

December 12, 2022

To whom it may concern

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**Notice of Receipt of Investigation Report from Third-Party Investigation Committee and  
Disciplinary Action, etc.**

As announced in our July 1, 2022 press release titled “Establishment of a Third-Party Investigation Committee about the Loss of USB Flash Drives”, following the loss of USB memory flash drives containing personal information of people in Amagasaki City, Hyogo Prefecture, by an employee of a partner company, the Company established a third-party investigation committee (the “Third-Party Investigation Committee”) consisting of outside experts on the same day to investigate the incident, and the Third-Party Investigation Committee has investigated the incident.

Today, we received an investigation report from the Third-Party Investigation Committee, which aims to point out the facts and issues found as a result of the investigation, and to make recommendations for recurrence prevention.

The Company takes this situation very seriously, and once again expresses its deepest apologies. Based on the findings and recommendations of the Third-Party Investigation Committee, the Company will consider measures to prevent recurrence of such incident. In addition, if, as a result of our analysis and examination, we determine that there are matters that should be disclosed, we will disclose them in a timely and appropriate manner.

We will make company-wide efforts to restore the trust of our shareholders, investors, and other stakeholders, and would appreciate your continued support.

The following is a summary of the results of the investigation.

1. Results of the Investigation

Please refer to the attached “[Investigation Report \(public version\)](#)” for the results of the

investigation by the Third-Party Investigation Committee.

Please note that the names of business partners and individuals within and outside the Company have been anonymized in the attached document, for the purpose of protecting personal information, with certain exceptions.

## 2. Measures to Prevent Recurrence

In response to this incident, we have considered and implemented the following measures to prevent recurrence (the following are examples and the actual measures taken or to be taken are not limited to those listed below).

### (1) Organizational security control measures

#### (i) Security control measures for projects involving access to highly confidential customer information assets

- The head of the organization in charge of the project checks security control measures for project operation on a weekly basis.
- Security control measures are formulated and clarified with guidance from and review by the executives responsible for handling confidential customer information (including personal information).
- Establishment of a mechanism and system for a newly established organization that specializes in security to objectively review and approve the appropriateness of the security control measures and to comprehensively manage and monitor the security control measures.

#### (ii) Revision of internal rules and business processes

- Revision of internal rules to strengthen the rules for handling portable media, rules for access to confidential customer information and customer production environments, and to establish new rules for access to customer production environments in the service business.
- Revised other business process-related rules, such as the rules for approval decision making, information service business processes, and outsourcing business.

#### (iii) Education and instruction

- Conducting security education (e-learning) for all officers and employees of our group companies to ensure their understanding of security risks and thorough understanding of rules for handling confidential customer information, including personal information.
- The dissemination of information security compliance matters within project teams and the confirmation of the implementation status of information security education for partner companies.

(2) Physical and technical security control measures

(i) Physical and technical security control measures for work commissioned by Amagasaki City

- Clarification of rules for information security, such as conducting work involving access to the production environment in the server room in the presence of Amagasaki City's person in charge, and clarification of the rules for using portable media.

(ii) Company-wide physical and technical security control measures

- Reviewing the necessity of portable media in use and, in the case of continued use, ensuring that the management of such media is in accordance with internal rules and regulations by requiring report based on evidence, such as a control book.

(3) Management of contractors

(i) Information security

- Ensuring thorough compliance with laws, regulations, and company rules regarding the supervision of contractors such as by means of education and instruction by officers and employees responsible for the security control measures and the handling of personal information.

- When outsourcing the handling of confidential customer information (including personal information) to a subcontractor, the newly established specialized security organization examines and approves the security control measures, and monitors the status of implementation thereof.

- In order to prevent the implementation of such measures from becoming a mere formality, the status of the above operation is scheduled to be audited at the information security internal audit.

(ii) Review of management process

- Newly establishment of the person in charge of contractor management. In addition, the contractor management process is to be reviewed and monitored on a weekly basis to ensure appropriate management of evidence to confirm that the Company is outsourcing operations to partner companies in accordance with the terms and conditions of the contract between the Company and the customer.

- Thorough reeducation and instruction for all officers and employees of the Company, and provision of training programs for contractors regarding contract rules and points to be kept in mind regarding subcontracting.

- Making modifications to the contract and order management system to allow for the registration of conditions stipulated in contract clauses and mechanically determining

whether or not to place an order, so that orders can be placed only when development (subcontracting) conforms to the terms of the contract with the customer.

- Modifying the content of contracts with contractors to add clauses that (a) provide for penalties in the event of a breach of contract and (b) allow the Company, at its discretion, to request that the Company discontinue subcontracting to a secondary contractor or subsequent contractors.
- Planning to conduct an audit of the operational status of outsourcing management in order to ensure the effectiveness of outsourcing management.

In addition to the above, the Company will take the findings of the Third-Party Investigation Committee seriously, formulate concrete measures to prevent recurrence in line with the recommendations of the Third-Party Investigation Committee, and continue to steadily implement them.

### 3. Disciplinary Action and Voluntary Return of Executive Remuneration

Taking into consideration the results of the investigation by the Third-Party Investigation Committee, responsibility for this matter, and positions in the Company, we have decided to take disciplinary actions against the persons involved. In addition, based on the results of the investigation by the Third-Party Investigation Committee, the officers themselves take their responsibility for this matter very seriously and have decided to voluntarily return a portion of their executive remuneration, as detailed below.

#### Voluntary Return of Executive Remuneration

Akiyoshi Hiraoka	Representative Director, President& CEO	20% of monthly executive remuneration. (for 3 months)
Takashi Sasaki	Senior Corporate Officer, Head of Business Service Division	10% of monthly executive remuneration. (for 1 month)
Takashi Miyashita	Corporate Officer, CISO	10% of monthly executive remuneration. (for 1 month)

### 4. Impact of this matter on business results

The costs related to this matter that can be estimated at this time have been incorporated into our consolidated earnings forecast for the fiscal year ending March 31, 2023.