

The corporate governance of Solasto Corporation (the “Company”) is described below.

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

### 1. Basic Views Update

Solasto views corporate governance as a framework for ensuring corporate management that is rapid and effective, stable and fair, and highly transparent. Through the creation and implementation of this framework, we are able to uphold our Corporate Philosophy thus enabling us to continuously improve our corporate value.

Based on this view, we established the Solasto Corporate Governance Policy, a framework and guidelines for corporate governance, at the Board of Directors meeting held on June 30, 2016 (Revised on June 27, 2022). We will use this framework to promote initiatives and strive to continuously improve our corporate governance.

#### Solasto Corporate Governance Policy

<https://www.solasto.co.jp/ir/en/corporate/governance.html>

#### Corporate Philosophy

## People. Technology. Supporting comfortable living and energetic communities

The Solasto Group supports the energetic smiles of our customers by combining the advanced expertise and superior teamwork of our employees with the innovative and flexible use of technology to provide medical, elderly care, child care, and education services suited to the local communities we serve.

We are equally committed to the realization of a society that provides peace of mind, happiness, and well-being to each of our employees.

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code] Update

[Supplemental Principle 3.1.3 Disclosures Concerning Sustainability Initiatives]

We indicate information concerning our sustainability initiatives in “3.3 Measures to Ensure Due Respect for Stakeholders” of this report. The Company plans to disclose the impact of climate change-related risks and opportunities on its own business activities, performance, etc. by the end of June 2023, in accordance with the TCFD framework.

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

[Principle 1.4 Cross-Shareholdings]

We do not retain listed stocks for the purpose of strategic shareholding.

[Principle 1.7 Related Party Transactions]

When conducting transactions with executives or major shareholders (transactions between related parties), we consult Outside Directors as well as attorneys and other third parties as necessary, after which the Board of Directors deliberates and decides on the necessity of the transaction and the adequacy of the details and conditions of the transaction.

[Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]

<Approach to securing diversity>

We position the promotion of diversity management as a core part of our human resources strategy, and outlined a Diversity Policy in 2020.

We promote diversity through the following six core policies. These policies help ensure that our nearly 30,000 employees respect the diversity and individuality of all others, regardless of race, age, gender, self-identification, sexual orientation, or disability, and provide an environment that allows all employees to participate in the workplace while reflecting their individuality and individual appeal.

- Promoting women's workplace advancement
- Supporting work-life balance
- Promoting employment for persons with disabilities
- Opportunities for the elderly
- Accepting foreign workers
- Promoting understanding of sexual minorities

Details are outlined in our Diversity Policy and the six pillars of diversity (please refer to "3.3 Measures to Ensure Due Respect for Stakeholders").

<Utilization of mid-career hiring>

Mid-career hiring represents over 90% of our annual hiring. Similarly, mid-career hires represent over 90% of our management personnel. The Solasto Group relies on personnel with a diverse range of knowledge and experience in other industries, each applying their respective strengths regardless of age, gender, or nationality, to aggressively engage in our business activities, responsibilities, and goals.

We will continue to promote diversity as a driving force that supports our sustainable growth, and we will continue to secure and utilize a diverse range of human resources.

<Status of diversity progress, Solasto's unique and measurable goals for securing diversity>

We disclose information concerning our diversity initiatives on our website.

(<https://www.solasto.co.jp/ir/en/sustainability/hizaimu.html>)

<Advancement of female employees>

Our current female rate in management positions is 46.2%(as of December 31, 2020), higher than industry averages. However, we emphasize the importance of further promoting women's advancement in the workplace, we have set a target of raising the rate to 60% by March 2024.

<Status of human resource development policy and workplace environment development policy for securing diversity>

We focus on the workstyles and career development of our human resources, particularly our female employees. As specific measures, we established a career center for supporting women's careers, we promote the hiring of female managers, we have reduced total work hours to promote work-life balance, we created a reduced-time work system that exceeds mandated standards, and we abolished the dependent allowance that serves to foster the gender wage gap.

In 2020, we also created our Diversity Policy as part of efforts to promote comfortable workplace environment for all employees by promoting measures that include advancement for the women who make up 90% of our workforce as well as by providing support for sexual minorities. Specifically, we adopted a special leave system for same-sex partners, fertility treatment, and sex reassignment surgery.

We have received external evaluations and certifications for our efforts. We obtained the Kurumin Mark (2008, 2011, and 2015), which is governed by the Act on Advancement of Measures to Support Raising Next-Generation Children. In May 2021, we also earned 3-Star Eruboshi Certification (highest rating), which recognizes companies for their excellence in initiatives related to promoting the advancement of women in the workplace.

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

We do not offer the fund-type or contract-type of defined benefit pension or welfare pension fund assumed under the Corporate Governance Codes.

[Principle 3.1 Full Disclosure]

- (1) Our Group drafts and publishes our Corporate Philosophy. Our Corporate Philosophy is outlined in "1.1 Basic Views" of this report. We publish our corporate strategy and management plan on our website.
- (2) We indicate our basic approach and basic policies on corporate governance in "1.1 Basic Views" of this report.
- (3) We indicate policies and procedures related to decisions on compensation for management personnel and Directors in "2.1 [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this report.

- (4) We indicate general policies and procedures concerning the selection of management personnel and the nomination of Director and Corporate Auditor candidates in “2.2 Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report.
- (5) We indicate “Reasons for Candidacy” for all Directors and Corporate Auditor candidates in each of the nomination proposals indicated in the Convocation Notice of the 51st Ordinary General Meeting of Shareholders (reference materials), the Convocation Notice of the 52nd Ordinary General Meeting of Shareholders (reference materials), and the Convocation Notice of the 54th Ordinary General Meeting of Shareholders (reference materials).

[Supplemental Principle 4.1.1 Scope of Delegation to Management]

In our Board of Directors Regulations, we clearly outline the matters to be decided or voted on by the Board of Directors. In the Board of Directors Regulations, matters to be decided or voted on by the Board of Directors are defined as matters stipulated by law and our Articles of Incorporation as well as the approval of or changes to general corporate policy, annual and monthly budgets, personnel plans, medium- and long-term management plans, matters concerning our organization and human resources, and other important matters concerning business execution. To promote rapid decisions on matters concerning business execution, other matters are consigned to personnel below the company president in accordance with our organization regulations and work authority regulations.

[Supplemental Principle 4.9 Independent Standards and Qualification for Independent Outside Directors]

Matters concerning the criteria used to judge the independence of Outside Directors are as outlined in “2.1 [Independent Directors/Corporate Auditors] Matters Relating to Independent Directors/Corporate Auditors” of this report.

[Supplemental Principle 4.10.1 Establishment of Advisory Committee Mainly Comprised of Independent Outside Directors]

We have established a Nomination, Evaluation, and Compensation Committee (CEO and four Outside Directors (of which, three are Independent Outside Directors)). Majority of the Committee members are Independent Outside Directors and the Committee is chaired by an Outside Director. We indicate information concerning the establishment of advisory committees in “2.1 [Directors] Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee” of this report.

[Supplemental Principle 4.11.1 View on the Appropriate Balance between Knowledge, Experience and Skills of the Board as a Whole, and also on Diversity and Appropriate Board Size]

Our approach concerning the balance, diversity, and scope of the Board of Directors is outlined in “2.2 Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)” of this report. Also, our Independent Outside Directors include persons with management experience at other companies. A skills matrix outlining knowledge, experience, and skills of the Directors is provided in “5.2 Other Matters Concerning the Corporate Governance System [Skills Matrix]” of this report.

[Supplemental Principle 4.11.2 Status of Directors/Corporate Auditors with Concurrent Posts]

No Directors other than Outside Directors or Outside Corporate Auditors serve concurrent positions at other listed companies. Information concerning important concurrent posts held by Outside Directors or Outside Corporate Auditors is indicated in “2.1 [Directors] Outside Directors’ Relationship with the Company (2)” and “2.1 [Corporate Auditors] Outside Corporate Auditors’ Relationship with the Company (2)” of this report.

[Supplemental Principle 4.11.3 Analyzing and Evaluating the Effectiveness of the Board of Directors as a Whole]

We have conducted an evaluation of the effectiveness of our Board of Directors. Methods and a summary of the evaluation of the effectiveness conducted in 2021 is disclosed on our website.  
(<https://ssl4.eir-parts.net/doc/6197/announcement3/78948/00.pdf>)

[Supplemental Principle 4.14.2 Training Policy for Directors and Corporate Auditors]

We provide Directors, Corporate Auditors, and Corporate Officers with relevant recommendations for participation in external seminars and membership with external organizations to promote self-enlightenment by adopting new thinking and interacting with frontline information. The Company covers related expenses in accordance with our internal regulations.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

On our website, we indicate our policies evaluated and approved by the Board of Directors on developing structures and implementing initiatives to promote constructive dialogue with shareholders.  
(Basic Policy on Investor Relations: [https://www.solasto.co.jp/ir/en/basic\\_policy.html](https://www.solasto.co.jp/ir/en/basic_policy.html))

## 2. Capital Structure

Foreign Shareholding Ratio

From 20% to less than 30%

**[Status of Major Shareholders]** Update

Name / Company Name	Number of Shares Owned	Percentage (%)
Daito Trust Construction Co., Ltd.	31,805,100	33.63
The Master Trust Bank of Japan (Trust Account)	10,555,800	11.16
TOHO HOLDINGS CO., LTD.	4,709,500	4.98
Custody Bank of Japan, Ltd. (Trust Account)	4,643,100	4.91
J.P. MORGAN BANK LUXEMBOURG S.A. 381572	3,645,200	3.85
JP MORGAN CHASE BANK 385174	3,170,300	3.35
STATE STREET BANK AND TRUST COMPANY 505038	2,589,100	2.74
INFOCOM CORPORATION	2,545,200	2.69
JP MORGAN CHASE BANK 385632	1,696,531	1.79
Solasto Employee Shareholding Association	1,657,018	1.75

Controlling Shareholder (except for Parent Company)	—
Parent Company	—

Supplementary Explanation

**3. Corporate Attributes**

Listed Stock Market and Market Section <span style="background-color: orange; color: white; padding: 2px;">Update</span>	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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

One Outside Director (Mr. Kanitsu Uchida) has been appointed from Daito Trust Construction Co., Ltd., which owns 33.63% of outstanding shares of the Company. However, the Company is not restricted by Daito Trust Construction Co., Ltd. in terms of its business activities and management decisions and it does not hold a majority of the Board of Directors of the Company. The Company recognizes that its independence is secured.

**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 Board of Corporate Auditors
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**[Directors]**

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors <span style="background-color: orange; color: white; padding: 2px;">Update</span>	9
Appointment of Outside Directors	Appointed
Number of Outside Directors <span style="background-color: orange; color: white; padding: 2px;">Update</span>	5
Number of Independent Outside Directors <span style="background-color: orange; color: white; padding: 2px;">Update</span>	3

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

Update

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yukio Kubota (Mr.)	From another company							△				
Kenji Chishiki (Mr.)	From another company											
Toru Noda (Mr.)	From another company											
Miki Mitsunari (Ms.)	From another company											
Kanitsu Uchida (Mr.)	From another company							○				

\* 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

- Executive of the Company or its subsidiaries
- Non-executive Director or executive of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the listed company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)
- Executive of a company, between which and the Company Outside Directors are mutually appointed (the Director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)
- Others

## Outside Directors' Relationship with the Company (2)

Update

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukio Kubota		(Significant concurrent positions outside the Company) Outside Director of KOEI DREAMWORKS Co., Ltd	Mr. Kubota has a wealth of experience and extensive knowledge as the Director including Representative Director among plural companies. Therefore, the Company has appointed him as an Outside Director with expectation that he will use this experience to supervise and support management toward improving our corporate value.
Kenji Chishiki	○	(Significant concurrent positions outside the Company) Outside Director and Audit & Supervisory Committee Member of SHIFT Inc. Outside Director of Ishii Food CO., Ltd. Director and Vice President of ONWARD HOLDINGS CO., LTD	Mr. Chishiki has served as a Representative Director in a number of companies, as well as has a wealth of experience serving as an Outside Director. The Company has appointed him as an Outside Director because he has a wide range of knowledge and experience in personnel development, organizational management including corporate culture, and the establishment and strengthening of management foundations, with the expectation he will provide useful advices to the Company. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated him as an Independent Officer.

Toru Noda	○	<p>(Significant concurrent positions outside the Company)  Director of Sofffront Holdings, Inc.  Director of Sofffront Japan  Professor of Organizational Management Area of Graduate School of Business Sciences at University of Tsukuba  Visiting Professor, Department of International Business at Meiji Gakuin University</p>	<p>Mr. Noda has served as a representative director of several companies and has deep insights and experience in the areas of DX, AI, RPA and data science. The Company has appointed him as an Outside Director with the expectation that he will provide extremely useful advices for the Company in its efforts to integrate human resources, IT and digital technologies in the medical and elderly care fields. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated him as an Independent Officer.</p>
Miki Mitsunari	○	<p>(Significant concurrent positions outside the Company)  President of FINEV inc.  Outside Director of Funai Soken Holdings Inc.  Director of Japan Accreditation Board  Outside Director of YAMADA HOLDINGS CO., LTD.</p>	<p>Ms. Mitsunari has served as the representative director of a consulting company related to the environment, climate change, ESG, and the SDGs, and has experience serving as an outside director for multiple companies. She also possesses vast knowledge and broad perspective concerning environmental problems related to real estate. The Company has appointed her as an Outside Director with the expectation that she will provide beneficial advice as we aim to provide high-quality services based on a fusion of humans and technology, including facility monitoring services using cameras and sensors. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated her as an Independent Officer.</p>
Kanitsu Uchida		<p>(Significant concurrent positions outside the Company)  Director of Daito Trust Construction Co., Ltd.  Director of Care Partner Co., Ltd.</p>	<p>Mr. Uchida currently serves as a Director at Daito Trust Construction Co., Ltd. and has a wealth of experience and extensive insight in the planning of new business development and in the development of new technologies. The Company has appointed him as an Outside Director with the expectation that he will use this experience to supervise and support management toward improving our corporate value.</p>

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee

Established

## Committee's Name, Composition, and Attributes of Chairperson

[Update](#)

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	the Nomination, Evaluation, and Compensation Committee	the Nomination, Evaluation, and Compensation Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

## Supplementary Explanation

[Update](#)

The Company has established the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee under the Board of Directors to support the role of the Board of Directors.

The Nomination, Evaluation, and Compensation Committee, chaired by an Outside Director, proposes candidates for the president and corporate officers to the Board of Directors. In addition to setting and evaluating annual targets for corporate officers, the Committee evaluates and determines whether corporate officers' remuneration is competitive and appropriate.

**[Corporate Auditor]**

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	3

## Cooperation among Corporate Auditors, Accounting Auditors, and Internal Audit Departments

Through strengthening mutual cooperation among Corporate Auditors, Accounting Auditors and the Internal Audit Office of the Audit Department and exchanging opinions at the regular meetings, the Company strengthens the quality of audits covering all management activities.

The Corporate Auditors Office is in charge of communication and coordination with relevant departments within the Company in order to accurately provide corporate information to Outside Corporate Auditors.

According to the audit by Corporate Auditors, they perform appropriate audits by attending important meetings, visiting departments, offices and subsidiaries, exchanging opinions with Directors, and reporting on audit plans and results from Accounting Auditors. The results of these audits are reported to all divisions through the Board of Directors and the Management Committee.

The Company has concluded an audit agreement with KPMG AZSA LLC as an accounting auditor and receives an accounting audit.

Under the direction of the president, the Internal Audit Department is responsible for the internal audits, and audits the effectiveness of internal controls and the status of actual business execution for each division at the head office, all the business locations, and subsidiaries. The results of these audits are reported to the Board of Directors once every six months and to each division as necessary. In addition, Internal Audit Department holds meetings and exchanges views with the Corporate Auditors and Corporate Auditors of subsidiaries as necessary.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	2
Number of Independent Outside Corporate Auditors	2



Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	L	m
Hironori Yokote (Mr.)	CPA													
Miho Tanaka (Ms.)	Lawyer													

\* Categories for "Relationship with the Company"

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

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

- a. Executive of the Company or its subsidiary
- b. Non-executive Director or accounting advisor of the Company or its subsidiaries
- c. Non-executive Director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Corporate Auditor
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Corporate Auditor himself/herself only)
- k. Executive of a company, between which and the Company Corporate Auditor are mutually appointed (the Corporate Auditor himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the Corporate Auditor himself/herself only)
- m. Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hironori Yokote	○	(Significant concurrent positions outside the Company) Director of Hironori Yokote CPA Office Representative Partner of Miogi Audit Corporation.	He has a wealth of knowledge and experience in accounting and taxation as a certified public accountant and tax accountant. He has many years of experience of being seconded to the Listing department of the Tokyo Stock Exchange, Inc. and is well versed in the practice of listed companies. The Company has appointed him in the expectation that he will provide useful advice for further strengthening corporate governance in our company. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated him as an Independent Officer.
Miho Tanaka	○	(Significant concurrent positions outside the Company) Partner of Shiba & Tanaka Law Office Supervisory Director of Marimo Regional Revitalization REIT, Inc. Supervisory Director of JINUSHI Private REIT Investment Corporation Outside Director of Tokyo Century Corporation Outside Corporate Auditor of Pacific Porter, Inc.	As an attorney with extensive knowledge and experience in corporate legal affairs and M&A-related fields, the Company has judged that she can audit the execution of duties by Directors from an objective and fair standpoint, and has appointed her as an outside corporate auditor. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated her as an



			Independent Officer.
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[ Independent Directors/Corporate Auditors] Update

Number of Independent Directors/Corporate Auditors	5
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Matters Relating to Independent Directors/Corporate Auditors

<Independence Requirements for Outside Executives – Revised on June 1, 2021>

In accordance with the independence criteria established by the Tokyo Stock Exchange, we judge outside executives applicable to any of the following as not qualifying as an independent outside director.

1. A person who is currently a director (excluding outside directors), corporate auditor (excluding outside corporate auditor), corporate officer, or employee of the Solasto Group (\*1).
2. A person who, during any business year occurring within the past 10 years, is or was a major shareholder (\*2) of the Solasto Group, or the director, corporate auditor, corporate officer, or employee of a company for which the Solasto Group is a major shareholder.
3. A person who is or was an executive (\*4) of a major Solasto Group business partner (\*3).
4. A person who is or was a trustee or other director, corporate auditor, corporate officer, or employee of a corporation or foundation receiving significant donations (\*5) from the Solasto Group.
5. Persons dispatched to or from the Solasto Group as a director, corporate auditor, or corporate officer.
6. A person who is or was associated with the Solasto Group's accounting auditor within the past 5 years.
7. A person who is or was an attorney, Certified Public Accountant, or consultant receiving significant monetary amounts (\*6) or other assets from the Solasto Group.
8. A person who is the spouse, blood relative within two degrees, a cohabiting relative, or otherwise engaged in shared living with the following persons:
  - (1) A Solasto Group business executive
  - (2) A person who was a Solasto Group business executive during any fiscal year occurring in the past 10 years.
  - (3) Persons deemed not independent based on the above 2 through 7
9. Other persons who, upon a substantive decision by the company, would have potential conflicts of interest with Solasto Group general shareholders if serving as an outside executive.

(Notes)

- 1: "Solasto Group" refers to Solasto Corporation and its subsidiaries.
- 2: "Major shareholder" refers to a company, etc. directly or indirectly possessing voting rights equivalent to 20% or more of total voting rights.
- 3: "Major business partner" refers to a company, etc. whose payments made or received for transactions with the Solasto Group account for 2% or more of the Solasto Group's or said business partner's consolidated net sales during any fiscal year during the past three fiscal years.
- 4: "Executive" refers to a person in the position of executive director, executive officer, or a senior management position of general manager or higher.
- 5: "Significant donation" refers to donations averaging 10 million yen annually or exceeding 2% of the recipient's consolidated net sales or gross revenue, whichever is higher, over the past three fiscal years.
- 6: "Significant monetary amount" refers to amounts averaging 10 million yen annually for an individual, or exceeding 2% of an organization's consolidated net sales for an organization over the past three fiscal years.

[Incentives]

Incentive Policies for Directors	Performance-linked Compensation / Stock Options
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Supplementary Explanation

A portion of bonuses for internal directors are determined based on a quantitative evaluation (performance-linked remuneration) linked to the Company's performance.  
The Company has also introduced a restricted stock compensation plan for internal directors.

- \* The Company has introduced restricted stock compensation for internal directors since FY2021, in place of the previous stock option compensation, in order to provide an incentive to continuously improve the corporate value of the Company and promote further sharing of value with shareholders. The Company has abolished the stock option system for Directors and Corporate Auditors except for those already granted.

Recipients of Stock Options

Supplementary Explanation

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## [Director Remuneration]

Disclosure of Individual Directors' Remuneration

No Individual Disclosure

Supplementary Explanation

Update

The total amount of compensation for all Directors and Corporate Auditors is disclosed in the Annual Securities Report and Business Report in accordance with relevant laws and regulations, and is made available for public inspection by posting on the Company's website.

The total amount of compensation paid to Directors in FY2021 was 196 million yen, of which compensation paid to Outside Directors was 26 million yen.

The following are the details.

### [Compensation of Directors]

Total amount of compensation: 196 million yen (including 26 million yen for Outside Directors)

Basic compensation: 139 million yen (including 26 million yen for Outside Directors)

Bonus: Fixed portion: 10 million yen

Variable portion (performance-linked compensation, etc.): 38 million yen

Non-monetary compensation: 7 million yen

Number of Eligible Directors: 9 people (including 5 outside directors)

- \* The above includes two Outside Directors who retired at the conclusion of the 53rd Ordinary General Shareholders' Meeting held on June 28, 2021.
- \* At the 47th Ordinary General Meeting of Shareholders held on June 26, 2015, the maximum amount of remuneration for directors was resolved to be within 320 million yen per year (excluding employee salaries). The number of directors at the conclusion of the General Shareholders' Meeting was seven.

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Update

### <Policy concerning decisions on executive compensation>

We believe it appropriate that individual compensation for Directors be determined by the Nomination, Evaluation, and Compensation Committee, which is comprised of a majority of Outside Directors. As such, the Board of Directors consigns decision-making authority concerning individual compensation for Directors to the Nomination, Evaluation, and Compensation Committee, which deliberates on adequacy based on outlined decision-making policy.

Details of our decision-making policy on individual compensation for Directors are as follows.

#### a. Basic policy

The remuneration for the Directors is based on a remuneration system that functions sufficiently as an incentive to continuously improve corporate value, and the basic policy is to determine the remuneration of individual directors in consideration of the level of the Company's peers, performance, and the balance with the employees.

Remuneration for Directors (excluding Outside Directors) consists of basic remuneration, bonuses, restricted stock remuneration. Basic remuneration consists of director remuneration and business execution remuneration, and is paid monthly. Bonuses are paid for director and execution at certain times in accordance with their roles. The business execution portion of the bonuses consists of fixed and variable remuneration. Variable remuneration is determined by the both qualitative evaluation and a quantitative evaluation linked to the company's performance (performance-linked remuneration). Remuneration for Outside Directors is limited to basic remuneration in light of their roles. Basic remuneration consists of director remuneration and committee allowances, and is paid monthly.

#### b. Policy concerning performance-linked remuneration

Performance-linked remuneration uses net sales and operating profit as performance indicators as they are directly linked to the Company's goal of achieving its 2030 Numerical Goals. The performance goal is to achieve the annual plan for each indicator, and the payment rate of performance-linked remuneration is determined based on the achievement rate. Directors in charge of specific business divisions are designated for indices of their respective divisions in charge, while other directors, including the President, are designated for indices of consolidation.

#### c. Policy concerning non-monetary compensation

Restricted stock remuneration provides an incentive to continuously improve corporate value and promotes further value sharing with shareholders. The amount is determined based on performance and their roles. In addition, certain transfer restriction period is to be stipulated by the Board of Directors shall be imposed on the shares to be granted.

#### d. Policy on decisions concerning compensation for individual directors

In order to supplement the functions of Board of Directors, compensation for each director is determined by the Nomination, Evaluation, and Compensation Committee after deliberation by the Committee. Final decisions on individual compensation can

also be made discretionary to the President & Director. If delegated, President & Director must make the final decisions on individual compensation based on the results of deliberations by the Nomination, Evaluation, and Compensation Committee. Nomination, Evaluation, and Compensation Committee was established under the Board of Directors and is chaired by an Outside Director, Yukio Kubota, and the other members are Director, Yoshikazu Fujikawa, and Outside Directors, Kenji Chishiki and Toru Noda.

The committee is operated with the majority of the Committee being composed of Outside Directors, incorporating the superior aspects of the structure of a company with a Nominating Committee.

e. Policy concerning compensation ratios

The ratio of each Director's remuneration is determined by the Nomination, Evaluation, and Compensation Committee, with a structure in which the higher the position and the Director in charge of a specific business division, the higher the percentage of the bonus.

Reference: The proportion of remuneration for Directors (excluding Outside Directors)

The composition ratio of remuneration for Directors (excluding Outside Directors) for FY2021 is as shown below.

Bonuses are calculated based on the base amount and stock remuneration is calculated based on the issue price of restricted stock, thus differs from the composition ratio of actual payments.

	Basic remuneration	Bonus	Stock remuneration
President and Representative Director	56%	22%	22%
Directors (excluding Outside Directors)	61%	23%	16%

### [Supporting System for Outside Directors and/or Outside Corporate Auditors]

General Affairs Division provides support to Outside Directors, and Internal Audit Office and General Affairs Division provide support to Outside Corporate Auditors.

In principle, materials for the Board of Directors are distributed in advance by the Secretariat of the Board of Directors to ensure that Outside Directors and Outside Corporate Auditors have time to consider them. They also provide advance explanations as necessary.

Materials for important meetings are distributed to Outside Directors from the secretariat of the Board of Directors and other bodies. Full-time Corporate Auditor shares information on Corporate Auditors' audits, accounting audits and internal audits to Outside Corporate Auditors.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Update

Solasto has chosen to be a company with Board of Corporate Auditors as defined by the Companies Act. Additionally, to enhance the functions of our Board of Directors, under the Board of Directors we have established a Nomination, Evaluation, and Compensation Committee and Corporate Governance Committee. The committees are chaired by an Outside Officer as well as the majority of the members are Independent Outside Officers. This enables us to create and maintain a system that takes advantage of the beneficial aspects of a company with nominating committee, etc.

### <Board of Directors>

The Board of Directors aims to realize aggressive governance through rapid and decisive decision-making and appropriate risk-taking, with the aim of establishing fairness and integrity, as well as to fulfil the long-term enhancement of corporate value. The Board ensures the effectiveness and transparency of management by exercising its supervisory function over overall management through the appointment of candidates for Directors and Corporate Auditors and Corporate Officers, supervision and approval of the annual budget, medium-term management plan and other important strategy planning, as well as decisions on important business operations, and also ensures the efforts of Corporate Officers, including the President, to improve corporate value. The term of office of the Company's Directors is set at one year in order to clarify their management responsibilities and enable them to respond quickly to changes in the business environment.

In principle, the Board of Directors holds regular meetings every month, as well as extraordinary Board of Directors meetings when necessary. In FY2021, the Board of Directors held 15 meetings and the attendance rate of Directors was 100%.

### <Board of Corporate Auditors>

The Board of Corporate Auditors is chaired by the Auditor who is selected by the resolution of the Board of Corporate Auditors to create a system that ensures the effectiveness of audits by each Corporate Auditor. Corporate Auditors conduct audits on the status of business execution by Directors and the fulfillment of supervisory duties by the Board of Directors by attending Board of Directors meetings and other important meetings. Board of Corporate Auditors work with the Board of Directors to hold monthly Board of Corporate Auditors meeting where members outline audit policy and audit plans as well as receive reports on important matters related to audits from each member, deliberate on matters, and make decisions.

In FY2021, the Board of Corporate Auditors held 25 meetings and the attendance rate of Corporate Auditors was 100%.

### <Nomination, Evaluation, and Compensation Committee>

The Nomination, Evaluation, and Compensation Committee supports the function of the Board of Directors for matters related to the nomination and evaluation of and compensation for corporate management personnel, including making proposals to the Board of Directors regarding candidates for president and Corporate Officers.

In FY2021, the Nomination, Evaluation, and Compensation Committee held 7 meetings and the attendance rate of committee members was 100%.

### <Corporate Governance Committee>

The Corporate Governance Committee supports the function of the Board of Directors by discussing and suggesting to the Board of Directors on the matters and measures related to the continuous improvement of corporate governance, as well as initiatives to enhance the transparency and fairness of management.

In FY2021, the Corporate Governance Committee held 4 meetings and the attendance rate of committee members was 100%.

#### <Other Committees>

In addition to the above, the Company has established a Management Committee, the purpose of which is to promote rapid and efficient decision-making by the Board of Directors by serving as an entity that deliberates and decides on important matters related to business execution. The Management Committee is comprised by President, and Corporate Officers in management positions. In principle, the committee meets twice per month. Also, Corporate Officers' Meeting, which is comprised by all the Corporate Officers including President, is held at least once per month. Its purpose is to discuss and share the important matters for the business execution. Furthermore, Divisional Strategy Meeting, which is comprised by the President and the Managers of related divisions, is held monthly to report and discuss the progress in strategic measures by divisions and changes in business environment. Through those activities, the Company endeavors to strengthen its structure with improved business execution and further transparency. The Company has also established Risk & Compliance Committee which serves as a general management entity for risk response and compliance for the entire company, and Investment Management Committee which evaluates investment efficiency on investment projects and monitors post-investment. In addition, Information Security Committee has been established under the Risk & Compliance Committee to strengthen management systems and measures related to information security.

#### <General Policies and Procedures for Appointing Management Team and Nominating Directors and Corporate Auditors>

The Company selects candidates with the knowledge and experience required to execute the authority and responsibilities deemed required of Corporate Officers and Directors. Candidates are nominated for the position of Corporate Officer and Director by our Nomination, Evaluation, and Compensation Committee and submitted to the Board of Directors for approval. Corporate Officer candidates must be appointed by the Board of Directors. Director candidates are appointed at the General Meeting of Shareholders after the approval of the Board of Directors. Corporate Auditor candidates are subject to consent by the Board of Corporate Auditors and approval by the Board of Directors before candidates can be appointed by the General Meeting of Shareholders.

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

The Company believes that the Board of Directors (nine members, including five Outside Directors) receives opinions from an external perspective, thereby ensuring transparency and objectivity in corporate management. In addition, the Board of Directors can make appropriate decisions by receiving appropriate advice based on abundant experience and broad insight. Furthermore, the Company believes that an effective auditing system realized through mutual collaboration among Board of Corporate Auditors members, accounting auditors, and the audit department, which is the internal audit department, ensures legality and appropriate audits in a reasonable manner.

For the reasons stated above, the Company has adopted the current corporate governance system.

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

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights Update

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of the Ordinary General Meeting of Shareholders held in June 2022 was sent 17 days prior to the date of the meeting. And 20 days prior to that, the company made an electronic disclosure.
Scheduling AGMs Avoiding the Peak Day	The Ordinary General Meeting of Shareholders held in June 2022 was set to avoid the day of most concentration.
Allowing Electronic Exercise of Voting Rights	Since FY2021, the Company has introduced electronic voting system.
Participation in Electronic Voting Platform	The Company participates in the electronic voting platform operated by ICJ, Inc. In addition, in order to secure sufficient time for institutional investors to consider proposals, the Company electronically disclosed the notice of the Ordinary General Meeting of Shareholders (in Japanese and English) 20 days prior to the date of the Ordinary General Meeting of Shareholders.
Providing Convocation Notice in English	The Notice of the Ordinary General Meeting of Shareholders the Reference Documents for the General Meeting of Shareholders, and the Business Report (summary) are posted in English on the Company's website.

### 2. IR Activities

	Supplementary Explanations	Explanations by Representatives
Preparation and Publication of Disclosure Policy	The Company discloses its basic policy on investor relations in Japanese and English on the Company's website. The policy on the system, development, and initiatives to promote constructive dialogue with shareholders was reviewed and approved by the Board of Directors. JP:( <a href="https://www.solasto.co.jp/ir/jp/corporate/basic_policy.html">https://www.solasto.co.jp/ir/jp/corporate/basic_policy.html</a> ) EN:( <a href="https://www.solasto.co.jp/ir/en/basic_policy.html">https://www.solasto.co.jp/ir/en/basic_policy.html</a> )	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly financial results briefing meetings. We also hold small meetings and one-on-one with sell-side analysts and institutional investors.	Yes
Posting of IR Materials on Website	The Company's website actively discloses all important information that may contribute to investment decisions in Japanese and English.	
Establishment of Department and/or Manager in Charge of IR	Investor Relations Office, Management Division	

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Solasto Group Code of Conduct has been established as a guideline for action towards the realization of the Corporate Philosophy. It specifically identifies our stakeholders and clearly states our basic policy towards employees, customers, related parties and suppliers, local communities and shareholders. The Solasto Group Code of Conduct, together with the Corporate Philosophy, forms the basis of the Code of Conduct for all employees and is thoroughly communicated to all employees. The Corporate Philosophy is described in "1.1 Basic Views."
Implementation of Environmental Activities, CSR Activities etc.	The Company provides medical outsourcing, elderly care, and child care services, as well as education and training to those engaged in these services, and is closely related to the welfare and employment of local communities. As mentioned in the Corporate Philosophy, the Company's CSR is to contribute to the continuous development of local communities through these businesses. The Company has set the Solasto Group Code of Conduct that stipulates that we comply with social rules and norms and are fair and honest in conduct of our business, and strives to ensure that we follow the code of conduct. In 2021, the Solasto Group identified key issues to be addressed on a priority basis through its business activities, and established them as five sustainability themes. Details of these initiatives are posted on our website. ( <a href="https://www.solasto.co.jp/ir/en/sustainability/">https://www.solasto.co.jp/ir/en/sustainability/</a> )
Development of Policies on Information Provision to Stakeholders	The Company's business is deeply related to the welfare and employment of local communities, and the Company has many stakeholders, including local communities. The Company recognizes that it is an important responsibility for these diverse stakeholders to deepen their understanding not only of management information but also of various initiatives of the Company, such as productivity improvement, safety and security, and human resource development. The Company uses media and other media to disseminate information widely.

Other

The Company's Corporate Philosophy calls for "We are equally committed to the realization of a society that provides peace of mind, happiness, and well-being to each of our employees." The Company places a high priority on the work style and career development of human resources, especially female employees, who account for approximately 90% of the total.

Based on the belief that enhancing employee satisfaction leads to improving customer satisfaction and business performance, the Company has worked to improve various systems that consider work-life balance and to create an environment in which employees can work longer with peace of mind while raising children and caring for their family.

In April 2021, in order to grow together with society, the Company identified particularly important issues to be addressed with priority, and formulated five sustainability themes: "Contributing to an Aging Society and Local Communities," "Innovation and Contribution to Optimizing Social Security Expenditures," "Human Capital (Human Resources Development, Compensation Improvement, and Diversity)," "Compliance and Governance," and "Consideration for the Environment and Resources."

The Company actively promotes information disclosure through its website and various materials and dialogues with stakeholders with regard to initiatives on sustainability themes and ESG (environment, society and governance).

#### Solasto's Diversity Policy

Solasto has established its diversity policy within the Solasto Group Code of Conduct.

#### <Basic Policy>

We strive to create workplaces that can participate in work while reflecting individual characteristics and attractiveness.

#### <Concrete Behavior>

- We respect diversity and individuality and deepen understanding of each other regardless of race, age, gender self-recognition, sexual orientation, disability, etc.
- We prevent any actions that disregard diversity which make others uncomfortable and prevent others from doing so.
- When we feel unpleasant with such actions, or when we hear about such actions, we do not hesitate to take action, including consulting with the head of the department or the consultation desk at the workplace.
- We do not allow employees who made reports on such matters to suffer any disadvantages due to making such complaints.
- We contribute to the society that respects diversity by applying the above approaches, both within and outside the workplace.

The information concerning our diversity initiatives

(<https://www.solasto.co.jp/ir/en/sustainability/hizaimu.html>)

#### [External Evaluations]

- Certified of "Eruboshi (third)" based on the Law Concerning the Promotion of Women's Participation and Advancement in the Workplace in 2021.
- Complied with the certification standards based on the Law for Promotion of Measures to Support the Development of the Next Generation and acquisition of the Kurumin certification mark by the Ministry of Health, Labour and Welfare in 2008, 2011 and 2015
- Recognized as a "Best Workplace" at the D&I Awards, which recognize diversity and inclusion (D&I) initiatives (2021).

#### [Current Status of Promotion of Female Employees]

Female managers: 45.1% (as of December 31, 2021)

\* Sectional managers and above

## IV. Matters Related to the Internal Control System

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

The Company believes that it is important to establish an effective internal control system in order to enhance the soundness and transparency of its management. The Board of Directors has resolved to establish the necessary systems to ensure the suitability of its operations as the basis for this system.

1) Structure for ensuring work execution by Directors and employees is compliant with law and our Articles of Incorporation



- (1) To fulfill society's expectations of our company and to clarify our basic stance on corporate ethics and legal compliance, we have outlined the Solasto Group Code of Conduct as basic guidelines for all Group employees. We work to promote the awareness of the code among all executives and employees.
- (2) In accordance with our Compliance Regulations, we established a Risk & Compliance Committee to create and promote a group wide compliance structure.
- (3) In accordance with our Whistleblowing Regulations, we operate a whistleblowing system to promote the early discovery and correction of any legal, regulatory, or rule violations.
- (4) We reject all relations with anti-social forces that serve to threaten the order and safety of society. Our entire organization works closely with relevant administrative agencies and attorneys to ensure we respond appropriately.

2) Structure for storing and managing information related to business execution by Directors

- (1) Information concerning business execution by Directors is stored and managed appropriately in accordance with our internal regulations and other document management regulations.

3) Regulations and other structures concerning loss risk management

- (1) In accordance with our Basic Regulations on Risk Management, our Board of Directors works to mitigate and prevent Group risks in order to ensure the survival of the Company and our ability to engage in healthy business operations.
- (2) In accordance with our Basic Regulations on Risk Management, we have established a Risk & Compliance Committee to build and promote a Group risk management structure.
- (3) The risk management supervisor of each department implements risk management for their respective department. The risk management supervisor makes regular risk management reports to the department in charge of risk management and coordinates on risk management.

4) Structure for ensuring efficient business implementation by Directors

- (1) As the foundation of our structure for ensuring efficient business implementation by Directors, we hold Regular Board of Directors' meetings once per month and impromptu Board of Directors' meetings to conduct rapid and accurate decision-making on critical matters.
- (2) Details on authority, responsibilities, and procedures related to executions of business decisions made by the Board of Directors are outlined in organization regulations, business allocation regulations, and work authority regulations.
- (3) In order to clarify the management responsibilities of Directors and enable rapid responses to change in our operating environment, the term of each Director shall be one year.

5) Structure for ensuring proper business practices by the company, parent company, and subsidiaries that comprise our Group

- (1) We outlined the Solasto Group Code of Conduct and work to build a Group compliance structure to ensure proper business practices by Group companies.
- (2) Departments responsible for the administration of subsidiaries and other affiliates conduct necessary management in accordance with Affiliate Management Regulations including promotion of workflow optimization at subsidiaries.
- (3) In accordance with Affiliate Management Regulations, subsidiaries provide regular reports on performance and other important matters.
- (4) In accordance with our Basic Regulations on Risk Management, we appropriately build and operate a risk assessment and management structure for our entire Group.

6) Matters concerning employees when a Corporate Auditor requests an employee assistant, matters concerning independence from Directors, and matters concerning ensuring the efficacy of instructions by corporate auditors to said employee(s)

- (1) The company shall establish a Corporate Auditor department and assign dedicated staff to assist in the work of Corporate Auditors.
- (2) Dedicated staff shall not be subject to instructions or orders from Directors.
- (3) Personnel reassignments, personnel evaluations, and any disciplinary action of dedicated staff shall be subject to prior approval by the Board of Corporate Auditors.
- (4) Dedicated staff works to maintain close collaboration with Corporate Auditors by regularly engaging in discussions and exchanging opinions concerning audit results, etc.

7) Structure for Directors and employees to report to Corporate Auditors, structures for other reporting to Corporate Auditors, and other structures for ensuring effective audits by corporate auditors

- (1) A Director or employee, or a Director, Corporate Auditor, or employee of a subsidiary, or persons who have received reports from said persons shall report to the Board of Corporate Auditors concerning any incident that has occurred or is at risk of occurring that could cause significant losses to the Company, when it is discovered that an employee or executive has committed a legal violation or fraud, or in the event of other matter deemed requiring reporting by the Board of Corporate Auditors. Notwithstanding the above, a Corporate Auditor may, as necessary, demand a report from a Director or employee, or a Director, Corporate Auditor, or employee of a subsidiary.
- (2) The Company prohibits any unfair treatment of persons making the aforementioned reports to the Board of Corporate Auditors in response to having made such a report. The prohibition of such treatment shall be reinforced among Directors and employees, as well as subsidiary Directors, Corporate Auditors, and employees.
- (3) Corporate Auditors shall attend Board of Directors' meetings, management meetings, and any other important conferences and committee meetings necessary to ascertain processes related to important decision-making and business execution. As necessary, Corporate Auditors may request explanations from Directors and employees. Furthermore, Corporate

Auditors shall regularly hold meetings with the Representative Director to exchange opinions, promote communication, and ensure the maintenance of an appropriate reporting structure.

- (4) In accordance with our Whistleblowing Regulations, the Company shall ensure an appropriate structure for reporting legal infractions and other compliance issues to the Corporate Auditors.
- (5) When a Corporate Auditor requests the prepayment or reimbursement of expenses related to their execution of duties, said expenses and liabilities shall be handled immediately excluding when it is deemed that said expenses were not necessary to the execution of duties by said Corporate Auditors.

## 2. Basic Views on Eliminating Anti-Social Forces

No member of our Group, special interest affiliates, shareholders, or business partners, etc. shall have any relations with anti-social forces.

### (1) Basic approach to the elimination of anti-social forces

Acting in accordance with the Solasto Group Code of Conduct, our Group rejects any and all relations with anti-social forces and prohibits any acts that work to assist the activities of anti-social forces.

We have created an Anti-Social Forces Response Manual to outline specific response policies and standards. Furthermore, to verify that no Group executive or employee constitutes any anti-social force, they are required to submit a pledge upon hiring and are required to take necessary training.

### (2) Status of structure for eliminating anti-social forces

We designate the Human Resources & General Affairs Division as the division of operations related to anti-social forces. We also assign compliance management supervisors to each business division to gather information from our worksites and engage in uniform measures throughout our Group. Our cooperation with external organizations includes membership in the Tokyo Center for Removal of Criminal Organizations. We have registered the General Manager of our General Affairs Division as the Unjust Claims Prevention Supervisor and participate in regular training. The Unjust Claims Prevention Supervisor works to gather information related to anti-social forces and build a structure for cooperating with police.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation

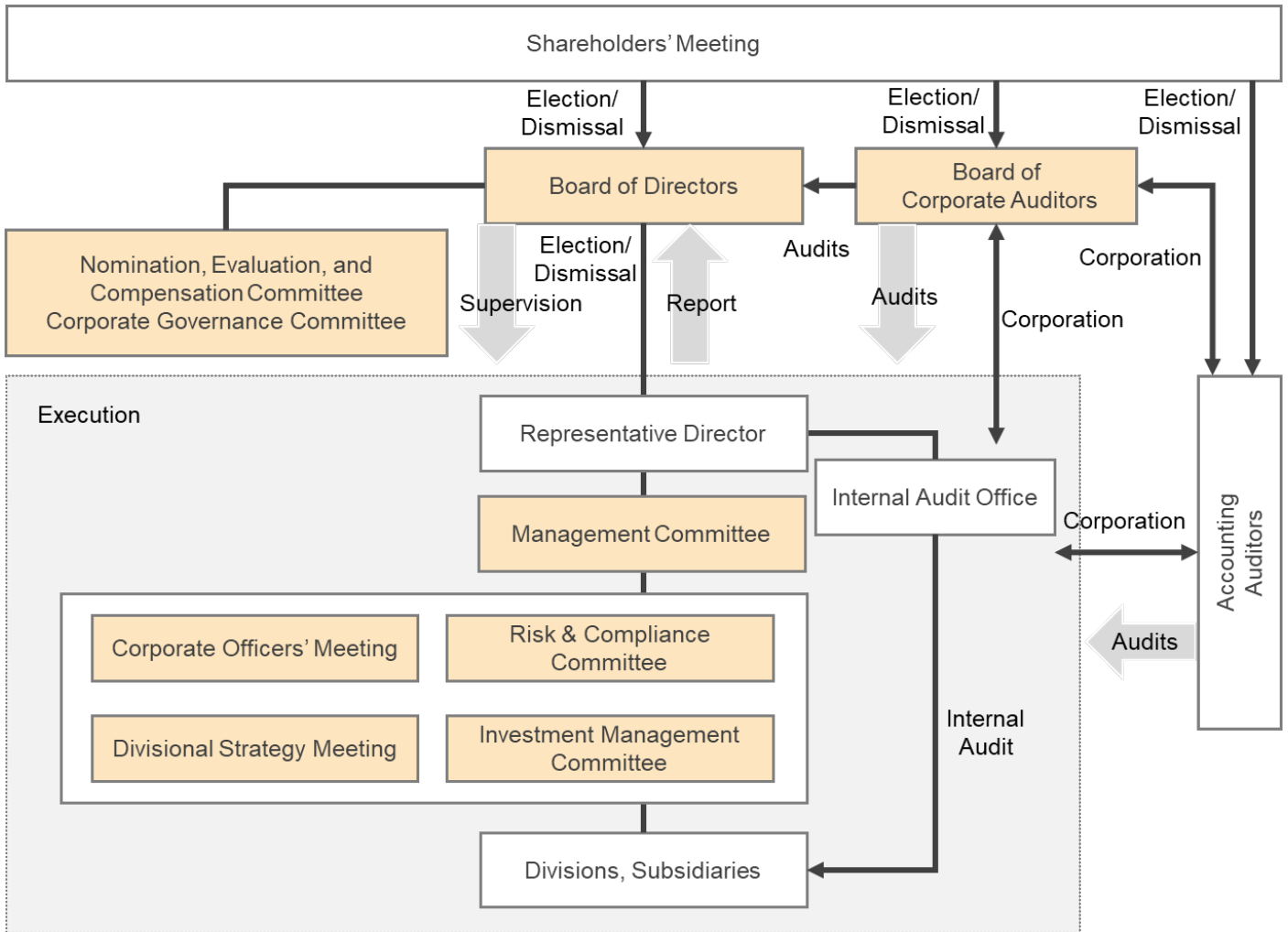
### 2. Other Matters Concerning the Corporate Governance System Update

<Initiatives to Establish a Timely Disclosure System>

The Group considers timely and appropriate disclosure to be an important element of corporate governance and a significant responsibility to shareholders. The Company's policy is to promptly disclose financial results and other information that may have a significant impact on business results.

The basic policy for timely disclosure is to follow the internal procedures.

(Reference)



【Skills Matrix】

● possesses

Name / Position	Gender	Expertise and Experience									
	Male: M Female: F	Corporate Management	Industry Experience	Organizational Management	Global	Business Development/ Innovation	DX/ICT	Financial Accounting/ M&A	Human Resources/ Human Resource Development	Legal/ Compliance/ Risk Management	ESG/ Sustainability
President and Representative Director Yoshikazu Fujikawa	M	●	●			●		●			
Director Masateru Kawanishi	M			●	●				●	●	
Director Masumi Tamai	M	●	●	●		●					
Director Shigeru Fukushima	M		●	●	●				●		
Outside Director Yukio Kubota	M	●			●	●	●				
Outside Director (independent) Kenji Chisiki	M	●		●		●			●		
Outside Director (independent) Toru Noda	M	●			●		●	●			
Outside Director (independent) Miki Mitsunari	F					●	●			●	●
Outside Director Toru Noda	M	●	●	●							●
Full-time Corporate Auditor Masami Nishino	M		●							●	
Outside Corporate Auditor (Independent) Hironori Yokote	M							●		●	
Outside Corporate Auditor (Independent) Miho Tanaka	F							●		●	

(Notes) 1. The above list does not represent all the expertise and experience possessed by directors and auditors  
2. The reasons for the selection of each item in the skills matrix are as follows.

Corporate Management:	As the business environment surrounding us continues to change, we need the experience and achievements of corporate management in order to make appropriate management decisions and realize sustainable increases in corporate value.
Industry Experience:	In order to continue to provide our services that is a high public nature, such as medical administration, elderly care, and child care, in a stable manner, deep knowledge and experience on industry customs, regulations, and rules are essential.
Organizational Management:	In order for approximately 30,000 employees to demonstrate their high level of expertise and teamwork and continue to provide services on a stable manner, we need a high level of organizational management ability and experience.
Global:	With a large number of business locations and employees in Japan, we consider that the operational models, systems, and organizational structures of global companies often need to be learned as best practices, and they are also useful in terms of diversification of corporate culture and values.
Business Development/Innovation:	In order to lead the solution of social issues through our business, such as contributing to the declining birthrate and aging population and the optimization of social security expenditures, it is necessary to have a deep understanding of business and to have knowledge to realize new ideas and initiatives that differ from those in the past.
DX/ICT:	In order to continue to support local communities where people live with peace of mind by integrating "people" and "technology," it is necessary to have a deep understanding of technology and knowledge to realize advanced and flexible utilization.
Financial Accounting/M&A:	In order to build a solid financial base and realize growth investments (new businesses, M&A) aimed at sustained improvement of corporate value, it requires solid knowledge and experience in the financial and accounting fields.
Human Resources/Human Resource Development:	Our greatest asset is "people," and in order to promote diversity in which approximately 30,000 employees can thrive in their respective personalities and working styles while maximizing their capabilities, we need a knowledge to formulate a human resource strategy and accomplish it.
Legal/Compliance/Risk Management:	Risk management based on law and compliance is the foundation of our business activities, and we need reliable knowledge and experience in the areas of legal, compliance and risk management in order to realize sustainable growth.
ESG/ Sustainability:	We are responsible for businesses with a high public profile, thus consider "coexistence and co-prosperity with society" to be particularly important, and need knowledge to contribute to the formation of a sustainable society.