

Last Update: March 25, 2026

**AUCNET INC.**

Shinichiro Fujisaki, Representative Director and President & CEO

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Securities code: 3964

<https://www.aucnet.co.jp/en/>

The corporate governance of AUCNET INC. (the “Company”) is described below.

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

### 1. Basic Views

The Company places great importance on sound corporate governance because of its belief that the Company can only provide the most advantageous returns to its stakeholders if management is united with shareholders, customers, employees, and other interested parties in the conviction that it is essential to strive for efficient management.

Moreover, the Company believes that the foundation that ensures its enduring success as a going concern comprises more than just sustained growth in profits, but also an elevated corporate attitude that encompasses matters such as environmental consciousness and its contributions to society.

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

This report is based on the Corporate Governance Code revised in June 2021.

The Company implements all principles of the Corporate Governance Code.

### Disclosure Based on each Principle of the Corporate Governance Code Updated

[Principle 1-4. Strategically Held Shares]

The Company has established the following policy on strategic shareholdings and criteria for the exercise of voting rights for strategically held shares.

#### 1. Policy on strategic shareholdings

The Company holds listed shares as strategic shareholdings in accordance with the following policy.

(1) The Company does not hold listed shares as strategic shareholdings solely for the purpose of maintaining stable shareholders, in line with the intent of corporate governance.

(2) The Company limits its holdings of listed shares to cases where there are business benefits, such as the smooth promotion of business operations, after taking into account returns such as dividends and risks such as share price fluctuations.

(3) With respect to listed shares the Company holds, the Board of Directors conducts a review once a year, mainly from the perspective of business benefits, and considers reducing holdings of shares for which the need has diminished.

#### 2. Criteria for the exercise of voting rights for strategically held shares

The Company exercises voting rights after confirming whether there is any proposal that could lead to the impairment of shareholder value and then considering whether to approve or oppose the proposal.

For fiscal year 2025, the Board of Directors conducted a review from the above perspectives at its meeting held in May 2025 and discussed, with respect to the strategically held shares the Company holds, the degree to which such holdings contribute to the enhancement of the medium- to long-term corporate value of the Company Group.

[Principle 1-7. Transactions Between Related Parties]

The Company has established the Regulations on the Management of Related Party Transactions, under which prior approval of the Board of Directors is required when a new transaction is to be commenced.

In addition, in each fiscal year, the Company distributes a questionnaire to, and collects it from, each Director regarding whether there have been any transactions between the Company and the Director or his or her close relatives, and reports any material facts to the Board of Directors.

[Principle 2-4 (i)]

#### 1. Approach to ensuring diversity

With its philosophy of “Authenticism” at the core, the Company is strengthening the development and recruitment of not only operational personnel who provide stable value, but also personnel who can go beyond growth in existing business areas, enter new areas, and design markets. The Company aims to become an organization in which each employee can play an active role and diverse personnel can work together as a team. The Company believes that building an organization that continues to create new value with diverse personnel will lead to the enhancement of corporate value and social value.

#### 2. Voluntary and measurable targets for ensuring diversity

##### (1) Women

For women, the Company has set a target of raising the ratio of women in management positions (section manager level and above) among female employees to the same level as the ratio of men in management positions among male employees by the end of fiscal year 2030.

##### (2) Foreign nationals

For foreign nationals, the Company hires only a small number each year. Therefore, it has not set any specific numerical target for promotion to management positions. However, to ensure greater diversity in the future, the Company will continue to examine the need for such a target.

##### (3) Mid-career hires

For mid-career hires, the Company promotes hiring in an integrated manner with its management strategy of strengthening specialized functions for future sustainable growth. Because the Company hires such personnel when their skills and personal qualities match its needs, it has not set any specific numerical target for promotion to management positions.

#### 3. Human resource development policy, internal environment improvement policy, and their status for ensuring diversity

To promote the active participation of women, the Company is working to improve the workplace environment so that women are not treated disadvantageously in terms of working style or treatment. This includes making the status of its initiatives visible by obtaining certification marks from external organizations, such as “Eruboshi” and “Kurumin,” and implementing employee benefit measures such as “seminars on women’s health issues” and “support for employees who use babysitting services.” In

addition, based on the above approach to ensuring diversity, the Company provides employees with a comfortable and safe workplace and implements career support measures such as training by employee level and career counseling.

[Principle 2-6. Fulfilling Its Function as an Asset Owner of Corporate Pension Funds]

The Company participates in the Japan Computer Information Service Employees' Pension Fund.

The management of the fund is left to the judgment of the fund. However, as a participating company, the Company fully recognizes that the management of corporate pension assets affects employees' asset formation and the financial position of the Company, and it monitors the fund to ensure that it is managed under an appropriate system through reviewing financial statements and selecting representatives.

[Principle 3-1. Enhanced Information Disclosure]

#### 1. Philosophy and management plan

The Company's philosophy is disclosed on its website.

<https://www.aucnet.co.jp/en/company/>

In addition, the Company has formulated "Blue Print 2027," a medium-term management plan with the fiscal year ending December 31, 2027 as the final year.

Details are disclosed on the Company's website.

<https://ir.aucnet.co.jp/en/ir/library/library3271608482256085248.html>

#### 2. Basic views and basic policy on corporate governance

The Company's basic views on corporate governance are stated in the Corporate Governance Report, and its basic policy on corporate governance is disclosed on the Company's website.

<https://ir.aucnet.co.jp/ja/ir/management/governance.html> (Japanese only)

#### 3. Policies and procedures for the Board of Directors in determining compensation for senior management and Directors

The policies and procedures for the Board of Directors in determining compensation for senior management and Directors are as stated in "Director Compensation, Disclosure of Policy on Determining Compensation Amounts and Calculation Methods" in this report.

#### 4. Policies and procedures for the Board of Directors in appointing and dismissing senior management and nominating Director candidates

In appointing and dismissing senior management and nominating Director candidates, the Board of Directors ensures fairness and transparency by having the Nomination & Compensation Committee, a majority of whose members are Independent Outside Directors, deliberate on such matters, and then adopts resolutions based on the Committee's recommendations.

#### 5. Explanation of the individual elections and nominations when the Board of Directors nominates Director candidates

When the Board of Directors nominates Director candidates, it provides explanations in the notice of the General Shareholders Meeting.

[Supplementary Principle 3-1 (iii)]

To achieve sustainable growth, the Company identified the material issues that it must address from the perspectives of its customers and social issues, based on its medium-term management plan, "Blue Print 2027." Among these, it positions the

“achievement of a circular economy society” as the most important issue for its stakeholders and Aucnet.

To promote its sustainability initiatives, the Company has the Sustainability Committee, chaired by the Representative Director and President & CEO, play a central role in managing climate change-related risks and opportunities, implementing measures, setting KPIs, and reporting progress to the Board of Directors. The Company has established subcommittees under the Committee, and these subcommittees implement individual measures in cooperation with business divisions. The Company will continue working to enhance both the quality and quantity of its disclosures, including more specific targets and its own initiatives.

The Company’s sustainability policy and initiatives are posted on its website below.

<https://www.aucnet.co.jp/en/sustainability/>

The Company also recognizes investment in human capital and intellectual property as important management issues. As stated under Principle 2-4 (i), the Company is actively improving the workplace environment and personnel systems. It will also continue to conduct the necessary review of investment in intellectual property in light of consistency with its business portfolio. In addition, the Company supports the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and is actively working on the disclosure of climate change-related information.

The Company’s response to the TCFD recommendations is posted on its website below.

<https://www.aucnet.co.jp/en/sustainability/environmentTCFD/>

[Supplementary Principle 4-1 (i)]

At the Company, the Board of Directors makes decisions on important matters relating to the management of the Company and matters that the Board of Directors is required to decide by laws and regulations or the Articles of Incorporation, in accordance with the standards for matters to be submitted or reported to the Board set forth in the Board of Directors Regulations and the Regulations on Authority and Duties.

Decisions on other matters are delegated to each Director and other persons responsible for business execution according to their importance and nature, and are made through internal approval procedures.

[Principle 4-9. Criteria for Determining the Independence of Independent Outside Directors and Their Qualifications]

The Company has established criteria for the “independence” of Independent Outside Directors on the premise of compliance with the Companies Act and the rules of the Tokyo Stock Exchange, and based on these criteria, it selects candidates for Outside Director and designates them as Independent Directors.

In selecting Outside Directors, the Company nominates persons who are expected to contribute to frank, active, and constructive discussion at Board of Directors meetings.

An outline of the criteria for independence is as stated in “Matters Concerning Independent Directors, Other Matters Concerning Independent Directors” in this report.

[Supplementary Principle 4-10 (i)]

The Company has appointed five Independent Outside Directors. Each of them actively expresses opinions and provides appropriate advice at Board of Directors meetings and other meetings by leveraging his or her extensive experience and high level of insight.

In addition, the Company has established a voluntary Nomination & Compensation Committee, a majority of whose members are Independent Outside Directors and which is chaired by an Outside Director. The Committee mainly deliberates on the following matters and makes recommendations to the Board of Directors.

1. Formulation of policies on compensation, etc. for Directors (including Directors who are Audit & Supervisory Committee Members; the same applies hereinafter) and Executive Officers of the Company
2. Details of compensation, etc. for individual Directors and Executive Officers of the Company, including monthly compensation and bonuses (if an Executive Officer concurrently serves as an employee of the Company, including compensation, etc. received as an employee)
3. Details of proposals concerning the appointment and dismissal of Directors and Executive Officers of the Company
4. Matters concerning the appointment of candidates for Director and candidates for Executive Officer of the Company, and the dismissal of Directors and Executive Officers, that the Nomination & Compensation Committee considers necessary

[Supplementary Principle 4-11 (i)]

With respect to the composition of the Board of Directors, the Company has established the following policy within the number of Directors provided for in the Articles of Incorporation (up to 16 Directors).

1. The number of Directors will be set at a level considered appropriate from the perspective of ensuring substantive discussion.
2. Independent Outside Directors will be appointed so that the ratio of Independent Outside Directors on the Board of Directors is at least one-third.
3. Based on the management strategy and management plan, the Company will prepare a skills matrix and definitions, and will ensure both diversity and an appropriate number of Directors by including persons who are well versed in each business field and persons with knowledge and expertise in areas such as finance and accounting, IT/DX, and legal affairs, compliance and risk management, while taking into account knowledge, experience, ability, gender, and other factors.

The skills matrix and definitions for the Company's Directors are shown on the final page of this report.

[Supplementary Principle 4-11 (ii)]

The status of concurrent positions held by Directors (including Directors who are Audit & Supervisory Committee Members) of the Company is kept within a reasonable range so that they can direct the time and effort necessary for the fulfillment of their roles and responsibilities to their duties as Directors (including Directors who are Audit & Supervisory Committee Members) of the Company.

The status of concurrent positions held by Directors (including Directors who are Audit & Supervisory Committee Members) is disclosed in the notice of the General Shareholders Meeting, the Securities Report, and other documents.

[Supplementary Principle 4-11 (iii)]

To evaluate the effectiveness of the Board of Directors, the Company conducts a questionnaire survey of its Directors (including Directors who are Audit & Supervisory Committee Members) and reports the results to the Board of Directors. In addition, in order to make use of an objective third-party perspective, the Company outsourced the implementation of the questionnaire survey, the compilation of the aggregate results, and the analysis to a third-party organization.

An outline is as follows.

## 1. Evaluation process

Timing of implementation: September 2025

Respondents: All ten Directors (including Directors who are Audit & Supervisory Committee Members)

Evaluation method: Five-point scale for each question based on a questionnaire

- (1) A self-assessment questionnaire survey was conducted for all Directors (including Directors who are Audit & Supervisory Committee Members).
- (2) The responses were aggregated and analyzed by a third-party organization.
- (3) The Board of Directors received a report on and discussed the evaluation results and current issues.

## 2. Main evaluation items in the questionnaire

- (1) Composition and operation of the Board of Directors
- (2) Management strategy and business strategy
- (3) Corporate ethics and risk management
- (4) Performance monitoring as well as evaluation and compensation of management
- (5) Dialogue with shareholders, etc.

## 3. Summary of evaluation results

The Company evaluated that its Board of Directors had generally secured a high level of effectiveness, as the average score for all evaluation items exceeded 4.

## 4. Future initiatives

Based on the results of the effectiveness evaluation for fiscal year 2025, the Company will work mainly on addressing the following identified issues, further enhance its corporate governance system, and strive to further improve the effectiveness of the Board of Directors.

<Main issues identified from the results of the questionnaire survey for fiscal year 2025>

- (1) Enhancing discussions on the business portfolio and the allocation of management resources
- (2) Strengthening monitoring of business strategies and progress after investment execution
- (3) Strengthening the risk management system and governance system across the Group

[Supplementary Principle 4-14 (ii)]

The Company has established an internal system for training and information provision necessary for Directors (including Directors who are Audit & Supervisory Committee Members) to appropriately fulfill their roles and responsibilities.

- For inside Directors, the Company provides officer training on a regular basis.
- For Outside Directors, upon their appointment, the Representative Director and President & CEO or the officer in charge provides an explanation of the Company in order to deepen their understanding of the Company's business activities, management strategy, and other matters. In addition, the Company strives to provide information through distributing materials as necessary and having them attend management plan presentation meetings.
- For all Directors, the Company regularly invites external lecturers to provide training necessary for Directors to appropriately fulfill their roles and responsibilities. In addition, the Company deepens their understanding of its business activities by regularly conducting facility tours.
- In addition, if individually tailored training is required, the Company bears the cost.

[Principle 5-1. Policy on Constructive Dialogue with Shareholders]

The Company recognizes that, in order to contribute to sustainable growth and the medium- to long-term enhancement of corporate value, it is important to promote constructive dialogue with shareholders and investors and to sincerely accept their opinions and appropriately reflect them in management.

1. Centering on the Director in charge of IR and the department in charge of IR, the Company collects and manages information, provides timely and appropriate disclosure, and promotes constructive dialogue with shareholders and investors.
2. With respect to individual meetings with shareholders, the Company appropriately responds within a reasonable scope to major shareholders whose investment policies are consistent with the medium- to long-term interests of shareholders, with the department in charge of IR acting as the point of contact, taking into account the shareholders' requests and the purposes of the meetings.
3. As a means of dialogue other than individual meetings, the Company holds financial results briefings twice a year.
4. Useful opinions and requests obtained through dialogue with shareholders are fed back to the Board of Directors and other bodies as appropriate.
5. The Company regularly surveys its shareholder structure and, based on the results, works to enhance communication through appropriate methods tailored to shareholders.
6. In conducting dialogue with shareholders, the Company complies with laws, regulations, and related rules and appropriately manages insider information.

[Status of Dialogue with Shareholders]

Based on its "Policy on Constructive Dialogue with Shareholders," the Company actively engages in dialogue with shareholders and investors. The status of its "Promotion of Dialogue with Shareholders and Related Disclosure" is posted under "Stock Information" on the Company's website.

<https://ir.aucnet.co.jp/en/ir/stock.html>

### Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure <span>Updated</span>	Disclosure of Initiatives (Update)
Availability of English Disclosure <span>Updated</span>	Available
Date of Disclosure Update <span>Updated</span>	March 25, 2026

#### Explanation of Actions Updated

1. Assessment of the current situation

For the most recent three years (from 2023 to 2025), ROE (return on equity) has remained at around 20% and PBR (price-to-book ratio) has remained at around 2x to 3x, due to factors such as the sustainable growth of existing businesses and the implementation of agile capital policies. The Company believes that it has secured a certain level of capital profitability and received a certain level of market valuation. At the same time, however, the Company recognizes the following issues: investors have not yet gained a sufficient understanding of its business strategy; the number of tradable shares and trading volume are low; and its market capitalization is small, making it less likely to become an investment target for institutional investors.

## 2. Policy for improvement

The Company aims to further improve capital profitability and market valuation through the execution of the strategies set forth in its medium-term management plan “Blue Print 2027,” the achievement of key management indicators, investment for sustainable growth, the enhancement of stable and continuous shareholder returns, and the promotion of IR activities and the strengthening of dialogue aimed at enhancing information disclosure for investors.

Details of the “Action to Implement Management That Is Conscious of Cost of Capital and Stock Price” are provided under “Management” on the Company’s website.

<https://ir.aucnet.co.jp/ja/ir/management.html> (Japanese only)

## 2. Capital Structure

Foreign Shareholding Ratio **Updated** 10% or more but less than 20%

### Status of Major Shareholders **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
FLEX CORPORATION	18,709,860	40.67
Blue Peak, Inc.	4,842,940	10.53
GOLDMAN, SACHS & CO. REG	2,623,100	5.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,747,800	3.80
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,699,574	3.69
GOLDMAN SACHS INTERNATIONAL	1,559,200	3.39
NAMAI ASSET MANAGEMENT INC	1,400,000	3.04
NORTHERN TRUST CO. (AVFC) RE NON TREATY CLIENTS ACCOUNT	972,186	2.11
Orient Corporation	832,800	1.81
Aucnet Group Employee Shareholding Association	697,810	1.52

Name of Controlling Shareholder, if applicable  
(excluding Parent Companies)

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Name of Parent Company, if applicable

None

### Supplementary Explanation **Updated**

1. The Company is excluded from the above list of major shareholders although it holds 2,020,121 treasury shares. Shareholding ratio is calculated after deducting treasury shares.

2. The Company has introduced the Board Benefit Trust (BBT-RS), and Custody Bank of Japan, Ltd. (Trust E Account) holds 645,960 shares, which are not included in the treasury shares stated above.

3. FLEX CORPORATION, Blue Peak, Inc. and NAMAI ASSET MANAGEMENT INC are asset management companies of the founding family.

4. In the Report of Possession of Large Volume (Report on Change) submitted for public viewing on August 6, 2025, VARECS Partners Limited stated that it held a total of 5,040,600 shares of the Company (shareholding ratio of 10.18%) as of July 30, 2025. However, it has not been included among the major shareholders listed above as the Company has not been able to confirm actual share ownership as of December 31, 2025.

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market, Tokyo Stock Exchange
Fiscal Year-End	December
Business Sector	Information & Communication
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥10 billion or more but less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but fewer than 50

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

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

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Committee
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#### Directors

Number of Directors Stipulated in Articles of Incorporation	16
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	5

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Seiichiro Umeno	Lawyer											
Toshio Maki	From another company											
Michi Handa (Sasano)	CPA											
Megumi Tsukamoto	From another company											
Mikito Nagai	From another company											

\*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to compensation as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit & Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Seiichiro Umeno		○	None	<p>Mr. Seiichiro Umeno has abundant expertise and experience as an attorney-at-law. Based on his wealth of experience and insight, the Company believes that receiving his opinions mainly from a legal perspective will contribute to enhancing corporate value while minimizing risk. The Company therefore determined that he can continue to play an adequate role as an Outside Director and selected him accordingly.</p> <p>In addition, based on the qualification requirements for Outside Directors under the Companies Act and the independence criteria prescribed by the Tokyo Stock Exchange, and, with respect to matters such as “major client” and “large amounts of cash,” in accordance with the Company’s own criteria established with reference to publicly available model standards for the appointment of Independent Directors and other sources, the Company determined that there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.</p>
Toshio Maki		○	None	<p>Mr. Toshio Maki has served in expanding communication businesses and network services for many years and also has abundant experience as a corporate manager. Based on his wealth of experience and insight, the Company believes that receiving his opinions from a medium- to long-term perspective on management policies and business strategies in the Company’s business will contribute to enhancing corporate value. The Company therefore determined that he can continue to play an adequate role as an Outside Director and selected him accordingly.</p> <p>In addition, based on the qualification requirements for Outside Directors under the Companies Act and the independence criteria prescribed by the Tokyo Stock</p>

				Exchange, and, with respect to matters such as “major client” and “large amounts of cash,” in accordance with the Company’s own criteria established with reference to publicly available model standards for the appointment of Independent Directors and other sources, the Company determined that there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.
Michi Handa (Sasano)	○	○	None	<p>Ms. Michi Handa possesses a wealth of expert knowledge and experience as a certified public accountant and tax accountant, and also serves as the manager of a consulting company specializing in risk management, internal audit, compliance and related fields. Based on her wealth of experience and insight, the Company believes that receiving her opinions mainly from the perspectives of accounting and risk management will contribute to enhancing corporate value. The Company therefore determined that she can continue to play an adequate role as an Outside Director and selected her accordingly.</p> <p>In addition, based on the qualification requirements for Outside Directors under the Companies Act and the independence criteria prescribed by the Tokyo Stock Exchange, and, with respect to matters such as “major client” and “large amounts of cash,” in accordance with the Company’s own criteria established with reference to publicly available model standards for the appointment of Independent Directors and other sources, the Company determined that there is no risk of a conflict of interest with general shareholders, and has therefore designated her as an Independent Director.</p>
Megumi Tsukamoto		○	None	Ms. Megumi Tsukamoto has many years of experience at companies in the IT field as well as abundant global experience at international companies and deep insight as a corporate manager. Based on her wealth of experience and insight, the Company believes that receiving her professional and multifaceted opinions

				<p>will contribute to enhancing corporate value. The Company therefore determined that she can continue to play an adequate role as an Outside Director and selected her accordingly.</p> <p>In addition, based on the qualification requirements for Outside Directors under the Companies Act and the independence criteria prescribed by the Tokyo Stock Exchange, and, with respect to matters such as “major client” and “large amounts of cash,” in accordance with the Company’s own criteria established with reference to publicly available model standards for the appointment of Independent Directors and other sources, the Company determined that there is no risk of a conflict of interest with general shareholders, and has therefore designated her as an Independent Director.</p>
Mikito Nagai	○	○	None	<p>Mr. Mikito Nagai has abundant experience in the financial industry and corporate management. Based on his wealth of experience and insight, the Company believes that receiving his professional and objective opinions in a wide range of areas, including management policy, capital strategy, and business strategy in the Company’s business, will contribute to enhancing corporate value. The Company therefore determined that he can play an adequate role as an Outside Director and selected him accordingly.</p> <p>In addition, based on the qualification requirements for Outside Directors under the Companies Act and the independence criteria prescribed by the Tokyo Stock Exchange, and, with respect to matters such as “major client” and “large amounts of cash,” in accordance with the Company’s own criteria established with reference to publicly available model standards for the appointment of Independent Directors and other sources, the Company determined that there is no risk of a conflict of interest with general shareholders, and has therefore designated him as an Independent Director.</p>

## Audit & Supervisory Committee

### Composition of Audit & Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit & Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Staff to Support the Audit & Supervisory Committee	Not Appointed
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### Reasons for Adopting Current System

The Company has not established employees to assist the duties of the Audit & Supervisory Committee. If the Internal Audit Department is entrusted by the Audit & Supervisory Committee with audit work as necessary, the Internal Audit Department assists the duties of the Audit & Supervisory Committee.

### Cooperation among the Audit & Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit & Supervisory Committee receives the audit plan and explanations from the Accounting Auditor, receives explanations of the audit status on a quarterly basis, and maintains coordination through information exchange and other means.

In addition, the results of audits conducted by the Internal Audit Department are reported to the Audit & Supervisory Committee, and coordination is maintained through information exchange and other means as necessary.

## Voluntary Established Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee	Established
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### Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson Updated

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination & Compensation Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Nomination & Compensation Committee	3	0	1	2	0	0	Outside Director

Members of the Nomination & Compensation Committee are appointed by resolution of the Board of Directors.

The Nomination & Compensation Committee mainly deliberates on the following matters and makes recommendations to the Board of Directors.

(1) Formulation of policies on compensation, etc. for Directors (including Directors who are Audit & Supervisory Committee Members; the same applies hereinafter) and Executive Officers of the Company

(2) Details of compensation, etc. for individual Directors and Executive Officers of the Company, including monthly compensation and bonuses (if an Executive Officer concurrently serves as an employee of the Company, including compensation, etc. received as an employee)

(3) Details of proposals concerning the appointment and dismissal of Directors and Executive Officers of the Company

(4) Matters concerning the appointment of candidates for Director and candidates for Executive Officer of the Company, and the dismissal of Directors and Executive Officers, that the Nomination & Compensation Committee considers necessary

<Members of the Nomination & Compensation Committee>

Chairperson: Mikito Nagai, Director (Audit & Supervisory Committee Member)

Members: Shinichiro Fujisaki, Representative Director and President & CEO

Michi Handa (Sasano), Director (Audit & Supervisory Committee Member)

## Matters Concerning Independent Directors

Number of Independent Directors

5

### Other Matters Concerning Independent Directors

The Company has designated five Outside Directors as Independent Directors and has filed notification thereof with the Tokyo Stock Exchange.

The Company's policy for the appointment of Independent Directors is as follows.

1. All Outside Directors who satisfy the qualifications for Independent Directors are designated as Independent Directors.
2. Regarding the criteria for independence, the Company makes judgments based on the qualification requirements for Outside Directors under the Companies Act and the independence criteria prescribed by the Tokyo Stock Exchange, and, with respect to matters such as "major client" and "large amounts of cash," in accordance with criteria established with reference to publicly available model standards for the appointment of Independent Directors and other sources.

At the Company, Independent Outside Directors are designated from among persons who do not fall under any of the following:

(1) Person/entity for which the Company Group is a major\* client or a person who executes business for said person/entity

\* "Major" means that the relevant client has received payments from the Company Group in an amount equivalent to 2% or more of the client's annual consolidated net sales for the most recent fiscal year.

(2) Major\* client of the Company Group or a person who executes business for said client

\* "Major" means that the Company Group has received payments in an amount equivalent to 2% or more of the Company's

annual consolidated net sales for the most recent fiscal year.

(3) Major shareholder holding 10% or more of the total number of issued and outstanding shares of the Company or a person who executes business for said shareholder

(4) Entity of which the Company Group holds 10% or more of the total number of issued and outstanding shares or a person who executes business for said entity

(5) Consultant, accounting expert, or legal expert who receives large\* amounts of cash or other assets from the Company Group in addition to compensation as a Director or other officer

\* “Large” means an annual amount of ¥10 million or more on average over the past three fiscal years.

(6) Person belonging to a legal office, audit firm, tax accountant corporation, consulting firm, or other corporation, partnership, or similar organization that receives large\* amounts of cash or other assets from the Company Group

\* “Large” means an amount exceeding 2% of the consolidated net sales or total income of the relevant organization on average over the past three fiscal years.

(7) Person who receives large\* amounts of donations or grants from the Company Group, or a director or other person who executes business for a corporation, partnership, or similar organization receiving such donations or grants

\* “Large” means, on average over the past three fiscal years, an annual amount of ¥10 million or more in the case of an individual, and an amount exceeding 2% of the consolidated net sales or total income of the relevant organization in the case of a corporation, partnership, or similar organization.

(8) Person who, during the past one year, fell under any of items (1) through (7) above

(9) Outside Director if the spouse, a relative within the second degree of kinship, or a cohabiting relative of the Outside Director falls under any of the conditions set forth in items (1) through (8) above, or an Executive Director, Executive Officer, manager, or other important\* employee of the Company Group

\* “Important” means a managerial employee at department manager level or above.

## Incentives

Implementation Status of Measures related to  
Incentives Granted to Directors Updated

Introduction of Performance-linked Compensation Scheme

Supplementary Explanation for Applicable Items Updated

(Performance-Linked Stock Compensation Plan)

The Company has introduced a performance-linked stock compensation plan for Directors (excluding Directors who are Audit & Supervisory Committee Members and other Outside Directors) for the purpose of increasing their awareness of contributing to the improvement of medium- to long-term performance and the enhancement of corporate value.

Persons Eligible for Stock Options Updated

Supplementary Explanation for Applicable Items Updated

## Director Compensation

Status of Disclosure of Individual Director's Compensation

Disclosure for Selected Directors

### Supplementary Explanation for Applicable Items

The Securities Report and the Business Report, in which the total amounts are disclosed separately for inside Directors and Outside Directors, are posted on the Company's website and made available for public inspection.

In addition, persons whose total compensation, etc. is ¥100 million or more are individually disclosed in the Securities Report.

Policy on Determining Compensation Amounts and Calculation Methods Updated

Established

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

The Company's basic policy regarding compensation for Directors is to establish a compensation system linked to shareholder profits that functions adequately as an incentive to strive for the sustainable enhancement of corporate value, and determine compensation for individual Directors at an appropriate level based on their duties. Specifically, compensation consists of a basic compensation as fixed compensation, and performance-linked compensation. Directors who are Audit & Supervisory Committee Members and other Outside Directors receive only a basic compensation in view of the nature of their duties.

Total compensation for Directors (excluding Audit & Supervisory Committee Members) of the Company, including monthly compensation and bonuses, not exceeding ¥500 million per year (including up to ¥100 million per year for Outside Directors, but not including salary received by Directors as employees) was approved at the 8th Annual General Shareholders Meeting held on March 29, 2016. The Company had eight Directors (excluding Audit & Supervisory Committee Members) at the time of the resolution by that General Shareholders Meeting (of which, two were Outside Directors). A partial revision was made to the performance-linked stock compensation plan at the 16th Annual General Shareholders Meeting held on March 26, 2024 and the previous performance-linked stock compensation plan (Board Benefit Trust (BBT) Plan) and the restricted-stock compensation plan (RS Plan) were integrated as the performance-linked stock compensation plan, "Board Benefit Trust-Restricted Stock (BBT-RS)." It is determined that the upper limit of the points to be granted to Directors under the Plan is 60,000 points for each fiscal year and the maximum number of the Company's shares to be acquired under BBT-RS is 180,000 shares. The Company had four Directors (excluding Audit & Supervisory Committee Members) at the time of the resolution by that General Shareholders Meeting. Compensation for Directors who are Audit & Supervisory Committee Members not exceeding ¥100 million per year was approved at the 8th Annual General Shareholders Meeting held on March 29, 2016. The Company had three Directors who were Audit & Supervisory Committee Members at the time of the resolution by that General Shareholders Meeting.

Basic compensation for Directors consists of monthly fixed compensation, determined upon comprehensive consideration of factors such as position, responsibilities, experience, the Company's business results, the level of salaries for employees, and trends among other companies. Performance-linked compensation and non-monetary compensation, etc. are composed of (1) bonuses as monetary compensation to reward short-term contribution, reflecting the degree to which consolidated operating profit targets have been achieved as the results for each fiscal year; (2) restricted stock (restriction period: three years) as non-monetary compensation, etc. to reward medium-term contribution to the sustainable enhancement of corporate value, in addition to the

degree of contribution for each fiscal year; and (3) Board Benefit Trust (BBT-RS) as non-monetary compensation, etc. based on the degree of long-term contribution, where points are granted during each Director's term of office in accordance with factors such as position, duties, and performance, and shares are delivered at the time of retirement in accordance with the number of points awarded. The amount or number is determined by establishing a certain number of months that becomes a payment standard value for monthly fixed compensation based on the achievement rate of consolidated operating profit targets in each fiscal year and determining an amount or number calculated in accordance with the levels of quantitative and qualitative performance evaluation indicators by each individual. The amounts or the numbers are determined by the Board of Directors based on the recommendations of the Nomination & Compensation Committee and the compensation is paid or delivered at a predesignated time each year.

The relative proportions of each type of compensation are determined by the Board of Directors based on the recommendations of the Nomination & Compensation Committee, with reference to benchmark compensation levels, etc. at other companies of a similar scale to the Company in related industries and sectors. The standard proportions of basic compensation, performance-linked compensation (bonuses), and performance-linked compensation (non-monetary compensation, etc.) are set at approximately 6:2:2.

Decisions on the specific amounts of compensation for individual Directors are delegated to Representative Director and President & CEO, President and Executive Officer Shinichiro Fujisaki by resolution of the Board of Directors, based on the recommendations of the Nomination & Compensation Committee. The reason for this delegation of authority is that the Representative Director and President is in the most appropriate position to evaluate each Director's quantitative and qualitative performance while maintaining a broad perspective over the whole of the Company's operating environment, business condition, and performance. The Nomination & Compensation Committee deliberates on the amount of basic compensation for each Director, the amounts of bonuses based on each Director's degree of achievement of targets for the fiscal year, the number of shares of restricted stock to be allotted as non-monetary compensation, and the performance coefficients used for the Board Benefit Trust (BBT-RS), followed by the submission of recommendations to the Board of Directors.

## Support System for Outside Directors

The Administrative Management Department serves as the secretariat and provides sufficient information to Outside Directors by distributing materials on proposals to be submitted to the Board of Directors in advance and giving prior explanations as necessary.

## 2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Compensation Decisions (Overview of Current Corporate Governance System) Updated

The Company has adopted the structure of a company with an Audit & Supervisory Committee.

### (1) Board of Directors

The Company's Board of Directors consists of ten Directors (including five Outside Directors). The Board of Directors has the authority to decide on the execution of the Company's business and to supervise the execution of duties by Directors. In principle, it holds regular Board of Directors meetings once a month and extraordinary Board of Directors meetings whenever necessary.

#### (2) Audit & Supervisory Committee

The Company has adopted the structure of a company with an Audit & Supervisory Committee. The Audit & Supervisory Committee consists of three members, including two Outside Directors. It carries out management oversight based on broad knowledge, including that of a Director with experience in charge of a business division, a certified public accountant, and a former Representative Director. It monitors the state of governance and its operation and audits daily activities, including the execution of duties by Directors. In principle, it holds regular Audit & Supervisory Committee meetings once a month and extraordinary Audit & Supervisory Committee meetings whenever necessary.

#### (3) Nomination & Compensation Committee

The Company has established a voluntary Nomination & Compensation Committee. The Nomination & Compensation Committee consists of three members, including two Outside Directors (Audit & Supervisory Committee Members). It deliberates on matters relating to the appointment and dismissal of Directors and Executive Officers of the Company, as well as matters relating to the formulation of policies on compensation, etc. for them. Through its activities, the Nomination & Compensation Committee aims to contribute to ensuring transparency in the management of the Aucnet Group. It meets at least once a year and also holds Nomination & Compensation Committee meetings whenever necessary.

#### (4) Management Committee

The Management Committee consists of full-time officers and persons whom the Representative Director and President & CEO considers necessary, for the purpose of reporting on and discussing important plans and operations of the Company, deepening mutual understanding among officers, and contributing to smooth business management. In principle, it meets once a week.

#### (5) Compliance Committee

The Compliance Committee is an advisory body to the Board of Directors and consists of six members, including one outside member (an attorney-at-law). It engages in comprehensive discussions, deliberation, and decision-making on matters concerning compliance management at the Company. In principle, it meets once every three months and also holds extraordinary Compliance Committee meetings whenever necessary.

#### (6) Sustainability Committee

The Sustainability Committee consists of three members, including the Representative Director and President & CEO, for the purpose of sustainably enhancing corporate value and contributing to a sustainable society. In principle, it meets at least once a year and holds extraordinary committee meetings as necessary. In addition to discussing the Basic Sustainability Policy, formulating sustainability-related targets, and establishing a system for promoting sustainability, it works in coordination with the Risk Management Sub-committee to manage climate change-related risks and opportunities, implement measures, set KPIs, and supervise the status of implementation of each measure.

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

The Company has adopted the structure of a company with an Audit & Supervisory Committee.

The reason for this is to further strengthen the supervisory function of the Board of Directors and the corporate governance system

by establishing the Audit & Supervisory Committee, a majority of whose members are Outside Directors, and by granting voting rights at Board of Directors meetings to Directors who are Audit & Supervisory Committee Members.

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

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

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The notice is sent three weeks before the date of the meeting.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company strives to schedule the General Shareholders Meeting on a date that avoids peak days.
Electronic Exercise of Voting Rights	Voting rights may be exercised using a computer, smartphone, or mobile phone with Internet access.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Voting rights may be exercised through the electronic voting platform for institutional investors operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	An English translation of the notice of the General Shareholders Meeting has been prepared and disclosed on the website of the Tokyo Stock Exchange and the Company's website.

#### 2. Status of IR-related Activities Updated

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	The Company makes disclosures to all stakeholders, including shareholders and investors, based on fairness, transparency, and timeliness, in accordance with the Companies Act, the Financial Instruments and Exchange Act, and the timely disclosure rules prescribed by the Tokyo Stock Exchange.	
Regular Investor Briefings held for Individual Investors	The Company plans to begin holding these briefings annually from the fiscal year ending December 31, 2026.	Not Held
Regular Investor Briefings held for Analysts and Institutional Investors	The Company holds financial results briefings by live streaming for the full-year and second-quarter financial results. The Representative Director and President & CEO attends these briefings, gives explanations, and answers questions.	Held
Regular Investor Briefings held for Overseas Investors	The Company intends to consider this going forward.	Not Held
Online Disclosure of IR Information	The Company has established an IR page on its website at the following URL, where it posts financial results	

	summaries, financial results presentation materials, securities reports, quarterly reports, timely disclosure materials, etc. <a href="https://ir.aucnet.co.jp/en/ir.html">https://ir.aucnet.co.jp/en/ir.html</a>
Establishment of Department and/or Placement of a Manager in Charge of IR	The Administrative Management Department serves as the department in charge of IR.

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

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>The Company upholds a philosophy of “Authenticism,” constantly pursues what authentic service is, and aims to contribute to the development of the industry and the improvement of social life.</p> <p>In addition, the Company has established, in its Basic Compliance Regulations, guidelines for conduct to ensure compliance with laws and regulations, the Articles of Incorporation, and social norms, and has made clear the ethical values on which it is to base its actions. While respecting the positions of stakeholders, the Company is committed to adhering unwaveringly to its sense of ethics and good conscience as a good corporate citizen and to conducting business activities sincerely and conscientiously, maintaining a fair and honorable attitude and a sound sense of the community.</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>The Company has established the Sustainability Committee, which reports to the Board of Directors at least once a year and, in coordination with various business units and the Risk Management Sub-committee, formulates action policies and confirms the status of initiatives in order to advance sustainability. Please refer to the following for disclosures in line with the TCFD framework and details of specific initiatives.</p> <p>Sustainability in general  <a href="https://www.aucnet.co.jp/en/sustainability/">https://www.aucnet.co.jp/en/sustainability/</a>            Disclosure based on the TCFD recommendations  <a href="https://www.aucnet.co.jp/en/sustainability/environmentTCFD/">https://www.aucnet.co.jp/en/sustainability/environmentTCFD/</a></p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>The Company positions proactive disclosure as part of corporate governance.</p> <p>The Company believes that it is important to ensure that shareholders and other stakeholders have opportunities for fair and easy access to information about the Company, and it therefore intends to enhance its website and provide information to stakeholders.</p>

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development Updated

An outline of the details of the resolution concerning the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, as well as other systems to ensure the appropriateness of the Company's operations, is as follows.

I. System to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation

(i) The Company will establish, in the Basic Compliance Regulations, guidelines for conduct to ensure compliance with laws and regulations, the Articles of Incorporation, and social norms, and will make clear the ethical values on which it is to base its actions.

(ii) The Company will establish the Basic Compliance Regulations to set forth basic matters relating to the Company's compliance activities.

(iii) The Company will establish the Compliance Committee, which includes at least one outside expert as a member, as an advisory body to the Board of Directors, to discuss and make decisions on overall compliance matters.

(iv) The Company will appoint one full-time Director as Chief Compliance Officer and have that Director take on responsibilities including execution of compliance-related duties.

(v) Under the Compliance Committee, the Company will establish the Risk Management Sub-committee and the ISMS Committee as organizational bodies that advance the practical work.

II. System for the preservation and management of information relating to the execution of duties by Directors

(i) The Representative Director will establish information management standards, in accordance with which the following documents or electromagnetic records (hereinafter collectively referred to as "documents") will be preserved and managed together with related materials:

- Minutes of General Shareholders Meetings
- Minutes of Board of Directors meetings
- Minutes of Management Committee meetings
- Minutes of Compliance Committee meetings
- Copies of documents submitted to the tax office, other government authorities, and stock exchanges
- Other documents specified in the information management standards

(ii) The retention period for the documents specified in (i) above will, in principle, be ten years, taking into account laws and regulations and internal rules. The place of storage will be as provided in the information management standards. However, if a Director or the Audit & Supervisory Committee requests inspection, the documents must be made available for inspection within three days from the date of the request.

III. Rules and other systems for the management of risk of loss

(i) The Company will establish the Risk Management Regulations, which set forth basic matters relating to risk management, for the purpose of ensuring sound management and stable growth in profits and earning the trust of stakeholders by strengthening and enhancing the risk management system of the Company Group.

(ii) The Company will establish the Risk Management Sub-committee and the ISMS Committee in order to continuously control the risk of loss relating to business activities and business processes.

(iii) With respect to risks relating to compliance, the environment, disasters, quality, traffic accidents, information security, and other matters, each department in charge will establish rules and guidelines, conduct training, and prepare and distribute manuals.

For newly arising risks, the Company will promptly designate a Director who will be responsible for responding to such risks.

#### IV. System to ensure the efficient execution of duties by Directors

(i) Directors and Executive Officers will set goals to be shared across the Company, work to ensure their penetration, and formulate a medium-term management plan.

(ii) In order to give concrete form to the medium-term management plan, the Board of Directors will, based on the medium-term management plan, set targets and budgets for each business division for each fiscal year. As a general rule, priorities for research and development, capital investment, and new businesses will be determined based on their contribution to achieving the targets of the medium-term management plan. At the same time, the Board of Directors will allocate human resources efficiently to each business division.

(iii) The Directors and Executive Officers in charge of each business division will determine an efficient business execution structure for the business division, including specific measures to be implemented and the allocation of authority.

(iv) The Directors and Executive Officers in charge of each business division will promptly convert monthly results into data for management accounting through systems that actively use IT and report them to the Management Committee or the Board of Directors.

(v) Each month, the Board of Directors or the Management Committee will review these results, require the Directors and Executive Officers in charge to report on the analysis of reasons for failing to achieve targets as well as on improvement measures to eliminate or reduce those reasons, and revise the targets as necessary.

(vi) Based on the discussions referred to in (v) above, the Directors and Executive Officers in charge of each business division will improve the efficient business execution structure for the business division, including specific measures to be implemented and the allocation of authority.

#### V. System to ensure that the execution of duties by employees complies with laws and regulations and the Articles of Incorporation

(i) The Company will establish a secretariat to oversee the day-to-day operations of cross-organizational compliance activities under supervision by the Chief Compliance Officer.

(ii) The secretariat will promote cross-organizational compliance activities under supervision by the Chief Compliance Officer.

(iii) The Company will provide regular opportunities for education and training.

(iv) The Company will operate an internal whistleblowing system that enables anyone to make a report without worry if the person discovers legal or regulatory violations, or any suspicious action that could pose compliance problems.

(v) The Internal Audit Department will review and evaluate the development and operation of the internal control and compliance systems and, as necessary, encourage improvements to those systems. In addition, in order to strengthen the independence and checking function of internal audits, the Internal Audit Department will be established as an independent organization directly under the Representative Director.

#### VI. System to ensure the appropriateness of operations in the corporate group consisting of the Company and its subsidiaries, etc.

(i) The Compliance Committee will establish a system that enables efficient discussion, information sharing, and communication of instructions and requests relating to internal control between the Company and each Group company.

(ii) The Directors and Executive Officers of the Company and the president of each Group company will have the authority and responsibility for establishing and operating internal controls to ensure the proper execution of operations in each division (and each company).

(iii) The Internal Audit Department of the Company will conduct internal audits of the Company and each Group company, and

report the results to the Compliance Committee referred to in (i) above and to the persons responsible referred to in (ii) above. The Compliance Committee will, as necessary, provide guidance on improvement measures for internal controls in each division (and each company), and support and advise on their implementation.

(iv) The Company will develop a system to ensure the reliability of financial reporting in financial statements, etc., as well as the necessary structure for continuous monitoring.

(v) The Company will develop the necessary structure to ensure that the acquisition, use, and disposal of assets are carried out properly.

VII. System concerning employees to assist the duties of the Audit & Supervisory Committee if the Audit & Supervisory Committee requests the appointment of such employees, and matters relating to the independence of such employees from Directors

The Company will not establish employees to assist the duties of the Audit & Supervisory Committee. If the Internal Audit Department is entrusted by the Audit & Supervisory Committee with audit work as necessary, the Internal Audit Department will assist the duties of the Audit & Supervisory Committee. Any employee who receives orders necessary for audit work from the Audit & Supervisory Committee will not, with respect to those orders, be subject to the direction or orders of Directors, the head of the division to which the employee belongs, or others.

VIII. System for reporting by Directors and employees to the Audit & Supervisory Committee and other systems relating to reporting to the Audit & Supervisory Committee

In addition to matters required by laws and regulations, Directors will promptly report to the Audit & Supervisory Committee matters that may have a material impact on the entire Company (the Company and the Company Group), as well as the status and details of reports made through the compliance hotline.

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

The Company will regularly provide opportunities for the Audit & Supervisory Committee to conduct individual hearings with each Executive Officer and Director in charge of business execution, as well as each key employee. In addition, such opportunities will be provided whenever the Audit & Supervisory Committee considers it necessary. The Company will also hold regular meetings for the exchange of opinions between the Audit & Supervisory Committee and the Representative Director and President.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development Updated

- Basic views on measures for eliminating anti-social forces

The Company regards the severance of relationships with anti-social forces as a serious compliance-related matter. It therefore provides an express basis for this in its internal rules and other regulations, and responds to such forces as an organization as a whole under the leadership of management, rather than leaving such responses solely to the person or department in charge.

In addition, the Company has established the following basic principles to prevent damage caused by anti-social forces.

(i) The Company will reject unjust demands made by anti-social forces and ensure the safety of employees who respond to them.

(ii) In preparation for unjust demands by anti-social forces, the Company will maintain close coordination at all times with the police, attorneys, and other specialized organizations.

(iii) The Company will have no relationship with anti-social forces, including business relationships. If, after the commencement of a transaction, a contracting party or other counterparty is found to be connected with such forces, the Company will promptly

take measures to terminate the relationship.

(iv) The Company will take legal action against unjust demands made by anti-social forces.

(v) Even when unjust demands by anti-social forces are based on misconduct in business activities or misconduct of employees, the Company will not agree to any transaction intended to conceal the matter.

(vi) The Company will not provide funds to anti-social forces.

- Status of the development of measures for eliminating anti-social forces

(i) From the perspective of preventing interference by anti-social forces in management activities and preventing damage caused by such forces, the Company will develop internal rules and other regulations aimed at ensuring an organization-wide response.

(ii) The Company will prepare and maintain a response manual and strengthen relationships that enable the Company to promptly consult with attorneys and other specialized external organizations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

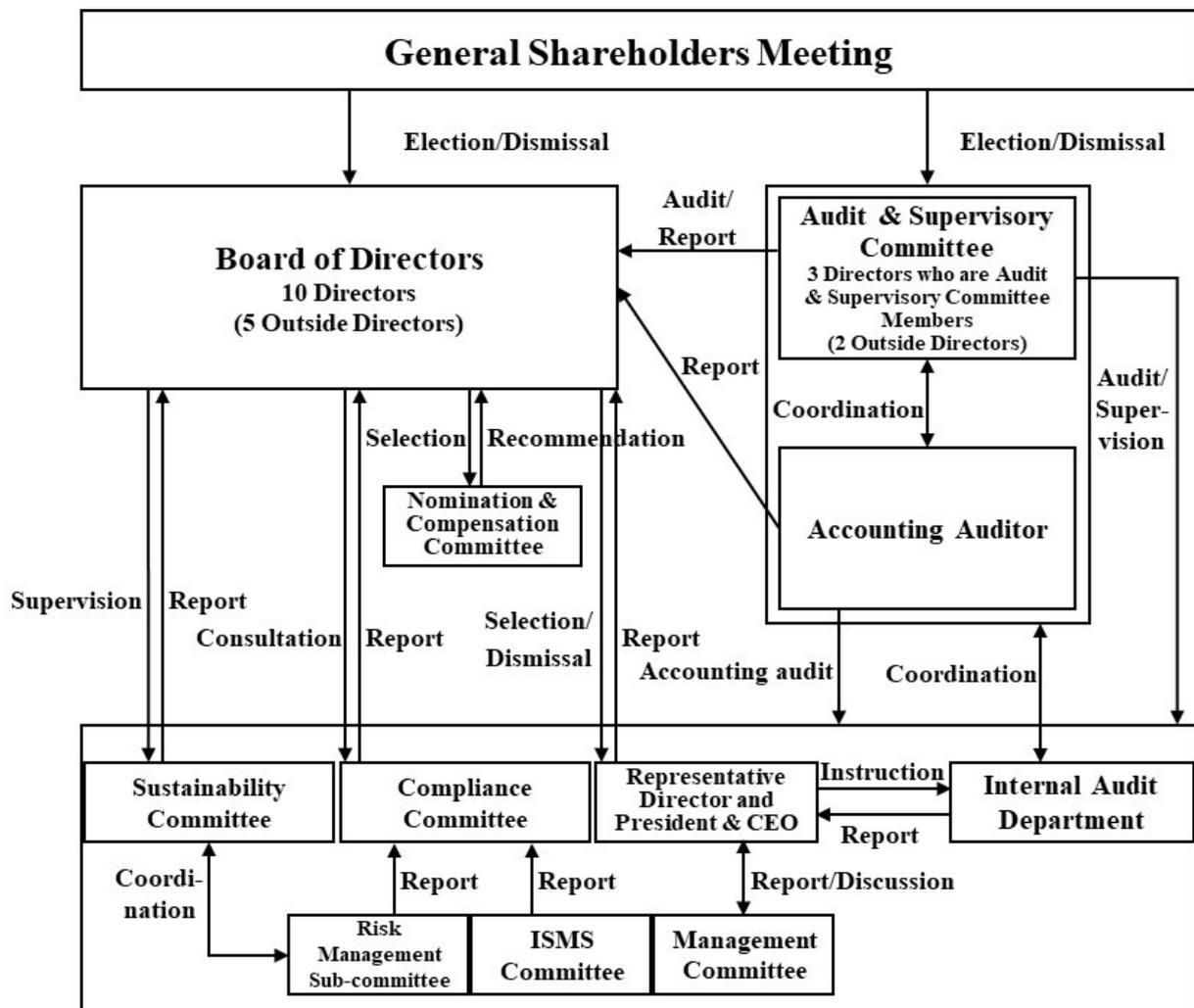
Adoption of Anti-Takeover Measures

Not Adopted

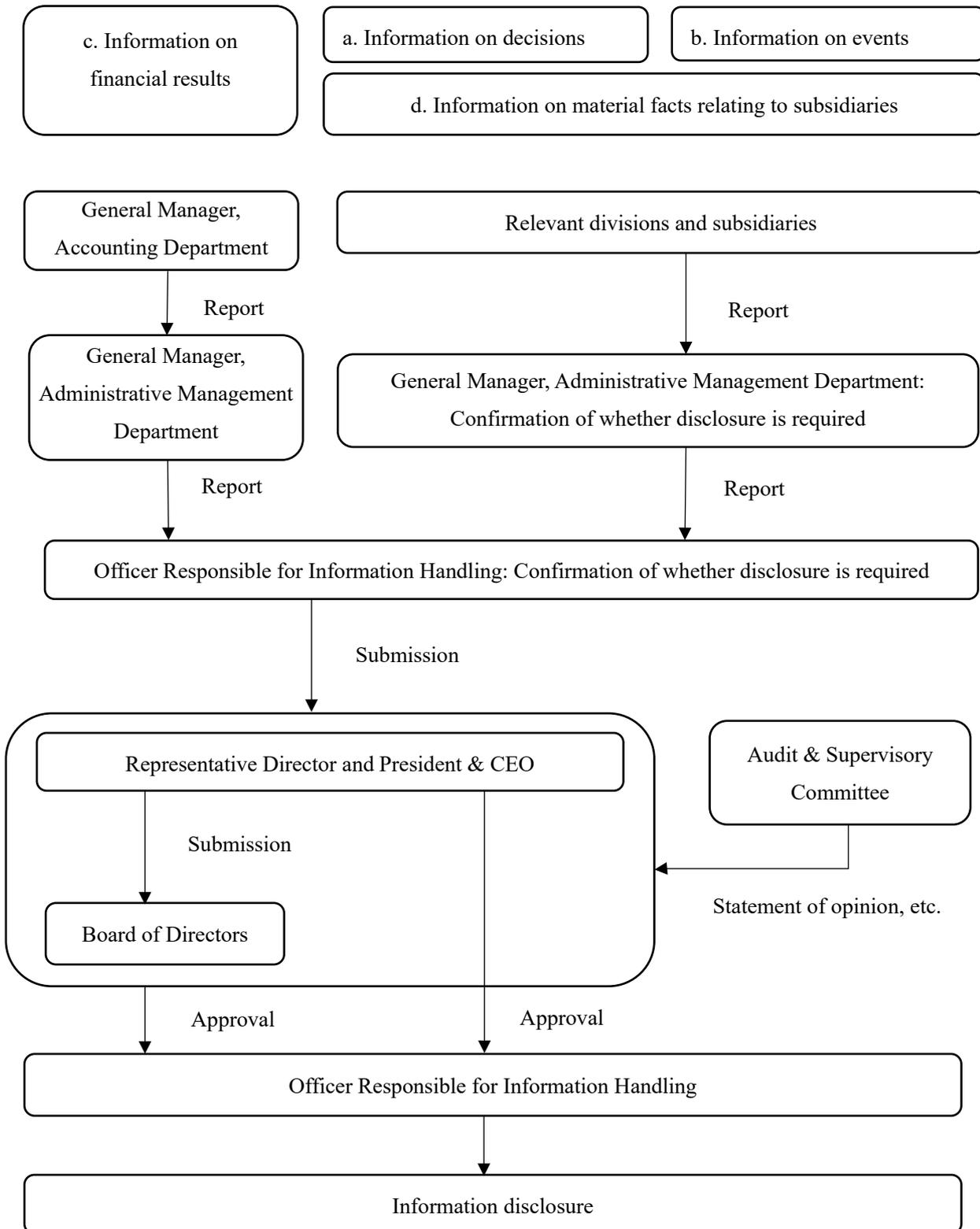
Supplementary Explanation for Applicable Items

### 2. Other Matters Concerning the Corporate Governance System

[Corporate Governance Structure Chart]



[Outline of the Timely Disclosure System]



(Reference) Skills Matrix

	Management experience	New businesses	Finance and accounting	Legal affairs, compliance and risk management	Global experience	IT/DX	Sustainability (ESG)
Kiyotaka Fujisaki	○	○			○	○	
Shinichiro Fujisaki	○	○			○		○
Katsuhiko Ichii	○	○	○		○	○	
Hiroki Taniguchi	○		○	○	○		○
Seiichiro Umeno				○	○		
Toshio Maki	○					○	
Megumi Tsukamoto	○			○	○	○	○
Shunji Sato	○			○			
Michi Handa	○		○	○	○		
Mikito Nagai	○		○	○			

Skills	Definition
Management experience	Knowledge of top management, such as directors and executives (CEO, CFO, etc.) Knowledge necessary for judging and determining the strategic policy and direction of the Aucnet Group
New businesses	Knowledge to create and drive new businesses based on insights into future social changes and the results of those insights Knowledge to promote innovation and explore new areas for the sustainable growth of the Aucnet Group
Finance and accounting	Knowledge of financial accounting and capital policy Knowledge to understand business conditions based on business performance and performance indicators and raise issues Knowledge to understand the status of resource allocation and raise issues in order to balance growth investment and shareholder returns
Legal affairs, compliance and risk management	Knowledge of law, compliance and risk management Knowledge to understand the status of the Company's risk control and raise issues
Global experience	Knowledge of global business, international business experience and management of overseas companies Knowledge to make decisions from a global perspective
IT/DX	Knowledge of technology trends in cutting-edge fields such as the IT and digital field Knowledge to promote company-wide business process improvement through IT utilization and DX
Sustainability (ESG)	Knowledge to formulate measures for and drive the expansion of the Aucnet Group's circular economy business from the perspective of sustainability (ESG) Knowledge to directly promote and drive participation in TCFD, etc. and information dissemination as an enterprise emphasizing sustainability Knowledge to strategically formulate non-financial disclosure of environmental, social, and governance information in order to enhance evaluation of corporate value

Note: The above list does not represent all of the knowledge and experience possessed by each Director.

END