

# Corporate Governance

## Basic Approach to Corporate Governance

---

The Group strives to reinforce its corporate governance for the purpose of making decisions in a prompt manner in response to changes in the business environment, clarifying management accountability, and increasing business transparency.

Our policy on corporate governance is expressed as follows as per the Nihon Unisys Group Corporate Conduct Charter. This document serves as the Group's code of conduct and outlines the measures it will implement to contribute to the development of a sustainable society as a good corporate citizen.

## Reinforcing and Enhancing Corporate Governance

---

Seeking to continuously raise corporate value, the Group strives to reinforce and enhance its corporate governance through the establishment of internal controls.

- The Group will work to practice good corporate governance based on high ethical standards and transparency.
- We will ensure business transparency by disclosing corporate information in an appropriate and timely manner.
- We will effectively respond to the various risks that could seriously affect Group management. We will promptly and precisely respond to any risks that either have affected or have the possibility of affecting the Group.

## Corporate Governance Structure

---

### Reasons for Adopting the Current Corporate Governance Structure

---

The Company has adopted the corporate auditor system based on the belief that a system of corporate auditor oversight that includes outside corporate auditors is an effective means for ensuring management oversight.

In light of the rapidly evolving nature of our industry, the core of the Board of Directors consists of six in-house managing directors with an expert understanding of the industry and the Company. In addition, we have appointed two outside managing directors who ensure effective management oversight by offering objective, expert advice based on their vast experience in corporate management from an independent perspective. We believe this structure brings a broader perspective and an added element of objectivity to our decision making and helps guarantee the effective oversight of our business operations.

## Outline of the Current System

---

The operations, functions, and activities conducted by each body are as follows.

### ● Board of Directors

The Board of Directors consists of eight managing directors, including two outside managing directors, and meets, in principle, once a month. The Board decides and reports on key corporate issues. The term of office of managing directors is one year. This term was decided with the goal of securing a flexible management structure that can promptly respond to the changing business environment and clarifying the responsibilities of the managing directors.

### ● Business Execution Structure

#### Corporate Officer System

The Company has adopted the corporate officer system as part of its policy for establishing a solid management control system, and works to separate the functions of management oversight and business execution.

#### Executive Council

The Executive Council, composed of representative directors, is a body created to deliberate and make prompt, efficient decisions regarding important business execution related matters.

#### Committees

To bring a practical perspective to the deliberation of specific management issues related to the business execution of the managing directors, we have established various committees, including the R&D/Investment Committee, the Project Review Committee, the Risk Management Committee, the Compliance Committee, the Security Committee, the Environmental Activity Committee, and the CSR Committee.

#### Collective Decision-making System

To deal with issues that require decisions beyond the authority of first-tier unit managers, we have developed a system of approval in which either corporate officers responsible for the division in question or the representative directors collectively make decisions while considering expert opinion presented by corporate staff managers from related divisions.

## ● Audit Structure

### Audits by Corporate Auditors

There are four corporate auditors, including three full-time corporate auditors. Of the four corporate auditors, three are outside corporate auditors, two of whom are full-time corporate auditors. Based on the Audit Standard, audit policy, and audit plan formulated by the Board of Corporate Auditors, corporate auditors attend meetings of the Board of Directors and other important meetings, and also review the status of both operations and assets, thereby monitoring the business execution of the managing directors. The corporate auditors also audit the status of the management of Group companies and seek to enhance the quality of Group audits by maintaining regular contact with the corporate auditors at Group companies. To ensure the effectiveness of the audits conducted by the corporate auditors and the smooth execution of the auditing function, we have established the Corporate Auditors Office to assist the corporate auditors in the execution of their duties. Further, to secure independence from the Board of Directors, staff appointments to the Corporate Auditors Office are decided by the managing director responsible for such decisions with the agreement of the Board of Corporate Auditors.

Full-time corporate auditor Eiji Ike possesses a profound insight into financial and accounting matters based on the breadth of his experience, including his past service as chief financial officer of Mitsui & Co. Europe Plc. Likewise, full-time corporate auditor Atsushi Takaoka possesses considerable insight into financial and accounting matters based on his extensive experience working at financial institutions.

### Accounting Audit

The Company is audited by the independent public accounting firm Deloitte Touche Tohmatsu LLC. Certified public accountants responsible for conducting the accounting audit were Yotaro Kojima, Yoshiyuki Higuchi, and Kazunari Todoroki, who are all employed at Deloitte Touche Tohmatsu. These three independent auditors have been regularly involved in the Company's accounting audit for no longer than seven years. Representing the Company, seven certified public accountants and eight other support staff assist in the accounting audit. There are no conflicts of interest between the Company and Deloitte Touche Tohmatsu in terms of personnel, finances, business relationships, or any other matters. In addition, our key subsidiaries also undergo separate audits by Deloitte Touche Tohmatsu.

### Internal Audit

The Internal Audit Division, which is a 41-member body within Nihon Unisys, Ltd., conducts internal audits of all divisions across the Group to assess the appropriateness and efficiency of internal controls. The results of these audits are reported to top management, and the division suggests improvements and corrective actions as required. It also confirms the results of these actions. Information regarding audits, including audit results, is disclosed to unit managers to accelerate the pace of improvements and implementation of corrective actions as well as to share these with other divisions. In addition, information regarding these audits is provided to Deloitte Touche Tohmatsu.

## Structure of Corporate Governance and Internal Controls

