

Corporate Governance Report

Last Update: October 12, 2022

en Japan Inc.

Takatsugu Suzuki, President

Contact: +81-3-3342-4506

Securities Code: 4849

<https://corp.en-japan.com/en/>

The corporate governance of en Japan Inc. (the “Company”) is described below.

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

1. Basic Views

At en Japan, our goal is to contribute to our shareholders, clients, many stakeholders, and society at large through our business. We have therefore positioned building an organization that can respond to changes in the management environment as an important policy for the group as a whole. We are therefore working to strengthen corporate governance and make it robust to enable healthy growth of our corporate group, and are working to create a fair management system.

We think that ensuring even stronger ethical values and integrity among our officers and employees is the basic premise upon which earning the true trust of our many stakeholders is built. We will continue to work on building an even stronger system of internal management through thorough education on compliance and other means. We will ensure sound management by making sure that this system functions properly.

[Disclosure Based on the Principles of the Corporate Governance Code] - Updated

[Principle 1.4]

The Company does not hold the shares of listed companies, in principle. However, when we do hold the shares of a listed company based on the reasonable purpose of a business alliance or other business purpose, we periodically confirm that the reason for holding the shares is still valid. We sell the shares of companies that we have determined will no longer fulfill the purpose for which they are held over the medium to long-term, as the stock price and market trends permit.

In exercising voting rights on cross-shareholdings, we make a decision on each stock based on the perspective of whether it will lead to an increase in corporate value and shareholder return from a medium to long-term perspective. We exercise especial caution in regard to resolutions that could have an adverse effect on the corporate value of the company concerned.

[Principle 1.7]

The Company has established Guidelines on Managing Transactions with Interested Parties to clarify the procedural flow for ascertaining the scope of transactions with interested parties and managing transactions appropriately. We ascertain the scope of transactions with interested parties via questionnaires that the General Affairs Division updates once a year. Any transaction with an interested party requires either approval by the Board of Directors in advance or approval based on the Rules on Ringi Proposals and Applications, depending on the importance. The Administrative office director determines the importance of transactions effected with interested parties based on ASBJ Guidance No. 13 Guidance on Accounting Standard for Related Party Disclosures, and a summary of those decisions is disclosed in the annual securities report.

[Principle 2.4.1]

The company believes that it is essential to have a diverse workforce in order to create innovative businesses that are not bound by uniform perspectives or traditional stereotypes.

The Company has three female officers, a ratio of female managers of 27% and a ratio of managers hired mid-career of 43% (all current as of June 1, 2022). Nevertheless, we are working to increase these ratios from their current level through the Challenge Manager Program and other measures.

In addition to eight foreign officers (current as of June 1, 2022), the Group has multiple foreign managers. However, we are working to maintain this number at its current level or to increase it.

[Principle 2.6]

The Company does not have a corporate pension plan. This consequently poses no risk to the financial status of the Company.

Should we decide to consider introduction of a pension plan in the future, we will allocate human resources with sufficient skills to manage it.

[Principle 3.1]

i. The Company has stated that our purpose (the significance of our existence in society) is to make the world a better place by increasing the number of people who work hard for someone and society.

ii. Our basic views on corporate governance are posted on our corporate website.

iii. The compensation the Company pays to officers is within the scope of compensation approved by the General Meeting of Shareholders. It consists of fixed monthly wages (basic compensation).

The voluntary Nomination & Compensation Committee, which consists mainly of Outside Directors, checks and verifies the compensation of Directors (excluding Directors who are Audit & Supervisory members). The Board of Directors then determines the compensation of Directors based on the content of the report from the committee.

The compensation of the Directors who are Audit & Supervisory Committee members is determined through discussions with the Audit & Supervisory Committee.

The Company has also decided to provide Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) with performance-based compensation (cash bonus) in addition to basic compensation.

This system is designed so that management shares the advantage of improving business performance as well as the risk of declining business performance with shareholders. We consider this to be compensation that raises the motivation of Directors to improve business performance each fiscal year and gives them the incentive to aim for a sustainable increase in corporate value.

Furthermore, we introduced share-based stock options as mid- to long-term incentive compensation in the fiscal year ending March 31, 2023.

The actual and predicted future performance-based compensation of directors as a result of that is as follows. (This excludes directors who are Audit & Supervisory Board members and outside directors.)

- Fiscal year ended March 31, 2022 : Fixed compensation: 82% / Performance-based compensation: 18%
- Fiscal year ending March 31, 2023 (scheduled) : Fixed compensation: 65% / Performance-based compensation: 35%
- Fiscal year ending March 31, 2027 (scheduled) : Fixed compensation: 56% / Performance-based compensation: 44%

*We have calculated the proportion of performance-based compensation from the fiscal year ending March 31, 2023 onward assuming 100% achievement of the target indicators.

The evaluation indicators for performance-based compensation (cash bonus) are as follows.

• **Evaluation Weight of Each Indicator**

<u>Indicator</u>	<u>Evaluation Weight</u>
Consolidated net sales	40%
Consolidated operating income	40%
Consolidated net income	20%

• **Payment Rate According to Target Achievement Rate for Each Indicator**

<u>Achievement Rate</u>	<u>Payment Rate</u>
Less than 80%	0%
80% or more but less than 100%	50%
100% or more but less than 120%	100%
120% or more	120%

Moreover, the evaluation indicators for the stock compensation-based stock options are as follows.

• **Evaluation Weight of Each Indicator**

<u>Indicator</u>	<u>Evaluation Weight</u>
Consolidated net sales	40%
Consolidated operating income	40%
Consolidated net income	20%

• **Payment Rate According to Target Achievement Rate for Each Indicator**

<u>Achievement Rate</u>	<u>Payment Rate</u>
Less than 90%	0%
90% or more but less than 100%	50%
100% or more	100%

iv. The Company nominates individuals for election as internal Directors (excluding Directors who are Audit & Supervisory Committee members) who are suitable to promote a highly efficient management system that can respond quickly, flexibly and accurately to changes in the business environment in addition to possessing a high degree of expertise in their fields of responsibility. The prerequisite for this is that such individuals will be able to jointly develop the corporate philosophy of the Company and then focus their efforts on a daily basis toward achieving that.

The individuals we nominate for election as Outside Directors are capable of independent management oversight from an objective perspective while sympathizing with the corporate philosophy of the Company without being unduly influenced by management or special interests, and possess broad insight.

We consider dismissal of Directors, including Outside Directors, when questions arise about a director's capabilities. Such instances include when a Director is deemed to have failed to fulfill the duties of due care of a good manager and to have not acted in good faith in the execution of his or her duties, or is deemed to not be contributing to sustained profit growth and growth in corporate value. Engaging in fraud or violation of laws and regulations or other rules will result in the dismissal of a Director.

When nominating candidates for Director (excluding Directors who are Audit & Supervisory Committee members), the Board of Directors examines such candidates based on the opinions of the voluntary Nomination & Compensation Committee, which consists mainly of Outside Directors, before making a decision.

When nominating candidates for Directors who are Audit & Supervisory Committee members, the Board of Directors first solicits the opinions of the Outside Directors and obtains consent from the Audit & Supervisory Committee, then considers the content proposed by the Representative Director and makes a decision.

v. The reasons for electing internal directors are as follows. Please note that the reasons for electing outside officers are disclosed in the annual securities report.

- Michikatsu Ochi, Chairman of the Board

After establishing Nihon Brain Center, K.K. in 1983, Mr. Ochi launched en Japan in 2000, and guides management as the founder.

- Takatsugu Suzuki, President and Executive Officer

After graduating and joining Nihon Brain Center, K.K., Mr. Suzuki joined en Japan when it was launched in 2000 and worked for the company for five years. He was elected as a director because of his highly-rated sales and management skills. He has been responsible for management as representative director since 2008.

- Megumi Kawai, Vice President and Executive Officer

After joining Nihon Brain Center, K.K. as a mid-career professional, Ms. Kawai joined en Japan when it was launched in 2000 and worked for the company for 10 years. She was elected as a director because of her highly-rated new service development skills. Since then, she has been involved in management for many years.

- Teruyuki Terada, Director and Executive Officer

After joining en Japan as a new graduate in 2002, Mr. Terada worked in corporate sales to support mid-career recruitment. He was then appointed the Managing Director of his current department where he is involved in website planning and development and marketing. He has continued to lead the new launch and update of many leading web services of en Japan including en TENSHOKU, en BAITO and engage since then.

- Takuo Iwasaki, Director and Executive Officer

After joining en Japan as a new graduate in 2003, Mr. Iwasaki served as a sales manager in the Mid-career Recruitment Media Department. Later, he was appointed Director of the Planning Department in 2014. He then led the large update of en TENSHOKU. He ensured this update was successful. He was appointed Managing Director of the Mid-career Recruitment Media Department in April 2016.

He was appointed to be the Managing Director of the engage Department in April 2022 and has been working to develop that business since then.

[Supplementary Principle 4.1.1]

The Company has designated the Board of Directors as the body that oversees the performance of duties by directors. The Board of Directors meets once a month and also convenes meetings as necessary. It monitors the status of performance of duties. The Board of Directors monitors progress on performance for each business division and the company as a whole. It also discusses matters that are important to management of the business and decides the course of action. Matters subject to resolution by the Board of Directors are specified in the Rules on the Board of Directors. Other decisions and performance of other duties are based on the Rules on Responsibilities and Authority, and the Rules on Ringi Proposals and Applications. These

documents clearly specify the authority to deliberate on and approve matters, as well as other types of authority.

[Principle 4.9]

The Company has established our own Criteria for Determining the Independence of Outside Officers. We disclosed this in the 21st term securities report. When selecting candidates to serve as independent outside directors, we select those who satisfy the Company's own standards in addition to the standards stipulated by the Companies Act and the Tokyo Stock Exchange.

[Supplementary Principle 4.10.1]

The Company has elected five independent Outside Directors among our 11 Directors to enhance the accountability of the executive management team and to further improve transparency. It is necessary to obtain approval at a meeting of the Board of Directors attended by independent Outside Directors to determine important matters such as the election, dismissal and compensation of Directors.

We use a system involving the voluntary Nomination & Compensation Committee, which consists mainly of Outside Directors, to nominate Directors. We determine the management structure in the next term based on the contents of the report from the voluntary Nomination & Compensation Committee.

Moreover, in relation to compensation, we determine basic compensation, performance-based compensation (bonuses) and stock compensation based on the contents of the report from the voluntary Nomination & Compensation Committee.

The majority of the Nomination & Compensation Committee members are independent Outside Directors. We believe that this ensures the independence of the Nomination & Compensation Committee.

The structure and activities situation of the Nomination & Compensation Committee is as follows.

- Four of the six members of the committee were outside directors and an outside director served as the chairperson in the fiscal year ended March 31, 2022.
- Four of the five members of the committee are outside directors and an outside director serves as the chairperson from the fiscal year ending March 31, 2022 onward.
- The committee met four times in the previous fiscal year.
- The Nomination & Compensation Committee discussed the following themes and then reported their findings to the Board of Directors in the previous fiscal year.
- The committee discussed the policy and procedures of nominating directors. It then reported its findings to the Board of Directors.
- The committee discussed the policy and procedures of determining the compensation of directors. It then reported its findings to the Board of Directors.
- The committee discussed the skills matrix of directors. It then reported its findings to the Board of Directors.

- The committee discussed candidates to be director and candidates to be substitute director. It then reported its findings to the Board of Directors.
- The committee discussed the compensation limits and amounts for directors. It then reported its findings to the Board of Directors.
- The Committee discussed the introduction of a stock compensation system. It then reported its findings to the Board of Directors.

[Supplementary Principle 4.11.1]

The Company's views on balance and diversity in knowledge, experience, and skills in the Board of Directors as a whole closely align with its views on nominating candidates for director as stated in Section 3.1. iv.

The en Japan Articles of Incorporation specify a maximum of 10 Directors (excluding Directors who are Audit & Supervisory Committee members) and a maximum of four Directors who are Audit & Supervisory Committee members. We currently have 11 elected Directors (five internal Directors and six Outside Directors) which we consider an appropriate number for pursuing a system of highly efficient management. We disclose a skills matrix that lists the knowledge, experience and abilities of each officer in our convocation notices.

Kayo Murakami, Wataru Sakakura, Yuri Hayashi, Naoki Otani and Toshihiko Ishikawa, independent Outside Directors, have management experience in other companies.

[Supplementary Principle 4.11.2]

Concurrent positions in other listed companies held by directors and audit & supervisory board members are disclosed in the annual securities report and the Notice of the Annual Meeting of Shareholders.

[Supplementary Principle 4.11.3]

The Company gave all directors a questionnaire on the effectiveness of the Board of Directors in FY2021. The Board of Directors analyzed and evaluated the results of that. The Board of Directors evaluated the composition of the Board of Directors, the content of the agenda items and discussions, the situation of deliberations and the situation of operation toward stimulating discussions and deliberations. This led to the Board of Directors finding the results of this evaluation to be appropriate. Furthermore, the Board of Directors also received a positive evaluation in terms of the state of governance. Accordingly, the Board of Directors concluded that it is effective. The Board of Directors of the Company will endeavor to further improve its effectiveness. This will be achieved by conducting this analysis and evaluation every year in the future while maintaining the superiority of the governance structure that the Company has worked on and constructed up to now.

The overview and results of the evaluation of the effectiveness of the Board of Directors in the previous fiscal year is as follows.

- The following were given as highly-evaluated items.
 - (1). Do directors, including outside directors and Audit & Supervisory Committee members, proactively express their opinions?

(2). Is consideration given with respect to the operation of the proceedings so that the opinions of each individual are fully reflected in discussions such as by the chairperson appropriately encouraging attendees to speak?

(3). Are meetings of the Board of Directors held in an atmosphere that allows open and constructive discussions and exchanges of opinions?

• On the other hand, the following were given as future challenges.

(1). In addition to the materials for Board of Directors' meetings, is sufficient information provided in an easy-to-understand format as necessary?

(2). Are materials presented in an easy-to-understand format?

(3). Are sufficient opportunities for training ensured for directors and Audit & Supervisory Committee members?

The future response of the Company's Board of Directors will be to continue to strive to ensure the effectiveness of the Board of Directors based on the analysis and evaluation of the effectiveness of the Board of Directors. At the same time, we will aim to further improve corporate value by continuing to raise the standard of our corporate governance.

[Supplementary Principle 4.14.2]

Directors and audit & supervisory board members are elected from among candidates who possess a broad range of expertise in business, finance, organizations, and other areas. We provide training to directors and audit & supervisory board members when elected, as necessary. The company also assumes the cost when directors and audit & supervisory board members participate in external training and other types of education, as necessary.

[Principle 5.1]

The Company has established an investor relations (IR) structure centered on the representative director. The Corporate Planning Department has been designated as the department in charge of IR. It holds briefings on financial results for shareholders and investors once every six months, and is gradually adding a series of small meetings and individual meetings in Japan and overseas.

2. Capital Structure

Foreign Shareholding Ratio	More than 30%
----------------------------	---------------

[Status of Major Shareholders] - Updated

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	7,145,700	16.08
Michikatsu Ochi	4,383,900	9.86
Custody Bank of Japan, Ltd. (Trust account)	3,246,000	7.30
en Human Capital Education Association Inc.	3,060,000	6.88
En-Kikaku Ltd.	2,184,800	4.91
M.O. Soken Ltd.	1,967,000	4.43
THE BANK OF NEW YORK MELLON 140044	1,615,246	3.63
Akiyuki Ochi	1,475,200	3.32
NORTHERN TRUST CO.(AVFC) RE MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, L.P	1,098,000	2.47
JP MORGAN CHASE BANK 385839	623,624	1.40

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation – Updated

3. Corporate Profile

Stock Market and Market Section Listed on	Tokyo Stock Exchange, Prime Section
Fiscal Year-End	March
Type of Business	Service business
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 ¥10 billion to less than ¥100 billion
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 When the Company Engages in Transactions with Controlling Shareholder

5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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 an Audit & Supervisory Board
-------------------	---

[Board of Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	14
Term of Office Stipulated in Articles of Incorporation – Updated	1 year
Chairperson of the Board	President
Number of Directors – Updated	11
Appointment of Outside Directors	Appointed
Number of Outside Directors – Updated	6
Number of Outside Directors Designated as Independent Officers – Updated	5

Outside Directors' Relationship with the Company (1) - Updated

Name	Qualifications	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Taisuke Igaki	Attorney												
Kayo Murakami	From another company												
Wataru Sakakura	From another company								o				
Naoki Otani	Attorney												
Toshihiko Ishikawa	Certified public accountant								o				
Yuri Hayashi	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 of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the 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/ audit & supervisory board member
- Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a legal entity)

- h. Executive of a client or supplier of the Company (which does not correspond to d, e, or f) (refers only to the director)
- i. Executive of a company which has the same individual(s) as the Company appointed as outside directors/ audit & supervisory board members (refers only to the director)
- j. Executive of a company or organization that has received a donation from the Company (refers only to the director)
- k. Others

Outside Directors' Relationship with the Company (2) - Updated

Name	Audit and Supervisory Board Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Taisuke Igaki	○		---	<p>Mr. Igaki is well-versed in the business of the Company. He has provided us with positive opinions and proposals in meetings of the Board of Directors from a comprehensive perspective utilizing his professional experience as an attorney at law and an outside officer. In addition, he serves as the chair of the Nomination & Compensation Committee. Through that role, he is enhancing the transparency and fairness of the processes to elect, dismiss and determine the compensation of officers. We have determined he is the right person to supervise management to achieve the sustainable growth of the Group and an improvement in our corporate value. Therefore, we have elected him as an Outside Director who is an Audit & Supervisory Committee member. He satisfies all the requirements of an independent officer as stipulated in Article 436.2 of the securities listing regulations of the Tokyo Stock Exchange. Therefore, we have determined that there is no risk of a conflict of interest arising between him and general shareholders. Nevertheless, we will not designate him as an independent officer or make a notification of such in accordance with the policy of the law firm to which he belongs.</p>

<p>Kayo Murakami</p>		<p>○</p>	<p>-----</p>	<p>Ms. Murakami has broad insights relating to the web, digital marketing and digital transformation. In addition, she utilizes her unique perspective as a woman to contribute to the promotion of diversity management by providing positive opinions and proposals in meetings of the Company's Board of Directors and management meetings.</p> <p>In addition, she serves as a member of the Nomination & Compensation Committee. Through that role, she is enhancing the transparency and fairness of the processes to elect, dismiss and determine the compensation of officers.</p> <p>We have determined she is the right person to supervise management to achieve the sustainable growth of the Group and an improvement in our corporate value. Therefore, we have re-elected her as an Outside Director.</p> <p>She meets the standards of independence specified by the Tokyo Stock Exchange and we have therefore determined that she presents no risk of a conflict of interests with general shareholders and have designated her as an independent officer.</p>
----------------------	--	----------	--------------	--

Wataru Sakakura		○	<p>Mr. Sakakura is the COO of One Capital, Inc. The Company has invested 285 million yen in an investment business association operated by One Capital, Inc. as an unlimited liability employee. However, we have no transactions other than profit sharing with One Capital, Inc. Therefore, this does not apply to special interests or a specified related business operator.</p>	<p>Mr. Sakakura has a track record in supporting the digital transformation of large companies over about 20 years in a global strategic consulting firm. Together with this, he has distinguished achievements and knowledge relating to investment and strategies in the SaaS field in Japan as COO of One Capital, Inc. Accordingly, he contributes to devising our business strategies. In addition, he serves as a member of the Nomination & Compensation Committee. Through that role, he is enhancing the transparency and fairness of the processes to elect, dismiss and determine the compensation of officers. We have determined he is the right person to supervise management to achieve the sustainable growth of the Group and an improvement in our corporate value. Therefore, we have re-elected him as an Outside Director. He meets the standards of independence specified by the Tokyo Stock Exchange and we have therefore determined that he presents no risk of a conflict of interests with general shareholders and have designated him as an independent officer.</p>
-----------------	--	---	--	---

Naoki Otani	○	○	———	<p>Mr. Otani has a wealth of experience in corporate management and private equity investment. He also has a high level of insight as an attorney at law. Accordingly, he provides positive opinions and proposals in meetings of the Company's Board of Directors and the Audit & Supervisory Board.</p> <p>We have determined that he will continue to utilize his specialized knowledge and experience in the Company's audit structure in the future. Therefore, we have elected him as an Outside Director who is an Audit & Supervisory Committee member.</p> <p>He meets the standards of independence specified by the Tokyo Stock Exchange and we have therefore determined that he presents no risk of a conflict of interests with general shareholders and have designated him as an independent officer.</p>
Toshihiko Ishikawa	○	○	<p>Mr. Ishikawa is Chairman of the Board of Directors at Business Brain Showa-Ota Inc. The Company has provided our services to that company. However, those were general services provided by the Company. That means they are normal transactions. Therefore, this does not apply to special interests or a specified related business operator.</p>	<p>Mr. Ishikawa has a wealth of experience in corporate management. He also has a high level of insight as a certified public accountant. Accordingly, he provides positive opinions and proposals in meetings of the Company's Board of Directors and the Audit & Supervisory Board.</p> <p>We have determined that he will continue to utilize his specialized knowledge and experience in the Company's audit structure in the future. Therefore, we have elected him as an Outside Director who is an Audit & Supervisory Committee member.</p>

Yuri Hayashi		○	-----	<p>Ms. Hayashi has a wealth of knowledge in marketing and management from her many years of experience working at Recruit Co., Ltd.</p> <p>Moreover, she took up a post as the first female Deputy Mayor of Shijonawate in Osaka Prefecture in 2017. She utilized her experience of working in the private sector to strive for organizational reform and promoted child-rearing policies and urban development.</p> <p>She embodies the social impact recruitment the Company is striving to implement. As a result of comparison and consideration with other candidates, we have determined that her experience and knowledge match with the type of person sought by the Company. Therefore, we have elected her as an Outside Director.</p> <p>In addition, she serves as a member of the Nomination & Compensation Committee. Through that role, she is enhancing the transparency and fairness of the processes to elect, dismiss and determine the compensation of officers.</p> <p>She meets the standards of independence specified by the Tokyo Stock Exchange and we have therefore determined that she presents no risk of a conflict of interests with general shareholders and have designated her as an independent officer.</p>
--------------	--	---	-------	--

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

Establishment of Voluntary Committees, Composition of Committee Members and Attributes of the Committee Chairperson - Updated

	Name of the Committee	Total Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntary committee equivalent to a nomination committee	Nomination & Compensation Committee	6	0	2	3	0	1	Outside director
Voluntary committee equivalent to a compensation committee	Nomination & Compensation Committee	6	0	2	3	0	1	Outside director

Supplementary Explanation - Updated

The Nomination & Compensation Committee functions as both a nomination committee and a compensation committee. The chairperson and members of the Nomination & Compensation Committee are selected by the Board of Directors so that outside officers are the main members. The Nomination & Compensation Committee deliberates on the selection of candidates for director and the determination of individual compensation amounts for directors. It then reports its findings to the Board of Directors. The “other” member on the Nomination & Compensation Committee is an outside Audit & Supervisory Board member.

[Audit & Supervisory Board]

Name of the Committee	Total Members	Full-time Members	Internal Directors	Outside Directors	Chairperson
Audit & Supervisory Board	3	0	0	3	Outside director

Directors and Employees Who Assist with the Duties of Audit & Supervisory Committee Members	Yes
---	-----

Matters Concerning Independence of the Applicable Directors and Employees from Executive Directors

The human resources director will report personnel evaluations, personnel transfers, and disciplinary measures taken with respect to an employee who is assisting with Audit & Supervisory Committee member duties to the Audit & Supervisory Committee in advance, and shall obtain approval of the Audit & Supervisory Committee when necessary.

The assisting employee will also report directly to the Audit & Supervisory Committee member.

Cooperation among the Audit & Supervisory Committee , the Accounting Auditor and the Internal Audit Department

The Audit & Supervisory Committee audits the execution of business by Directors based on the auditing policies and plans established by the Audit & Supervisory Committee .

In addition, it establishes opportunities to communicate with management on a periodic basis. Together with this, it receives reports on the implementation of audits by the Accounting Auditor and cooperates with the Internal Audit Department. Through that, the Audit & Supervisory Committee strives to conduct effective audits.

Establishment of Voluntary Committees, Composition of Committee Members and Attributes of the Committee Chairperson

	Name of the Committee	Total Members	Full-time Members	Internal Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntary committee equivalent to a nomination committee	Nomination & Compensation Committee	5	0	1	4	0	0	Outside director
Voluntary committee equivalent to a compensation committee	Nomination & Compensation Committee	5	0	1	4	0	0	Outside director

[Independent Officers (Directors/ Audit & Supervisory Board Members)]

Number of Independent Officers -Updated

5

Matters relating to Independent Directors/ Audit & Supervisory Board Members

[Incentives]

Incentive Policies for Directors

A performance based stock compensation system and system of stock options have been introduced.

Supplementary Explanation

The compensation of the Company's Directors (excluding Directors who are Audit & Supervisory Committee members) is comprised of performance-based compensation (bonuses) and performance-based stock compensation in addition to basic compensation. The aim of this is to increase the motivation and

morale to improve performance among internal Directors. We pay compensation within the range of the compensation limits determined at General Meetings of Shareholders.

The Nomination & Compensation Committee, which consists mainly of Outside Directors, checks and verifies the compensation of Directors (excluding Directors who are Audit & Supervisory Committee members). The Board of Directors then determines the compensation of Directors based on the content of the report from the committee.

Recipients of Stock Options	Internal Directors, employees and Directors of subsidiaries
-----------------------------	---

Supplementary Explanation

We grant stock options to the Company's Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) and employees and Directors of our subsidiaries. The aim of this is to increase their motivation and morale to improve the performance of the Company.

[Director Compensation]

Disclosure of Individual Directors' Compensation	Individual compensation is not disclosed.
--	---

Supplementary Explanation -Updated

Total amount paid to directors in the most recent fiscal year:

Directors: 161 million yen (including 12million yen to threeoutside directors)

* The compensation paid to director (excluding outside directors) as noted above includes expenses associated with call options awarded as stock options.

Policy on Determining Compensation Amounts and Calculation Methods	Established
--	-------------

Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

The compensation of the Company's Directors (excluding Directors who are Audit & Supervisory Committee members) is comprised of basic compensation, performance-based compensation (bonuses) and performance-based stock compensation. We pay compensation within the range of the compensation limits determined at General Meetings of Shareholders.

The Nomination & Compensation Committee, which consists mainly of Outside Directors, checks and verifies the compensation of Directors (excluding Directors who are Audit & Supervisory Committee members). The Board of Directors then determines the compensation of Directors based on the content of the report from the committee.

The amount of basic compensation is decided for each individual based on a report from the Nomination & Compensation Committee by the Representative Director who has been entrusted to handle this matter by the Board of Directors.

Bonuses for Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) are calculated using the three indicators of consolidated net sales, consolidated operating income and consolidated net income for each individual by multiplying the standard amount set according to

position and responsibilities by the payment rate obtained according to the evaluation weight of each indicator and the achievement rate of targets.

It was resolved at the General Meeting of Shareholders held on June 28, 2022 to set the limit on compensation of Directors (excluding Directors who are Audit & Supervisory Committee members) at a total of 300 million yen a year (of which, the limit on the compensation of Outside Directors is 20 million yen a year).

That amount does include share compensation stock options and the employee salary of Directors who are also employees.

Moreover, it was resolved at the General Meeting of Shareholders held on June 28, 2022 to grant share compensation stock options as compensation of Directors (excluding Directors who are Audit & Supervisory Committee members and Outside Directors) up to a total of 500 million yen a year.

There are eight Directors (excluding Directors who are Audit & Supervisory Committee members) as of the conclusion of that General Meeting of Shareholders. (That number includes three Outside Directors.)

The compensation of Directors who are Audit & Supervisory Committee members is comprised only of fixed monthly wages (basic compensation) from the viewpoint of emphasizing neutrality and objectivity with respect to management. That compensation is determined through discussions with the Directors who are Audit & Supervisory Committee members from among the compensation set aside for those Directors based on a report from the Nomination & Compensation Committee.

It was resolved at the General Meeting of Shareholders held on June 28, 2022 to set the limit on compensation of Directors who are Audit & Supervisory Committee members at a total of 30 million yen a year.

There are three Directors who are Audit & Supervisory Committee members as of the conclusion of that General Meeting of Shareholders. (That number includes three Outside Directors.)

[Support System for Outside Directors and/or Outside Audit & Supervisory Board Members]

The divisions concerned provide advance explanation of agenda items to outside directors and outside audit & supervisory board members as necessary to help ensure sufficient discussion of agenda items at Board of Directors meetings.

2. Matters Concerning the Functions of Business Execution, Auditing, Oversight, and Nomination and Compensation Decisions (Overview of Current Corporate Governance System) - Updated

<Overview of Current System >

1. The Company has designated the Board of Directors as the body that oversees the performance of duties by directors. The Board of Directors meets once a month and also convenes meetings as necessary. It monitors the status of performance of duties. The Board of Directors monitors progress on performance for each business division and the company as a whole. It also discusses matters that are important to management of the business and decides the course of action.
2. The Company transitioned from being a company with an audit & supervisory board to being a company with an audit & supervisory committee according to a resolution at the 22nd Ordinary General Meeting of Shareholders held on June 28, 2022. This has made the Audit & Supervisory Committee members who are responsible for auditing the execution of duties by Directors into members with voting rights of the Board of Directors. The aim of this is to further enhance corporate governance through an additional reinforcement of the supervisory structure by strengthening the supervisory functions of the Board of Directors.

In addition, the Audit & Supervisory Committee is comprised of three Outside Directors. In addition to conducting Audit & Supervisory Committee audits, it provides its cooperation such as by proactively exchanging opinions with the Internal Audit Department and the Accounting Auditor.

3. The Company has retained Ernst & Young ShinNihon LLC as its accounting auditor. There are no notable conflicts of interest between the Company and the employees of the accounting auditor who perform work for en Japan. The names of the certified public accountants (CPAs) and other audit team members are listed below.

•Names of CPAs who performed work in the recent fiscal year:

(Name and title of CPA who performed work) (Name of firm the CPA is affiliated with)Yoshio Yukawa, Designated Employee with Limited Liability and Managing Partner,
Ernst & Young ShinNihon LLCKinuyo Matsuo, Designated Employee with Limited Liability and Managing Partner,
Ernst & Young ShinNihon LLC

* The number of years of successive audits is less than 7 years, and therefore has been omitted.

•Composition of supporting team members involved in audit work:

CPAs: 5

Other: 11

* Others includes team members who have passed the CPA exam and those in charge of system audits.

<Initiatives to Ensure Audits by the Audit & Supervisory Committee Are Conducted Effectively>

Directors (excluding Directors who are Audit & Supervisory Committee members) provide an environment in which it is possible for the Audit & Supervisory Committee to coordinate with attorneys at law, certified public accountants and other outside experts if the Audit & Supervisory Committee deems it is necessary when it is executing its duties.

<Limited Liability Agreements>

The Company has entered into agreements with the outside directors and audit & supervisory board members to limit liability for the damages in Article 423, Paragraph 1 of the Companies Act under the provisions in Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under these agreements is the amount prescribed in laws and regulations.

3. Reasons for Adoption of Current Corporate Governance System- Updated

The Company has selected the structure of a company with an audit & supervisory committee . The aim of this is to strengthen audit and supervisory functions while improving corporate value greater than ever before by further enhancing the corporate governance structure through the construction of a swift and agile management structure.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Ensure Dynamic General Shareholder Meetings and Smooth Exercise of Voting Rights - Updated

	Supplementary Explanations
Early Notification of Annual Meeting of Shareholders	The Company works to send the Notice of the Annual Meeting of Shareholders early (sent on June 9 for the Annual Meeting of Shareholders held on June 28, 2022). We also post it on TDnet and on our corporate website prior to sending it (posted on June 6 for the Annual Meeting of Shareholders held on June 28, 2022).
Scheduling the Annual Meeting of Shareholders on a date when many other companies are not holding theirs	We take care not to schedule the meeting on a day on which many other companies are holding their annual meetings so that more shareholders can attend (held on June 28 in 2022).
Electronic Exercise of Voting Rights Allowed	It has become possible to exercise voting rights over the Internet from the Annual Meeting of Shareholders held on June 24, 2020.
Participation in an Electronic Voting Platform or Other Means to Increase the Exercise of Voting Rights	We have been participating in an electronic voting platform since the General Meeting of Shareholders held on June 28, 2022.
Convocation Notice in English Provided	We have produced an English version of the Notice of the Annual Meeting of Shareholders and posted it on TDnet and on our corporate website.

2. IR Activities

	Supplementary Explanations	Explanation from Representative
Creation/publication of disclosure policy	Preparation and Publication of a Disclosure Policy For details, please refer to our website.	
Regular Investor Briefings for Individual Investors	We participate as appropriate in the events of IR support companies to provide investor briefings for individual investors.	Yes
Regular Investor Briefings for Analysts and Institutional Investors	In principle, we hold investor briefings after the second quarter and full-year financial results. We also distribute investor briefing and explanatory videos every quarter as appropriate. Furthermore, we proactively hold small meetings and individual meetings with Japanese and foreign analysts and institutional investors.	Yes
Regular Investor Briefings for Foreign Investors	We proactively participate in conferences organized by securities companies in Japan and overseas.	Yes
Posting of IR Materials on Website	We post summary financial statements, financial results briefing materials and IR news on our IR site. Moreover, we disclose the English version of our financial results briefing materials at the same time as the Japanese version. We also publish the English version at the same time for timely disclosures that are considered to be particularly important.	
Establishment of Department and/or Manager in Charge of IR	We have established an office dedicated solely to IR in our Corporate Planning Department.	

3. Measures to Ensure Respect for Stakeholders' Positions - Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	One of the tenets of en Japan's corporate philosophy is subjective justice. We believe that doing what is right for society and contributing to society, without falling into the trap of believing the profit is the only goal, are why we exist.
Other	<p>Policy and Initiatives on Promoting the Advancement of Women At en Japan, we actively promote hiring and promotion of female employees, and female employees comprise 58.7% of all employees (as of June 1, 2022). We will continue to work actively to establish an environment that enables female employees to work with passion and enables them to advance their careers in various fields.</p> <p>We are currently implementing WOMen Lab, an internal project to promote the advancement of women. Megumi Kawai, who is a female director, is taking the lead on this. The content of that program is communicated internally and externally in the blog for the project and the internal new bulletin, ensoku!</p> <p><Main Initiatives and Systems ></p> <ul style="list-style-type: none"> • WOMen Lab management course (to develop managerial level women) • Networking events for female employees • Networking events and luncheons held to support employees on childcare leave • Female employee satisfaction survey • The Smart Growth System (a system aimed at preventing the stalling of a woman's career and decline in income by choosing shorter work hours after returning from childcare leave), etc. • Formulation of various rules for LGBT individuals with partners • Diversity surveys to understand the actual situation of diversity within the Company

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and Progress on System Development - Updated

<Basic Views>

At en Japan, our goal is to contribute to our shareholders, clients, many stakeholders, and society at large through our business. We have therefore positioned building an organization that can respond to changes in the management environment as an important policy for the group as a whole. We are therefore working to strengthen corporate governance and make it robust to enable healthy growth of our corporate group, and are working to create a fair management system.

<Status of Progress on Establishing Internal Controls >

A. Status of Progress on Establishing Internal Controls

The Company has established a basic policy for the development of an internal controls system based on the Companies Act. Going forward, we will strive to ensure the legality and efficiency of management as well as to manage risks that may hinder management. At the same time, we will develop and enrich our management structure so that we can respond to the rapidly changing environment.

Risks associated with each division are also reported to the Board of Directors or the President who then swiftly takes the appropriate steps to address them.

In an emergency, the Company will activate an emergency response headquarters with the president in charge. The emergency response headquarters will work together with an attorney and other external experts to respond rapidly to prevent greater damages or loss and mitigate it to the extent possible.

In addition, the Company's basic policy is to have absolutely no relationship with anti-social forces. If we come into contact with anti-social forces in any way, we will immediately cooperate with the police and attorneys at law to deal with that systematically.

B. System to ensure efficient performance of duties by directors and employees of the Company and Group companies

The Company holds regular Board of Directors meetings once a month, and holds additional Board of Directors meetings when necessary. We have established a system that enables agility and swift decision making on matters of importance to the en Japan Group. The Board of Directors has also established a body to oversee the performance of duties by directors to ensure that those duties are properly performed. The Board of Directors formulates and promotes concrete policies and measures aimed at achieving the management plan, ascertains the status of progress on achieving goals and challenges that exist, and takes steps to resolve any challenges. In addition, the Audit & Supervisory Committee also meets once a month and holds extraordinary meetings as necessary. It discusses matters stipulated by laws/ordinances and the Articles of Incorporation and important audit operations while working to enhance the audit structure in line with the audit policies and division of duties which have been stipulated.

C. System for ensuring that the performance of duties by directors and employees of the Company and Group companies meets legal and regulatory requirements and those specified in the Articles of Incorporation

The Company has established a compliance structure for overseeing the compliance function in the entire group. The Compliance Division is responsible for the work involved in promoting compliance activities across all organizations in the group. The Compliance Division works with each company in the group to

establish a compliance structure for the region it is in charge of, and promotes compliance with laws and regulations and internal company rules as well as other compliance activities. The Internal Audit Department, which reports directly to the president and representative director, is in charge of the internal auditing function, and works to monitor the status of compliance with internal controls. It also performs regular internal audits and works together with Audit & Supervisory Committee and accounting auditors by exchanging opinions on the results of such audits, and cooperating in other ways. Internal audit reports are submitted to the president and representative director from the head of the Internal Audit Department. Whistleblowing system: The company has established a system to protect whistleblowers by establishing the Rules on Treatment of Public-Interest Whistleblowers. Under this system, an employee who has become aware of actions that he or she suspects is a compliance violation can report it to the internal whistleblowing hotline and the company will protect the whistleblower from any repercussions.

D. Status of Progress on Developing a Risk Management Structure

The persons responsible for risks associated with routine conduct of business in each division collectively predicts and gauges the extent of such risks and then takes steps to prevent them from materializing in the Company's risk management structure.

E. System to Ensure Proper Conduct of Operations by the Corporate Group That Consists of the Company and Our Subsidiaries

The management of our subsidiaries and associated companies (hereinafter "Affiliated Companies") is handled by the Administrative Division in accordance with the Rules on Management of Affiliated Companies. It works together with the divisions concerned at each of those Affiliated Companies. Based on those rules, some management matters require approval by the Board of Directors or mandate reporting to the Board of Directors and the division concerned. The Internal Audit Department and the Internal Audit Committee conducts internal audits on major Affiliated Companies in the same way as with the internal audits on the Company. Moreover, they cooperate in auditing the status of progress on developing internal control systems in Affiliated Companies and press for improvements based on the results of those audits.

F. Matters Concerning Employees Who Assist with Audit & Supervisory Committee Member Duties When an Audit & Supervisory Committee member requests an employee to assist with audit & supervisory duties, Directors will allocate an appropriate person to assist with those duties.

This assistant will work alone or together with the relevant division to perform the research, analysis, and reporting subject to audit at the direction of the Audit & Supervisory Committee member, and will assist the Audit & Supervisory Committee member in performing onsite audits when necessary.

G. Matters Concerning the Independence of Employees Who Assist Audit & Supervisory Committee Members from Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) and Matters Concerning Ensuring the Viability of Instructions to Such Assistants

The human resources director will report personnel evaluations, personnel transfers, and disciplinary measures taken with respect to an employee who is assisting with Audit & Supervisory Committee member

duties to the Audit & Supervisory Committee in advance, and shall obtain approval of the Audit & Supervisory Committee when necessary.

The assisting employee will also report directly to the audit & supervisory committee member.

H. System for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members) and Employees to Report to Audit & Supervisory Committee Members and System for Ensuring That Persons Who Have Reported Are Not Subjected to Retaliation Because They Reported

Directors (excluding Directors who are Audit & Supervisory Committee members) or employees will promptly report legally mandated matters and matters that would have a serious impact on the entire company. In addition to this, they will also promptly report on the status of internal audit implementation, protection and management of personal information, and the details regarding such matters upon request of an Audit & Supervisory Committee member.

Moreover, when an officer or employee is convinced that the Company's policies or business activities have violated (or are in danger of violating) laws/ordinances and regulations or internal company rules and policies, the Company encourages that person to immediately report that fact.

The Company has established and maintains a system for treating people who make such reports fairly and not permitting any retaliatory action against them, regardless of whether the report was made to an Audit & Supervisory Committee member or not.

I. Matters Concerning Policies Relating to the Procedures for the Advance Payment and Reimbursement of Expenses in the Execution of Duties by Audit & Supervisory Committee Members (Limited to Expenses Relating to the Execution of Duties by Audit & Supervisory Committee Members) and the Other Processing of Expenses and Debts Incurred in the Execution of Those Duties

If an Audit & Supervisory Committee member requests the advance payment or reimbursement of expenses incurred in the execution of his or her duties, the Company will promptly process those expenses or debts except in the event it is deemed they were not necessary in the execution of duties by the said Audit & Supervisory Committee member.

J. System to Ensure That Other Audits by Audit & Supervisory Committee Members Are Performed Efficiently

Directors (excluding Directors who are Audit & Supervisory Committee members) provide an environment in which it is possible for the Audit & Supervisory Committee to coordinate with attorneys at law, certified public accountants and other outside experts if the Audit & Supervisory Committee deems it is necessary when it is executing its duties.

K. System for retaining and managing information relating to performance of duties by Company directors

The Company has established rules on the retention period and method of management for documents (including electronically recorded documents) that contain information on the performance of duties by directors. The information is retained and properly managed in accordance with these rules.

2. Basic Views on Eliminating Anti-Social Forces

The Company cooperates with law enforcement agencies in regard to antisocial forces that exert an adverse impact on social order or sound corporate operations. Our basic policy is to respond to such threats resolutely and in a systematic manner, and we make sure that all officers and employees are aware of this.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation

The Company has not introduced specific anti-takeover measures to response to so-called hostile takeovers, at present.

2. Other Matters Concerning to Corporate Governance System - Updated

[Status of Internal System for Timely Disclosure]

The Company complies with the Financial Instruments & Exchange Act, other relevant laws and regulations, and the rules of the Tokyo Stock Exchange. As shown in the attached diagram, we have established an internal structure that enables accurate and fair disclosure of information in a timely manner. The Chief Information Officer directs the divisions in charge of information disclosure to check and verify the various kinds of information reported to it by the divisions in charge of that information.

[Internal System to Ensure Timely Disclosure]

