

Corporate Governance

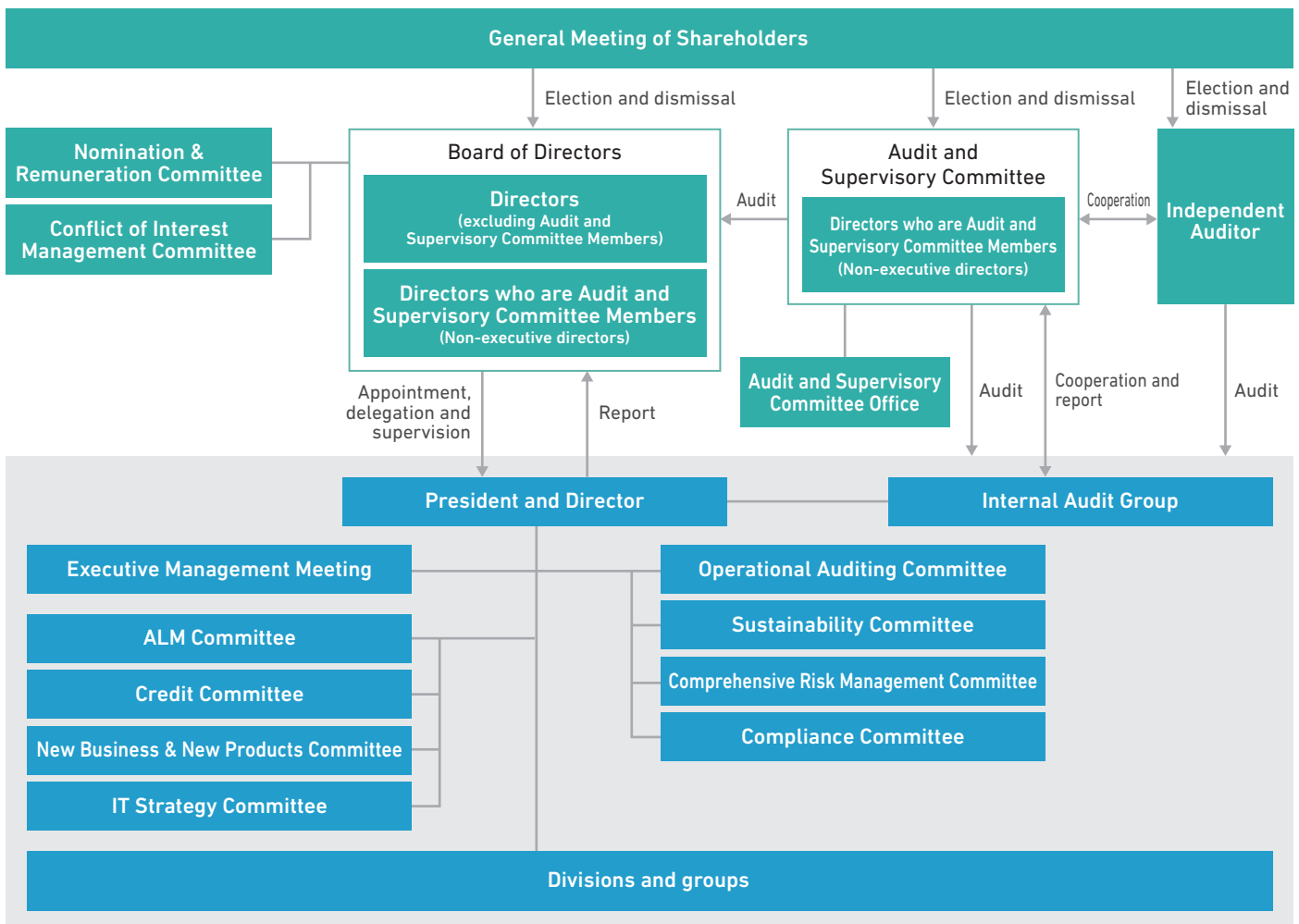
Basic Concept on Corporate Governance

The Company has established “an innovative, leading company that continues to contribute to resolving various social issues by remaining close to customers, dealing with them face to face and providing financial services that meet their needs” and “a company that has a strong financial base and sustainable and stable profitability and is recognized by stakeholders as having a genuine reason for existing more than ever before” as the vision for the Company.

To this end, we believe in the importance of ensuring management transparency and fairness to stakeholders, as well as swift and decisive decision making. We are undertaking initiatives to enhance our corporate governance, taking our management environment into account.

Basic Policy regarding Corporate Governance

1. The Company respects shareholders’ rights and takes appropriate actions to create an environment in which
2. The Company recognizes the importance of its social responsibility and strives to cooperate appropriately with stakeholders other than shareholders.
3. The Company discloses financial and non-financial information appropriately as required by laws and regulations, and also actively provides information beyond that required by laws and regulations.
4. The Company’s Board of Directors appropriately fulfills its roles and responsibilities toward the goal of achieving sustainable growth and enhancing corporate value over the medium and long term based on its fiduciary responsibility and accountability to shareholders.
5. The Company discloses information related to its business strategies, financial condition, business performance, etc. in a timely and appropriate manner, and also enhances investor





relations activities to earn the trust and recognition of shareholders, investors, etc.

The Company has transitioned to a company with an audit and supervisory committee per resolution of its 62nd Annual General Meeting of Shareholders held on June 24, 2022, with the aims of strengthening the strategy formulation and supervisory function of the Board of Directors and enhancing the flexibility of its business execution.

At its meeting held on the same day, the Board of Directors also resolved to revise the Basic Policy regarding Internal Control System.

Overview of the Corporate Governance Structure and Reasons for Adopting the System

a. Reasons for adopting a company with an audit and supervisory committee

The Company has adopted a company with an audit and supervisory committee with the aims of strengthening the strategy formulation and supervisory function of the Board of Directors and enhancing the flexibility of its business execution.

b. Corporate governance structure

(a) Board of Directors

The Company's Board of Directors is comprised of 13 members, eight of whom are directors (excluding directors who are audit and supervisory committee members) and five of whom are directors who are audit and supervisory committee members.

In addition, whereas the Company provides disclosure of a skills matrix summarizing directors' attributes including their knowledge, experience and ability, it also seeks to ensure objectivity and transparency with respect to the Board of Directors in terms of it engaging in multifaceted consideration and decision-making, and has accordingly increased the ratio of independent outside directors to no less than one-third the membership of the Board of Directors.

The Company delegates part of decisions on important business execution (excluding matters prescribed in the items under Article 399-13, paragraph (5) of the Companies Act) to the President and Director, pursuant to provisions of the Articles of Incorporation. In so doing, the Company seeks to achieve aims that include accelerating managerial decision-making, prioritizing matters for deliberation by the Board of Directors, and further enhancing discussions on matters that include formulation of management policies and business strategies.

The Company has established the Nomination & Remuneration Committee and the Conflict of Interest Management Committee to serve as advisory bodies to the Board of Directors, a majority of whose members are independent outside directors.

The Nomination & Remuneration Committee deliberates on matters relevant to personnel affairs and remuneration of officers who are subject to consultation from the Board of Directors. Meanwhile, the Conflict of Interest Management Committee deliberates on important business transactions carried out with the Company's major shareholders.

Remuneration for Officers

1. Total amount of remuneration, total amount of remuneration by type and the number of officers receiving remuneration by category

Category	Total amount of remuneration (Millions of yen)	Total amount of remuneration by type (Millions of yen)						Number of officers receiving remuneration
		Fixed remuneration	Bonus	Stock-based remuneration	Stock options	Retirement benefits	Non-monetary remuneration included in the total amount	
Directors (excluding outside directors)	275	214	32	28	—	—	28	8
Audit & supervisory board members (excluding outside audit & supervisory board members)	37	37	—	—	—	—	—	2
Outside officers	74	74	—	—	—	—	—	8

2. Total amount of consolidated remuneration per officer

The total amount of consolidated remuneration per officer is omitted. Please note that there are no officers receiving over ¥100 million of total consolidated remuneration.

The Board of Directors met 13 times in fiscal 2022, which included regular meetings held once a month and extraordinary meetings held as necessary. Meeting discussions consisted of primary matters for consideration, such that included progress achieved with respect to the Medium-Term Management Plan and formulation of the new Medium-Term Management Plan, strengthening of corporate governance including the transition to a company with an audit and supervisory committee, initiatives to address sustainability, and the operational status of the internal control system consisting of compliance and risk management.

The average attendance rate among directors was 98%.

(b) Audit and Supervisory Committee

The Audit and Supervisory Committee is comprised of five directors who are audit and supervisory committee members (of whom, two are full-time audit and supervisory committee members). Meanwhile, three of the five directors, a majority, are outside directors.

Whereas the Company has established the Audit and Supervisory Committee Office to serve as an organization dedicated to facilitating audit activities and other initiatives of the Audit and Supervisory Committee, it has also established a structure for appropriately conducting audits, whereby the Audit and Supervisory Committee coordinates efforts with the Internal Audit Group.

(c) Business execution structure

The Company has the Board of Directors assign priority to the strategy formulation and supervisory function, and furthermore delegates the maximum authority for execution of business to the President and Director.

In addition, the Company has developed a structure for ensuring that the President and Director makes decisions appropriately, having accordingly established the Executive Management Meeting, Operational Auditing Committee, Sustainability Committee, Comprehensive Risk Management Committee, Compliance Committee, and other advisory bodies to the President and Director to ensure that the President and Director makes decisions appropriately.

Executive Management Meeting

The Executive Management Meeting has been established for the purposes of performing preliminary deliberation on matters that require resolution by the Board of Directors and deliberating on important matters concerning business execution and business operation based on the basic management policy determined by the Board of Directors.

It is currently chaired by President and Director Tetsuo Iimori and is comprised of all division heads, group heads, and others.

Operational Auditing Committee

The Operational Auditing Committee has been established to enhance the internal audits by introducing the knowledge and professional and objective opinions related to the business execution in the internal audits.

It is currently chaired by the President and Director Tetsuo Iimori and is comprised of nine members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors.

Sustainability Committee

The Sustainability Committee has been established to deliberate on important matters related to sustainability.

It is currently chaired by President and Director Tetsuo Iimori and is comprised of 19 members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors.

Comprehensive Risk Management Committee

The Comprehensive Risk Management Committee has been established to comprehensively understand and manage various types of risk.

It is currently chaired by Director and Senior Managing Executive Officer Tetsuro Mizuno and is comprised of 16 members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors and the Executive Management Meeting.

Compliance Committee

The Compliance Committee has been established to ensure that the Company and its subsidiaries are compliant with laws and regulations and to increase corporate value as a company that contributes to society.

It is currently chaired by Managing Executive Officer Kazuaki Baba and is comprised of 18 members.

In addition, the status of the activities of the Committee is regularly reported to the Board of Directors and the Executive Management Meeting.



ALM Committee

The ALM Committee has been established to properly control market risk and funding liquidity risk.

It is currently chaired by Director and Senior Managing Executive Officer Tetsuro Mizuno and is comprised of five members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

Credit Committee

The Credit Committee has been established to deliberate on important matters related to properly strengthening credit management and member merchants management.

It is currently chaired by Representative Director and Senior Managing Executive Officer Yoshinori Yokoyama and is comprised of eight members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

New Business & New Products Committee

The New Business & New Products Committee has been established to perform evaluation and verification particularly of risks related to important new businesses and new products.

It is currently chaired by Managing Executive Officer Shinya Uda and is comprised of nine members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.

IT Strategy Committee

The IT Strategy Committee has been established to deliberate on important IT strategies, IT investment plans, and IT investment projects.

It is currently chaired by Representative Director and Senior Managing Executive Officer Ichiro Watanabe and is comprised of 12 members.

In addition, the status of the activities of the Committee is regularly reported to the Executive Management Meeting.