

Basic Policies on Corporate Governance

Chapter 1 : General Provisions

Article 1 (Purpose)

TIS Inc. (hereinafter referred to as “TIS” or “the Company”) has enacted its basic policies on corporate governance (hereinafter referred to as the “Basic Policies”), based on “OUR PHILOSOPHY(TIS INTEC Group Philosophy)” and “Group Vision” prescribed by the Company, and will endeavor to continually enhance corporate governance in order to raise the medium- to long-term corporate value of the TIS INTEC Group.

Article 2 (Positioning of Basic Policies)

The Basic Policies are subject to the Companies Act, related laws and regulations, and the Articles of Incorporation, and shall be applied with priority over other rules/regulations of the Company.

Article 3 (Amendment of Basic Policies)

Any amendments to the Basic Policies shall be made after a resolution thereof has been adopted by the Board of Directors, and its details will be disclosed in a timely and appropriate manner.

Article 4 (Basic View on Corporate Governance)

1. TIS will constantly pursue the highest level of corporate governance and strive continually to enhance corporate governance.
2. TIS believes that the key to corporate governance is to ensure the transparency and fairness of decision-making, make full and effective use of management resources possessed by the Company, and increase the vitality of management through swift and accurate decision-making, from the viewpoint of aiming to ensure the sustainable growth of the Company and enhancing its medium- to long-term corporate value. Accordingly, TIS will strive to enhance corporate governance in line with the following basic views.
 - (i) To respect the rights of shareholders and to ensure their equality.
 - (ii) To consider the interests of stakeholders including shareholders, and to cooperate appropriately with these stakeholders.
 - (iii) To disclose company information appropriately and to ensure its transparency.
 - (iv) To engage in constructive dialogue with shareholders who have a medium- to long-term investment policy.

Chapter 2: Ensuring Rights and Equality of Shareholders

Article 5 (Shareholders' Meetings)

1. TIS will strive to develop an environment at shareholders' meetings, the highest decision-making structure, where shareholders are able to exercise their rights appropriately.
2. TIS will strive to hold shareholders' meetings on days that differ from those of other companies as far as possible.
3. A notice of convocation shall provide simple explanations in a way that is easy to understand and shall be sent out at least three weeks before the date when the shareholders' meeting is to be held.
4. When a notice of convocation is sent out, the contents shall be announced on the stock exchange, an electronic voting platform, TIS's website, and the like, approximately one month before the date of the shareholders' meeting in both a Japanese version and an English version.
5. Voting rights at shareholders' meetings may be exercised by shareholders recorded or registered in the shareholder register, in principle. However, if institutional investors, and the like that hold shares in the name of a trust bank or similar institution desire to attend a shareholders' meeting, they shall be permitted to attend after going through procedures stipulated in advance.
6. TIS will accept with sincerity the outcome of the exercise of voting rights at shareholders meetings, and analyze and discuss results at a meeting of the Board of Directors after each shareholders' meeting.

Article 6 (Ensuring the Equality of Shareholders)

TIS will treat all shareholders equally according to their shareholding ratio, and shall disclose corporate information appropriately to prevent any information gap from arising between shareholders.

Article 7 (Basic Policy Concerning Capital Policy)

1. TIS will promote optimization of the capital structure based on a balance between promoting growth investment, ensuring financial soundness and strengthening shareholder returns, based on a medium- to long-term management perspective.
2. When implementing capital policy that has a major impact on the interests of existing shareholders, such as a capital increase, TIS will strive to disclose the purpose, necessity and validity promptly and to provide sufficient explanation to shareholders as the need arises.

Article 8 (Basic Policy Regarding Strategic Holding of Shares and Exercise of Voting Rights Relating to Strategically Held Shares)

1. To contribute to TIS's sustainable growth and the enhancement of its medium- to long-term corporate value, TIS may hold shares of companies when it is judged necessary to build

cooperation, co-creation opportunities and stable partnerships with such companies.

2. Every year, the Board of Directors qualitatively verifies the value of holding such strategically held shares in light of capital costs and will reduce their number by selling shares that are deemed to be of diminished significance.
3. In regard to the exercise of voting rights for publicly listed shareholdings, TIS will exercise its voting rights appropriately by comprehensively determining whether such exercise will contribute to TIS's sustainable growth and the enhancement of its medium- to long-term corporate value or not and whether it will contribute to the common interests of shareholders of the investee while also taking into account the voting advice policy of a proxy advisory firm.

Article 9 (Takeover Defense Measures)

1. TIS will not introduce takeover defense measures.
2. If a tender offer is made for the shares of TIS, the Board of Directors will ask the tender offeror, etc. for an explanation of measures that will enhance the corporate value of the TIS INTEC Group and put forward measures that will further enhance the corporate value of the TIS INTEC Group to shareholders.

Article 10 (Avoidance of Transactions with Related Parties)

1. If a director, subsidiary or other related party is involved in a transaction that competes with TIS or leads to a conflict of interest, the Board of Directors will have to approve such transaction in advance to ensure that they do not impair the common interests of the Company or its shareholders. In addition, if a problem arises relating to a conflict of interest in regard to a director, the director must immediately report this to the Board of Directors and obtain the approval of the Board of Directors.
2. The details of transactions in the previous paragraph shall be reported regularly to the Board of Directors and shall be disclosed under the provisions of laws and regulations.

Chapter 3: Respect for Interests of Stakeholders

Article 11 (Relations with Various Stakeholders)

1. To raise medium to long-term corporate value based on the "Basic Direction on Corporate Sustainability", TIS will strive to maintain favorable and smooth relations not only with the Company's shareholders but also with its employees, customers, business clients, creditors, regional communities and various other stakeholders. In addition, the Company will endeavor to ensure that the TIS Group develops sustainably with the trust of all stakeholders in accordance with the Group Code of Conduct.
2. TIS will comprehend the social responsibility that it should fulfil by means of communication with stakeholders and will strive to resolve issues related to sustainability, including social

and environmental problems, through its business activities.

3. TIS recognizes that diverse viewpoints and values, namely various kinds of experience, skills and attributes, are required for sustainable growth, and will promote the diversity of human resources within the Company, including the encouragement of women, foreign nationals and midcareer hires to play active roles.
4. TIS will establish internal helplines to rapidly detect and resolve unethical and/or illegal behavior, and strive to reinforce compliance management, the Company will develop an appropriate system to prevent whistleblowers, including employees, from being treated unfavorably.

Chapter 4: Ensuring Appropriate Information Disclosure and Transparency

Article 12 (Criteria for Information Disclosure)

1. TIS will disclose information appropriately based on the IR Policy with the aim of realizing fair and highly transparent management.
2. TIS will strive to disclose necessary and sufficient information in a timely and appropriate manner through legal disclosure in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other related laws and regulations, disclosure requested by self-regulatory organizations, and voluntary disclosure such as investor relations (IR).
3. In disclosing information, TIS will take into account the management of insider information and pay sufficient attention to avoiding any substantial information gap between shareholders.

Chapter 5: Corporate Governance Structure

Section 1: Organizational Design

Article 13 (Organizational Design under Companies Act)

1. TIS is a company with an audit & supervisory board governance system under the Companies Act of Japan.
2. In order to clarify functions and responsibilities related to management and the execution of business operations and to accelerate and enhance the efficiency of decision-making, TIS will introduce an executive officer system and establish a Management Committee to discuss and make decisions on specific important matters related to management to the extent it is entrusted to do so by the Board of Directors.

Section 2: Responsibilities of the Board of Directors

Article 14 (Roles and Obligations of the Board of Directors)

1. The Board of Directors acknowledges its fiduciary responsibility to shareholders, and, under

the provisions of laws and regulations, the Articles of Incorporation and related rules/regulations of the Company, bears a responsibility to supervise management strategy, management plans, other important decision-making of TIS and the execution of business operations as well as to achieve sustainable growth and enhance medium- to long-term corporate value.

2. To fulfill the above responsibilities, the Board of Directors will exercise its supervisory function in relation to overall management and ensure the fairness and transparency of management by nominating, electing and dismissing directors, audit & supervisory board members and executive officers, deciding on the remuneration of directors and executive officers, and making decisions on the execution of important business operations, etc.
3. The Board of Directors will clarify the authority of each job position and ensure swift decision-making by determining standards for authority in the “Collective Decision-Making Rules” included in the Company Regulations regarding matters that should be decided at various management levels.
4. The Board of Directors will make the best decisions for the Company by evaluating of and formulating measures to address material risks that TIS faces, and making decisions on the Company’s execution of important business operations, etc.
5. The Chairperson of the Board of Directors will strive to enhance the quality of discussion at meetings of the Board of Directors through open and natural and constructive debate as well as exchange of opinions and to ensure that the Board of Directors operates effectively and efficiency in order to realize the roles and obligations of the Board of Directors.

Article 15 (Roles of Independent Outside Directors)

1. Based on their independent standpoint, independent outside directors will fulfill the functions of invigorating discussion at meetings of the Board of Directors through questions and opinions from various viewpoints to further enhance the fairness of decisions and actions of the Board of Directors, as well as implementing appropriate decision-making and supervision, etc., in order to improve corporate governance, and reflect the opinions of stakeholders in the Board of Directors.
2. Independent outside directors will exchange opinions regarding TIS’s management with the President and the Audit & Supervisory Board and others.
3. To fulfill their roles, independent outside directors will request the Company to provide information as the need arises.
4. The status of major concurrent posts held by independent outside directors will be mentioned in corporate governance reports and notices to convene shareholders’ meetings.

Section 3: Effectiveness of the Board of Directors

Article 16 (Composition of the Board of Directors)

TIS's Board of Directors shall comprise at least three and no more than 15 members, at least one-third of whom shall be independent outside directors.

Article 17 (Election Procedures and Election Criteria for Directors, Audit & Supervisory Board Members and Executive Officers)

1. In nominating candidates for directors, audit & supervisory board members and executive officers, the Board of Directors will nominate persons with abundant experience, a high level of insight and advanced specialization based on the following election criteria that make them suitable as directors or audit & supervisory board members in order to realize effective corporate governance and contribute to the sustainable growth of the Company as well as the enhancement of its medium- to long-term corporate value while also considering aspects of diversity such as gender, internationality, career and age.
2. The Nomination Committee, which is chaired by an independent external director, will be consulted as a voluntary advisory body to the Board of Directors composed of directors, with the majority of members being independent outside directors, and it will offer advice on matters related to the selection of candidates for the position of director to ensure appropriateness in decision-making processes.
3. The President will propose candidates for directors and executive officers to the Board of Directors after consulting with the Nomination Committee.
4. The President will also propose candidates for audit & supervisory board members after obtaining the agreement of the Audit & Supervisory Board.
5. At a meeting of the Board of Directors, the reasons for selection, the career of each candidate, the knowledge they possess, and other such relevant matters will be explained in depth by the President, and careful deliberation will be conducted with the involvement of independent outside directors and independent outside audit & supervisory board members as well.
6. In electing directors and audit & supervisory board members, election proposals at shareholders' meetings will mention and explain such matters as individual short curriculum vitae, reasons for selection and the status of important concurrent posts.

[Election criteria]

- (1) Should be physically and mentally healthy and have no impediment to the execution of duties.
- (2) Should be well respected, have excellent quality of character and have a strong sense of ethics.
- (3) Should have a strong spirit to comply with the law.
- (4) Should have objective judgment capability in regard to management and have excellent foresight and insight.
- (5) In addition to (1)-(4) above, outside directors should (a) have a wide range of knowledge and experience to ensure sustainable growth of the Company and increase its corporate value over the medium to long term, and to ensure board diversity and (b) be able to

contribute to the realization of appropriate decision-making and management supervision by the Board of Directors.

7. The maximum periods of office for outside directors and outside audit & supervisory board members are as follows.
 - (1) Outside directors may be reappointed for a maximum period of office of 6 years (6 terms).
 - (2) Outside audit & supervisory board members may be reappointed for a maximum period of office of 8 years (2 terms).
8. If a situation arises where a management executive should be dismissed, the Board of Directors shall determine a dismissal proposal. However, the dismissal of a director shall be conducted in accordance with the Companies Act and other relevant provisions.

Article 18 (Internal Control)

1. To ensure the appropriateness of business operations undertaken within the TIS INTEC Group and to promote the establishment of a sound management system, the Board of Directors determined “Basic Policy Regarding Development of an Internal Control System” and will monitor establishment of the system and its operating status in the TIS INTEC Group to ensure the appropriateness of compliance, risk management and financial reporting, and for other purposes.
2. To implement appropriate internal control in accordance with the provisions of the Basic Policy Regarding Development of an Internal Control System, TIS will set up a Group Internal Control Committee.
3. The Board of Directors will ask the Group Internal Control Committee to report on the status of operation of the Basic Policy Regarding Development of an Internal Control System semi-annually to ensure that it functions effectively in regard to compliance and risk management and will supervise its operation.

Article 19 (Obligations of Directors)

1. Directors must collect sufficient information to execute their duties, actively express their opinions and carry out thorough consultations.
2. Directors will display the abilities expected of them, spend sufficient time for the sake of the Company and carry out their duties as directors.
3. The directors of the Company, on their appointment, must understand relevant laws and regulations, the Company’s Articles of Incorporation, the Rules for the Board of Directors, and other internal rules/regulations of the Company, and must sufficiently understand their official responsibilities.

Article 20 (Succession Plan)

1. The Nomination Committee, which is a voluntary advisory body to the Board of Directors, will supervise the planning and status of development of personnel to succeed the President.
2. Successors will be fostered through experience of important work duties at TIS and major Group companies.
3. If the President retires, a candidate that should become the successor should be determined, based on the status of development in the previous paragraph.

Article 21 (Evaluation of Effectiveness of the Board of Directors)

The Board of Directors will analyze and evaluate the effectiveness of the Board of Directors in general every year, discuss initiatives for improvement, and disclose a summary of the conclusions in a timely and appropriate manner.

Article 22 (Support System, etc. Relating to Operation of the Board of Directors)

1. A Board of Directors Secretariat shall be set up to ensure that directors can engage in adequate discussion at meetings of the Board of Directors.
2. The Board of Directors Secretariat will prepare an annual schedule for the Board of Directors and draw up an annual plan for matters for deliberation.
3. The Board of Directors Secretariat will set up appropriate discussion time to enable adequate discussion at meetings of the Board of Directors.
4. The Board of Directors Secretariat will distribute materials regarding matters for deliberation at least three days before the date of meetings of the Board of Directors.
5. If requested, internal audit departments will accurately provide information required for the execution of the duties by directors and audit & supervisory board members.
6. A budget recognized as necessary for the execution of the duties by directors and audit & supervisory board members shall be secured.

Section 4: Audit Functions, etc. of the Audit & Supervisory Board

Article 23 (Roles and Obligations of the Audit & Supervisory Board)

1. The Audit & Supervisory Board acknowledges its fiduciary responsibility to shareholders, and, to ensure corporate soundness aimed at the sustainable enhancement of corporate value, as an organization that is independent from the Board of Directors, it will carry out audits regarding the execution of the duties by directors, and the internal control systems, business performance and financial position of TIS and its subsidiaries by exercising its authority such as to request business reports from the TIS INTEC Group under on laws and regulations, survey the status of business operations and assets, and appoint and dismiss the financial auditor.
2. Audit & supervisory board members and the Audit & Supervisory Board will strive to express

active and proactive opinions to directors, etc. as the need arises, through its obligations in the previous paragraph.

3. The Audit & Supervisory Board will strive to develop a system to ensure the effectiveness of audits by each audit & supervisory board member.
4. The Audit & Supervisory Board will cooperate with the financial auditor and internal audit department.

Article 24 (Obligations of Audit & Supervisory Board Members)

1. Audit & supervisory board members bear a responsibility to contribute to the sound growth of corporations and corporate groups and a good corporate governance system that lives up to the trust of society by auditing the execution of the duties by directors as an independent organization charged with responsibility by shareholders.
2. Audit & supervisory board members will strive to maintain an independent standpoint, will constantly maintain a fair and impartial attitude, and will act based on their own beliefs.
3. Audit & supervisory board members will acquire necessary knowledge regarding the Company's business performance, assets, organization, etc., deepen their awareness of management challenges, and express their opinions actively and proactively.
4. Audit & supervisory board members will conduct operating audits and accounting audits under laws and regulations.
5. Audit & supervisory board members will conduct audits of the legality and audits of the validity regarding the status of execution of the duties by directors and discharge of the supervisory obligations of the Board of Directors.
6. Audit & supervisory board members will monitor and verify decision-making by the Board of Directors and the operating status of the internal control system.

Article 25 (Independent Outside Audit & Supervisory Board Members)

1. In light of the fact that the election of independent outside audit & supervisory board member is required in order to enhance the independence and neutrality of the audit system, independent outside audit & supervisory board members will express objective audit opinions to the representative director and the Board of Directors from a neutral standpoint.
2. The status of major concurrent posts held by independent outside audit & supervisory board members will be mentioned in corporate governance reports and notices to convene shareholders' meetings.

Article 26 (Roles and Obligations of Financial Auditor)

1. The financial auditor is tasked with guaranteeing the reliability of financial reports, plays an important role in realizing effective corporate governance, and bears an obligation to shareholders and investors.
2. The financial auditor will cooperate with the Audit & Supervisory Board and ensure a system

that enables appropriate audits to be carried out.

3. The financial auditor will ensure his/her independence and specialization.
4. The financial auditor will observe quality control standards that are required to carry out accounting audits appropriately.
5. The financial auditor will regularly conduct interviews with the representative director.

Article 27 (Relationship between Audit & Supervisory Board and Financial Auditor, and Internal Audit Departments)

1. The Audit & Supervisory Board will cooperate with the financial auditor and internal audit departments and ensure a system that enables adequate and appropriate audits to be carried out.
2. The Audit & Supervisory Board will formulate evaluation criteria and selection criteria for the financial auditor.
3. The Audit & Supervisory Board will verify whether the financial auditor is independent and specialized.
4. The Audit & Supervisory Board will ask the financial auditor to explain whether the financial auditor is complying with necessary quality standards to conduct accounting audits appropriately.
5. If the financial auditor discovers impropriety and requests an appropriate response and if it points out deficiencies or problems, the Audit & Supervisory Board will address these matters appropriately.
6. The Audit & Supervisory Board will regularly conduct interviews with the financial auditor or with the representative director.
7. The Audit & Supervisory Board will cooperate closely with the financial auditor and related sections, such as internal audit departments and accounting sections.
8. The Audit & Supervisory Board will strive to exchange information and share awareness regarding important issues in the Company by holding meetings regularly with outside directors, for example.

Section 5: Independence of Officers

Article 28 (Independence Requirements)

1. TIS formulated “Criteria Concerning Independence of External Officers” based on the requirements of the Companies Act and the independence criteria of the Tokyo Stock Exchange, and will elect independent outside directors and independent outside audit & supervisory board members in accordance with these independence requirements.
2. “Criteria Concerning Independence of External Officers” will be discussed by the Board of Directors and published in reference materials for shareholders’ meetings, and other documents.

Section 6: Execution System

Article 29 (Management Committee)

1. The Management Committee bears a responsibility to achieve sustainable growth and raise medium- to long-term corporate value through deliberation of important matters related to business operation execution by TIS and Group companies under the commission of the Board of Directors.
2. The Management Committee shall comprise the President and the Jurisdiction officers, the Division Directors, the Division Managers, and the Department Manager of the Corporate Planning Department.
3. The President will be the chairperson of the Management Committee.
4. Specific criteria for submitting items for deliberation and reporting at the Management Committee meeting as well as details of its operation shall be prescribed in “Management Policies” and the “Collective Decision-Making Rules”.

Article 30 (Obligations of Executive Officers)

1. Executive officers will be selected by the Board of Directors and play the role of executing matters that decided by the Board of Directors, based on the provisions of Rules for the Board of Directors.
2. Executive officers shall be aware that they play a role as persons in charge of management together with directors, shall bear an obligation to fulfill their duties as executive officers honestly and faithfully while constantly building up their education to become a model for others, and shall thereby strive to develop the Company’s business.

Section 7: Remuneration System

Article 31 (Policy and Procedures)

1. The basic policy on determination of officers’ remuneration is to provide incentives to improve performance through a system of remuneration linked to measures of company performance. TIS believes that the current remuneration system contributes to sound motivation and will not introduce a remuneration system utilizing the Company’s own shares (stock option system).
2. The Compensation Committee, which is chaired by an independent external director, will be consulted as a voluntary advisory body to the Board of Directors composed of directors, with the majority of members being independent outside directors. The Compensation Committee will offer advice on matters related to decisions on compensation for directors to ensure appropriateness in decision-making processes.
3. Remuneration paid to outside directors consists only of basic remuneration and performance-linked remuneration will not be paid.

4. As regards remuneration for executive directors, the President draws up a total remuneration plan for each fiscal year, based on the regulations governing executive remuneration and the degree of achievement of measures of company performance, and after careful deliberation at meetings of the Board of Directors that include independent outside directors, the plan is decided. The President decides the individual amount of remuneration for directors based on the regulations governing executive remuneration, within the range of the total amount of remuneration determined by the Board of Directors, after consulting with the Compensation Committee.
5. Remuneration is paid to audit & supervisory board members after being determined through consultation at the Audit & Supervisory Board.

Article 32 (Remuneration of Directors and Executive Officers)

1. Remuneration paid to executive directors and executive officers consists of basic remuneration, performance-linked remuneration, and performance-linked stock remuneration, and is reviewed annually for each individual.
2. Basic remuneration is paid according to the size of the role and scope of responsibilities of each position. Performance-linked remuneration is determined by evaluating companywide performance, the performance of the respective organization, and the level of contribute to such results by the individual, with performance-linked remuneration amounts paid to each person in accordance with a performance evaluation ratio for each position. For performance-linked stock remuneration, which is a form of non-monetary compensation, base points defined for each position are allocated separately into performance-linked and fixed portions over a vesting period of three consecutive fiscal-years. In the month of July that follows completion of this vesting period, the accumulated base points are converted into stock delivery points based on the formula for performance-linked stock remuneration. The Company's common stock is provided in accordance with the total number of stock delivery points.

Article 33 (Remuneration of Audit & Supervisory Board Members)

Remuneration paid to the audit & supervisory board members is not linked to performance and consists solely of basic remuneration in order to ensure a high degree of independence.

Section 8: Education and Training for Directors and Audit & Supervisory Board Members

Article 34 (Training Policy for Directors and Audit & Supervisory Board Members)

TIS provides opportunities to directors and audit & supervisory board members, including outside directors and outside audit & supervisory board members, to acquire necessary knowledge regarding such matters as the TIS INTEC Group's business operations, financial affairs and organization and to understand their work duties and official responsibilities as

directors and audit & supervisory board members at the time of their appointment. In addition, TIS provides and arranges opportunities for training that suits individual directors and audit & supervisory board members while also supporting the cost of such training so that they can continually update such knowledge and understanding during their term of office.

Chapter 6: Dialogue with Shareholders

Article 35 (Constructive Dialogue with Shareholders)

1. TIS will actively engage in constructive dialogue with shareholders based on the IR Policy in order to contribute to the Company's sustainable growth and the enhancement of its medium- to long-term corporate value. In addition, the Company will strive to develop a system to promote constructive dialogue with shareholders.
2. The director of the IR Department will supervise dialogue with shareholders, consider response methods with the President, executive officers in charge, and the IR Department and respond appropriately. The President, directors in charge, executive officers in charge, and the IR Department will engage in dialogue in principle. Taking the requests and interests of shareholders into consideration, to the extent reasonable, directors, including external directors, or audit & supervisory board members may respond.
3. The IR Department will share information and exchange opinions in a timely manner based on respective specialist standpoints with relevant departments and support dialogue with shareholders through organic collaboration.
4. In relation to shareholders, TIS will strive to enhance means of dialogue such as individual interviews as well as responses by telephone and the holding of business results briefings and small meetings, etc. Furthermore, in addition to actively conducting information disclosure, which will be the premise for dialogue, the Company will strive to expand the contents of the Integrated Report, which will be positioned as an effective tool for dialogue.
5. TIS will share opinions, etc. put forward in constructive dialogue with capital market participants such as shareholders, investors and securities analysts within the Company through reports, etc. to the Board of Directors, and use them in reviewing the Company's management strategy, and for other purposes.
6. In the case of dialogue with shareholders, TIS will pay sufficient attention to the fairness of information disclosure and manage internal information appropriately in accordance with the Rules for Prevention of Insider Trading
7. TIS will conduct a substantial shareholder survey twice a year, in principle, and as necessary and endeavor to gain an understanding of the shareholder structure.

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