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June 5, 2024

To whom it may concern:

Net One Systems Co., Ltd.
(Stock Code: 7518, TSE Prime)

Our views on ISS report regarding a proposal for the 37th Annual Shareholders Meeting

Net One Systems Co., Ltd. (the “Company”) learned that Institutional Shareholder Services Inc. (“ISS”) has published a voting recommendations report (the “Report”) regarding the proposals for the 37th Annual Shareholders Meeting of the Company scheduled for June 26, 2024. In the Report, regarding Proposal 2. Election of Six (6) Executive Directors (excluding Executive Directors who are Audit & Supervisory Committee Members), ISS stated that while it was in favor of the election of Ms. Yuka Uehara, a new candidate for Outside Executive Director, it does not regard her as independent.

In response, we have stated our views as below. We kindly request that you review and understand our views before exercising your voting rights.

1. ISS’s assessment of Ms. Yuka Uehara’s independence

ISS states in its Proxy Voting Guidelines and Benchmark Policy Recommendations that a company (the Company) shall have no affiliation with outside directors or outside statutory auditors, other than that it (its shareholders) has appointed them to these posts, and that in the case of “individuals who work or worked at the lead underwriter(s) of the company in question (the Company),” the individuals usually do not satisfy ISS’s independence criteria.

ISS concludes that because Ms. Uehara in the past worked for BofA Securities Japan Co., Ltd., a lead underwriter of the Company, she does not satisfy its independence criteria.

2. Our views on ISS’s assessment

The Company believes Ms. Uehara is sufficiently independent for the following reasons. Further, considering her extensive knowledge and experience in finance and capital strategies, as well as her past experience serving as an outside director who was also a member of the Audit and Supervisory Board of another company, we have determined that she is capable of supervising the Company’s management, primarily from the perspectives of finance and accounting, and will contribute to further growth in corporate value. Ms. Uehara satisfies the independence criteria of the Tokyo Stock Exchange and the Company, and if her appointment is approved, the Company will file her as an Independent Executive Director pursuant to the provisions of the Tokyo Stock Exchange.

- (1) Merrill Lynch Japan Securities Co., Ltd. (currently, BofA Securities Japan Co., Ltd.) was the lead underwriter for a public offering the Company conducted in 2002, but has not acted as such since then.

- (2) Ms. Uehara was a business executor of Merrill Lynch Japan Securities (currently, BofA Securities Japan) until August 2015, but eight years have passed since her retirement.
- (3) We confirmed that there has been no affiliation between Ms. Uehara and Merrill Lynch Japan Securities (currently, BofA Securities Japan) after her retirement.