

CORPORATE GOVERNANCE GUIDELINES

PARK24 CO., LTD.
Revision June 14, 2021

1. Purpose of Enactment and Policy

The PARK24 GROUP (hereinafter “the GROUP”) seeks to increase its value over the medium and long terms and achieve sustainable growth by adopting the PARK24 Corporate Governance Guidelines as a framework for stronger corporate governance and by acting to strengthen and enhance corporate governance.

■ Basic Concept of Corporate Governance

The GROUP strives to make sustainable improvements in its corporate value under its philosophy “We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow.”

Essential factors for the sustainable enhancement of corporate value include the establishment of trust with all stakeholders, in addition to the growth of the GROUP’s businesses. From this perspective, the GROUP seeks to strengthen and enhance the level of corporate governance by continuing to improve the fairness, reasonableness and transparency of management.

<Our GROUP philosophy>

We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow.

PARK24 GROUP provides comfort and convenience in forms both familiar and entirely new. We help to make urban environments and the lives of people living and working in them richer and pleasanter. We listen carefully to our customers to create services that meet the needs of the times and enhance sustainability. This thinking underpins all our interactions with all our stakeholders.

2. Corporate Governance System

■ Organizational Design

The GROUP has an Audit and Supervisory Committee governance structure and seeks to continually increase its corporate value by ensuring management transparency and fairness, and strengthening the supervisory functions. The GROUP also adopts the Corporate Officer system, separating the supervisory functions (Directors) and the business execution functions (Corporate Officers), with the intention of accelerating decision-making.

The GROUP has established a Nomination and Compensation Committee as an optional advisory body to ensure fairness, transparency and objectivity in the procedures for the nomination and compensation of the Directors and enhance corporate governance.

■ Board of Directors

The GROUP believes that the important roles and responsibilities of the Board of Directors are to determine the direction of strategies and the allocation of management resources and audit and supervise business execution by the Corporate Officers. The Board of Directors discusses and formulates the GROUP’s annual plan, medium-term management plan, management strategies and management plans and strives to strengthen the monitoring of business execution. Through this, the GROUP aims to continuously enhance corporate value in the medium and long terms to benefit all stakeholders.

To enable sufficient discussions and to accelerate decision-making, the Articles of Incorporation stipulate that the GROUP shall have no more than ten (10) Directors, excluding Directors who are Audit and Supervisory Committee Members, and no more than five (5) Directors who are Audit and Supervisory Committee Members. The GROUP appoints individuals who understand and can implement the GROUP philosophy, have a good personality and extensive knowledge and can fulfill their responsibilities as Directors.

The Nomination and Compensation Committee, a committee consisting of the Representative Director and Outside Directors and chaired by an Outside Director that has been established to increase fairness, transparency and objectivity in the decision-making process at the Board of Directors and enhance the corporate governance system, discusses the appointment of Directors proposed by the Board of Directors and submits recommendations. The Board of Directors, the members of which include Outside Directors, decides on an agenda item about the appointment of Directors based on the recommendations of the committee. The reasons for the proposed appointment of Directors are included in the notice of a shareholders’ meeting and are posted on the website.

■ Audit and Supervisory Committee

The Audit and Supervisory Committee audits compliance with laws and regulations, the Articles of

Incorporation and internal rules and regulations by the Directors, Corporate Officers, or employees at the Company and GROUP companies.

The Audit and Supervisory Committee consists of three (3) Directors who are also Audit and Supervisory Committee Members. The majority of the Members are Outside Directors. Each Audit and Supervisory Committee Member has extensive knowledge on and experience in audits, extensive experience in company management and international experience and a wealth of knowledge based on the experience, and extensive insight and experience primarily in corporate legal affairs. They actively express appropriate opinions to the Board of Directors and management from an independent, objective standpoint. Full-time Directors who are Audit and Supervisory Committee Members are appointed. The GROUP combines the objective and strong knowledge of Outside Directors and the information gathering capacity of full-time Directors who are Audit and Supervisory Committee Members to increase the Committee's effectiveness.

■ **Nomination and Compensation Committee**

The Nomination and Compensation Committee aims to enhance the corporate governance system of the GROUP by securing appropriate opportunities for Outside Directors to be involved and give advice in decision-making on the nomination and compensation of Directors, etc., and improving the fairness, transparency and objectivity of the decision-making process at the Board of Directors.

Responding to requests for consultation from the Board of Directors, the Nomination and Compensation Committee discusses important matters, including the election and dismissal of Directors, the appointment and removal of the Representative Director and Executive Directors (matters to be resolved by the Board of Directors), policies for determining compensation for Directors, the limit of compensation for Directors and successor plans, and submits recommendations.

The Nomination and Compensation Committee consists of the Representative Director and Outside Directors. The chairperson is selected from the Outside Directors.

■ **Executive Committee**

The GROUP believes that thorough discussions and agile decision-making by people who are conversant with the Company's business are necessary to achieve the GROUP philosophy. Based on that belief, the GROUP has established the Executive Committee consisting of the President and Corporate Officers.

The Executive Committee is chaired by the President. At the request of the President, the committee discusses important matters about management, prepares plans, conducts research and makes decisions, and determines the results of those activities. The committee then reports to the President. The process of holding thorough discussions and deliberations as well as decision-making in the Executive Committee is important for the training of successors to top management.

■ **Accounting Auditor**

The Accounting Auditor takes responsibility for shareholders and investors for proper audits and cooperates with the Audit and Supervisory Committee, the Accounting Department and other relevant departments to take appropriate actions to ensure that audits are conducted properly, including ensuring appropriate audit schedules and systems.

The Accounting Auditor, the Audit and Supervisory Committee and the Internal Audit Department hold meetings regularly to ensure sufficient cooperation.

■ **Corporate Compliance Department**

The GROUP has established the Corporate Compliance Department. It cooperates with the Audit and Supervisory Committee Members and the Accounting Auditor to carry out internal audits at the Company and GROUP companies. In addition, the department reinforces the GROUP's activities to promote compliance and strengthens internal control related to financial reporting. It also improves the risk management system, anticipating future risks.

■ **Outside Directors**

(1) Roles

Outside Directors draw on their knowledge about steering and improving management to give advice and supervise management through participation in important decision-making at the Board of Directors and in important meetings to increase corporate value in the medium and long terms by promoting sustainable growth.

The Outside Directors participate in important meetings in addition to the Board of Directors meetings and actively exchange opinions, seeking to share information and awareness from an independent, objective standpoint.

(2) Independence

When appointing Outside Director candidates, the GROUP adheres to the independence requirements set forth by the Tokyo Stock Exchange and has established its own standards for judging the independence of Outside Directors. It makes decisions based on comprehensive consideration regarding whether individuals will be able to draw on extensive corporate management experience and expertise to give advice and opinions to management from an independent position and a wide perspective and are unlikely to have a conflict of interest with general shareholders.

Two Outside Directors who are Audit and Supervisory Committee Members are reported to the Tokyo Stock Exchange as Independent Officers.

■ **Voluntary committees other than the Audit and Supervisory Committee and the Nomination and Compensation Committee**

(1) Risk Management Committee

The Company conducts risk management and crisis management to prevent risks that may affect management or reduce losses, and to minimize the impact of risks when they materialize.

The members of the Risk Management Committee consist of the Representative Director and the directors of the Group companies, and the Chief Risk Management Officer (Committee Chairman) is the Representative Director.

(2) Sustainability Committee

The Sustainability Committee promotes cross-group initiatives by formulating sustainability policies and strategies and setting target indicators.

The members of the Sustainability Committee are executives and employees of the Group companies, and the chairman of the committee is a board member.

3. Relationship with Stakeholders

■ **Relationship with Shareholders and Investors**

(1) General Meeting of Shareholders

- The GROUP actively and fairly discloses management information, including management policies, financial information and information on business activities, to effectively ensure the rights of all shareholders, and develops an appropriate environment to facilitate exercise of rights by shareholders.
- The GROUP endeavors to dispatch convocation notices early (three weeks before the General Meeting of Shareholders. Electronic disclosure is made the day before the dispatch date), to prepare notices in English, and to improve and expand the information it provides and it also develops an appropriate environment for the exercise of rights through the exercise of voting rights via the Internet and participation in an electronic voting platform.

(2) Ensuring the Rights of Shareholders

- Regarding voting outcomes, The GROUP analyzes why shareholders opposed proposals put forward by The GROUP or why many shareholders voted against a certain proposal and examines how to deal with shareholders in cooperation with the relevant departments.
- The GROUP endeavors to effectively ensure the rights of all shareholders including minority shareholders and overseas shareholders and gives full attention to ensuring that actions in accordance with the procedures stipulated in the Share Handling Regulations is taken with respect to the exercise of rights by shareholders and to preventing any delay in the exercise of rights.

(3) Capital Policy

- The GROUP aims to achieve efficient management that meets with the satisfaction of all shareholders and stakeholders by always generating profits that exceed capital costs and enhancing corporate value.
- The GROUP strives for efficient management, aiming for a consolidated return on equity (ROE) of 20%.
- When implementing a capital policy that will bring about a fluctuation in control or a large-scale dilution of shares, The GROUP discusses this fully at meetings of the Board of Directors and the Audit and Supervisory Committee, promptly discloses information such as the process of examination and the purpose of implementation and utilizes opportunities for dialogue such as the general meeting of shareholders and the settlement briefing to provide full explanations.

- (4) Policy on Cross-shareholdings
 - Regarding the holding of shares for reasons other than investment, The GROUP holds shares judged as being strategically necessary for the purpose of maintaining and strengthening relations with business partners that are crucial for increasing The GROUP's corporate value in the medium and long terms.
 - When exercising its voting rights, The GROUP considers its relationship with The GROUP in which it holds shares and exercises its voting rights based on an assessment of the details of proposals from the viewpoint of increasing The GROUP's returns to its shareholders in the medium and long terms and increasing the corporate value of the relevant company.

- (5) Anti-takeover Defense Measures
 - Maintaining sustainable growth and enhancing and maximizing corporate value are The GROUP's top priorities and it does not adopt anti-takeover defense measures.
 - In the event of a takeover bid for The GROUP's shares, The GROUP would promptly disclose to its shareholders the approach of the Board of Directors, since a change in The GROUP's ownership structure could significantly impact on shareholder returns. The GROUP also respects the rights of shareholders and would not prevent shareholders from accepting a takeover bid.

- (6) Prevention of Transactions between Related Parties
 - The GROUP establishes and upholds a Code of Conduct to ensure that its officers and employees comply with laws and regulations and act sensibly and ethically to prevent related parties of The GROUP from engaging in related party transactions and to avoid related party transactions that pose a conflict of interests.
 - The Regulations of the Board of Directors stipulate that any related party transactions involving its Directors must be approved by the Board of Directors and the fact of the transactions must be reported afterwards.

- (7) Constructive Dialogue with Shareholders
 - The GROUP actively makes timely and appropriate disclosures for the purpose of engaging in constructive dialogue with its shareholders.
 - The President and Representative Director is responsible for dialogue with shareholders and the Planning and Administration Division takes the lead in routinely cooperating with relevant departments that have the information necessary for IR activities, making information disclosures in accordance with the Information Disclosure Policy published on the website and encouraging dialogue with shareholders and investors, as well as putting in place systems for actions taken after disclosure, internal feedback and reporting to the Board of Directors.
 - In the event of dialogue, The GROUP exercises information management in accordance with internal regulations (Regulations for the Prevention of Insider Trading).

■ **Relationship with Employees**

- The GROUP sets forth the "PARK24 GROUP Code of Conduct" and, with "We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow." as its philosophy, the GROUP's basic management policy is to aim to enhance its corporate value sustainably by establishing trust with all stakeholders and seeking to expand and enhance all mobility services, including parking services, at the same time to create an environment where mobility services will become more convenient and accessible for more people.
- Each Group Company has a set of basic principles and guidelines, which are distributed to officers and employees. Senior management also create opportunities to explain directly to employees initiatives designed to foster a corporate culture and ethos, raising awareness so that employees collaborate properly with stakeholders and respect their interests and are able to act appropriately, in a sound, sensible and ethical manner.
- The GROUP conducts compliance tests on a regular basis, the results are reported to management and the status of implementation of the Code of Conduct is reviewed as appropriate.
- To promote diversity in human resources, including active participation by women, The GROUP holds internal seminars and provides information aimed at increasing employee

working styles; it raises awareness among management, and promotes the creation of mechanisms to support active participation by diverse human resources across the GROUP.

- The GROUP establishes a whistleblowing system (operated by departments, independent from senior management, that serve as a point of contact for whistleblowing at GROUP companies; the Regulations for the Protection of Whistleblowers provide for the anonymity of those that provide information and prohibit disadvantageous treatment of whistleblowers) and operates mechanisms that can be used by all employees of the PARK24 GROUP.

■ **Relationship with Customers**

- The GROUP contributes to the sustainable development of society by delivering the comfort required by people and the times through stronger mutual understanding with customers based on its philosophy “We create new forms of comfort and convenience by responding to the needs of today and anticipating the needs of tomorrow.”

■ **Relationship with society**

- The GROUP pursues each of its businesses in the belief that expansion of the Parking and Mobility businesses will in itself help solve environmental problems, reducing roadside parking through the establishment of time parking facilities, preventing traffic accidents that are caused by roadside parking, and introducing ecofriendly vehicles in the Mobility business to reduce pollution caused by CO2 emissions.

4. Information Disclosure Policy

The GROUP makes fair, timely and appropriate disclosures to increase understanding of the GROUP among all stakeholders.

The GROUP uses its website and other means to actively disclose information which it is legally required to disclose, management strategies, management plans and other important corporate information of a financial nature, non-financial information relating to risk and governance, and other corporate information that is judged to require disclosure. It also endeavors to enhance internal systems to ensure that prompt, accurate and fair disclosures of corporate information are made in an appropriate manner.

Enacted January 27, 2016
Revised December 17, 2018
Revised May 1, 2019
Revised May 30, 2019
Revised January 30, 2020
Revised June 14, 2021