

Power of Equity
IR Japan



Measures to Strengthen the Information Management Framework and Conflict of Interest Management Framework, Status of Efforts to Enhance Corporate Governance

June 28, 2023
IR Japan Holdings, Ltd. (6035)



Strengthening the framework for information management, calculation and publication of earnings forecasts

- Improved and strengthened the information management framework, including strengthening access authorization control. With regard to preventing insider trading, the Company has reviewed relevant regulations and conducted internal training to ensure awareness of it, and worked to instill a compliance mindset among all officers and employees and ensure that this is put into practice.
- Transitioned to a system in which the newly established Group Budget and Performance Review Meeting leads the Group's budgeting and performance management, and also the consideration on calculation and publication of earnings forecasts.

Strengthening the conflict of interest management framework

- The newly established Recurrence Prevention Committee led the establishment of the IR Japan Group Conflict of Interest Management Policy. In addition, the Company established the Conflict of Interest Management Regulations, which clearly stipulate criteria and processes for making decisions regarding the risks of conflict of interest, and began operating a conflict of interest management framework.
- The Conflict Committee is the main body responsible for managing conflict of interest. The internal audit division and full-time audit and supervisory committee members monitor the status of operations. Quarterly reviews by outside experts are also planned.

Strengthening corporate governance

- The Company started a new executive structure from November 2022 in which Yuichiro Kitamura was appointed as Representative Director and President of IR Japan, Inc. The aim of this was to promote the decentralization of authority within the Group with a view to clarifying the division of roles among Group companies and securing independence at major subsidiaries.
- After the general meeting of shareholders in June 2023, the Board of Directors consists of six directors, including four highly independent outside directors (two of whom are full-time audit and supervisory committee members), and the Board continues to strengthen its supervisory and check-and-balance functions.



Status of Strengthening the Information Management Framework

Matters for improvement

Matters to be addressed

Status

Future measures

Improving and strengthening information management framework

- Conduct thorough review of access authorization control
- Start to compile a database of access authorization change history
- Organize information to be shared at each meeting, such as the Board of Directors' meetings, sales meetings, and morning meetings
- Audit e-mail and server access logs by the Group's Internal Audit Office

Continued action

- Introduce an anomaly detection system for access logs
- Plan to conduct internal education and training on information management
- Continue auditing of e-mail and server access logs by the Group's Internal Audit Office

Implementing thorough training and education to prevent insider trading

- Review and thoroughly disseminate regulations to prevent insider trading
- Conduct regular training for all officers and employees, presented by guest lecturers, on insider trading regulations

Continued action

- Continue to provide training for newly hired officers and employees
- Continue to conduct regular training on insider trading regulations, presented by guest lecturers

Enhancing internal reporting (whistleblowing) system

- Change internal regulations regarding the internal reporting (whistleblowing) system
- Establish a third-party reporting contact point (external law firm)
- Specify contact point for reporting on the groupware viewed by all officers and employees
- Conduct training to ensure awareness of the internal reporting (whistleblowing) system

Continued action

- Continue to provide training to ensure awareness of the internal reporting (whistleblowing) system



Strengthening the Framework for Calculation and Publication of Earnings Forecasts

Matters for improvement

Matters to be addressed

Status

Future measures

Calculation and publication of earnings forecasts

- Establish the Group Budget and Performance Review Meeting chaired by the general manager of the Corporate Planning Department, who is responsible for the overall management of the Group's budget
- In principle, the Company does not disclose earnings forecasts at the beginning of the fiscal year, when it is difficult to make a highly reliable forecast regarding the number and scale of orders received

Continued action

- Continue to examine whether or not to calculate and announce earnings forecasts and what calculation method would be most appropriate by the Group Budget and Performance Review Meeting

Review process for calculating and revising earnings forecasts

- Regularly manage the progress of actual performance and discusses whether or not to disclose or revise earnings forecasts by the Group Budget and Performance Review Meeting, and report on these matters to the Board of Directors
- Keep meeting materials and minutes to clarify the review process of the Group Budget and Performance Review Meeting

Continued action

- Continue to hold the Group Budget and Performance Review Meeting and monitor the measures listed on the left

Consolidating necessary information for calculation of and consideration on revisions to earnings forecasts

- Position the heads of the business divisions of each Group company as the main members of the Group Budget and Performance Review Meeting to consolidate all necessary information for the review
- Set the scope and criteria for calculation of the Group's budget and earnings forecasts
- Clarify and disseminate the progress criteria for projects to be registered in the accounting system

Continued action

- Continue to hold the Group Budget and Performance Review Meeting and monitor the measures listed on the left



Strengthening the Conflict of Interest Management Framework

Matters for improvement

Matters to be addressed

Status

Future measures

Developing the conflict of interest management framework

- Launch the Recurrence Prevention Committee and establish the IR Japan Group Conflict of Interest Management Policy
- Establish and begin operation of the Conflict of Interest Management Regulations clearly stipulating the criteria and processes for making decisions regarding the risks of conflict of interest
- Establish the Conflict Committee to review and determine whether to accept or reject projects or to take measures to avoid conflict of interest (chaired by the director in charge of the Administration Department)
- Ensure employee awareness of the IR Japan Group Conflict of Interest Management Policy and Conflict of Interest Management Regulations

Continued action

- Continue operation of the measures listed on the left, mainly through the Conflict Committee and Recurrence Prevention Committee
- Continue monitoring of the IR Japan Group Conflict of Interest Management Policy and Conflict of Interest Management Regulations by the internal audit division and full-time audit and supervisory committee members
- Implement annual education for officers and employees, including internal training, on managing conflict of interest
- Plan to implement quarterly reviews by outside experts

Categorizing transactions subject to conflict of interest management

- Categorize transactions subject to conflict of interest management (subject transactions) and make them subject to management as types that fall under subject transactions

Continued action

- Continue operation of the measures listed on the left, mainly through the Conflict Committee and Recurrence Prevention Committee
- Newly establish the Group Risk Management Committee

Collecting information necessary to identify and manage the subject transactions

- Establish a manual for collecting and consolidating client contact information and work to ensure awareness among all officers and employees of the Group in order to centrally consolidate and share all client contact information and other information of the Group

Continued action

- Plan to revamp client management system to centrally manage client information
- Continue operation of the measures listed on the left, mainly through the Conflict Committee and Recurrence Prevention Committee
- Newly establish the Group Risk Management Committee



Strengthening the Governance Framework

Matters for improvement	Matters to be addressed	Status	Future measures
<p>Promoting delegation of authority throughout the Group</p>	<ul style="list-style-type: none"> Started a new executive structure from November 2022 in which Yuichiro Kitamura was appointed as Representative Director and President of IR Japan, Inc. and Akinosuke Ishigaki was appointed as Director and Executive Vice President of IR Japan, Inc., with a view to clarifying the division of roles among Group companies and ensuring their independence 	<p>Continued action</p>	<ul style="list-style-type: none"> Promote measures to strengthen governance framework and internal controls under the new executive structure
<p>Strengthening the supervisory and check-and-balance functions of the Board of Directors</p>	<ul style="list-style-type: none"> Appoint additionally a full-time outside director (audit and supervisory committee member) with extensive knowledge of corporate governance and compliance at the annual general meeting of shareholders in June 2023 Conduct the evaluation of the Board of Directors through third-party interviews Eliminate concurrent positions held by officers and employees of IR Japan, Inc. at Japan Originated Investment Bank, Inc., except for those in administrative divisions 	<p>Continued action</p>	<ul style="list-style-type: none"> In the Board of Directors after the annual general meeting of shareholders, four out of six directors consist of highly independent outside directors (including two full-time audit and supervisory committee members), and the Board strengthens its supervisory and check-and-balance functions
<p>Strengthening administrative and internal audit divisions</p>	<ul style="list-style-type: none"> Currently recruiting and expanding human resources for administrative and internal audit divisions 	<p>Continued action</p>	<ul style="list-style-type: none"> Continue to secure human resources for administrative and internal audit divisions Newly establish the Compliance Office in June 2023 Plan to strengthen the management and supervisory structure, securing a dual reporting line whereby the internal audit division reports directly to the Audit and Supervisory Committee



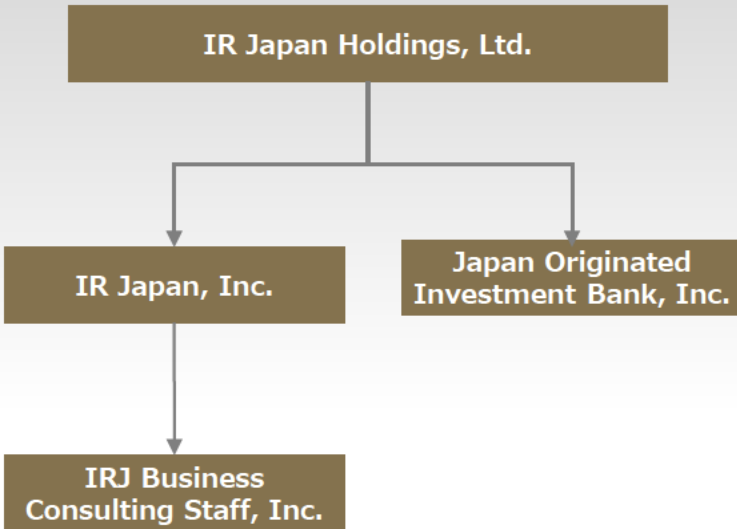
New Management Structure of the Group

The Company started a new executive structure from November 2022 in which Yuichiro Kitamura was appointed as Representative Director and President of IR Japan, Inc. and Akinosuke Ishigaki was appointed as Director and Executive Vice President of IR Japan, Inc.

After the general meeting of shareholders in June 2023, the Board of Directors consists of six directors, including four highly independent outside directors (two of whom are full-time audit and supervisory committee members), and the Board continues to strengthen its supervisory and check-and-balance functions.

Group structure

New management structure of the Group (as of June 16, 2023)



IR Japan Holdings, Ltd.

Representative Director, President and CEO*¹
Director

Outside Director/Full-Time Audit and Supervisory Committee Member*¹

Outside Director/Audit and Supervisory Committee Member*²

Outside Director/Audit and Supervisory Committee Member*¹

Outside Director/Full-Time Audit and Supervisory Committee Member*¹

*¹ Member of Nomination and Compensation Advisory Committee

*² Chairperson of Nomination and Compensation Advisory Committee

Shirou Terashita
Yutaka Fujiwara
Kazufumi Onishi
Nobuyoshi Yamori
Kimikazu Noumi
Akira Kimura **New**

IR Japan, Inc.

Representative Director and President

Director and Executive Vice President

Director

Director/Audit and Supervisory Committee Member

Outside Director/Audit and Supervisory Committee Member

Outside Director/Audit and Supervisory Committee Member

Yuichiro Kitamura
Akinosuke Ishigaki
Yutaka Fujiwara
Kazufumi Onishi
Norihiro Takahashi
Yoshihisa Yamada **New**

Japan Originated Investment Bank, Inc.

Representative Director and President

Director

Managing Executive Officer

Executive Officer

Director/Audit and Supervisory Committee Member

Outside Director/Audit and Supervisory Committee Member

Outside Director/Audit and Supervisory Committee Member

Shirou Terashita
Yutaka Fujiwara
Masakazu Azumi
Yuichi Isowa
Kazufumi Onishi
Norihiro Takahashi
Yoshihisa Yamada **New**

IRJ Business Consulting Staff, Inc.

Representative Director and President

Director

Director

Corporate Auditor

Yukihiko Aoyama
Yutaka Fujiwara
Yukinori Wakana
Kazufumi Onishi

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