated cash flow statements shall be used for reference. If stock remuneration expenses which are related to the stock acquisition rights are generated, it shall be excluded from the calculation of EBITDA. The amount of EBITDA that is applicable from the time the relevant Securities Report is submitted shall be applied. In addition, in the event that there is a significant change in the concept of numerical values to be referenced due to the application of international financial reporting standards, etc., the Company shall, to a reasonable extent, establish indicators to be referenced separately by the Board of Directors.

2. The stock acquisition rights holders shall, even at the time of the exercise of the stock acquisition rights, are required to be directors, corporate auditors, executive officers or employees of the Company or its affiliates (which refer to related companies as stipulated in the rules of the terms, style, and preparation method of the Company's financial statements and other documents). However, this shall not apply if the Company's Board of Directors has approved the holders who retire due to expiration of their term of office or reaching mandatory retirement age or other legitimate reasons.
3. If the stock acquisition rights holder has died (only if the holder meets the requirements set forth in (2) above), only one of the heirs of the holder (hereinafter referred to as the "successor of the rights") may exercise all succeeded stock acquisition rights in a lump during the exercise period of the stock acquisition rights. In the event that the successor of the rights has died, the successor of the successor may not further succeed to acquisition of the stock acquisition rights. The requirements set forth in (2) above do not apply to successors of rights.
4. If the total number of issued shares of the Company exceeds the number of authorized shares at that time by exercising the Stock Acquisition Rights, the exercise of such Stock Acquisition Rights may not be performed.
5. No less than one (1) exercise of each Stock Acquisition right is permitted.

Recipients of Stock Options

Internal directors, Employees, Directors of subsidiaries, Employees of subsidiaries, and Others

Supplementary Explanation

Updated

In pursuit of expanding the Company's long-term corporate value and with the objective of strongly elevating motivation and morale of directors and employees of the Company and its subsidiaries and strengthen their commitment to growth in business performance, the Company has issued stock acquisition rights to directors, executive officers, and employees of the Company and its subsidiaries in exchange for cash consideration. The number of recipients of Stock Options was 60 as of May 31, 2023.

[Director Remuneration]

Disclosure of Individual Directors' Remuneration

Individual Directors' Remuneration are not disclosed.

Supplementary Explanation

Updated

The amount of remuneration in total and by type, and the number of recipients

Category	Total remuneration (million yen)	Basic remuneration (million yen)	Performance-based remuneration	Non-monetary remuneration	Number of recipients
Directors (excl. Audit & Supervisory Committee Members) (of External Directors)	150 (6)	73 (6)	77 (-)	-	7 (4)
Directors (Audit & Supervisory Committee Members) (of External Directors)	25 (25)	25 (25)	-	-	4 (4)
Auditors (of External Auditors)	8 (5)	8 (5)	-	-	4 (3)
Total (of External Officers)	183 (36)	106 (36)	77 (-)	-	15 (11)

1. At the 15th Annual General Meeting of Shareholders, held on June 25, 2022, the maximum amount of remuneration for directors (excluding Audit & Supervisory Committee members) was resolved to be within 500 million yen per year. (for two directors (excluding Audit & Supervisory Committee members) after the Annual General Meeting of Shareholders. However, employee salaries are not included.)

2. At the 15th Annual General Meeting of Shareholders, held on June 25, 2022, the maximum amount of remuneration for directors (Audit & Supervisory Committee members) was resolved to be within 100 million yen per year (for four directors (Audit & Supervisory Committee members) after the Annual General Meeting of Shareholders).
3. Regarding performance-based remuneration, the amount recorded as an expense as a provision before considering the performance of the fiscal year ended March 31, 2023 is stated.
4. The number of directors (excluding Audit & Supervisory Committee members) and auditors above includes 5 directors and 4 auditors who retired at the conclusion of the 15th Annual General Meeting of Shareholders held on June 25, 2022.
5. Mr. Hirokazu Mizukami is included in Auditors (External Auditors) during his term as an Auditor, and in Directors (Audit & Supervisory Committee members and External Directors) during his term as a Director (Audit & Supervisory Committee member). This is because he was appointed as a Director (Audit & Supervisory Committee member) after resigning as an auditor at the 15th Annual General Meeting of Shareholders.
6. Mr. Taisuke Igaki and Ms. Hiroko Sasaki are included in Directors (External Directors) during the term as a Director, and in Directors (Audit & Supervisory Committee members and External Directors) during the term as a Director (Audit & Supervisory Committee member). This is because they were appointed as Directors (Audit & Supervisory Committee members) after resigning as Director at the 15th Annual General Meeting of Shareholders.

Reason why the Board of Directors has determined that the individual remuneration and other remuneration of directors for the fiscal year ended March 31, 2023 was in line with the policy:

The Board of Directors has determined that the individual remuneration and other remuneration of directors (excluding those who are Audit & Supervisory Committee Members) for the fiscal year ended March 31, 2022 was in line with the policy as the Board of Directors had confirmed that the calculation methods of remuneration amounts and the remuneration amounts were consistent with the policy which had been resolved in the Board of Directors' meeting as well as the report from Nomination and Remuneration Committee was esteemed.

Policy on Determining Remuneration
Amounts and Calculation Methods

Updated

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

UT Group's Board of Directors resolved at the meeting to adopt a policy regarding the amount of remuneration, etc. of Directors (excluding Audit & Supervisory Committee Members. Same in 1. to 6 below.), and the method of calculation, as follows.

1. Basic Policy

The remuneration of directors of the Company shall consist of basic, performance-based, and non-monetary remuneration based on the rating table set forth in the rule, in accordance with the Rules of Remuneration of Directors and Audit & Supervisory Committee Members. The monetary remuneration of directors consists of basic remuneration as fixed remuneration and performance-related remuneration. The monetary remuneration of outside directors shall be only basic remuneration from the viewpoint of maintaining independence and objectivity. Non-monetary remuneration shall be paid as appropriate based on the resolution of the General Meeting of Shareholders.

2. Policy concerning the determination of the amount and timing or conditions of the granting of the basic remuneration for individual director

The basic remuneration shall be a fixed monetary remuneration subject to the execution of the business. The amount of basic remuneration shall be determined within the scope of the resolution of the general meeting of shareholders, based on the ratings of each director set forth by the President & Representative Director based on the performance evaluation of the previous fiscal year, and based on the baseline amount.

3. Policy concerning the performance indicators relating to performance-based remuneration, the amount or calculation method of performance-based remuneration, and the determination of the timing or conditions of granting remuneration

Performance-based remuneration is a cash remuneration based on an indicator of the status of the profits set forth in Article 34, Paragraph 1, Item 3 of Japan's Corporation Tax Act. Provided that the internal goals set forth at the beginning of the fiscal year are achieved, the amount is determined according to the following method and paid in June each year.

- (1) The maximum amount of performance-based remuneration is 3% (omitting fractions of less than one yen) of "net profit attributable to owners of the parent" for the consolidated fiscal year (hereinafter referred to as "consolidated net profit").
- (2) From the total amount calculated by (1), the allocation method will be determined according to the individual achievement of the performance of the directors.
- (3) Performance-based remuneration shall not be paid when the externally-announced budget is not met or when the consolidated net profit does not meet the level specified at the beginning of the fiscal year. In the event that a scandal by an officer subject to remuneration is discovered, the performance-based remuneration for the period

during which the scandal occurred shall be refunded. If a scandal is discovered prior to the payment, the performance-based remuneration shall not be paid for the period during which the scandal occurred.

4. Policy regarding the determination of non-monetary remuneration and the method for calculating the amount or number of non-monetary remuneration

Non-monetary remuneration shall be determined by a resolution of a general meeting of shareholders, and, if necessary, the Board of Directors shall resolve adoption of a policy concerning the decision on the contents of individual remuneration, etc. of the Directors based on the said policy, and shall be paid in accordance with the necessary procedures.

5. Policy concerning the determination of the ratios of basic remuneration, performance-based remuneration, and non-monetary remuneration in relation to the individual remuneration of directors

The ratios of remuneration by type shall be determined by taking into account the position and responsibilities of the individuals, trends of other companies of similar business size as the Company, and the monetary amount of each type of remuneration.

6. Matters relating to decisions concerning the individual remuneration, etc. of Directors

Concerning the amount of remuneration for individual directors, the President & Representative Director shall be delegated, in whole or in part, to determine the specific details, based on the resolution of the Board of Directors.

Note: The reason for delegating the authority to determine the amount of remuneration for each individual director to Yoichi Wakayama, the president and CEO, is that he is the most familiar with the environment surrounding the company and the company's management situation, etc. This is because we determined that it would be possible to determine the amount of remuneration for the Director from a comprehensive perspective as well as that it would contribute to flexible determination of the amount of remuneration.

[Supporting System for External Directors]

Updated

Concerning important meetings such as of the Board of Directors and of the Audit & Supervisory Committee, relevant documents are sent in advance to External Directors in order to enable them to fully deliberate on important matters at the meetings.

There is no dedicated staff who support External Directors but those in relevant departments support them whenever necessary.

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

Updated

1. Board of Directors

The Company appoints external directors who shall contribute to the Group's achievement of sustainable growth and medium- to long-term increase in corporate value and have no vested interest in the Company. The Board of Directors is comprised of six Directors, including two Directors (excluding those who are Audit & Supervisory Committee Members) and four Directors who are Audit & Supervisory Committee Members. The Board of Directors is chaired by President & Representative Director and has the authority to decide execution of operation of the Company and its Group, and to supervise execution of duties by directors. With the aim of clarifying the responsibilities of directors and establishing a structure with an agile board of directors, the term of office for directors has been set as one year (the term of office for those who are Audit & Supervisory Committee Members has been set as two years). The Board of Directors oversees the Company's management by holding a regular meeting once a month as well as extraordinary meetings on an as-needed basis.

2. Audit & Supervisory Committee

The Company became a company with an Audit & Supervisory Committee, with approval at the 15th Ordinary General Meeting of Shareholders held on June 25, 2022, to further strengthen the supervisory function of the Board of Directors, enhance the corporate governance system, and increase corporate value. Audit & Supervisory Committee, comprised of four Audit & Supervisory Committee Members who are External Directors, holds monthly meeting and objectivity and neutrality for business supervisory functions are ensured.

Audit & Supervisory Committee performs effective audits in consideration of the environment such as company size, industry, management risks and other company-specific audits based on "the Audit Standards of Audit & Supervisory Committee" and "the Implementation Standards of Audit & Supervisory Committee Audit on Internal Control System". In addition, the Company has established the system that maintains close cooperation with Internal Audit Division and other departments in charge of monitoring function in internal control system.

3. Nomination and Remuneration Committee

The Company has established a Nomination and Remuneration Committee as a voluntary advisory entity serving the Board of Directors, with the aim of ensuring transparency and objectivity in the procedure to designate candidates for positions of Director, Audit & Supervisory Committee member, Executive officer and Executive officer of important subsidiary as well as remuneration of Directors, and of enhancing accountability of the Board of Directors for CEO selection and dismissal process and CEO succession planning and supervision. The Nomination and Remuneration Committee, chaired by an External Director, designates persons who shall contribute to the Group's sustainable growth and medium- to long-term increase in corporate value and refers the candidates to the Board of Directors.

4. Compliance Risk Management Conference

The UT Group Compliance Risk Management Conference, chaired by the lead person in charge of the compliance division and with participation by an outside lawyer among others, is held once a month as an advisory entity serving the Board of Directors. The Conference discusses compliance policy and action plans of the Company and its Group, studies requirements for ensuring legal compliance and fair execution of duties, does research on violation of laws, regulations, and internal rules, and establishes recurrence prevention measures. In addition, the Conference identifies types of risks of the

Company and its Group to be controlled, controls and evaluates these risks, calls for measures to prevent risk occurrence, and, in the event of risk occurrence, to minimize loss and establish recurrence prevention measures.

5. IT Investment Committee

The Company has established an IT Investment Committee as an advisory entity serving the Board of Directors, with the two aims of determining and discussing rationality of IT investments of the Company and its group companies from an immediate- and medium-term operational perspective, and of making of decisions on them. The IT Investment Committee, chaired by the lead person of division in charge of finance and accounting, is comprised of outside IT experts and Full-time Directors. Discussions include studying of IT system solutions for management issues, appropriateness of investment decisions, and post-investment checking of effects.

6. Management Committee

The Management Committee, which is chaired by the President & Representative Director and is comprised of Full-time Directors and Executive Officers, is held based on an annual schedule. In the Committee, the status of execution and issues of importance concerning execution of duties by Executive Officers are reported, and specific execution methods are resolved with regard to policies for matters discussed by the Board of Directors and basic management policies resolved at the Board of Directors meetings. The Company's subsidiaries are managed and controlled by concurrently assigning the Company's Executive Officers as Directors of the Company's Group Companies and by making the subsidiaries' important matters, including business strategy and business plans, which are based on the Company Group Policy, require prior approval of the Company at the Management Committee and other places.

7. Governance Council

The Company holds a Governance Council meeting, in principle semiannually, with the aim of comprehensively checking and improving supervision by the Board of Directors, auditing by Audit & Supervisory Committee, internal audits, etc., and enhancing governance. The Governance Council is comprised of four External Directors who are External Audit & Supervisory Committee Members, who share information concerning corporate governance, exchange opinions, and submit proposals to the Board of Directors, as advisable or needed.

8. Internal Audit Division

The Internal Audit Division, which is positioned under the direct control of the President & Representative Director, examines and evaluates compliance and efficiency of the status of corporate organization establishment and business management of the entire Group, based on the internal control plan, and reports the results to President & Representative Director and Audit & Supervisory Committee. The Internal Audit Division also cooperates with Audit & Supervisory Committee to audit effectiveness of governance and the internal control system of the entire Group.

9. Executive Officer System

The Company has adopted an Executive Officer System in order to separate business supervisory functions and business execution functions. The Company enhances business supervisory functions by granting a part of the Board of Directors' decision-making authority of business execution to Executive Officers. In order to promote agile business execution by Executive Officers, put the authority system and decision-making rules in proper place, and establish internal check functions, the division of duties and divided matters of the organization are regularly reviewed, clarifying the authority and responsible person of each unit.

10. Accounting Audit

The Company has concluded an accounting audit agreement with GYOSEI & CO.

The names of certified public accountants who performed the accounting audit duties, and the breakdown of assistance for the audit duties are as follows:

(1) Name of certified public accountants who performed the duties

Designated Limited Liability Partner & Engagement Partner: Akira Mishima

Designated Limited Liability Partner & Engagement Partner: Nobufumi Yoshida

(2) Assistants for the audit duties of the Company comprise eight certified public accountants and four assistants who passed the CPA examination.

3. Reasons for Adoption of the Current Corporate Governance System

The Company became a company with an Audit & Supervisory Committee, with approval at the 15th Ordinary General Meeting of Shareholders held on June 25, 2022, to further strengthen the supervisory function of the Board of Directors, enhance the corporate governance system, and increase corporate value. Audit & Supervisory Committee, comprised of four External Directors with professional advanced knowledge, ensures objectivity and neutrality for business supervisory functions therefore is deemed to contribute to enhancing the corporate governance system.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Shareholder Meeting	The notice is dispatched prior to the day of the Annual General Meeting of Shareholders to ensure sufficient time for shareholders to review the matters.
Scheduling the Annual General Meeting of Shareholders to Avoid the Peak Day	The Meeting is held on a Saturday, avoiding the peak day and facilitating attendance by many shareholders.
Allowing Electronic Exercise of Voting Rights	The Company has adopted a system for exercising voting rights via the Internet starting.
Measures to Improve the Voting Environment of Institutional Investors Such as Participation in Electronic Voting Platform	The Company has been utilizing the electronic voting platform for institutional investors operated by Investors Communications Japan, Inc. (ICJ).
Providing Convocation Notice (Summary) in English	The convocation notice in English is posted on the Company's website and on the website of the Tokyo Stock Exchange.

2. IR Activities Updated

	Supplementary Explanation	Presentation made by the representative
Preparation and Publication of Disclosure Policy	The Company has established its IR Policy and has posted it on the website. The Company is pledged to provide information to shareholders in a timely manner, based on transparency, fairness, and consistency. It also aggressively and fairly discloses information which is considered useful for shareholders, investors, and other stakeholders in understanding the Company.	
Regular Investor Briefings for Individual Investors	Although the Company does not holds financial results briefings for individual investors, Financial Results Briefing Videos for investors including individual investors have been posted quarterly on the website.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	In principle, at the time of interim and year-end financial account settlements, the Company holds financial results briefings for analysts and institutional investors, and the President & Representative Director explains business strategies in addition to financial results. In case of other quarterly financial results, a video of the financial result presentation by the President & Representative Director is uploaded on the website. A briefing is also conducted as needed when the Company announces a medium-term business plan or other new business plans.	Yes
Regular Investor Briefings for Overseas Investors	The Company participates in conferences hosted by securities companies and the President & Representative Director attends and makes presentations on business strategy. The Company also receives one-on-one visits by overseas investors.	Yes
Posting of IR Materials on Website	The IR information, including the Summary of Financial Statements, Financial Results Briefing Material, Securities Report, and Reports to Shareholders, are posted on the Company's website.	
Establishment of Department (staff) in Charge of IR	The IR Unit has been set up within the division headed by the Executive Officer in charge of IR, and dedicated staff in charge has been assigned.	

3. Measures to Ensure Due Respect for Stakeholders

Updated

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company has established the UT Group Compliance Code of Conduct to ensure due respect for stakeholders. It strives to realize sound, transparent corporate management.
Implementation of Environmental Activities, CSR Activities etc.	With the aim of realizing the Company's mission, "Create vigorous workplaces empowering workers," the Company has established its "Basic Sustainability Policy" and strives to help create a sustainable society. The Company also established the Basic Environmental Policy and intends to be engaged in business activities in consideration of the environment.
Development of Policies on Information Provision to Stakeholders	Based on the belief that obtaining trust from stakeholders and society is essential for the continuation and expansion of its business, the Company's "Basic Policy on Corporate Governance" stipulates that it discloses highly transparent information and communicates appropriately. In addition, the Company has established the "Basic Policy on Stakeholder Engagement" and is working on communication activities and appropriate collaboration with stakeholders.

IV. Matters Related to the Internal Control System

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

Updated

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

The Company considers strengthening Internal Control System as an important management issue and, under the "Basic Policy on Internal Control System," strives to ensure the compliance with laws and regulations, effectiveness and efficiency of business operation and transparency of management by maintain appropriate business processes of the entire Company's group.

Details of the "Basic Policy on Internal Control System" are as follows:

1. System to ensure execution of duties by Directors and employees of the Company in conformity with laws and regulations and the Articles of Incorporation of the Company
 - (1) Important matters concerning execution of business that may affect the Company and its entire Group are identified and discussed at the Board of Directors meeting. The President & Representative Director reports the status of business execution of the Company and matters deemed important to the Board of Directors. In addition, External Directors are selected to maintain and enhance supervisory functions concerning execution of duties by Directors.
 - (2) The UT Group Compliance Risk Management Conference, chaired by the lead person of division in charge of the compliance division and with participation by an outside lawyer among others, has been established as an advisory entity serving the Board of Directors. The Conference discusses compliance policy and action plans of the Company and its Group, studies matters needed to ensure legal compliance and fair execution of duties, does research on violation of laws, regulations, and internal rules, and establishes recurrence prevention measures.
 - (3) The "Code of Conduct" and the "UT Group Compliance Code of Conduct" stipulate appropriate actions to comply with laws and regulations, social norms, internal rules and other rules to be taken. The Company strives to make officers and employees of the Group to be well aware of this and comply with it.
 - (4) Concerning promotion of compliance, the Company has established the UT Group Compliance Manual. Officers and employees of the Company and its Group Companies attend seminars and other events and are instructed to perform duties and management by taking compliance as one of their own issues in their respective position.
 - (5) A whistle-blower system has been established to enable consulting on possible or actual organizational or individual legal violations or fraudulent acts and to appropriately handle the information. By making use of the system, the Company endeavors to prevent scandals caused by fraudulent and other acts, detect problems early, and become more agile in improving its ability to govern itself.
 - (6) The Internal Audit Division has been established to examine, evaluate, and report the status of corporate organization establishment and compliance, effectiveness and efficiency of business management to maintain and improve internal control.
2. System to ensure the preservation and management of information related to execution of duties by Directors
 - (1) The minutes of the Board of Directors meetings and related materials are properly preserved and managed in accordance with laws and regulations as well as the Company's Document Management Regulations and Board of Directors Regulations.
 - (2) Concerning information management and periods of retention, the Information Security Management Regulations and the UT Group Compliance Manual have been established to put in place a system to retain and manage information.
3. Regulations and other organizational structures to manage risk of losses
 - (1) The UT Group Compliance Risk Management Conference determines the types of risks of the Company and its Group to be managed, controls and evaluates these risks, takes steps to prevent risk occurrence, and, in the event

- of risk occurrence, minimizes loss and establishes recurrence prevention measures.
- (2) In case of an emergency, the Company takes prompt, appropriate action in accordance with the Rules Concerning Emergency Response, which aims at minimizing damage. An emergency headquarters, led by the President & Representative Director, will be in charge of crisis management.
4. System to ensure efficient execution of duties by Directors of the Company
- (1) A regular Board of Directors meeting is held once a month and an extraordinary Board of Directors meeting is held as needed; all are to decide on important matters and supervise the execution of duties by Directors among other activities.
 - (2) The Company has defined resolution matters and reporting matters of the Board of Directors meeting in the Board of Directors Regulations, and responsibility and authority of each organization and each job position concerning execution of duties in the Job Position Authority Regulations.
 - (3) The Company has also adopted an Executive Officer System to separate business supervisory functions and business execution functions and improve effectiveness of the Board of Directors by granting a part of the Board of Directors' decision-making authority of business execution to Executive Officers.
 - (4) In the Management Committee, which is chaired by the President & Representative Director and is comprised of Full-time Directors and Executive Officers, important matters concerning execution are discussed.
5. System to ensure appropriate operations of a corporate group that consists of the Company and its subsidiaries
- (1) As a holding company that controls the business of its Group, the Company appropriately exercises rights of shareholders to its subsidiaries from the perspective of maximizing corporate value of its Group. The Company also regularly receives reporting from its subsidiaries on their status of management, execution of duties, and financial position, in accordance with the "Management Regulations of Subsidiaries and Affiliates," and the Management Committee confirms whether Directors of Group Companies efficiently execute their duties.
 - (2) With regard to management of the Company's subsidiaries, Directors of the Company's Group Companies who concurrently serve as the Company's Executive Officers, or Directors of the Company's Group Companies who are elected by the Company ensure that the Company's prior approval is required for the subsidiaries' important matters, including business strategy and business plans, which is based on the Company Group Policy. In principle, a subsidiary of the Company's subsidiary is managed and controlled through the subsidiary.
 - (3) The UT Group Compliance Risk Management Conference is in charge of and promotes compliance of the entire Company Group, and the Company's Internal Audit Division audits its subsidiaries in accordance with the Management Regulations of Subsidiaries and Affiliates and the Internal Audit Regulations and from the perspective of matching with laws and regulations, the Articles of Incorporation, internal rules, and other rules.
 - (4) The Code of Conduct, UT Group Compliance Code of Conduct, and UT Group Compliance Manual have been adopted by the entire Company Group. The Company strives to make Directors and employees of the Group Companies to be well aware of taking appropriate actions in compliance with laws and regulations, social norms, internal rules and other rules.
6. Matters concerning the Director and employee who assist duties of the Audit & Supervisory Committee; matters concerning independence of the Director and employee from Directors (excluding those who are Audit & Supervisory Committee Members); and matters concerning securing effectiveness of instructions to the employee
- (1) When requested by the Audit & Supervisory Committee, an employee who performs assistance to duties of the Committee will be selected and be dedicated to performing assistance to the Audit & Supervisory Committee. With regard to nomination of personnel, Directors (excluding those who are Audit & Supervisory Committee Members) exchange opinions with the Audit & Supervisory Committee and obtain its agreement.
 - (2) Directors (excluding those who are Audit & Supervisory Committee Members) do not have the authority to issue orders to the employee who performs assistance. The employee follows orders from the Audit & Supervisory Committee.
 - (3) Disciplinary action to the employee who performs assistance needs to be agreed by the Audit & Supervisory Committee.
7. System for Directors and employees of the Company to report to the Audit & Supervisory Committee and systems for others to report to Audit & Supervisory Committee
- (1) In order to understand important decision-making processes and the status of execution of duties, Audit & Supervisory Committee Members attend the Board of Directors meetings and other important meetings, inspect major requests for approval and other important documents concerning execution of duties, and request explanation to Directors and employees as needed.
 - (2) The Audit & Supervisory Committee collaborates with the Auditing Company by receiving briefings on accounting audit details and exchanging information.
 - (3) The Audit & Supervisory Committee can request reporting on execution of duties to Directors and employees of the Company's subsidiaries, who in turn shall promptly respond to the request. The Company makes Directors and employees of the Company's subsidiaries to be well aware of this point. In case they detect a violation to laws and regulations or its possibility, they promptly report it to the Audit & Supervisory Committee.
 - (4) Concerning information on the whistle-blower system common to the Company and its Group Companies, departments in charge regularly report to the Audit & Supervisory Committee.
 - (5) The Company prohibits any party from treating the whistle blower to the Audit & Supervisory Committee in any manner disadvantageous on the grounds of the whistle-blowing disclosure and seeks that Directors and employees be well aware of this point.
8. Matters concerning policy on procedures for expenses arising from performance of duties of the Company's Audit & Supervisory Committee Members
- Directors (excluding those who are Audit & Supervisory Committee Members) cooperate with audit by Audit & Supervisory Committee Members and budget a certain amount for the payment of expenses and other costs arising from the auditing to secure its effectiveness.
9. Other arrangements to ensure that audits by the Audit & Supervisory Committee is conducted effectively
- (1) Audit & Supervisory Committee Members audit execution of duties by Directors and Executive Officers based on

the Audit & Supervisory Committee's Auditing Standards and according to the audit plan.

- (2) Audit & Supervisory Committee Members attend the Board of Directors meetings and other important meetings, and provide their opinions as needed.
 - (3) Audit & Supervisory Committee Members regularly exchange information and collaborate with the Auditing Company and the Internal Audit Division, and have meetings with the President & Representative Director as appropriate.
10. System to ensure credibility in financial reporting
- (1) In order to ensure appropriate accounting treatment and improve credibility in financial reporting, the Company has adopted diverse types of regulations concerning accounting operations, has assigned an Officer in charge concerning information disclosure, and strives to put in place an internal control system concerning financial reporting and to enhance its effectiveness.
 - (2) The Audit & Supervisory Committee conducts audits concerning internal control related to financial reporting, in accordance with the Audit & Supervisory Committee's Audit Performance Standard Concerning Internal Control System.
 - (3) In case that the Audit & Supervisory Committee determines that the internal control related to financial reporting does not address significant risks, the Committee points it out to Officers in charge of finance in a timely and appropriate manner, and ask for improvement as is deemed necessary.

2. Basic Views on Eliminating Anti-Social Forces and arrangements

As a part of systems to ensure appropriateness of operation, the Company's basic views on eliminating anti-social forces are clearly stated as follows and the systems are established.

1. Basic views on eliminating anti-social forces

As a basic policy, the Company Group is determined to stand against anti-social forces that threaten civil society and eliminate any relationship with them. The Group prohibits all Directors and employees to use anti-social forces and any individual or group that is related to them, and to be related with them in any way, including provision of money and cooperation.

2. Arrangements for eliminating anti-social forces

- (1) The Company has adopted the UT Group Compliance Manual, which calls for elimination of any relationship with anti-social forces and strives to make Directors and employees of the Group to be well aware of and comply with it.
- (2) The Company and its Group Companies have stipulated in the Standard on Eliminating Anti-Social Forces and the Detailed Rules on Investigating and Eliminating Anti-Social Forces measures needed to eliminate anti-social forces from all activities including contracts exchanged by the Company and its Group Companies.
- (3) In case that the Company is contacted by anti-social forces, the Company's department in charge is prepared to deal with it in cooperation with police and lawyers.

V. Other

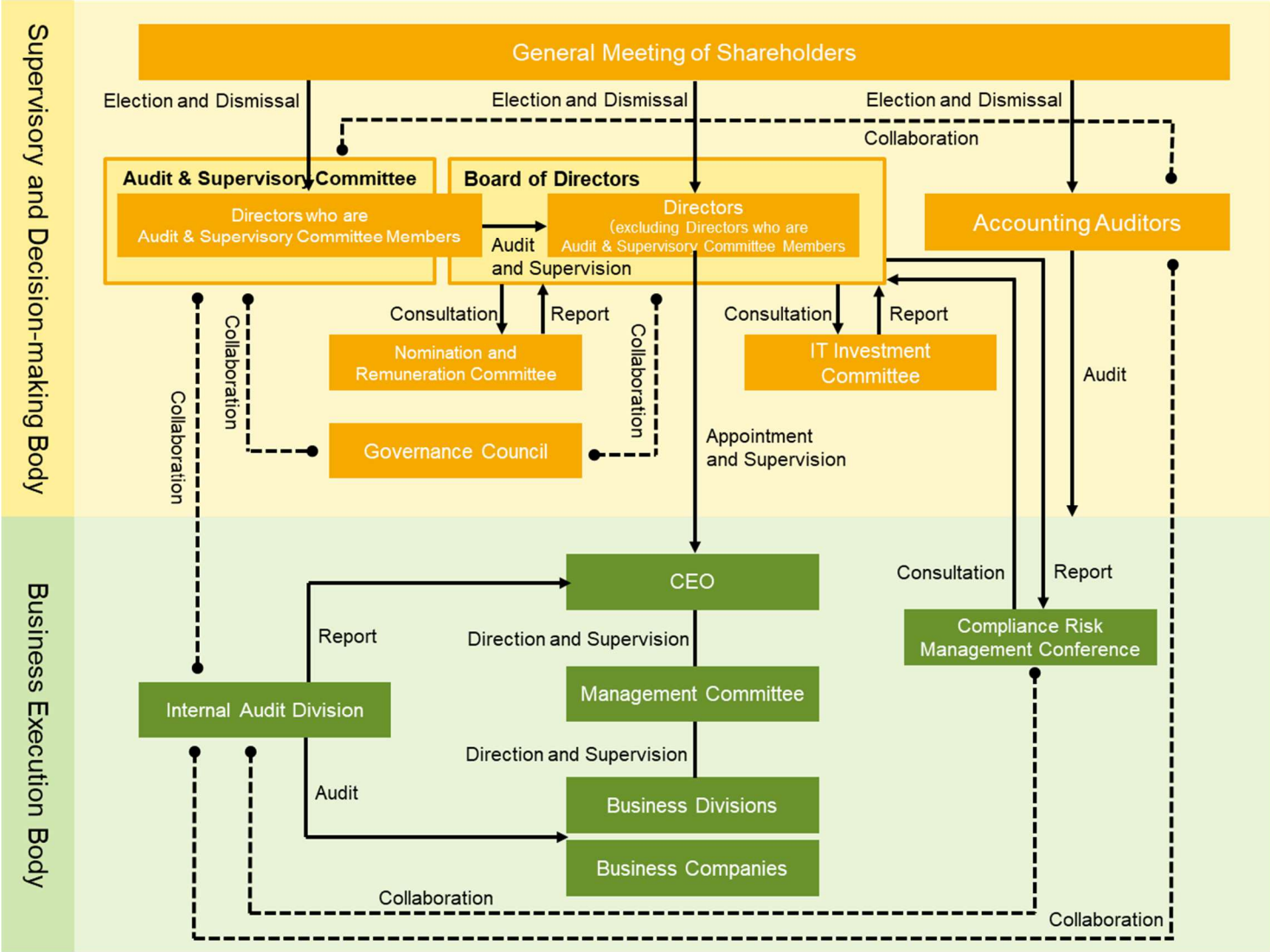
1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
------------------------------------	-------------

Supplementary Explanation

2. Other Matters Concerning Corporate Governance System

Corporate Governance System



Outline of the Timely Disclosure Structure

