

Corporate Governance Basic Policies

JACCS Co., Ltd.

Introduction

JACCS Co., Ltd. (the "Company") is committed to realizing sustainable growth of the Company and its subsidiaries (the "JACCS Group") and to improving its medium-to-long term corporate value by fulfilling the trust and expectations of all stakeholders, including shareholders, customers, business partners, employees and officers of the Group, and all other social and environmental stakeholders ("stakeholders").

The Company recognizes the fundamental importance of fair and transparent corporate governance, and has set forth and announced basic ideas on corporate governance ("Basic Policies") as well as important basic policies in its framework and operations ("individual basic policies").

The Board of Directors will constantly review and announce Basic Policies and individual basic policies as needed to ensure effective corporate governance based on social demands and the prevailing business climate.

Chapter 1: General Provisions

Article 1: Basic Stance on Corporate Governance

1. While fulfilling the trust and expectations of stakeholders, management of the JACCS Group will focus on sustainability (the realization of a sustainable society).
To that end, the Group will continue prioritizing corporate activities that ensure social justice by enhancing management soundness and transparency while reinforcing its business management structure and auditing functions.
2. The Company grew by prioritizing stakeholders trust and credibility based on a guiding philosophy that "Trust is the basis for all." At the same time, the Company will endeavor to materialize its management principle, which is that "JACCS contributes to the realization of a future inspired by dreams and an affluent society."
3. The Company sets forth a long-term vision and medium-term business plans that it endeavors to ensure that all officers and JACCS Group employees understand and accomplish.

Chapter 2: Ensuring Shareholder Rights and Equal Treatment

Article 2 General Meeting of Shareholders

1. The Company strives to deliver notices of convocation of Annual

Shareholders' Meeting as swiftly as possible in order to ensure sufficient time for shareholders to review the proposals for shareholder meetings while ensuring the accuracy of information and disclosing information on its website.

2. The Company maintains an electronic voting rights platform to improve convenience of shareholders wishing to exercise their voting rights.

Article 3 Ensuring equality among shareholders

The Company treats all shareholders equally in proportion to the number of shares held and adequately discloses information to create an environment in which all shareholders can properly exercise their voting rights.

Article 4 Capital Policy

The Company pursues investments that contribute to sustainable growth and stable dividend payments while ensuring that internal reserves are sufficient for sound business management.

Chapter 3 Considering Stakeholder Interests

Article 5 Ethics and Code of Conduct

The Company sets forth and discloses the Corporate Ethical Code and Code of Conduct. Each officer and employee of the JACCS Group complies with these codes and strives to act ethically.

Article 6 Related Party Transactions

The Company shall refer items to and obtain approval of the Board of Directors when engaging in important or irregular transactions between the Company and its officers and other related parties, such as major shareholders.

Article 7 Relationships with stakeholders

1. The JACCS Group shall take into consideration cooperation with and the interests of stakeholders when aiming for sustainable growth and the enhancement of medium-to-long-term corporate value. To that end, the Group has established its "Basic Policy on Sustainability," and considers its mission to be to contribute—through its business operations—to the realization of a sustainable society.
2. By developing and providing superior services and products, and contributing—through its business operations—to the ongoing enhancement of corporate value and solutions to sustainability-related issues, the JACCS Group strives to raise the level of stakeholder satisfaction and respond to

the trust placed in it by stakeholders.

3. The JACCS Group deems it important to improve corporate value to contribute to society through social welfare, the environment and education, not just by pursuing profit. It therefore formulated the Basic Code for Social Contribution Activities to clarify the Group's commitment to social contributions and engage stably and consistently in social contribution activities.
4. The JACCS Group sets forth its Basic Policies against Organized Crime to resolutely tackle groups that pursue profit through violence and fraud avoid any ties with such organizations.
5. The JACCS Group sets forth the Basic Health Policy to help maintain and enhance the wellbeing of employees and their families.
6. Based on its philosophy of respecting individuals, the Company considers it a social responsibility to protect personal information as a credit business and as an enterprise handling personal information. The Company thus formulated and adheres strictly to its Privacy Policy.

Article 8 Shareholding Policy and Policy on Exercising Voting Rights

1. The Company shall determine whether to hold the shares of partners, and the number of shares to be held, from the perspectives of business operations, such as maintaining and reinforcing relationship with those partners or streamlining transactions. Accordingly, there shall be a reduction in the number of shares deemed unsuitable for ownership. The Board of Directors shall verify the suitability of such holdings and the number of shares held every year.
2. When exercising voting rights based on the above clause, the Company shall comprehensively determine whether such a vote contributes to enhancing the medium-to-long-term corporate value of the business partner and consider how the vote affects the Company.

Article 9 Whistleblowing System

The Company has established both internal and external whistleblowing systems in which all JACCS Group workers can directly report on any compliance issues in the workplace. These people include all officers and employees and those on temporary or service contracts.

Article 10 Promoting Diversity

The JACCS Group respects diverse values and perspectives, and aims to apply these to its business operations. The Group works to pursue a wide range of policies that promote diversity, including the promotion of participation of diverse human resources and employment of individuals with disabilities.

Article 11 Corporate Pension Initiatives

The JACCS Group shall appoint suitable people to increase operational expertise for its corporate pension fund and adequately monitor the body responsible for managing the fund. The Asset Management Committee shall meet semiannually to deliberate and confirm the overall operational soundness of the fund.

Chapter 4 Ensuring Information Disclosure and Transparency

Article 12 Basic Information Disclosure Policy

The Company believes that a proactive stance on disclosure enhances stakeholder trust and is essential for responsible business management. It thus formulated the Disclosure Policy to properly inform stakeholders so they can fairly, accurately and speedily obtain important information.

Article 13 Basic Policies on Internal Control System

The Company sets forth its Basic Policies on the Internal Control System in line with the Company Act and the Ordinance for Enforcement of the Companies Act. While adhering strictly to these policies, the Company shall constantly assess, disclose, and where necessary improve its internal control systems.

Article 14 Risk Management

The Company sets forth the Risk Management Basic Rules as it aims to realize sustainable growth and enhance medium- to long-term corporate value. In addition to working to increase the level of sophistication of its Group-wide risk management, through the promotion of enterprise risk management (ERM) the Company shall strive to maintain financial soundness, achieve appropriate return on risk, and improve capital efficiency.

Chapter 5 JACCS' Corporate Governance Structure

Clause 1 Organizational Structure

Article 15 Organizational Structure

1. The Company has established the Audit & Supervisory Board to ensure that the Board of Directors carries out appropriate decision-making and supervisory functions, as well as ensure that Audit & Supervisory Board members, who are appointed on an individual basis, appropriately carry out their audit functions. Through the strengthening of the functions of both the Board of Directors and the Audit & Supervisory Board, the Company is working to enhance corporate governance. The Company has established a system of executive officers, thereby clarifying the division of roles in the execution of operations, delegating authority, and ensuring expeditious execution of operations. Furthermore, the Company aims to realize effective and transparent corporate governance. Specifically, it has established the Nominations Advisory Committee and the Remuneration Advisory Committee as advisory bodies to the Board of Directors, and the Corporate

Governance Committee as a body reporting directly to the Board of Directors.

2. Executive officers hold responsibility and authority for the execution of operations. Executive officers comprise the CEO, COO, CFO, executive officers responsible for supervising specific functions, and executive officers. Executive officers are appointed through resolution of the Board of Directors.

Clause 2 Board of Directors

Article 16 Role of Board of Directors

The Board of Directors determines the Company's basic management policies, and makes decisions regarding important operational matters and other matters delegated by resolution of the General Meeting of Shareholders. The Board of Directors also makes decisions on matters stipulated by law and the Company's Articles of Incorporation, and receives reports regarding the status of significant operational matters. Based on this structure, the Board of Directors oversees the operational execution of the Company's management.

Article 17 Structure of Board of Directors

1. The Board of Directors shall comprise at least three but no more than 13 members. At least one-third of members shall be independent outside directors.
2. The Board of Directors shall comprise members who possess the knowledge, experience and abilities necessary to realize appropriate decision-making and management oversight. Membership of the Board of Directors shall also maintain a balance between achieving diversity and comprising an appropriate number of members.

Article 18 Roles of Independent Outside Directors

Independent outside directors draw on their broad experience and expert knowledge to oversee the Board of Directors' decisions and other directors.

Article 19 Board of Directors Operations

1. The Chairman of the Board shall be appointed based on the Company's Articles of Incorporation and decisions of the Board of Directors.
2. Unless otherwise stipulated by laws or ordinances, adoption of the Board of Directors' resolution shall be made with a majority of vote of attending directors when a majority of directors is present.
3. The Chairman of the Board shall set the agenda prior to each meeting of the Board of Directors'. The Chairman shall distribute materials for especially important items to each director, including outside ones, before the date of the relevant meeting, to ensure that deliberations are fruitful. At the same time, the Chairman shall provide prior explanations as needed.

Article 20 Evaluation of Directors and Board of Directors

The Company shall carry out annual analysis and evaluation regarding the effectiveness of the Board of Directors, based on a self-evaluation survey of each member of the Board of Directors, and disclose a summary of the results. With regard to analysis and evaluation, the Company shall work to ensure independence and objectivity through such means as the use of third-party organizations.

Clause 3 Audit & Supervisory Board

Article 21 Roles of Audit and Supervisory Board

As independent officers functioning under a mandate from the General Meeting of Shareholders, the Audit & Supervisory Board Members audit the directors' execution of duties and have the role of carrying out a supervisory function over the Company in cooperation with the Board of Directors. The Audit & Supervisory Board is a body that holds discussions and makes decisions regarding the audits undertaken by the Audit & Supervisory Board Members for the purpose of formulating opinions. Each Audit & Supervisory Board Member utilizes the Audit & Supervisory Board as a means of ensuring effectiveness. As a body to support the Audit & Supervisory Board Members' execution of duties, the Company has established the Audit & Supervisory Board Members' Secretariat and has appointed dedicated staff to this body.

Clause 4 Committees

Article 22 Nominations Advisory Committee

1. The Company has voluntarily established the Nominations Advisory Committee as an advisory body to the Board of Directors.
2. This committee considers and debates nomination and dismissal proposals for directors, executive officers responsible for supervising specific functions and members of the Audit & Supervisory Board, and report its findings to the Board of Directors. The committee shall also consider and discuss the content of "Standards for the Independence of Outside Officers" set out in Article 32, and report its findings to the Board of Directors.
3. The committee shall comprise independent outside directors as a majority of its members, and ensure the maintenance of independence, objectivity and transparency.

Article 23 Remuneration Advisory Committee

1. The Company has voluntarily established the Remuneration Advisory Committee as an advisory body to the Board of Directors.
2. The committee shall consider and discuss the performance of directors and executive officers responsible for supervising specific functions and the content of their remuneration, and reports its findings to the Board of Directors.
3. The committee shall comprise independent outside directors as a majority

of its members, and ensure the maintenance of independence, objectivity and transparency.

Article 24 Corporate Governance Committee

1. The Company has established the Corporate Governance Committee as a body reporting directly to the Board of Directors.
2. The Committee considers and debates matters relating to the following, and reports its findings to the Board of Directors.
 - (1) Enterprise risk management (ERM) for the JACCS Group
 - (2) JACCS Group compliance and the internal control situation
 - (3) Evaluation of the activities of such committees as the Compliance Committee, Internal Control Committee, and Personal Information Protection Committee, as well as review of important matters handled by these committees
3. The Corporate Governance Committee includes outside directors as members, and maintains effectiveness.

Article 25 Risk Management Committee

1. The Company has established the Risk Management Committee as a body reporting directly to the Management Committee.
2. The purpose of the Risk Management Committee is to ensure the effectiveness of the JACCS Group's ERM preparedness. The Committee considers and debates matters relating to the following, and reports its findings to the Management Committee.
 - (1) Reports received from the ALM Committee, the Credit Risk Management Committee and the Operational Risk Management Committee, and miscellaneous matters relating to risk management in general
 - (2) Matters relating to risk appetite, changes in risk amount and actual risk amount
 - (3) Matters relating to the identification, evaluation and review of major risks affecting the JACCS Group, as well as the determination of countermeasures and monitoring of implementation of such measures
 - (4) Examination of the performance situation of risk management as a whole and medium- to long-term risk strategy

Article 26 Investment Review Committee

1. The Company has established the Investment Review Committee as a body reporting directly to the Management Committee.
2. The Investment Review Committee considers and discusses the growth potential and profitability of new businesses and new products, etc., and the evaluation of related risks, and reports its findings to the Management Committee.

Article 27 Management Committee

As an advisory body to the COO, the Management Committee comprises mainly executive officers responsible for supervising each function of the Company's business organization. In principle, the Management Committee convenes three times per month and broadly considers and debates matters delegated by the Board of Directors, important operational matters, and various issues.

Article 28 Audit Office

The Company has established an Audit Office, which reports directly to the CEO, as an independent internal audit unit. The Audit Office shall consider and evaluate the effectiveness of risk management, control functions, corporate governance and processes for the overall operations of each JACCS Group business site. The Audit Office shall carry out internal audit operations based on the "Fundamental Policy relating to the Internal Control System," etc. Audit results shall be reported to the Board of Directors.

Article 29 Accounting Auditor

The Company appoints an auditor based on the selection criteria of the Audit and Supervisory Board.

Clause 5 Qualification for Directors and Audit & Supervisory Board Members and Responsibilities of Directors and Audit & Supervisory Board Members

Article 30 Qualification for Directors and Nomination Procedures

1. Directors shall have high ethical standards, excellent personalities, insights, capabilities, and a wealth of experience.
2. All directors are appointed annually by resolutions of shareholders.
3. Directorship candidates are chosen in line with the provisions of this Article and determined by the Board of Directors, subject to a prior review and report from the Nominations Advisory Committee.

Article 31 Responsibilities of Directors

1. Directors shall engage in thorough deliberations by actively expressing their opinions while collecting sufficient information to execute their duties.
2. Directors shall execute their duties to the best of their abilities and devote sufficient time to the Company.
3. Directors must thoroughly understand their responsibilities, relevant laws and regulations, the Articles of Incorporation of the Company, Board of Directors' Regulations, and other internal rules of the Company that are commensurate with their responsibilities as directors.

Article 32 Qualification for Audit & Supervisory Board Members and Nomination Procedures

1. Members of the Audit & Supervisory Board must have high ethical standards, excellent personalities, insights, capabilities, and a wealth of experience.
2. Candidates for the Audit & Supervisory Board (including substitute auditor candidates) are chosen in line with the provisions of this Article, and determined by the Board of Directors, subject to consent of the Audit and Supervisory Board.

Article 33 Responsibilities of Audit & Supervisory Board Members

1. Audit & Supervisory Board members shall engage in thorough deliberations by actively expressing their opinions, while collecting sufficient information to execute their duties.
2. Audit & Supervisory Board members shall execute their duties to the best of their abilities and devote sufficient time to the Company.
3. Audit & Supervisory Board members must thoroughly understand their responsibilities, relevant laws and regulations, the Articles of Incorporation of the Company, Board of Directors' Regulations, Audit & Supervisory Board' Regulations and other internal rules of the Company that are commensurate with their responsibilities as Audit & Supervisory Board members.

Article 34 Independence Standards for Outside Officers

The Company considers it desirable for appropriate governance to ensure the independence of outside directors and Audit & Supervisory Board members ("outside officers") to optimize objectiveness and transparency. The Company thus formulated and disclosed Standards for the Independence of Outside Officers.

Article 35 Committee of Outside Officers

1. The Company shall convene a committee exclusively comprising outside officers as its membership. The committee shall discuss matters relating to the Company's business operations and corporate governance.
2. From among the committee's members, one independent outside director shall be appointed as Lead Independent Outside Director, through a vote of the committee. The Lead Independent Outside Director shall act as the committee chair, work to achieve information sharing and common understanding of issues, and submit recommendations to senior management.

Article 36 Training Policies for Directors and Auditors

1. The Company shall provide directors and Audit & Supervisory Board members with suitable opportunities for the training they need to fulfill their roles and responsibilities. The Company shall also consistently provide opportunities to acquire the knowledge and skills they need to fulfill their roles and responsibilities.
2. The Company shall endeavor to cultivate an environment offering opportunities for outside officers, directors, executive officers and others to share information and exchange opinions so outside officers can fulfill their roles and responsibilities effectively.

Clause 6 Remuneration System

Article 37 Officer Remunerations

1. The remuneration of each director and executive officer responsible for supervising specific functions shall be determined by the Board of Directors after assessments and deliberations by the Remuneration Advisory Committee and should be within the scope approved by shareholders.
2. Remuneration for each Audit & Supervisory Board members shall be determined in deliberations among Audit & Supervisory Board members and should be within the scope approved by shareholders.

Chapter 6 Dialogue with Shareholders

Article 38 Policy for Dialogue with Shareholders, Institutional Investors and Other Parties

1. To contribute to the sustainable enhancement of corporate value over the medium- to long-term, the Company shall make the executive officer in charge of corporate planning responsible for conducting dialogue with shareholders and institutional investors. By promoting constructive dialogue and carefully explaining the Company's management strategy and operating performance, the Company shall strive to increase understanding of it and incorporate the valuable feedback it receives into its business operations.
2. The executive officer in charge of corporate planning shall report as appropriate to the Board of Directors on the content of dialogue with shareholders and institutional investors.

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