# NRI Corporate Governance Guidelines

## Chapter 1: Basic Approach to Corporate Governance

### Article 1. Purpose

The basic corporate philosophy of the NRI Group, comprising NRI (the Company) and its subsidiaries, is to contribute to the development of economic society through the fulfillment of two basic corporate missions: (1) Discerning new social paradigms and assuming the role of implementing such paradigms and (2) Building customer trust and prospering together with customers. The purpose of these NRI Corporate Governance Guidelines is to ensure that the Company practices the best corporate governance as it strives to achieve sound and sustainable growth that enhances corporate value over the mid- to long-term through the practice of the corporate philosophy.

### Article 2. Basic Approach to Corporate Governance

The Company works to enhance corporate governance in accordance with the basic approach outlined below, based on the recognition that corporate governance consists of mechanisms for transparent, fair, timely, and accurate decision-making based on the perspective of stakeholders, including society, customers, employees, business partners, and shareholders, for sound and sustainable growth and the increase of corporate value over the mid- to long-term.

(1) Cooperation with stakeholders

The Company respects the interests of stakeholders and cooperates with them in an appropriate manner. In particular, with regard to shareholders, the Company takes the proper measures so that rights are substantially secured, in addition to ensuring substantial equality.

(2) Information disclosure and communication

The Company discloses information as stipulated by laws and by the regulations of the Tokyo Stock Exchange, and information that assists its stakeholders in understanding the Company and its operations properly, in a timely, accurate, and fair manner, to secure transparency as well as to engage in constructive dialogue with its shareholders.

(3) Corporate governance system

The Company is strengthening its management monitoring functions by adopting the organizational structure of a Company with an Audit & Supervisory Committee, as allowed under the provisions of the Companies Act, and striving to expedite the business execution by allowing the decision-making authority for execution of important business to be delegated from the Board of Directors to Members of the Board while enhancing deliberation of more important management issues at the Board of Directors meetings.

## Chapter 2: Cooperation with Stakeholders

### Article 3. Favorable, Harmonious Relations with Stakeholders

To realize corporate philosophy, the Company stipulated action guidelines for its stakeholders in the NRI Group's Code of Business Principles (the Code of Business Principles) and the NRI Group Employees' Code of Business Conduct (the Code of Business Conduct). Both codes demand that the Company respect the interests of all stakeholders, including society, customers, employees, business partners, and shareholders, and cooperate with them in an appropriate manner.

2. To ensure the osmosis of the cooperate philosophy, the Code of Business Principles and the Code of Business Conduct, the Company distributes a pamphlet to all executives and employees and constantly endeavors to ensure thorough compliance with these guidelines by, for example, regularly conducting awareness surveys to confirm the state of compliance with the guidelines.

### Article 4. Relations with Shareholders

The Company makes efficient use of management resources as it strives to achieve sustainable growth, enhance corporate value over the mid- to long-term, and reward its shareholders.

(1) General Meeting of Shareholders

1) The General Meeting of Shareholders, composed of shareholders with voting rights, is the Company's highest decision-making body. To foster a relationship of trust with shareholders, the meeting should be held on a date that enables attendance by the largest possible number of shareholders, and the Company should devote ample time to providing explanations to shareholders and for a question-and-answer session at the meeting.
2) The Board of Directors carefully analyzes the votes in for or against each of the proposals presented at the General Meeting of Shareholders and enters into a dialog with shareholders or take other appropriate action as necessary.
3) To give shareholders sufficient time to consider the agenda, the Notice of Convocation of the Ordinary General Meeting of Shareholders as a general rule shall be mailed to shareholders three weeks prior to the meeting date and posted on the Company's website as well as on the Tokyo Stock Exchange's Timely Disclosure network (TDnet) prior to the mailing to shareholders.
4) To help invigorate the General Meeting of Shareholders and facilitate the exercise of voting rights, the Company utilizes an internet-based system for voting rights and makes use of an Electronic Voting Platform for institutional investors. The Company also prepares English-language Reference Documents for the General Meeting of Shareholders

for overseas shareholders.

5) In the case of institutional investors who hold shares in the name of trust banks and others want to exercise their voting rights, etc. by themselves, instead of through the trust banks and others, the Company will consider the measures through consultation with the trust banks and others.

(2) Ensuring Shareholders' Rights and Equal Treatment

The Company treats all shareholders equally in accordance with their shareholdings and endeavor to effectively protect the rights of all shareholders, including minority shareholders and foreign shareholders.

(3) Basic Strategy for Capital Policy

1) The Company maintains sufficient shareholders' equity to support growth investment and reasonable assumption of risks in order to achieve sustainable corporate growth and enhance corporate value over the mid- to long-term.

2) The Company focuses on its operating profit and operating cash flows, which are two indicators of business profitability, and aims to expand them. In addition, from the perspective of capital efficiency, the Company attaches great importance to return on equity (ROE) and will strive to constantly increase shareholder value through growth in earnings per share (EPS).

3) Regarding the payment of dividends from retained earnings, the Company's basic policy is to provide shareholders with stable dividends in line with the announced consolidated dividend payout ratio, while retaining sufficient internal reserves for mid- to long-term business expansion.

4) Treasury stock acquisition may be carried out as part of a capital policy that responds reflexively to changes in the business environment and seeks to raise capital efficiency.

5) Before implementing large-scale capital procurements that result in a change in the majority shareholder or a significant dilution of shares, the Board of Directors carefully deliberates on the need of such capital procurements, the use of those funds, the investment recovery plan, and other important related matters so as not to unfairly harm the existing shareholders' interests. The Board also makes every effort to provide sufficient explanation to shareholders.

(4) Basic Policies on Strategic Shareholdings and Exercise of Voting Rights

1) The Company may hold shares of other listed companies on a restricted basis (the strategic shareholdings) if it has determined, based on comprehensive consideration of the Company's relationship with the issuing company and the Company's business strategies, etc., that maintaining and strengthening cooperative relations and/or business alliances will contribute to enhancement of its corporate value.

2) The Board of Directors shall regularly assess the rationale for the strategic shareholdings

individually, and if they determine that the rationale for such holdings is weak from mid- to long-term viewpoints, a sale or similar transaction will be carried out using appropriate methods.

3) When assessing the rationale of strategic shareholdings, in addition to considering the purpose of holding them to create business opportunities or to maintain or strengthen the Company's relationship with the issuing company, the Company will also comprehensively consider the related revenue associated with their holding and the capital costs, etc.

4) Regarding the exercise of voting rights on cross-shareholdings, decisions will be based in separate assessments from the view point of enhancing the corporate value of the issuing company and that of the Company over the mid- to long-term. In particular, in the case of companies that have been generating losses and/or not paying dividends for an extended period of time, proposals that could affect the corporate value of the issuing company, including executive elections, takeover defense, mergers and other organizational restructurings, will be assessed taking into consideration the proposal's purpose and its contribution to increasing corporate value and the Company's purpose for the cross-shareholdings.

(5) Prohibition of Transactions Contrary to the Common Interests of Shareholders

1) When the Company enters into conflict of interests' transactions as stipulated by the Companies Act with Members of the Board, the Board of Directors deliberates on and approves the transaction's contents and conditions to ensure that the transaction does not harm the interests of the Company and the common interests of shareholders.

2) Transactions between the Company and major shareholders will be subject to approval based on the scale and importance of the transaction in accord with internal regulations, considering not harming the interests of the Company and the common interests of shareholders.

**Article 5. Sustainability initiatives**

The Company shall formulate basic policies on sustainability initiatives of the NRI Group at the meetings of the Board of Directors from the perspective of increasing corporate value over the mid- to long-term and oversee the status of these initiatives in an appropriate manner. The Board of Directors is responsible for overseeing sustainability-related risks and opportunities, setting strategies, key performance indicators, and targets to address them, and monitoring the progress.

2. Through business activities, the Company solves social issues with customers and contributes to the creation of a prosperous future society. The Company promotes the mitigation of the environmental load, etc. by achieving optimization of customers' businesses and the social

system and the productivity improvement through the provision of services and strategic proposals.

3. In conducting its business activities, the Company advances its initiatives with due consideration for the global environment, human rights, health of employees and others, transactional relationships with business partners, etc., and endeavors to build a relationship with society based on trust by emphasizing compliance.

**Article 6. Raising Customer Satisfaction Levels**

In line with the stated corporate mission "building customer trust and prospering together with customers," the Company strives to build customer relations based on trust through the provision of high quality, value-added services that contribute to the development of the customer's business.

**Article 7. Diversity of Human Resources**

Under the recognition that the diverse perspectives and values that reflect differences in experiences, skills, nationality, gender, and other characteristics are a core strength that contributes to the Company's ability to realize corporate sustainable growth, the Company continues to promote diversity of the NRI Group's human resources.

2. The Company promotes initiatives such as those to foster a corporate culture in which each person's personality and human rights are respected and their unique capabilities can be fully demonstrated, help employees develop careers, and develop a workplace environment that allows diverse ways of working.

3. While enthusiastically employing people with disabilities and special needs, the Company also aims to further expand its business scope in areas that will offer greater opportunities for employees with disabilities to be more active and successful.

**Article 8. Corporate Pension**

In order to increase the investment management expertise for the corporate pension, in addition to appointing personnel with qualifications suitable for such management, the Company shall obtain the advice of external specialists when required. In addition, the Company has established the Pension Advisory Committee comprised of internal company experts, etc. as the body to advise on the suitable operation and asset management of the corporate pension.

2. The Company shall formulate management guidelines for the asset allocation, etc. based on consideration of the future cash flows of the corporate pension and the effect on the Company's financial position, it shall present these to multiple asset managers entrusted with such management, and the selection of investment instruments shall be left to their discretion. In addition, the Company shall regularly monitor the statuses of investment management and the

activities carried out under the stewardship code, such as exercise of voting rights, etc. by the asset managers.

## Chapter 3: Information Disclosure and Communication

### Article 9. Information Disclosure and Transparency

To enhance management transparency and build long-term relationships founded on trust with its shareholders and other stakeholders, the Company endeavors to provide appropriate disclosures about such non-financial information as management policies and business plans, initiatives on sustainability, risks and governance-related issues, while also providing timely disclosures of financial information.

2. When formulating management policies and business plans, the Company sets management indicators such as operating profit and ROE after recognizing the Company's cost of capital and discloses specific targets for the indicators as needed

### Article 10. Communication with Shareholders

The Company has established the following policies on communications with shareholders.

(1) Communication with shareholders is overseen by the Director of Investor Relations.

(2) Dialogue with shareholders is the domain of the Investor Relations Department, and also involves Members of the Board and Senior Managing Directors to a reasonable extent, taking into consideration with whom shareholders want to talk and what are their main topics they want to talk about in the meeting.

(3) The IR Department gathers in-house information necessary for communication with shareholders from the various concerned departments and engages in meaningful dialogue with shareholders on subjects considered to be disclosable information.

(4) To enhance communication with shareholders, the Company expands communication channels by participating in forums for domestic and foreign institutional investors as well as information meetings for individual investors, in addition to holding the General Meeting of Shareholders and financial briefings for analysts.

(5) Shareholder opinions and requests expressed in communications are regularly reported to Members of the Board so that they are given due consideration in management decisions.

(6) To engage in appropriate dialogue with shareholders, insider information is controlled in accordance with internal regulations.

2. To communicate effectively and appropriately with shareholders, surveys are conducted as appropriate to have an accurate grasp of the Company's shareholder ownership structure.

3. To enhance communication with foreign shareholders, the Company prepares and distributes appropriate English translations of documents the Company determines to be useful for foreign

shareholders.

## Chapter 4: Corporate Governance System

### Article 11. System of Board of Directors and Others

The Company has delegated to considerable authority and responsibility for business execution to executive directors and other Senior Managing Directors of the Company. The Board of Directors is exclusively responsible for fundamental decision-making that are the basis for the Company's business execution and for overseeing the execution of duties by Members of the Board. The Audit & Supervisory Committee conducts audits, etc. of the execution of duties by Members of the Board in an appropriate manner.

2. The Board of Directors has a well-balanced composition of executive directors, non-executive directors, and Outside Directors, which is intended to facilitate the realization of appropriate decision-making and oversight of the Board of Directors that take into consideration multiple perspectives, including the viewpoints of business execution, supervision, and outside parties. To realize this, at least one-third of Members of the Board shall be Outside Directors.
3. The Board of Directors includes no more than 15 Members of the Board of which no more than 5 are Members of the Audit & Supervisory Committee, taking into consideration the balance of experience in the Company's business, corporate management, risk management, corporate finances and accounting, overseas businesses, etc., which Members of the Board should have in light of mid- to long-term business strategies, as well as gender, internationality, work experience and accumulated knowledge, and other factors. This composition promotes the realization of appropriate supervision and decision-making based on diverse perspectives and values. In addition, at least one of the appointed Members of the Audit & Supervisory Committee must have considerable knowledge of finance and accounting.
4. Independent Directors shall form a majority of the Audit & Supervisory Committee, and to ensure effectiveness of the auditing of the Audit & Supervisory Committee, full-time Members of the Audit & Supervisory Committee are appointed.
5. Reasons for the selection of Members of the Board candidates are disclosed in the Reference Documents for the General Meeting of Shareholders.

### Article 12. Responsibilities of Board of Directors

The Board of Directors is responsible for realization of the Company's corporate philosophy and the increase in corporate value and the common interests of its shareholders over the mid- to long-term. It also has an oversight function and conducts appropriate decision-making

through fair judgment.

2. The Board of Directors makes decisions on important matters including basic management policies, the mid-term business plan and business plans, and personnel-related matters, in accordance with relevant laws and regulations, the Company's Articles of Incorporation, and "Regulations of the Board of Directors."
3. The Board of Directors delegates decision-making related to the execution of duties other than the matters specified in the preceding paragraph to the executive directors and other Senior Managing Directors, and exercises its oversight function.
4. The Board of Directors must recognize that the mid-term business plan is a commitment to shareholders and expend every effort toward realization of the plan's goals. Based on the progress of the mid-term business plan and other business plans, the Board of Directors must consider measures including reviewing the plans as needed. If the Company fails to achieve the performance targets, the Board of Directors must fully analyze the reasons for that shortfall and the Company's responses and then reflect the results of that analysis in subsequent plans.
5. The Board of Directors shall proactively engage in the establishment and implementation of a succession plan for such positions as Company president, and appropriately oversee such processes while giving due consideration to the corporate philosophy, action guidelines, and specific business strategies.
6. The Board of Directors determines the Remunerations of individual Members of the Board (excluding Members of the Audit & Supervisory Committee and Outside Directors) and other Senior Managing Directors, incorporating healthy incentives targeting sustainable corporate growth in the future. These incentives may include, but are not limited to, the achievement of earnings targets and stock-based remuneration tied to mid- to long-term incentives.
7. The Board of Directors must establish an environment that enables appropriate risk-taking.
8. The Board of Directors decides on the contents of a risk management system, including the NRI Group's compliance and internal controls, and appropriately oversee effective system implementation while using the internal audit department.

**Article 13. Chairperson of the Board of Directors**

The Chairperson of the Board of Directors serves as a non-executive director, thereby achieving the separation of business execution and oversight.

2. The Chairperson strives to enhance the quality of discussions at the Board of Directors meetings and ensure a smooth and constructive process.

**Article 14. Conduct of Board of Director Meetings**

The frequency, agenda and allotted discussion times of the Board of Directors meetings, are set so as to allow sufficient and necessary discussion for execution of important business decisions

and oversight of the execution of duties by Members of the Board.

2. To ensure that the Board of Directors is able to have meaningful exchanges of opinion, point out issues and/or ask meaningful questions, materials for agenda items will be distributed to the attendees of the meeting sufficiently in advance of the date of meeting of the Board and advance explanations will be arranged as necessary taking into account the time needed for the attendees to prepare for the meeting in advance.
3. The annual schedule of the Board of Directors meetings and expected agendas will be shared with Members of the Board in advance.

**Article 15. Evaluation of Board of Directors**

The Board of Directors shall review evaluations and opinions of each Member of the Board on the format and conduct of the Board of Directors meetings and perform analysis and evaluation of the effectiveness of the meetings for the purpose of improving of the Board of Directors meetings.

**Article 16. Members of the Board**

As members of the Board of Directors, Members of the Board oversee the execution of duties by Members of the Board and the business execution by executive directors and other Senior Managing Directors.

2. Members of the Board exercise their voting rights on the basis of information collected to enable them to execute their duties, requesting explanations at the Board of Directors meetings, and the lively exchange of opinions and discussions among them.
3. Members of the Board must recognize their stewardship responsibilities to shareholders, ensure appropriate cooperation with stakeholders, and act in the interests of the Company and common interests of its shareholders. To fulfill their roles and responsibilities in a proper manner, they must demonstrate the expected capabilities, devote sufficient time, and execute their duties as Members of the Board.
4. Members of the Board should, if necessary, seek the advice of external specialists.

**Article 17. Outside Directors**

Outside Directors, based on their specific knowledge and viewpoint as external stakeholders, including that of minority shareholders, provide opinions appropriately toward securing the sustainable corporate growth of the Company and enhancing its corporate value over the mid- to long-term.

2. Outside Directors are constantly provided with information from the Board of Directors Secretariat or Audit & Supervisory Committee Secretariat about the Company's corporate philosophy, corporate culture, and current situation, such as the business environment.

3. If Outside Directors need additional information to fulfill their roles and responsibilities effectively, they can make requests for information to Members of the Board, Senior Managing Directors, the Board of Directors Secretariat or Audit & Supervisory Committee Secretariat. In addition, when deemed necessary, Outside Directors can seek the advice of other external specialists at the Company's expense.
4. Independent Directors hold Independent Directors Meetings consisting of Independent Directors and Independent Audit & Supervisory Board Members, and freely discuss on matters concerning the Company's corporate governance and businesses so that they may more actively contribute to discussions at the Board of Directors meetings.

**Article 18: Audit & Supervisory Committee and Members of the Audit & Supervisory Committee**

The Audit & Supervisory Committee serves as an independent body that has received the mandate of the Company's shareholders to appropriately conduct the auditing of the execution of duties by Members of the Board and exercise authority regarding the appointment and dismissal of Members of the Board and accounting auditors, and authority regarding remuneration. By accepting this role, the Audit & Supervisory Committee assumes responsibility for establishing a high-quality corporate governance system that fulfills social trust and achieves the Company's sustainable corporate growth and enhances corporate value over the mid- to long-term.

2. Audit & Supervisory Committee strives to improve the audit quality and realize efficiency of their audits by gathering the information and materials required to conduct audits of Members of the Board's performance of their duties. These materials shall include reports from individual Members of the Board and Senior Managing Directors as well as regular employees and the Company's accounting auditors. In addition, as necessary, the committee will share information with the accounting auditors, the internal control department, and Outside Directors. In addition, the Audit & Supervisory Committee will report to the Board of Directors any reports received from the accounting auditors of fraud, insufficiencies or other problems.
3. The Audit & Supervisory Committee also shares information and exchange its views with Outside Directors who are not Members of the Audit & Supervisory Committee as needed to strengthen their capacity to collect information.
4. Members of the Audit & Supervisory Committee must recognize their stewardship responsibilities to shareholders and act in the interest of the Company and the common interests of its shareholders. To fulfill their roles and responsibilities in a proper manner, they must demonstrate the expected capabilities, devote sufficient time, and execute their duties as Members of the Audit & Supervisory Committee.

**Article 19. Accounting auditors**

To facilitate the work of the accounting auditors, the Company ensures that sufficient audit time is allotted to the accounting auditors, and to the largest extent possible, offer the cooperation of Audit & Supervisory Committee, internal audit department and Outside Directors, and provides access to executive directors and Senior Managing Directors.

2. To ensure that execution of duties by accounting auditors are performed properly, Audit & Supervisory Committee seeks appropriate explanations from the accounting auditors to confirm whether it is compliant with the standards of quality management necessary to properly perform the accounting audit.
3. The Audit & Supervisory Committee is responsible for election procedures of accounting auditors and therefore develops the criteria for electing and evaluating the accounting auditors in an appropriate manner.

**Article 20. Nomination Committee**

To ensure independence, objectivity and the ability to provide explanations regarding its functions related to personnel matters of Company officers such as Members of the Board and the Company president, the Board of Directors has established the Nomination Committee as a body to advise the Board of Directors. Independent Directors shall form a majority of the Committee.

2. On an annual basis, taking into consideration the management basic policies and the election criteria for each Company officer, the Nomination Committee deliberates and expresses opinions from objective and fair perspectives on the establishment and implementation of the succession plan for Company president and on electing candidates for Members of the Board and Company president, etc.
3. When doubt is cast on the performance, etc. of a Member of the Board or Company president, etc., the Nomination Committee deliberates and expresses opinions on the appropriateness of dismissal of such persons.
4. When expressing opinions on the preceding two paragraphs, the Nomination Committee deliberates and expresses opinions on the appropriateness of the criteria and process for electing candidates.

**Article 21. Compensation Committee**

To ensure independence, objectivity and the ability to provide explanations regarding its functions related to executive Remunerations, the Board of Directors has established the Compensation Committee as a body to advise the Board of Directors. Independent Directors shall form a majority of the Committee.

2. Upon receiving inquiries, the Compensation Committee deliberates and expresses opinions from

objective and fair perspectives on the system and standards for Members of the Board's Remunerations as well as on the details of the Remunerations for each member (excluding Members of the Audit & Supervisory Committee).

3. When expressing opinions relating to Members of the Board's Remunerations, the Compensation Committee maintains the objectivity of its opinions by actively incorporating data from external surveys, and deliberates and expresses opinions on the appropriateness of its process for determining Remunerations.

**Article 22. Criteria for Electing Candidates for Members of the Board**

Candidates for Members of the Board (excluding Members of the Audit & Supervisory Committee) must have extensive practical experience, high capabilities, understanding, as well as the knowledge and experience necessary to oversee sustainability-related risks and opportunities, and the ability to contribute to the enhancement of corporate value over the mid- to long-term in a manner consistent with the Company's corporate philosophy.

2. The process of electing the candidates for Members of the Board (excluding Members of the Audit & Supervisory Committee) calls for the report of the Nomination Committee prior to the Board approval.
3. Candidates for Members of the Audit & Supervisory Committee must have extensive practical experience, high capabilities, understanding, as well as the knowledge and experience necessary to oversee sustainability-related risks and opportunities, and can be expected to perform audits from a neutral and objective viewpoint and contribute to the maintenance of the soundness of management.
4. The process of electing the candidates for Members of the Audit & Supervisory Committee seeks the consent of the Audit & Supervisory Committee in addition to receiving the report of the Nomination Committee prior to Board approval.
5. The process of electing candidates for the Members of the Board must contribute to maintaining and improving the effectiveness of the Board of Directors and ensuring the inclusion of diverse perspectives and values without excluding candidates for reasons such as their gender, nationality, national origin, cultural background, race, or ethnicity.
6. Candidates for the Members of the Board must be people who are able to spend a sufficient amount of time to fulfill their roles and responsibilities in a proper manner, the criteria for which shall be as follows.
   (1) Attendance at Board of Directors and Audit & Supervisory Committee meetings for which attendance is applicable

   Outside Directors are able to attend 80% or higher meetings per fiscal year. Other Members of the Board are able to attend 90% or higher meetings per fiscal year.

   (2) Number of concurrent positions held as an officer of listed companies

Members of the Board, Audit & Supervisory Board Members, Executive Officers, and Senior Managing Directors are limited to hold concurrent positions at up to 4 companies including the Company.

7. The Company has established the independence criteria for Directors as outlined in the Appendix, and elects individuals who do not conflict with the criteria as candidates for Independent Directors.

**Article 23. Remunerations for Members of the Board**

Remunerations for Members of the Board (excluding Members of the Audit & Supervisory Committee) are set by resolution of the Board of Directors based on the results of consultation with the Compensation Committee and within parameters approved by a resolution of General Meeting of Shareholders.

2. Remunerations for Members of Audit & Supervisory Committee are based on a different system from Remunerations for Members of the Board (excluding Members of the Audit & Supervisory Committee), and set by discussion by Members of Audit & Supervisory Committee based on the results of consultation with the Compensation Committee within parameters approved by a resolution of General Meeting of Shareholders.

**Article 24. Support Structure for Members of the Board**

The Company maintains a robust internal system to enable Members of the Board and Audit & Supervisory Committee to fulfill their roles and responsibilities effectively. The Company ensures the cooperation between the internal audit department and Members of the Board and Audit & Supervisory Committee by establishing a system in which the internal audit department reports the results of internal audits directly to the Board of Directors and the Audit & Supervisory Committee and by employing other means. In addition, the Company has established the Board of Directors Secretariat and the Audit & Supervisory Committee Secretariat.

2. To enable non-executive directors to perform their oversight function, non-executive directors and executive directors share information and exchange opinions regularly.

3. To ensure that Members of the Board have a proper understanding of their duties including roles and legal liabilities required for Members of the Board, the Company provides opportunities for new Members of the Board to deepen their understanding of corporate governance and the laws and regulations related to Companies Act to learn necessary knowledge related to the NRI Group’s business, finances, organization and other essential subjects.

4. The Company continuously provides opportunities for Members of the Board to have necessary and sufficient knowledge and qualifications required to fulfill their duties as the Company’s Members of the Board, by creating opportunities to participate in trainings for corporate

executives given by external experts.

5. The Company also holds a training related to recent market trends, domestic and international economic and social issues, compliance and corporate governance matters for all Members of the Board and Senior Managing Directors at least once a year.

**Article 25. Internal Control System**

The Company has established the "Basic Policy Regarding Construction of an Internal Control System," by the Board of Directors, and appropriately implements it as a system to ensure the appropriate conduct of the NRI Group's business.

**Article 26. Whistleblowing**

The Company has established internal rules related to operate whistleblowing for employees to make timely and appropriate reports on internal violations of laws and regulations. In addition, the Company has established a compliance hotline and set up in-company and external reporting channels.

2. The internal reporting system includes measures to ensure that the person making report is not subjected to any disadvantageous treatment by reason of making the report.

**(Appendix)**

## Independence Criteria for Directors

The Company will, in principle, determine that a person has independence from the Company and poses no risk of conflict of interest with general shareholders if, in addition to the independence criteria stipulated by the Tokyo Stock Exchange, they do not fall under any of the following:

(i) A major business partner of the NRI Group or an executive of the said major business partner (*1) (*2)

(ii) A party for whom the NRI Group is a major business partner or an executive of the said party (*1) (*3)

(iii) A consultant, accounting professional, or legal professional who receives a large amount of money or other assets other than executive remuneration from the Company (*4)
(In the event that said assets are received by an organization such as a corporation, or associations, this condition applies to a member of the said organization.)

(iv) An executive of an organization that receives a large amount of donation from the Company (*4)

(v) A major shareholder of the Company or an executive of the said major shareholder (*5)

(vi) A company in which the Company is a major shareholder or an executive of the said company (*5)

(vii) A person who has recently fallen under the preceding (i) through (vi) (*6)

(viii) A relative within the second degree of kinship to a person who falls under any of (a) or (b) below (excluding persons who are not material) (*7)

- (a) A person who falls under the preceding (i) through (vii)
- (b) A person who is currently serving or has recently served as an executive of the Company or its subsidiary (including a Member of the Board who is not an executive in cases where an Outside Member of the Audit & Supervisory Committee is designated as an Independent Director).

(*1) The “NRI Group” refers to the Company and its subsidiaries listed as significant subsidiaries in the Company’s Business Report.

(*2) “A major business partner of the NRI Group” refers to a business partner from whom the NRI Group has received payments exceeding 2% of the Company’s consolidated sales in the most recent fiscal year.

(*3) “A party for whom the NRI Group is a major business partner” refers to a party that has received payments from the NRI Group exceeding 2% of its consolidated sales in its most recent fiscal year.

(*4) “A large amount” refers to cases where the payment amount in the most recent fiscal year exceeds ¥10 million.

(*5) “A major shareholder” refers to a shareholder who directly or indirectly holds 10% or more of the voting rights as of the most recent record date for voting rights.

(*6) “Recently” refers to situations that can be considered practically equivalent to the present, including cases where the condition applied at the time when the content of the agenda for the General Meeting of Shareholders, at which an Outside Director is to be elected, was determined.

(*7) “Persons who are not material” refer to individuals who hold positions subordinate to company officers or department managers, as well as those affiliated with accounting firms, law firms, etc., who hold positions subordinate to certified public accountants or lawyers.

**Guidelines History**

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