

The corporate governance of Benefit One Inc. (the “Company”) is described below.

## Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

The Company recognizes the importance of operations centered on compliance with laws, regulations, etc. At the same time, the Company also positions its efforts to enhance shareholder value through swift decision-making in response to changes in society and the economic environment, as well as the enhancement of the soundness of management, as a management issue of the utmost priority.

In order to achieve these objectives, the Company aims to create strong relationships with shareholders, customers and suppliers, local communities, employees, and other stakeholders, while also enhancing corporate governance through the further strengthening, improvement, and development of functions and systems set forth in laws and regulations, such as the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Committee, and Accounting Auditor.

The Company will also endeavor to disclose information to shareholders and investors in a timely and accurate manner, thereby enhancing the transparency of management.

#### [Disclosure Based on the Principles of the Corporate Governance Code]



[Principle 1.4] Cross-Shareholdings

< Policy on Cross-Shareholdings >

The Company holds shares as cross-shareholdings in order to enhance corporate value over the medium- to long-term by, for example, developing partnerships with companies that hold business assets that the Company lacks as a more efficient way to complement the Company's services than building such businesses itself, maintaining and strengthening relationships of trust with customers and suppliers, and expanding its businesses through business alliances. Furthermore, the Company verifies the reasonableness and appropriateness of individual cross-shareholdings on a regular and ongoing basis. When it is judged that the objectives of holding shares as cross-shareholdings are not being achieved, based on the results of this verification, the Company will consider reducing the relevant cross-shareholdings.

< Verification of Appropriateness of Holding Cross-Shareholdings >

Each year, the Company verifies such factors as whether the objective of each cross-shareholding is appropriate, and the whether the risks and rewards of the cross-shareholding are appropriate given the Company's cost of capital. The Board of Directors makes judgments concerning the appropriateness of continuing to hold listed shares. Furthermore, when verifying the appropriateness of continuing to hold cross-shareholdings, the Company comprehensively verifies factors including industry trends, earnings trends, and financial position, as well as partnerships in terms of sales, and the future outlook.

< Criteria for the Exercise of Voting Rights >

When exercising voting rights at the General Meeting of Shareholders of a company whose shares are held as cross-shareholdings, the Company makes judgments in accordance with the following criteria.

- The Board of Directors has verified such factors as the appropriateness of the objective of holding the cross-shareholdings and whether the risks and rewards of holding the cross-shareholdings are appropriate given the Company's cost of capital, and has confirmed the appropriateness of continuing to hold the cross-shareholdings in advance;
- The content of specific proposals conform with the Company's objectives for holding the cross-shareholdings.

[Principle 1.7] Related Party Transactions

Each fiscal year, the Company prepares and updates a list of related parties. When engaging in transactions with any parties thus classified as a related party, the General Manager of the Corporate Planning Department gathers related information in advance, and approval must be obtained from the Board of Directors, etc., in accordance with the Administrative Regulations of Related Party Transactions and rules related to duty authority. For important related party transactions and actions that involve a conflict of interest between one or more controlling shareholders and minority shareholders, the “Nomination and Compensation Committee,” a voluntary advisory body to the Board of Directors whose members are all independent Outside Directors, first deliberates the necessity and appropriateness of the transaction, then the Board of Directors makes a decision after receiving a report and advice from the Nomination and Compensation Committee.

In addition, the General Manager of the Corporate Planning Department also provides a report to the Board of Directors concerning ongoing related party transactions at the end of each fiscal year, based on the list of related party transactions.

[Principle 2.6] Roles of Corporate Pension Funds as Asset Owners

The Company does not have a corporate pension plan, and therefore does not perform any role as asset owner through a corporate pension fund.

Furthermore, the Company has introduced a defined-contribution plan as part of its benefits program, and it provides education and training to employees via internal seminars, etc. concerning asset formation and asset management.

[Principle 3.1(1)] Management Philosophy, etc., Management Strategies, and Management Plans

As noted in this Report, the Company's annual securities report, and other documents, the Company's corporate philosophy is “Connect people and companies, aim to create new value, and contribute to fulfilling lifestyles and social development by creating the concept of service distribution.”

In addition, the Company has also formulated a Medium-term Business Plan (three-year plan from the fiscal year ending March 2022 to the fiscal year ending March 2024), which it announced in May 2021. For details, please refer to the following video and materials released on May 12, 2021.

- [Video] Medium-term Business Plan & Future Growth Strategy: <https://irtv.jp/channel/3274> (Japanese only)
- [Video] Summary of Financial Results & Earnings Forecasts: <https://irtv.jp/channel/3273> (Japanese only)
- [Materials] Performance & Medium-term Growth Strategy: [https://global-assets.irdirect.jp/pdf/menu\\_file/2412/20210601085316\\_6132.pdf](https://global-assets.irdirect.jp/pdf/menu_file/2412/20210601085316_6132.pdf)

[Principle 3.1(2)] Basic Views on Corporate Governance and Basic Policies  
Please refer to section “I. 1. Basic Views” in this Report.

[Principle 3.1(3)] Policies and Procedures for the Determination of the Compensation of Directors by the Board of Directors  
Please refer to section “II. 1. Organizational Composition and Operation [Director Compensation]” in this Report.

[Principle 3.1(4)] Policies and Procedures for the Nomination of Director Candidates by the Board of Directors  
[Supplementary Principle 4.11.(1)] Views on Composition of the Board of Directors, etc.

To ensure that the Board of Directors can sufficiently execute its duties and fulfill its supervisory functions, candidates for Directors are selected after considering such factors as their ability to execute their duties as Director, experience, expertise, and the overall composition of the Board of Directors, based on the precondition that each candidate is possessed of excellent character and insight. When selecting candidates, the Director overseeing the Human Resources Division prepares a draft proposition, which is then deliberated by the “Nomination and Compensation Committee,” a voluntary advisory body to the Board of Directors whose members are all independent Outside Directors. The Board of Directors then makes a decision after receiving a report and advice from the Nomination and Compensation Committee.

The Company ensures that the number of members of the Board of Directors is appropriate for the size of its businesses, while at the same time being an appropriate number that is effective and enables lively debate. At the time of writing, the Company has four (4) Directors who are not Audit and Supervisory Committee Members and four (4) Directors Serving as Audit and Supervisory Committee Members (including three (3) Outside Directors). In addition, the Company has elected two (2) female Directors, as part of its endeavor to ensure the diversity of the Board of Directors.

[Principle 3.1(5)] Explanations Regarding the Election, Dismissal, and Nomination of Individual Director Candidates by the Board of Directors Based on the Above Principle 3.1(4)

The Company discloses reasons for the election and nomination of individual Director candidates in the Reference Documents in the Notice of Convocation of the General Meeting of Shareholders. For details, please refer to the Reference Documents in the Notice of Convocation of the General Meeting of Shareholders, which is provided on the Company’s website.

[Supplementary Principle 4.1(1)] Scope of Delegation to Management

In accordance with laws and regulations, within the “Board of Directors Regulations,” the Company has established the “Criteria for Agenda Items at Meetings of the Board of Directors,” in which it sets forth the details of matters to be deliberated at meetings of the Board of Directors. For other matters, the Company has clarified the scope that may be executed by management, based on the “Regulations on Official Authority and the Division of Duties.”

Specifically, the Board of Directors determines agenda items for the General Meeting of Shareholders and other important matters stipulated in the Companies Act, as well as basic management matters, such as management strategy, management plans, etc. Decisions concerning the execution of specific operations based on the details of such resolutions are delegated to the individual Directors overseeing those operations. The scope of matters that may be delegated is clearly set forth in the regulations on authority.

Furthermore, in order to ensure smooth and accurate decision-making on matters related to management, the Company has established a Management Council. Full-time Officers and managers responsible for the execution of operations attend meetings of the Management Council, and deliberate important matters related to the execution of operations, including matters to be resolved by the Board of Directors.

[Principle 4.9] Criteria for Assessing the Independence of Outside Officers

The Board of Directors has determined “Criteria for Assessing the Independence of Outside Officers,” based on the independence criteria set forth by the Tokyo Stock Exchange. The Company ensures that Outside Officers and candidates for Outside Officers satisfy the following criteria for independence that it has set forth, which it discloses in the Notice of Convocation of the General Meeting of Shareholders.

- No relative within the second degree of kinship of the Officer must be or have been an Executive Director of the Group, either currently or in the past.
- If there are any transactions between any company at which the Officer is currently an Executive or employee and the Group, the total amount thereof must not exceed 1% of the consolidated sales of the Company (excluding any professional services related to legal affairs, accounting, or taxation).
- If the Officer receives direct compensation from the Group as a specialist or consultant in legal affairs, accounting, or taxation (excluding compensation as an Officer of the Company and compensation paid to any institution or office to which the Officer belongs), the total amount thereof must not exceed five (5) million yen per year, in the most recent three (3) fiscal years.
- If an institution or office to which the Officer belongs provides professional services to the Company in relation to legal affairs, accounting, or taxation, the total amount of compensation therefor must not exceed 10 million yen per year in the most recent three (3) fiscal years.
- The Officer must not have been an Executive of any organization receiving more than 10 million yen per year in donations, etc. from the Group, in the most recent three (3) fiscal years.

[Supplementary Principle 4.11(2)] Holding of Concurrent Positions by Directors

Each year, the Company discloses important concurrent positions held by Directors and their main activities in the Notice of Convocation of the General Meeting of Shareholders, and appropriately confirms that the scope of any concurrent positions is appropriate, together with the status of the execution of roles and responsibilities within the Board of Directors.

[Supplementary Principle 4.11(3)] Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole

Each year, the Company conducts a questionnaire for each Director in relation to an evaluation of the effectiveness of the Board of Directors as a whole, and the evaluation and analysis results are reported to the Board of Directors.

In the fiscal year ended March 2021, the topics covered in the questionnaire included “matters related to the execution of the Director’s own duties,” “matters related to the effectiveness of the Board of Directors as a whole,” “matters related to the composition of the Board of Directors,” “matters related to the operation of the Board of Directors,” “matters related to deliberations at meetings of the Board of Directors,” and “matters related to support for Directors.” The evaluation and analysis reports were then reported at a meeting of the Board of Directors held in March 2021.

The evaluation showed that, compared with the previous fiscal year, there had been an improvement in areas such as the liveliness of discussions at meetings of the Board of Directors and Directors’ understanding of proposals in advance via prior explanations and the provision of information. On the other hand, it also showed that further measures should be taken to enhance the effectiveness of the Board of Directors, and as such, the Company intends to appropriately consider and implement any required measures in this area.

[Supplementary Principle 4.14(2)] Training Policies for Directors

The Company takes steps to ensure that the corporate philosophy and business strategies are shared among Directors on an ongoing

basis, including meetings to exchange information with Executive Officers and other members of the management team, as well as the attendance of Directors on occasions when the managers of business divisions are expressing their strategies.

The Company also provides information aimed at enhancing newly appointed Directors' understanding of the Company's management strategies and business environment, by creating opportunities for individual explanations of the Company's businesses, financial position, organization, etc. when these Directors are appointed.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

The President and the Officer responsible for the Corporate Planning Department engage in dialogue with institutional investors (interviews, conference calls, etc.). In addition, the Company also holds earnings briefings or streams video, etc. when first half earnings and full-year earnings are announced.

Employees responsible for IR working in the Corporate Planning Department engage in dialogue with individual investors (telephone calls, e-mails, etc.), and the Company also holds a briefing to report on recent management conditions after the conclusion of the General Meeting of Shareholders, as part of its efforts to explain the Company's management strategies and exchange opinions with individual investors. (At the 26th Annual General Meeting of Shareholders held on June 24, 2021, the Company did not hold a briefing to report on recent management conditions, and instead provided an explanation via video, as in the previous year, in consideration of the impact of COVID-19.)

The Company also actively provides information for investors on its website, in order to enhance investors' understanding of its management strategies and the business environment.

## 2. Capital Structure

Foreign Shareholding Ratio	20% or more and less than 30%
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### [Status of Major Shareholders] Update

Name / Company Name	Number of Shares Owned	Percentage (%)
Pasona Group Inc.	81,210,400	50.92
The Master Trust Bank of Japan Ltd. (Trust account)	8,901,700	5.58
Custody Bank of Japan, Ltd. (Trust account)	7,257,700	4.55
SSBTC CLIENT OMNIBUS ACCOUNT	3,890,887	2.44
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,600,000	1.63
Norio Shiraishi	2,201,600	1.38
TMAM-GO JAPAN ENGAGEMENT FUND	1,890,100	1.19
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,600,000	1.00
STATE STREET BANK AND TRUST COMPANY 505001	1,566,389	0.98
Sunnexa Group Inc.	1,388,000	0.87

Controlling Shareholder (except for Parent Company)	N/A
Parent Company	Pasona Group Inc. (listed on the Tokyo Stock Exchange) (securities code) 2168

### Supplementary Explanation

- The "Status of Major Shareholders" is reported as of March 31, 2021.
- The percentages above show the percentage of voting rights held, as calculated after excluding treasury shares (468,243 shares).
- The Company has introduced a "Japanese Employee Stock Ownership Plan (J-ESOP)" and a "Board Benefit Trust (BBT)," under which Custody Bank of Japan, Ltd. (Trust Account E) ("Trust Account E") holds 366,917 shares of the Company. The shares of the Company held by Trust Account E are not included in treasury shares.
- The number of the above shares held by trust bank companies that pertain to trust operations are as follows.  
Of the number of shares held by The Master Trust Bank of Japan Ltd. (Trust account), 8,839,700 shares pertain to trust operations.  
Of the number of shares held by Custody Bank of Japan, Ltd. (Trust account), 7,127,900 shares pertain to trust operations.
- Custody Bank of Japan, Ltd. was formed on July 27, 2020, when Japan Trustee Services Bank, Ltd. merged with JTC Holdings, Ltd. and Trust & Custody Services Bank, Ltd., and subsequently changed its name.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-end	March
Type of Business	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (Consolidated) as of the End of the Previous Fiscal Year	10.0 billion yen or more and less than 100.0 billion yen
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	10 or more and less than 50

## 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder Update

When conducting transactions, etc. with its controlling shareholder, the Company's basic policy is to apply appropriate terms for the transaction, based on transactions with third parties. The Company appropriately responds to any such transactions after the Board of Directors has completed approval procedures, in order to not harm the interests of the Company, in accordance with the Related Party Transaction Management Regulations and rules related to duty authority.

Furthermore, for important related party transactions and actions that involve a conflict of interest between one or more controlling shareholders and minority shareholders, the "Nomination and Compensation Committee," a voluntary advisory body to the Board of Directors whose members are all independent Outside Directors, first deliberates the necessity and appropriateness of the transaction, then the Board of Directors makes a decision after receiving a report and advice from the Nomination and Compensation Committee.

## 5. Other Special Circumstances which may have a Material Impact on Corporate Governance Update

The Company operates a proprietary outsourcing business with a high degree of expertise, as part of a corporate group centered on human resources-related businesses, with Pasona Group Inc. at its core. Pasona Group Inc. is the largest shareholder of the Company, and in terms

of personnel, one (1) of the Company's four (4) Directors who are not Audit and Supervisory Committee Members also serves concurrently as a Director of Pasona Group Inc. The Company has business interactions with Pasona Group Inc. in terms of Officers serving in concurrent positions, the mutual provision of services, etc., but as a listed company, the Company maintains independence when engaging in management and business activities. In addition, the procedures that the Company follows when engaging in transactions with Pasona Group Inc. are as described in the preceding item 4.

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Officers Designated from Among Outside Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k		
Nobuyasu Kubo	Other													
Toshiaki Hamada	Other													
Tomonori Fujiike	Attorney													

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past.

\* "●" when a close relative of the Director presently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past.

- a Executive of the listed company or its subsidiaries
- b Executive or Non-executive Director of the parent company of the listed company
- c Executive of a fellow subsidiary company of the listed company
- d A party whose major client or supplier is the listed company or an Executive thereof
- e Major client or supplier of the listed company or an Executive thereof
- f Consultant, accountant, or legal professional who receives a large amount of monetary compensation or other property from the listed company besides compensation as an Officer
- g Major shareholders of the listed company (or an executive of said major shareholder if the shareholder is a corporation)
- h Executive of a client or supplier of the listed company (which does not correspond to any of the categories d, e, and f above) (the Director himself/herself only)
- i Executive of an organization to which Outside Officers are mutually appointed (the Director himself/herself only)
- j Executive of an organization that receives donations from the listed company (the Director himself/herself only)
- k Other

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Nobuyasu Kubo	○	○	N/A	<p>Mr. Nobuyasu Kubo has served in positions including Deputy Governor, Hiroshima Prefecture; Director-General, Local Public Finance Bureau, the Ministry of Internal Affairs and Communications; Commissioner of the Fire and Disaster Management Agency, the Ministry of Internal Affairs and Communications; and Director, Local Authorities Satellite Communications Organization, and has experience and knowledge in the areas of local administration, regional revitalization, and risk management. As he may be expected to strengthen the decision-making, auditing, and supervisory functions of the Board of Directors from an independent perspective, based on his wealth of management experience and knowledge as a top executive of these organizations and institutions, the Company has judged that he will be able to appropriately execute his duties as Outside Director serving as an Audit and Supervisory Committee Member. In addition, Mr. Kubo satisfies the Criteria for Assessing the Independence of Outside Officers of the Company, as well as the criteria for Independent Officers that the Company is obligated to ensure by the Tokyo Stock Exchange, Inc. in order to protect the interests of shareholders in general. Accordingly, the Company has elected Mr. Kubo as an Independent Officer.</p>
Toshiaki Hamada	○	○	N/A	<p>Mr. Toshiaki Hamada has served in positions including Director General, JETRO Copenhagen, Japan External Trade Organization; Director for Fiscal Investment and Loan Appropriation, Financial Bureau, the Ministry of Finance; and Deputy Director General for Policy Evaluation, Minister's Secretariat, the Ministry of Finance, and has a deep knowledge of a broad range of matters surrounding corporate management, including politics and the economy. As he may be expected to strengthen the decision-making, auditing, and supervisory functions of the Board of Directors primarily in the process of deciding on capital allocations and investments from an independent perspective, based on his wealth of experience and knowledge, the Company has judged that he will be able to appropriately execute his duties as Outside Director serving as an Audit and Supervisory Committee Member. In addition, Mr. Hamada satisfies the Criteria for Assessing the Independence of Outside Officers of the Company, as well as the criteria for Independent Officers that the Company is obligated to ensure by the Tokyo Stock Exchange, Inc. in order to protect the interests of shareholders in general. Accordingly, the Company has elected Mr. Hamada as an Independent Officer.</p>

Tomonori Fujiike	○	○	N/A	<p>Mr. Tomonori Fujiike has a wealth of experience as an attorney, and as he may be expected to leverage the broad knowledge gained during his career to supervise management of the Company, strengthening the decision-making, auditing, and supervisory functions of the Board of Directors from an independent perspective, the Company has judged that he will be able to appropriately execute his duties as Outside Director serving as an Audit and Supervisory Committee Member. In addition, Mr. Fujiike satisfies the Criteria for Assessing the Independence of Outside Officers of the Company, as well as the criteria for Independent Officers that the Company is obligated to ensure by the Tokyo Stock Exchange, Inc. in order to protect the interests of shareholders in general. Accordingly, the Company has elected Mr. Fujiike as an Independent Officer.</p>
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## [Audit and Supervisory Committee]

### Composition of Committee Members and Attributes of the Chairperson of the Committee

	Total Number of Members	Number of Full-time Committee Members	Number of Internal Directors	Number of Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Internal Director
Appointment of Directors and Employees to Assist Audit and Supervisory Committee Members with their Duties	Not appointed				

### Reasons for Adopting the Current Structure

At present the Company has not appointed Directors or employees to assist Audit and Supervisory Committee Members with their duties on a full-time basis, but the Full-time Audit and Supervisory Committee Member coordinates with the Audit Division to effectively gather information and conduct audits. If requested by the Audit and Supervisory Committee, the Company will appoint one or more employees on a full-time basis or as part of concurrent roles. When appointing such employees, the Company will sufficiently consider the views of the Audit and Supervisory Committee with regard to the number of people and other specific details of the appointment.

### Cooperation Among the Audit and Supervisory Committee, Accounting Auditor, and Internal Audit Departments

[Update](#)

Audit and Supervisory Board Members receive explanations concerning accounting audit plans from the Accounting Auditor and consult therewith. At the same time, Audit and Supervisory Board Members also regularly receive explanations related to audits and exchange views, as part of efforts to ensure close cooperation in audit operations.

The Audit Department, which is the internal audit department of the Company, conducts audits from a completely independent standpoint of other administrative departments and operating departments, as a department that reports directly to the President. The Company has also created a system under which the Audit Department provides direct reports to the President, Audit and Supervisory Committee Members, and the Audit and Supervisory Committee concerning the status of audits and measures for improvement. Additionally, the General Manager of the Audit Department attends meetings of the Audit and Supervisory Committee, which are held each month, in principle, and he or she provides reports on the implementation status of internal audits, the results of audits, and other matters, thus ensuring a close exchange of information.

## [Voluntary Committees]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee <a href="#">Update</a>	Established
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Establishment Status of Voluntary Committee(s), Composition, and Attributes of Chairperson [Update](#)

	Committee Name	Total Number of Members	Number of Full-time Committee Members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Other	Chairperson
Voluntary Committee Corresponding to Nomination Committee	Nomination and Compensation Committee	3	0	0	3	0	0	Outside Director
Voluntary Committee Corresponding to Compensation Committee	Nomination and Compensation Committee	3	0	0	3	0	0	Outside Director

Supplementary Explanation [Update](#)

Pursuant to a resolution of the Board of Directors passed at a meeting held on May 27, 2021, the Company established the "Nomination and Compensation Committee" as a voluntary advisory body to the Board of Directors.

The objectives of the Nomination and Compensation Committee are to strengthen the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors, and enhance corporate governance by guaranteeing independence from the controlling shareholder of the Company. The Nomination and Compensation Committee deliberates matters related to the nomination, compensation, etc. of Directors and the necessity and appropriateness of related party transactions, as consulted by the Board of Directors, and the Board of Directors makes decisions on such matters after receiving reports and advice from the Nomination and Compensation Committee.

The members of the Nomination and Compensation Committee are all Independent Outside Directors who satisfy the independence criteria set forth by the Company. As of the date of submission of this Report, the Nomination and Compensation Committee consists of three (3) members (Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike).

Mr. Tomonori Fujiike serves as Chairperson of the Nomination and Compensation Committee.

## [Independent Officers]

Number of Independent Officers	3
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Other Matters relating to Independent Officers

Each Outside Director satisfies the criteria for Independent Officers based on the "Criteria for Assessing the Independence of Outside Officers" (see below) set forth by the Company and the provisions of the Tokyo Stock Exchange. As such, the Company has judged that the independence of these persons as Outside Directors has been ensured.

(The "Criteria for Assessing the Independence of Outside Officers" set forth by the Company)

- No relative within the second degree of kinship of the Officer must be or have been an Executive Director of the Group, either currently or in the past.
- If there are any transactions between any company at which the Officer is currently an Executive or employee and the Group, the total amount thereof must not exceed 1% of the consolidated sales of the Company (excluding any professional services related to legal affairs, accounting, or taxation).
- If the Officer receives direct compensation from the Group as a specialist or consultant in legal affairs, accounting, or taxation (excluding compensation as an Officer of the Company and compensation paid to any institution or office to which the Officer belongs), the total amount thereof must not exceed five (5) million yen per year, in the most recent three (3) fiscal years.
- If an institution or office to which the Officer belongs provides professional services to the Company in relation to legal affairs, accounting, or taxation, the total amount of compensation therefor must not exceed 10 million yen per year in the most recent three (3) fiscal years.
- The Officer must not have been an Executive of any organization receiving more than 10 million yen per year in donations, etc. from the Group, in the most recent three (3) fiscal years.

## [Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of Performance-linked compensation system
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Supplementary Explanation [Update](#)

The Company has established a performance-linked stock compensation system for Executive Directors, separately to fixed compensation. Performance-linked stock compensation is paid separately to the maximum amount of fixed compensation, and a resolution was passed at the 24th Annual General Meeting of Shareholders held on June 25, 2019 and the 26th Annual General Meeting of Shareholders held on June 24, 2021, to the effect that in order to enhance Directors' motivation to contribute to business performance over the mid- to long-term and enhancing corporate value, the Company will contribute up to 200 million yen to a trust for each continuous period of three (3) fiscal years, and the maximum number of points (number of shares) to be granted for each such period of three (3) fiscal years shall be 126,555 points (126,555 shares).

For performance-linked stock compensation, the Company uses consolidated ordinary income as an indicator. For each fiscal year, the Company calculates a total amount of assets to be granted (the total number of points to be granted for the relevant fiscal year) in accordance with the level of achievement of publicly announced targets, then each Director is granted points, with the allocation determined in accordance with such factors as each Directors' duties and responsibilities. Furthermore, the Company does not grant any points in the event that consolidated ordinary income has declined year on year. In principle, Directors of the Company receive delivery of the Company's shares, etc. equivalent to the number of points granted under the performance-linked stock compensation system at the time of their retirement from the position of Director.

In this system, the Company uses consolidated ordinary income as an indicator of the level of achievement of business performance targets. This is because it has judged that using ordinary income is appropriate because figures for profit and loss are a clear indicator of the level of contribution to business performance in a single fiscal year. Furthermore, in the fiscal year ended March 2021, consolidated ordinary income, the target indicator for performance-linked stock compensation, was 9,858 million yen, an increase from the previous fiscal year, when consolidated ordinary income was 8,462 million yen.

## Recipients of Stock Options

### Supplementary Explanation

## [Director Compensation]

### Disclosure of Individual Directors' Compensation

No individual disclosure

### Supplementary Explanation [Update](#)

Officer compensation for Directors of the Company in the fiscal year ended March 2021 was as follows.

• Directors (excluding Audit and Supervisory Committee Members)	3 persons	136 million yen (fixed compensation: 96 million yen / performance-linked stock compensation: 39 million yen)
• Directors (Audit and Supervisory Committee Members)	4 persons	38 million yen (fixed compensation: 38 million yen)
• Total	7 persons (including 3 Outside Officers)	174 million yen (including 23 million yen for Outside Officers)

### Policy for Determining Compensation Amounts or Calculation Methods Thereof [Update](#)

Established

### Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof

#### ① Policies for Determining the Amount of Compensation, etc. for Officers and the Calculation Method Thereof

The Company has established a policy for determining the content of compensation, etc. for individual Directors (the "Determination Policy"), and the details thereof are as follows.

#### [Compensation for Directors (excluding Directors Serving as Audit and Supervisory Committee Members)]

Compensation for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) consists of fixed compensation and performance-linked stock compensation, which is intended to enhance Directors' motivation to contribute to business performance over the mid- to long-term and enhancing corporate value.

With regard to the amount of fixed compensation for individual Directors (excluding Directors Serving as Audit and Supervisory Committee Members), first, the Director overseeing the Human Resources Division prepares a draft proposition within the total amount of compensation approved at the General Meeting of Shareholders, taking into consideration such factors as levels of compensation at listed companies in similar industries, the business performance of the Company, shareholder returns, the roles of individual Directors, and their level of contribution to the Company. Next, the President consults the "Nomination and Compensation Committee," a voluntary advisory body to the Board of Directors consisting only of Independent Outside Directors, and makes a decision after obtaining a report and advice from the Nomination and Compensation Committee.

With regard to performance-linked stock compensation for Directors (excluding Directors Serving as Audit and Supervisory Committee Members, and limited to Executive Directors), the Company has adopted a Board Benefit Trust (BBT) system within the total amount of performance-linked stock compensation approved at the General Meeting of Shareholders. Under this system, a total amount of assets to be granted (the total number of points to be granted for the relevant fiscal year) is determined in accordance with the level of achievement of the indicator, consolidated ordinary income, with the proviso that the Company will not grant any points in the event that consolidated ordinary income has declined year on year. With regard to performance-linked stock compensation for individual Directors (excluding Directors Serving as Audit and Supervisory Committee Members, and limited to Executive Directors), the Director overseeing the Human Resources Division prepares a draft proposition for the distribution of the assets to be granted, based on each Director's duties and responsibilities, and the Board of Directors consults the "Nomination and Compensation Committee," a voluntary advisory body to the Board of Directors consisting only of Independent Outside Directors, and makes a decision after obtaining a report and advice from the Nomination and Compensation Committee. In principle, performance-linked stock compensation makes up between 0% and 40% of the total amount of compensation, assuming that the criteria for the payment of performance-linked stock compensation have been met.

Furthermore, an annual amount of fixed compensation is determined, and one twelfth of this amount is paid each month, starting in July. Shares, etc. from the Board Benefit Trust (BBT) for performance-linked stock compensation are delivered to Directors at the time of their retirement from the position of Director, in principle.

#### [Compensation for Directors Serving as Audit and Supervisory Committee Members]

Compensation for Directors Serving as Audit and Supervisory Committee Members consists only of fixed compensation, in view of their position as independent from Directors engaged in the execution of business operations. Individual compensation for Directors Serving as Audit and Supervisory Committee Members is determined by discussion among Audit and Supervisory Committee Members, within the scope of the maximum amount of compensation approved at the General Meeting of Shareholders.

#### ② Matters Related to Resolutions at the General Meeting of Shareholders Concerning Director Compensation, etc.

At the 24th Annual General Meeting of Shareholders held on June 25, 2019, a resolution was passed that set the annual amount of fixed remuneration for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) at 200 million yen (including a maximum annual amount of 30 million yen for Outside Directors). As of the date of submission of this Report, the Company has four (4) Directors (excluding Directors Serving as Audit and Supervisory Committee Members). Additionally, at the 24th Annual General Meeting of Shareholders held on June 25, 2019, a resolution was passed to the effect that the Company would introduce a performance-linked stock compensation system for Directors (excluding Directors Serving as Audit and Supervisory Committee Members, and limited to Executive Directors), and contribute funds of up to 200 million yen over a period of three (3) fiscal years, separately to the above amount of fixed compensation. Subsequently, at the 26th Annual General Meeting of Shareholders held on June 24, 2021, a resolution was passed setting the maximum amount of points (number of shares) to be granted for each period of three (3) fiscal years at 126,555 points (126,555 shares), in addition to the aforementioned maximum amount expressed in monetary terms (no more than 200 million yen over a period of three (3) fiscal years). As of the date of submission of this Report, the Company has three (3) Directors (excluding Directors Serving as

Audit and Supervisory Committee Members, and limited to Executive Directors). Each point granted to Directors equates to one (1) share of the Company's common stock. In the event of a stock split, gratis allotment, reverse stock split, etc. of the Company's shares, the maximum number of points and the number of points already granted, or the exchange ratio, will be reasonably adjusted in accordance with the ratio, etc. thereof.

At the 24th Annual General Meeting of Shareholders held on June 25, 2019, a resolution was passed that set the maximum annual amount of fixed compensation for Directors Serving as Audit and Supervisory Committee Members at 50 million yen. As of the date of submission of this Report, the Company has four (4) Directors Serving as Audit and Supervisory Committee Members.

### **[Supporting System for Outside Directors]**

The Corporate Planning Department and Audit Department work together to respond appropriately to instructions, etc. from Outside Directors.

At meetings of the Audit and Supervisory Committee, the Full-time Audit and Supervisory Committee Member shares information with Audit and Supervisory Committee Members who are Outside Directors. Materials for meetings of the Board of Directors are distributed in advance, and the Company works to ensure that Outside Directors understand the matters to be discussed prior to meetings.

## 2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Compensation Decisions, etc. (Overview of Current Corporate Governance System) Update

### (Overview of Current Corporate Governance System)

The Company has adopted the structure of a Company with Audit and Supervisory Committee, and its main organs related to internal controls are as follows.

#### (1) Board of Directors

As an organ for making decisions related to the execution of business operations, the Board of Directors discusses and makes decisions concerning important management matters, in addition to supervising the execution of business operations by Directors. As of the date of submission of this Report, the Company has four (4) Directors who are not Audit and Supervisory Committee Members, and four (4) Directors Serving as Audit and Supervisory Committee Members.

Of the four (4) Directors who are not Audit and Supervisory Committee Members, two (2) are male and two (2) are female, while all four (4) of the Directors Serving as Audit and Supervisory Committee Members are male.

Three (3) out of four (4) Directors Serving as Audit and Supervisory Committee Members satisfy the independence criteria set forth by the Company, thus strengthening the monitoring function of the Board of Directors by ensuring that over one third of the members of the Board of Directors are Independent Outside Directors.

The President serves as Chairperson of the Board of Directors.

The Board of Directors met 13 times during the fiscal year ended March 2021, and all Directors attended 100% of the meetings.

#### (2) Audit and Supervisory Committee

The Audit and Supervisory Committee audits matters such as the execution of duties by Directors, cooperates with the Accounting Auditor and Internal Audit Departments, and endeavors to ensure that effective audits are conducted. As of the date of submission of this Report, the Audit and Supervisory Committee consists of one (1) Full-time Audit and Supervisory Committee Member and three (3) Outside Directors Serving as Audit and Supervisory Committee Members. Furthermore, the Company has designated all three (3) Outside Directors as Independent Officers.

The Full-time Audit and Supervisory Committee Member serves as Chairperson of the Audit and Supervisory Committee.

The Audit and Supervisory Committee met 13 times during the fiscal year ended March 2021, and all Audit and Supervisory Committee Members attended 100% of the meetings.

#### (3) Nomination and Compensation Committee

The objectives of the Nomination and Compensation Committee are to strengthen the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors, and enhance corporate governance by guaranteeing independence from the controlling shareholder of the Company. The Nomination and Compensation Committee deliberates matters related to the nomination, compensation, etc. of Directors and the necessity and appropriateness of related party transactions, as consulted by the Board of Directors, and the Board of Directors makes decisions on such matters after receiving reports and advice from the Nomination and Compensation Committee.

The members of the Nomination and Compensation Committee are all Independent Outside Directors who satisfy the independence criteria set forth by the Company. As of the date of submission of this Report, the Nomination and Compensation Committee consists of three (3) members (Mr. Nobuyasu Kubo, Mr. Toshiaki Hamada, and Mr. Tomonori Fujiike).

Mr. Tomonori Fujiike serves as Chairperson of the Nomination and Compensation Committee.

#### (4) Management Council

The Management Council meets every week, in principle, in order to ensure prompt and efficient decision-making on important matters that affect the Company as a whole, and engage in deliberation, reporting, etc. of agenda items for meetings of the Board of Directors. As of the date of submission of this Report, the Management Council consisted of four (4) Full-time Directors and seven (7) Executive Officers with Special Titles.

The President serves as Chairperson of the Management Council.

#### (Audits by the Audit and Supervisory Committee)

The Audit and Supervisory Committee of the Company consists of four (4) members, of whom one (1) is a Full-time Audit and Supervisory Committee Member and three (3) are Outside Directors Serving as Audit and Supervisory Committee Members.

The Audit and Supervisory Committee primarily considers such matters as the formulation of audit policies and plans, the execution of business operations by Directors, Executive Officers, etc., the development and operation of internal control systems, and its assessment of the Accounting Auditor. In addition, the Audit and Supervisory Committee and the President also hold meetings to exchange views, as appropriate, in relation to such matters as the current status of the Company's businesses and future management strategies.

The Full-time Audit and Supervisory Committee Member monitors all aspects of the execution of business operations through audit activities such as attending meetings of the Management Council, the Compliance Committee, and other important meetings, interviews with Directors, employees, etc. concerning their execution of duties, reviewing of important documents, forms, etc., and regular meetings with the Audit Department.

Outside Directors Serving as Audit and Supervisory Committee Members attend meetings of the Audit and Supervisory Committee, the Board of Directors, and other important meetings, and provide their views from an independent and objective standpoint, based on their abundant experience and specialist point of view.

#### (Internal Audits)

In accordance with the Internal Audit Regulations, the Audit Department, which consists of four (4) members and reports directly to the President, conducts audits of internal divisions, operational activities at affiliates, and the operational status of the Company's different systems, in view of the Company's management objectives. In addition, the Audit Department also verifies and evaluates compliance with management policies, various regulations, and other operational systems and standards, as well as the appropriateness and efficiency of operational activities and administration, and conducts internal audits aimed at improving operations and enhancing the efficiency of management through directions, advice, and recommendations. The Audit Department also checks the status of the creation and operation of internal control systems.

#### (Accounting Auditor)

(1) Name of Audit Corporation  
Deloitte Touche Tohmatsu LLC

(2) Period of Continuous Service as Auditor  
14 years

(3) Names of Certified Public Accountants Performing Duties

Designated Limited Liability Partners and Executive Partners: Mr. Takuya Nagashima, Mr. Koji Kusano

(Note) As the number of years of continuous audit service is seven (7) years or less for each person, this information has been omitted.

(4) Persons Assisting with Audit Operations, etc.

Certified Public Accountants: 7, Others: 8

(Note) Others refers to persons who have passed the Certified Public Accountant exams, associates in charge of system audits, etc.

### 3. Reasons for Adoption of Current Corporate Governance System Update

The Company has adopted the governance structure of a Company with Audit and Supervisory Committee in order to strengthen the auditing and supervisory functions of the Board of Directors and thereby further enhance the effectiveness of corporate governance, and enhance the efficiency of management by promoting prompt decision-making via the delegation of authority to Executive Directors.

For its Outside Directors, the Company has appointed persons with knowledge in areas such as legal affairs and compliance, investing and the distribution of funds, risk management, and the management of corporations and other organizations, based on the precondition that each Outside Director is possessed of excellent character and insight. In addition, the Company also believes that its Outside Directors may be expected to strengthen the decision-making function of the Board of Directors and its audit and supervisory functions from an independent, objective, and neutral viewpoint, based on the experience and insight they have developed thus far.



## /// Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize General Meetings of Shareholders and Ensure the Smooth Exercise of Voting Rights

Update

	Supplementary Explanation
Exercise of Voting Rights via Electromagnetic Means	The exercise of voting rights via the Internet, etc. is possible.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in an electronic voting platform for institutional investors.
Provision of Convocation Notice in English (Summary)	The Company offers an English translation of important information related to the exercise of voting rights, which it provides on TDnet and the Company's website.
Other	When holding a General Meeting of Shareholders, the Company ensures widespread awareness among shareholders by sending individual shareholders Convocation Notices and disclosing resolutions passed and the results of the exercise of voting rights on its website. In addition, the Company also holds a briefing to report on recent management conditions for shareholders after the conclusion of the General Meeting of Shareholders, as part of its efforts to explain management strategies and exchange opinions with shareholders. (At the 26th Annual General Meeting of Shareholders held on June 24, 2021, the Company did not hold a briefing to report on recent management conditions, and instead provided an explanation via video, as in the previous year, in consideration of the impact of COVID-19.)

### 2. IR Activities

	Supplementary Explanation	Explanation by Representative
Regular Briefings for Analysts and Institutional Investors	The Company holds briefings or streams video, etc. when first half earnings and full-year earnings are announced.	Provided
Posting of IR Materials on Website	The Company posts summaries of financial results, results briefing materials, various types of press releases, and other materials.	
Establishment of Department and/or Manager in Charge of IR	Established within the Corporate Planning Department.	

### 3. Measures to Ensure Due Respect for Stakeholders

Update

	Supplementary Explanation
Provisions to Ensure Due Respect for Stakeholders in Internal Rules, etc.	The Company's corporate philosophy is "Connect people and companies, aim to create new value, and contribute to fulfilling lifestyles and social development by creating the concept of service distribution."
Formulation of Policies, etc. Related to the Provision of Information to Stakeholders	The Company actively discloses management information and releases information on the introduction of new customer services on its website.

## Other

### < Promotion of Work-Life Balance and Diversity >

The Company has developed an environment that enables each and every employee to maintain a balance in their life, regardless of their stage of life, including working and raising children as well as caring for relatives, and fully demonstrate their abilities. In order to ensure that employees can enjoy a variety of work styles and develop an environment that is comfortable for working in, the Company has introduced systems that encourages employees to take paid leave, such as anniversary leave, while also promoting greater operational efficiency and reducing working hours through the promotion of a unique type of work style reform (NeoWorks).

The Company has also established a wide variety of systems aimed at further promoting diversity, including systems for "shortened working hours" and "working from home," as well as the distribution of handbooks with information on the process from maternity leave to an employee's return to work and a "return to work program (wiwiw)," as a means of supporting employees during childcare leave.

Furthermore, the Company has also formulated and implemented a variety of action plans to become a company that contributes to support for raising the next generation. As such, the Company has received "Kurumin" certification as a company that supports raising children.

- Proportion of female Officers: 25% (at the time of submission)
- Proportion of female managers among all managerial positions: Approximately 40%
- Proportion of female employees: Approximately 65%
- Rate of returning to work among female employees after giving birth: Approximately 87%

The Company provides information on work-life balance initiatives on its website.  
<https://corp.benefit-one.co.jp/work-style/worklifebalance/> (Japanese only)

### < Health Management >

In accordance with its "Health Management Declaration," the Company has introduced various systems to develop an environment where employees can enjoy peace of mind as they work, and maintain a healthy body and mind as they continue to tackle a wide variety of new challenges with passion and enthusiasm. The Company has introduced a "Health Portal" in order to enhance employees' health literacy, and it also distributes information related to health and manages the results of health check-ups based on employees' ages. In addition, the Company has also introduced "Health Points" as a system to support the promotion of better health for all employees. The Company implements initiatives to ensure that employees can enjoy themselves while taking care of their health, such as walking challenges and a lifestyle habit challenge where employees check their daily lifestyle habits.

As a result of these initiatives, in March 2021, the Company was selected as an outstanding enterprise in the area of "health and productivity management" for 2021 under a scheme jointly organized by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. This marks the Company's second time since FY2018 being recognized as an outstanding enterprise in this area.

In future, the Company intends to continue to ensure that each and every employee can actively and enthusiastically participate while maintaining their health by developing support for employees' health. At the same time, the Company intends to create a healthy and bright society through its businesses by supporting working people.

The Company provides information on health management initiatives on its website.  
<https://corp.benefit-one.co.jp/work-style/kenkokeiei/>

## **IV Matters Related to Internal Control Systems, etc.**

### **1. Basic Views on Internal Control Systems and the Progress of System Development**

#### **(1) Basic Views on Internal Control Systems**

The Company understands that as part of its aim to ensure sound corporate management, it is essential that it develops and enhances internal control systems and ensures the effectiveness of their operation. As such, the Company has formulated a Group Code of Conduct aimed at promoting efficient and legal business activities, while taking into consideration the unique characteristics of the Company's businesses and any associated risks. The Company endeavors to foster a sound corporate culture with systems for developing human resources and supervising the execution of operations based on the Code of Conduct.

#### **(2) Development and Operation of Internal Control Systems**

① Systems to Ensure the Execution of Duties by Directors of the Company and its Subsidiaries Complies with Laws and Regulations, as well as the Articles of Incorporation

[Systems]

1) The Company has established a Compliance Manual and Code of Conduct for Group Officers and employees, and conducts compliance training for all Officers and employees each year, as part of efforts to prevent any violation of laws and regulations or the Articles of Incorporation.

2) The Board of Directors and Management Council deliberate matters related to the execution of business operations before making decisions. In addition, agenda items for these meetings are appropriately added in accordance with regulations that set forth the matters that may be added to the agenda.

3) The Company strengthens the mutual monitoring and supervisory function of Directors by electing Outside Directors with not special interests with the Company.

[Development and Operation]

1) The Company revises the Compliance Manual as appropriate based on changes to laws and regulations and its businesses. The Company also works to ensure widespread awareness of the Compliance Manual by making it available for all Officers and employees to view at any time on its internal website. In addition, the Company also holds compliance training for all Officers and employees once a year.

2) The Company ensures the appropriate operation of internal control systems in accordance with the provisions of the Board of Directors Regulations, Organization Regulations, and the Detailed Regulations for Management Council Operation.

3) The Company has elected three (3) Outside Directors with no special interests with the Company, who engage in discussion from a variety of viewpoints, including ethics and legality, at meetings of the Audit and Supervisory Committee and the Board of Directors.

② Systems Concerning the Storage and Management of Information Pertaining to the Execution of Duties by Directors

[Systems]

Each responsible department appropriately records, stores, and manages information related to the execution of duties by Directors, in accordance with related laws and regulations.

[Development and Operation]

The Company has developed systems as described in the above ② [Systems], and it operates those systems accordingly.

③ Regulations and Other Systems Related to Managing the Risk of Loss

[Systems]

1) As part of the Company's systems for managing risk, it has clearly defined the department responsible for risk management in accordance with the Basic Risk Management Regulations, and has established a Risk Management Committee chaired by an Officer. In this way, the Company takes steps to prevent crises that materially affect management and minimize harm in the event that such a crisis occurs. In addition, the Company also manages risk at subsidiaries by entering into business management agreements with subsidiaries, in accordance with the Associated Company Management Regulations, and stipulating matters about which it must be consulted in advance. At the same time, the Company also ensures that if any important events occur or are expected to occur, information to that effect will be promptly reported to the Company, thereby ensuring that the Company manages risk in an integrated manner.

2) In principle, the Company holds weekly meetings of the Management Council, which are attended by Full-time Officers and Executive Officers with Special Titles, thus endeavoring to quickly identify and promptly respond to circumstances surrounding the execution of business operations. Furthermore, the Management Council reports any such important circumstances to the Board of Directors.

3) The Audit Department conducts audits of the effectiveness of internal controls.

[Development and Operation]

1) As described in the above ③ [Systems] 1), the Company manages risk in accordance with the Basic Risk Management Regulations and the Associated Company Management Regulations.

2) In principle, the Management Council meets every week to receive reports on the execution of business operations from persons responsible for the execution of business operations and provide a quick response, while also reporting any important related matters to the Board of Directors.

3) The Audit Department audits the effectiveness of internal controls and reports the results to the Board of Directors.

④ Systems for Ensuring that Directors of the Company and its Subsidiaries Execute their Duties Efficiently

[Systems]

1) In the Board of Directors Regulations, the Company clearly stipulates matters to be reported to and resolved by the Board of Directors. In addition, the Company also clarifies approval authorities in the Regulations on Official Authority and the Division of Duties.

2) The Company enters into business management agreements with its subsidiaries, based on the Associated Company Management Regulations, and also stipulates matters about which it must be consulted in advance. In addition, the Company also ensures that if any important events occur or are expected to occur, information to that effect will be promptly reported to the Company.

3) In principle, the Company holds weekly meetings of the Management Council, which are attended by Full-time Officers and Executive Officers with Special Titles, thus endeavoring to quickly identify and promptly respond to circumstances surrounding the execution of business operations. Furthermore, the Management Council reports any such important circumstances to the Board of Directors.

[Development and Operation]

1) Systems for ensuring that Directors of the Company and its subsidiaries execute their duties efficiently are operated in accordance with the Board of Directors Regulations, the Regulations on Official Authority and the Division of Duties, and related regulations. In addition, important matters are carefully deliberated, while measures are taken to enhance efficiency with prompt decision-making on matters about which authority has been delegated.

2) The Company has entered into business management agreements with each subsidiary based on the Associated Company Management Regulations . Furthermore, the Company is consulted in advance on decisions made by the organs of subsidiaries and it thus maintains an understanding of management conditions at subsidiaries, with the Corporate Planning Department taking overall responsibility for supervising subsidiaries.

3) The Company has developed systems as described in the above ④ [Systems] 3), and it operates those systems accordingly.

⑤ Systems for Ensuring that the Execution of Duties by Employees of the Company and the Directors, etc. and Employees of Subsidiaries Complies with Laws and Regulations as well as the Articles of Incorporation  
[Systems]

1) The Company has established a Compliance Manual and Code of Conduct for Group Officers and employees, and conducts compliance training for all Officers and employees each year, as part of efforts to prevent any violation of laws and regulations or the Articles of Incorporation.

2) The Company has established a Compliance Committee as a standing committee that deliberates important matters related to compliance at the Company and its subsidiaries, and makes decisions on matters pertaining to measures to spread awareness within the Company and educate employees, etc.

3) The Audit Department, which reports directly to the President, audits whether the business operations of the Company and its subsidiaries comply with laws and regulations, based on the Internal Audit Regulations.

4) Based on the Compliance Hotline Regulations, the Company operates an internal reporting system, thereby preventing or ending violations of laws and regulations within the Group, violations of internal regulations, violations of ethics, etc., and thus ensuring the soundness and legality of the management of the Group as an organization.

[Development and Operation]

1) The Company implements revisions to the Compliance Manual as appropriate based on changes to laws and regulations and its businesses. The Company also works to ensure widespread awareness of the Compliance Manual by making it available for all Officers and employees to view at any time on its internal website. In addition, the Company also holds compliance training for all Officers and employees once a year.

2) In principle, the Compliance Committee meets once a month to deliberate important matters related to compliance at the Company and subsidiaries, and make decisions on matters such as measures to enhance awareness within the Company.

3) The Company has organized systems as described in the above ⑤ [Systems] 3), and it operates those systems accordingly.

4) In addition to responsible departments within the Company, a system is also in place for an external attorney's office to take reports from the internal reporting hotline. The Company also takes steps to ensure the effective utilization of this system by placing a notification that all Officers and employees can see at any time on its internal website, and spreading awareness of where to make reports via compliance training and other means.

⑥ Systems to Ensure the Appropriateness of Operations of the Corporate Group Consisting of the Company and its Subsidiaries  
[Systems]

In addition to the matters described in the above items ① through ⑤, the Company also maintains an understanding of management conditions at subsidiaries and ensures their business operations are being appropriately managed by dispatching Directors and Audit & Supervisory Board Members from the Company, and having them attend meetings of the Board of Directors of the subsidiary and, in the case of Audit & Supervisory Board Members, conduct audits.

[Development and Operation]

The Company has developed systems as described in the above ⑥ [Systems], and it operates those systems accordingly.

⑦ Matters Related to Directors and Employees Assisting Audit and Supervisory Committee Members with their Duties  
[Systems]

1) The Full-time Audit and Supervisory Committee Member cooperates with the Audit Department to ensure effective information gathering and audits.

2) If requested by the Audit and Supervisory Committee, the Company will appoint one or more employees on a full-time basis or as part of concurrent roles. When appointing such employees, the Company will sufficiently consider the views of the Audit and Supervisory Committee with regard to the number of people and other specific details of the appointment.

[Development and Operation]

The Company has developed systems as described in the above ⑦ [Systems], and it operates those systems accordingly.

⑧ Matters Related to Ensuring the Independence of Directors and Employees Described in the Foregoing from Other Directors (Excluding Directors Serving as Audit and Supervisory Committee Members) and the Effectiveness of Instructions Given to Such Directors and Employees by the Audit and Supervisory Committee of the Company  
[Systems]

The views of the Audit and Supervisory Committee will be sought and respected by the Board of Directors with regard to any changes of personnel concerning the Directors and employees described in the previous paragraph, as well as the employees of the Audit Department.

[Development and Operation]

The Company has developed systems as described in the above ⑧ [Systems], and it operates those systems accordingly.

⑨ Systems for Reports to the Audit and Supervisory Committee of the Company by Directors (Excluding Directors Serving as Audit and Supervisory Committee Members) and Employees of the Company and Directors, etc., Audit & Supervisory Board Members, and Employees, etc. of Subsidiaries, and Systems to Ensure that Persons Making Such a Report are Not Treated Unfavorably for Having Made the Report  
[Systems]

1) The Full-time Audit and Supervisory Committee Member attends meetings of the Management Committee held every week, in principle, and Directors and employees of the Company provide reports to the Audit and Supervisory Committee concerning important business matters, including management conditions at the Company and subsidiaries, financial conditions, matters related to compliance, and matters related to internal controls. In addition, managers responsible for each business division regularly attend meetings of the Audit and Supervisory Committee and provide reports on the execution of business operations and important business matters. In addition, the President and other Executive Directors engage in discussions with the Audit and Supervisory Committee as appropriate, and provide the Committee with the necessary management information and sales information.

2) Based on the Compliance Hotline Regulations, the Company operates an internal reporting system, thereby preventing or ending violations of laws and regulations within the Group, violations of internal regulations, violations of ethics, etc., and thus ensuring the soundness and legality of the management of the Group as an organization.

In the same regulations, it is also stipulated that persons making internal reports must not be treated unfavorably for the reason of having made the internal report.

[Development and Operation]

The Company has developed systems as described in the above ⑨ [Systems], and it operates those systems accordingly.

⑩ Policies Related to Procedures for the Advance Payment or Repayment of Expenses Incurred in the Execution of Duties by Audit and Supervisory Committee Members (Limited to those Related to the Execution of Duties for the Audit and Supervisory Committee) and the Processing of Other Expenses or Obligations Incurred in the Execution of these Duties, and Other Systems to Ensure Effective Audits by the Audit and Supervisory Committee

[Systems]

1) The Company appropriately performs procedures for the advance payment or repayment of expenses incurred in the execution of duties by Audit and Supervisory Committee Members, as well as the processing of other expenses (limited to those related to the execution of duties for the Audit and Supervisory Committee) or obligations incurred in the execution of these duties, based on requests from Audit and Supervisory Committee Members.

2) The Company ensures that effective audits are conducted based on the Audit and Supervisory Committee Regulations and Audit and Supervisory Committee Audit and Supervisory Standards.

Additionally, relationships based on close cooperation are also in place, such as the General Manager of the Audit Department providing regular reports to the Audit and Supervisory Committee, while the Audit and Supervisory Committee also engages in regular discussions with the Accounting Auditor, thereby ensuring that its duties are executed efficiently and effectively.

[Development and Operation]

The Company has developed systems as described in the above ⑩ [Systems], and it operates those systems accordingly.

## 2. Basic Views on Eliminating Anti-Social Forces and the Development of Related Measures

### (1) Basic Views on Eliminating Anti-Social Forces

The Company and its subsidiaries take a resolute stance toward anti-social forces, and its basic policy is to eliminate any relationships with anti-social forces. As such, the Company has established the Regulations on the Antisocial Forces Policy, and established specific guidelines in the Compliance Manual.

### (2) Development of Measures to Eliminate Anti-Social Forces

The Company has developed systems as described above, and it operates those systems accordingly. In addition, the Company also provides notice of these measures for all Officers and employees to view at any time on its internal website, and works to ensure widespread awareness of them through compliance training and other means. The Company makes it a practice to cooperate with specialist external institutions, collect and manage information related to anti-social forces, and develop and maintain related internal systems.

## **V** Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation

N/A

### 2. Other Matters Related to Corporate Governance Systems, etc.

The Company aims to continue creating strong relationships with shareholders, customers and suppliers, local communities, employees, and other stakeholders, while also enhancing corporate governance through the further strengthening, improvement, and development of functions and systems set forth in laws and regulations, such as the General Meeting of Shareholders, Board of Directors, Audit and Supervisory Committee, and Accounting Auditor.

In addition, information related to the Company's internal systems for the timely disclosure of corporate information are as follows.

#### 1. Systems for the Timely Disclosure of Important Corporate Information

The Company has appointed the Corporate Planning Department, which unifies and manages business information, as the department responsible for timely information disclosure, and enables the prompt and accurate disclosure of information through close cooperation between this department and the Finance and Accounting Department, which handles the closing of accounts and the preparing of annual securities reports.

#### 2. Consolidation and Control of Internal Information

The Company has established systems to ensure the communication of information between the Officers responsible, the Vice-President, and the President in the event of emergency, in accordance with the importance of the information. In addition, the Company has also created a system for the regular consolidation of information internally.

First, the Management Council, which consists of Full-time Directors and Executive Officers with Special Titles, meets once a week, in principle, thereby ensuring that a system is in place to quickly identify any important information.

(Secretariat: Corporate Planning Department)

Second, in regard to the holding of meetings of the Board of Directors and its resolutions, the Officer responsible for information disclosure collects and manages information related to proposals in a unified manner and takes responsibility for its disclosure, as part of the Company's efforts to ensure effective disclosure, together with the consolidation of information from the Company as a whole.

(Secretariat: General Affairs Department)

#### 3. Appropriate Sharing and Disclosure of Information

The Corporate Planning Department checks whether or not information should be subject to timely disclosure, confirming with securities exchanges as required by the circumstances. When information should be subject to timely disclosure, the Company coordinates with securities exchanges to disclose it in an appropriate manner.

The Company believes that it is important to always have a clear understanding of disclosure standards and maintain a strong stance of proactive information disclosure as a company, and it intends to continue its endeavors in this area in future.

# Corporate Governance Structure

