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## Corporate Governance Report

Last Update: March 28, 2023

Fullcast Holdings Co., Ltd.

President, Representative Director and CEO

Kazuki Sakamaki

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Details of the corporate governance of Fullcast Holdings Co., Ltd. (hereinafter, our “Company”) is described below.

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

#### **1. Basic Views**

Fullcast Group (hereinafter, our “Group”) considers the basic principles and aims of corporate governance to ensure transparent management for all concerned interested parties including shareholders, and to improve the efficiency of management in order to realize the “sustained improvement of corporate value.”

As of March 27, 2023, Fullcast Holdings Co., Ltd. is a company with a Board of Directors, which is comprised of 7 Directors, including 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members, and also a company with an Audit & Supervisory Committee, which is comprised of 3 Directors who are Audit & Supervisory Committee Members.

To achieve the aforementioned basic principles and goals of corporate governance, it is our policy for the composition of the Board of Directors to consist of at least one-third outside directors and to report all outside directors as independent officers as stipulated by the Tokyo Stock Exchange. We have chosen outside directors to serve as 3 of our 7 Directors, and in so doing we aim to strengthen the supervisory function of overall business execution from an external perspective.

Regarding Directors who are Audit & Supervisory Committee Members, by appointing all 3 as Outside Auditors (one of them being a fulltime Audit & Supervisory Committee Member), we perform effective and appropriate oversight of business execution by Directors, and have put in place a system that ensures objectivity and neutrality.

We believe that these systems allow our corporate governance to function properly.

### **[Reason for Non-Compliance with the Principles of the Corporate Governance Code]**

Our Company implements all the principles of the Corporate Governance Code.

### **[Disclosures Based on the Principle of the Corporate Governance Code]**

#### **Principle 1-4 [Cross-Shareholdings]**

Our Group acquires and holds cross-shareholdings of publicly listed stocks when it is determined to contribute to the improved medium to long-term corporate value of our Group from the perspective of maintaining and strengthening cooperative business relations and maintaining and strengthening stable, long-term transactional relationships between our Group and its business partners, restricted to alliance relationships, transactional relationships or other business relationships. Our Company plans to sell and reduce shares of subsidiaries and associates and investment securities for which these business synergies are not expected to materialize.

In addition, every year our Company has examined the medium to long-term economic rationality and future outlook of main cross-shareholdings taking into account risks and returns, and reported the findings to our Board of Directors as necessary. However, beginning from the fiscal year ended December 2018, the Board of Directors has examined whether these holdings are needed or not. For the fiscal year ended December 2022, the Board of Directors carefully screened our Group's cross-shareholdings (5 stocks), including whether ownership is appropriate or not. As a result of this examination, it was determined that continuing to hold these cross-shareholdings is appropriate at the current point in time.

With regard to exercising the voting rights of cross-shareholdings, our Group determines whether it approves or disapproves a proposal and exercises its voting rights after comprehensively determining, based on individual scrutiny, whether the proposal contributes to the enhancement of the corporate value of the companies concerned and our Group and whether there is a possibility the proposal will damage shareholder value, for each individual proposal, taking into account the purpose of each individual holdings and referencing the criteria for exercising voting rights of the voting advisory company.

#### **Principles 1-7 [Related Party Transactions]**

Matters stipulated in laws and regulation and the scope of major shareholders and subsidiaries considered as stakeholders, the Company's Regulations of the Board of Directors stipulate that competitive transactions with a subsidiary of a Director and transactions involving a conflict of interest between a Director or major shareholder and subsidiary must be approved by the Board of Directors, and the Board of Directors must be reported to with regard to transaction details when an approved transaction is executed or on a semiannual basis for transactions with blanket approval. In addition, the results of a survey on the existence of related party transactions are reported to the Board of Directors every year and disclosed appropriately pursuant to laws and regulations.

The development of these procedures and supervision of the Board of Directors ensures system is in place that does not damage the interests of our Company or its shareholders and that prevents such concerns from arising.

#### **Supplementary Principle 2-4-1 [Ensuring Diversity in Promotion to Core Human Resources]**

<View and Goals on Ensuring Diversity>

Our Group will promote diversity not tied to attributes such as gender, nationality, age, and work history, not only in core human resources, but also among its regular employees, temporary employees, and jobseekers via dispatching or

placement through our Group.

As of December 31, 2022, the ratio of female employees, including regular and temporary employees working for our Group, was 65.8%, and we will maintain a minimum ratio of 50.0%.

The ratio of female managers at our Group was 15.5% as of December 31, 2022. We have set a goal of raising this indicator to 15.0% by December 31, 2025, and have strived to enhance recruitment, personnel systems, and training programs. We will make efforts to maintain and increase this level going forward.

As we do not anticipate any differences in the promotion of foreign nationals and midcareer hires to management positions in terms of nationality or recruitment period, we have not set or disclosed goals for promotion to management positions at the current time.

<Policy on Human Resource Development and Development of Internal Environment>

For our Group to achieve sustained enhancement of corporate value, it is essential for new graduates and midcareer hires to become competitive quickly after joining, and we have a full menu of training programs with a focus on practical training for employees up to their third year. In addition to increasing the precision and opportunities offered under our menu of training programs, we will consider gradually expanding the menu for each level of upper management and establishing training programs aimed at increasing awareness of sustainability among officers and employees.

#### **Principle 2-6 [Roles of Corporate Pension Funds as Asset Owners]**

Our Company does not have a corporate pension fund as of the date this report has been updated.

#### **Principle 3-1 [Full Disclosure]**

##### **1. Our Company's future vision (management philosophy, etc.), management strategy and management plan**

Our Group considers the "sustained improvement of corporate value" to be one of its most important management issues.

Our Group will endeavor to maximize corporate value by striking a balance between profitability and growth. At the same time, our management will endeavor maintain a solid financial standing and implement strategies that focus upon capital efficiency. Also, we maintain a goal of realizing a debt-to-equity ratio target of no more than 1.0 time to maintain appropriate debt levels that will enable us to make investments necessary to secure growth, while at the same time maintaining financial soundness. Our Group also seeks to achieve an ROE of over 20% as a target indicator of "improvement of corporate value." In addition, we maintain a policy of enhancing returns of profits to shareholders with a target of achieving total return ratio of 50%.

Our Group has established our "Medium-Term Management Plan 2024." Based on this Plan, we will work toward achieving the target of a "new record high consolidated operating profit of 10 billion yen in the final year of the plan."

An outline of "Medium-Term Management Plan 2024" is presented below.

##### a) Applicable Period

Three years from the fiscal year ended December 2022 to the fiscal year ending December 2024

##### b) Corporate Philosophy

Management philosophy: "Providing the best place for people to bring out their best"

Target: "Aiming to achieve record-high profits in the final year of our Medium-Term Management Plan."

c) Numerical Targets

Consolidated operating profit of 10 billion yen in the fiscal year ending December 2024

d) Key Performance Indicators (KPI)

Indicators for achieving “sustained improvement of corporate value”:	ROE of 20% or higher
Indicators related to shareholder returns:	Total return ratio of 50%
Indicators supporting “basic capital policy” :	D/E ratio upper limit 1.0 time

e) Summary of Business Strategy

■ Short-Term Operational Support Business

- Integrate online and real-life using DX (digital transformation technologies) to further improve our service level provided to both staff and clients alike resulting in business growth

■ New Businesses and M&A

- Expand businesses established under the previous Medium-Term Management Plan
- Actively invest in M&A to take our business portfolio to the next stage of growth

■ Sales Support Business

- Expand the business by strengthening sales capabilities, diversifying product offerings, and horizontally expanding the entertainment business

■ Security, Other Businesses

- Increase the number of stable permanent security projects, increase collaboration with other companies, and expand Group synergies

Medium-Term Management Plan 2024

[https://www.fullcaholdings.co.jp/assets/upload/2022/05/mediumtermmanagementplan2024\\_eng.pdf](https://www.fullcaholdings.co.jp/assets/upload/2022/05/mediumtermmanagementplan2024_eng.pdf)

Notice of Establishment of “Medium-Term Management Plan 2024”

[https://www.fullcaholdings.co.jp/assets/upload/2022/05/timelydisclosure\\_20220210\\_4\\_eng.pdf](https://www.fullcaholdings.co.jp/assets/upload/2022/05/timelydisclosure_20220210_4_eng.pdf)

Consolidated Business Results for the Fiscal Year Ended December 2021 (Jan.–Dec. 2021) (P. 23-25)

[https://www.fullcaholdings.co.jp/assets/upload/2022/05/presentation\\_20214Q\\_eng.pdf](https://www.fullcaholdings.co.jp/assets/upload/2022/05/presentation_20214Q_eng.pdf)

## 2. Basic Philosophy and Policy Concerning Corporate Governance

### <Basic Philosophy>

Our Group considers the basic principles and aims of corporate governance to ensure transparent management for all concerned interested parties including shareholders as well as to improve the efficiency of management in order to realize the “sustained improvement of corporate value.”

### <Basic Policy>

Our Company is now working to strengthen corporate governance following the basic policy outlined below.

#### (1) Secure shareholders’ Rights and Equality

Our Company will provide necessary information in a timely and accurate manner and respond appropriately following laws and regulations in order to effectively secure the rights of shareholders.

In addition, in light of the composition of our shareholders, we will consider improvements in the environment so that foreign shareholders and minority shareholders can exercise their rights appropriately.

(2) Appropriate Cooperation with Stakeholders Other Than Shareholders

Our Company strives to engage in appropriate cooperation with all stakeholders by implementing management that places its top priority on compliance, given the awareness that our Company's staffing services are highly social and public in their nature.

(3) Ensure Appropriate Information Disclosures and Transparency

Our Company will disclose not only financial information, but also non-financial information, in an appropriate and proactive manner, with emphasis placed on fairness, equality, and speed. We will also ensure the transparency of this information.

(4) Duties of the Board of Directors, Others.

Our Company will strive to make the decision making of management more efficient and streamlined by clearly demarcating the roles and duties of the Board of Directors, the Audit & Supervisory Committee Members, and the Audit & Supervisory Committee.

(5) Constructive Engagement with Shareholders

Our Company will engage with shareholders through our General Manager of the Finance and IR Department, with our the President, Representative Director and CEO supervising our engagements, in order to contribute the sustained improvement of corporate value. These roles will be supplemented by our dedicated department in charge of investor relations. This structure will ensure constructive engagement takes place with shareholders.

**3. Policy and Procedures for Determining the Remuneration of Executive Management and Directors (Excluding Those Who Are Audit & Supervisory Committee Members) by the Board of Directors**

The relevant policy and procedures are outlined in "II. Business Management Organizations and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management > 1. Organizational Composition and Operation > [Director Compensation] > Disclosure of Policy for Determination of compensation amounts and calculation method" of this report.

**4. Plans and Procedures for The Election and Dismissal of Management Executives and Nomination of Candidates for Directors (Excluding Those Who Are Audit & Supervisory Committee Members) and Directors Who Are Audit & Supervisory Committee Members by the Board of Directors**

The nomination of candidates for Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members and the selection of executive management by the Board of Directors is made involving persons determined to have appropriate knowledge, experience and skills to fulfill their duties, irrespective of age, gender and nationality, from the perspective of contributing to sustainable growth and enhancing medium to long-term corporate value. The Board of Directors, including 3 independent outside directors, deliberates resolutions and proposals from our President, Representative Director and CEO and makes decisions only after ensuring objectivity and fairness. Our Company has a policy of dismissing the President, Representative Director and CEO, if necessary, based on deliberations by the Board of Directors including our 3 independent outside directors, in

cases where it has acknowledged the President, Representative Director and CEO did not fully exhibit fulfill their roles, taking into account an appropriate evaluation of business performance and other factors.

**5. Explanation of Individual Elections, Nominations and Dismissals when Nominating Candidates for Directors (Excluding Those Who Are Audit & Supervisory Committee Members) and Directors Who Are Audit & Supervisory Committee Members and Electing and Dismissing Executive Management by the Board of Directors Based on 4. Above**

The reasons for nominating, electing or dismissing individual Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members are described as follows below. In addition, this information can be found in the convocation notice for the General Meeting of Shareholders.

■ Reason for Selection of Takehito Hirano

Takehito Hirano has sufficiently fulfilled his role in supervising business execution and the management at the Board of Directors utilizing his wealth of experience as an entrepreneur and business owner as well as his broad scope of knowledge in the staffing services industry. Given these qualifications, our Company has selected him as Director because it is believed he is an ideal choice for continuing to carry out the oversight of management and business execution as Director.

■ Reason for Selection of Kazuki Sakamaki

As a Director in charge of business execution, Kazuki Sakamaki has sufficiently fulfilled his role in supervising business execution and decision making with regards to material matters of our Company's management, in addition to having provided appropriate explanations for resolutions and reports presented to the Board of Directors. He has also led management as the President, Representative Director and CEO and has contributed to sustained enhancement of corporate value by realizing further business growth. Given these qualifications, our Company has selected him as Director because it believes he is an ideal choice for leading management as President, Representative Director and CEO and driving our Company toward achieving sustainable growth through the effective implementation of its medium-term management plan.

■ Reason for Selection of Takahiro Ishikawa

Takahiro Ishikawa possesses knowledge and experience as a business manager in the specialized short-term operational support service industry within the broader staffing services industry. He has played an important role in the oversight of management and business execution at the Board of Directors. Given these qualifications, our Company has selected him as Director because it believes he is an ideal choice for continuing to carry out the oversight of management and business execution as Director.

■ Reason for Selection of Shiro Kaizuka

Shiro Kaizuka possesses knowledge and experience as a business manager in the specialized short-term operational support service industry within the broader staffing services industry. He has played an important role in the oversight of management and business execution at the Board of Directors. Given these qualifications, our Company has selected him as Director because it believes he is an ideal choice for continuing to carry out the oversight of management and

business execution as Director.

■ Reason for Selection of Kouji Sasaki

Kouji Sasaki possesses a wealth of experience in finance and accounting as a licensed tax accountant, and our Company expects that his knowledge and experience can be utilized to continue to enhance our Company's audit and risk management functions. In addition, he provides useful opinions and suggestions based on his past background as Director who is an Audit & Supervisory Committee Member (independent outside director), from the viewpoints of compliance and management. For this reason, our Company has selected him as Outside Director who is an Audit & Supervisory Committee Member.

■ Reason for Selection of Masataka Uesugi

Masataka Uesugi possesses a wealth of experience as an attorney-at-law and as an audit & supervisory board member for other companies, and our Company expects that his knowledge and experience can be utilized to continue to enhance our Company's audit and risk management functions. For this reason, our Company has selected him as Outside Director who is an Audit & Supervisory Committee Member.

■ Reason for Selection of Hideyuki Totani

Hideyuki Totani possesses a wealth of experience in auditing as an Accounting Auditor and as an audit & supervisory board member for other companies, and our Company expects that his knowledge and experience can be utilized to continue to enhance our Company's audit and risk management functions. For this reason, our Company has selected him as Outside Director who is an Audit & Supervisory Committee Member.

**Supplementary Principle 3-1-3 [Initiatives, Others Regarding Sustainability]**

<Initiatives Regarding Sustainability>

As described in Supplementary Principle 4-2-2, our Group's basic policy regarding sustainability is to contribute to solving sustainability issues and gaining the trust of all stakeholders involved in our business, and thereby realizing sustainable enhancement of corporate value. We will implement the following sustainability initiatives:

- Our Group will constantly offer employment opportunities to job seekers and a workforce to hiring companies by continually providing matching opportunities for short-term positions to job seekers and hiring companies. By doing so, we will contribute to job satisfaction for job seekers and economic growth for hiring companies. In particular, in Japan's labor market, which is experiencing a declining workforce, we will continually provide matching opportunities for short-term positions to both job seekers and hiring companies with a focus on young people, women, seniors, and foreign nationals as these are groups with room for labor force participation who can or want to work in short-term positions only, and through the growth of our Group, we will expand the opportunities both for job seekers and hiring companies.
- We will contribute to the realization of gender equality by providing employment opportunities to job seekers not tied to age, gender or other attributes. In particular, women account for 50.6% (fiscal year ended December 31, 2022) of dispatched workers in the Short-Term Operational Support Business, our Group's mainstay segment, and through the growth of our Group, we will contribute to the expansion of employment opportunities for female job seekers. We will also contribute to expanding employment opportunities for seniors through Fullcast Senior Works

Co., Ltd., a subsidiary providing staffing services specializing in older workers.

- We will contribute to eliminating inequalities among people and countries by providing employment opportunities to job seekers throughout Japan not tied to nationality. In particular, we will contribute to expanding employment opportunities for foreign nationals through Fullcast Global Co., Ltd., a subsidiary providing staffing services specializing in foreign nationals with resident status in Japan, and Fullcast International Co., Ltd., a subsidiary providing staffing services specializing in foreign nationals with specified skilled worker status.
- In response to Japan's labor environment, which is experiencing a declining workforce, we will contribute to industrial growth and building infrastructure for technological innovation by satisfying workforce needs through the provision of staff matching services to companies seeking growth or innovation. In particular, in providing staff matching services or job opportunities, it is essential to improve the convenience and efficiency of the core systems used for human resource matching, and we will strive to make continuous improvements in this area to expand matching opportunities. In addition, there are increasing opportunities for digital transformation (DX), which we will actively implement.

#### <Investment in Human Capital and Intellectual Property>

With regard to investment in human capital, increasing the number of personnel is essential for our Group to achieve sustainable enhancement of corporate value, and we are making the necessary investments to enable us to continually recruit new graduates and midcareer hires, with an annual increase. Besides this, our Group will also increase the number of personnel by regularly providing the opportunity for our Group's temporary employees and staff dispatched and placed through our Group to become regular employees.

In addition, as described in Supplementary Principle 2-4-1, for our Group to achieve sustained enhancement of corporate value, it is essential for new graduates and midcareer hires to quickly become competitive after joining, and we have a full menu of training programs with a focus on practical training for employees up to their third year. In addition to increasing the precision and opportunities offered by our menu of training programs, we will consider gradually expanding the menu for each level of upper management and establishing training programs aimed at increasing awareness of sustainability among both our officers and employees.

With regard to investment in intellectual property, improving the convenience and efficiency of core systems related to human resource matching is essential for our Group to carry out its mainstay staffing service business. This will not only streamline internal operations, but will also contribute to improving the satisfaction of job seekers who are dispatched or placed through our Group and customer experience of client companies, thereby supporting the sustainable enhancement of our Group's corporate value. Therefore,, we will continue to invest in this area.

In addition, due to the speedup and sophistication of digital and IT technologies, as well as the proliferation of these technologies among job seekers and client companies, there are increasing opportunities for digital transformation (DX) in all the business processes of the staffing services industry, where digitization and use of IT has been slow to penetrate. Our Group will make the necessary investment to actively utilize these opportunities.

#### <Disclosure of Climate Change-Related Impacts>

Our Group's basic policy on sustainability is to contribute to solving social issues and to win the trust of all stakeholders involved in our business by achieving sustainable enhancement of corporate value with a corporate philosophy of "Providing the best place for people to bring out their best."



Our Group has identified climate-related risks, considering the impact of climate change issues caused by global warming on our businesses and finances. In addition to addressing these already identified risks from a risk management perspective, we also performed a scenario analysis of climate change-related risks and possibilities in accordance with the framework proposed by the TCFD (Task Force on Climate-related Financial Disclosure). From now on, we will continue to implement efforts to understand the climate change impact upon our Group's businesses, take necessary measures and enhance the disclosure of related information.

Starting from the fiscal year ended December 2022, we have begun **disclosing information on “Governance,” “Strategy,” “Risk Management,” and “Indicators and Targets,” as recommended by the TCFD. Please refer to “Integrated Report 2023” for our Group’s climate-related information based on the TCFD framework.**

**(Reference)**

**Integrated Report 2023**

**[https://www.fullcastholdings.co.jp/assets/upload/2023/03/integratedreport\\_20230328.pdf](https://www.fullcastholdings.co.jp/assets/upload/2023/03/integratedreport_20230328.pdf)**

#### **Supplementary Principle 4-1-1 [Summary of Scope of Matters Delegated from the Board of Directors to the Management]**

The Board of Directors determines matters in accordance with laws and regulations and matters considered to be of importance to the management of our Group defined in the Regulations of the Board of Directors. The Articles of Incorporation stipulate that all or partial decisions of important business matters be delegated to the Board of Directors.

As for decisions on other matters of business execution, company regulations have been created that clearly indicate approval authority in order to speed up the decision making process and achieve more in-depth deliberation at the Board of Directors. Decision making is speed up by transferring authority as appropriate by the Board of Directors to the President, Representative Director and CEO, who serves as an executive director.

#### **Supplementary Principle 4-2-2 [Development of Basic Policy for Sustainability Initiatives]**

Fullcast Group Sustainability Basic Policy

The Fullcast Group's basic policy on sustainability is to contribute to solving social issues and to win the trust of all stakeholders involved in our business by achieving sustainable enhancement of corporate value based on our corporate philosophy of “Providing the best place for people to bring out their best.” We will implement the following sustainability activities:

1. As we are primarily engaged in short-term staffing services, it is difficult to imagine that climate change will have a major impact on our business. However, we will reduce our environmental impact and use resources efficiently in areas where we can contribute for the sustainable development of the global environment.
2. We will respond appropriately to the human rights impact and risks of corporate activities and strive to prevent human rights violations.
3. We are aware that the growth of our employees is the source of sustained enhancement of corporate value and we will strive for recruitment and training not tied to race, nationality, age, gender, and other attributes, as well as implement efforts to improve the working environment with a consideration to work-life balance.
4. We will strive to establish trust and engage in fair and appropriate transactions with job seekers and client companies, our important business partners in operating the staffing services business.

#### **Principle 4-9 [Independence Standards and Qualification for Independent Outside Directors]**

Our Company has stipulated the following standards for determining the independence of our Company's Outside Directors as part of our efforts to strengthen corporate governance.

#### **[Conditions of Independence for Independent Officers]**

Our Company's independent officers are outside directors as stipulated in the Companies Act and Ordinance for Enforcement of the Companies Act and they are persons who satisfy the conditions outlined below, in addition to the conditions for independence set forth by financial instrument exchanges in Japan, including the Tokyo Stock Exchange.

1. Persons who do not fall into any of the following categories
  - (1) A Director who is an executor of business or not an executor of business of our Company's parent company;
  - (2) An executor of business of our Company's sister company;
  - (3) An organization for whom our Company or our Company's subsidiaries (hereinafter, the "Group") is a major customer or a person who executes the business of that major customer ;
  - (4) A major customer of the Group or a person who executes the business of that major customer;
  - (5) A consultant, accounting expert or legal expert who, in addition to remuneration for directors receives money exceeding a certain amount or other assets from the Group (or an organization that receives the said assets or person who belongs to the said organization);
  - (6) A person who fell into any of the categories described in (1) to (5) above in the last one year;
  - (7) A relative of a person (excluding unimportant persons) who falls into any of the following categories (i) to (iii) within the second degree of the relationship:
    - (i) A person who falls into any of the above categories (1) to (6);
    - (ii) An executor of business for a subsidiary of our Company;
    - (iii) A person who falls into (ii) or was an executor of business for our Company in the last year.
2. Individuals who do not have other circumstances that prevents them from fulfilling their duties as independent officer.
3. Even when 1 or 2 above applies, an individual can still be appointed as independent officer if it is determined they effectively possess independence and the reason is explained and disclosed at the time of their appointment as outside officer.

#### **(Notes)**

1. An "executor of business" means a Director in charge of business execution, an executive officer, or an employee.
2. A "major customer" is defined as a company whose payments or receivables for transactions with the Group account for 2% or more of annual consolidated net sales of the Group or the customer within most recent business year.
3. "In addition to remuneration for directors receives money exceeding a certain amount or other assets from the Group" means a person who received monetary proceeds of 10 million yen or more or interests with the equivalent value from the Group, in addition to remuneration for directors, in the most recent business year.

#### **Supplementary Principle 4-10-1 [Nomination Committee and Remuneration Committee]**

Our Company's Board of Directors consists of 7 Directors, 3 of whom are independent outside directors, and agenda items at Board of Directors meetings are deliberated and decided upon after obtaining appropriate involvement and advice from the independent outside directors.

In order to establish a system that can adequately ensure the independence and objectivity of the functions of the Board of Directors in areas related to the remuneration of senior management and the Directors, our Company established the Remuneration Committee composed of 3 outside directors, who are Audit & Supervisory Committee Members and are independent, and the President, Representative Director and CEO in the fiscal year ended December 31, 2021. The majority of the members of the Remuneration Committee are independent outside directors. In addition, in terms of its authority and roles, the Remuneration Committee deliberates and reports to the Board of Directors on the following matters:

- (1) Policy in determining the remuneration, etc. of Directors
- (2) Draft proposals regarding the remuneration, etc. of Directors to be submitted to the General Meeting of Shareholders
- (3) Policy related to determining the details of remuneration, etc. for individual Directors
- (4) Matters related to the details of remuneration, etc. for individual Directors
- (5) Other important matters related to the above referred to the committee by the Board of Directors

Our Company also has established the Nomination Committee, which consists of 3 independent outside directors who are Audit & Supervisory Committee Members, and the President, Representative Director and CEO, in order to strengthen the supervisory function of the Board of Directors and enhance the corporate governance system by increasing the transparency and objectivity of the evaluation and decision-making processes regarding the nomination of Directors. As is the case with the Remuneration Committee, the majority of the members of the Nomination Committee are independent outside directors. In addition, in terms of its authority and roles, the Nomination Committee deliberates and reports to the Board of Directors on the following matters referred to it by the Board of Directors.

- (1) Matters related to the election and dismissal of Directors
- (2) Matters related to the selection and dismissal of the President and CEO
- (3) Matters related to the succession plan for the President and CEO
- (4) Other important matters related to the above referred to the committee by the Board of Directors

#### **Supplementary Principle 4-11-1 [View on Balance between Knowledge, Experience and Skills of the Board as a Whole, and on Diversity and Appropriate Board Size]**

Our Company has elected 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members. Our Company nominates Directors who are not Audit & Supervisory Committee Members as we believe them to be capable of playing a sufficient role in making decisions on important management matters and supervising the execution of duties by the President, Representative Director and CEO, who is an executive Director, in order to realize the management plan.

In addition, all of the Directors who are Audit & Supervisory Committee Members are independent outside directors, and we place an emphasis on their highly specialized knowledge and insight and experience in areas related to management which cannot be obtained solely from the Directors who are not Audit & Supervisory Committee Members. We expect all the Directors to fully demonstrate their abilities supported by their respective experience, to make

decisions on important matters related to basic management policies, and to supervise the execution of business.

Also, the 3 Directors who are not Audit & Supervisory Committee Members other than the President, Representative Director and CEO are non-executive directors with management experience. Therefore, the execution of duties by the President, Representative Director and CEO who is an executive director, is substantially supervised by all other Directors. The policies and procedures related to the election of Directors are provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information > 1. Basic Views, [Disclosures Based on the Principle of the Corporate Governance Code] > Principle 3-1 [Full Disclosure] > 4.” of this report.

Please see the table of Directors’ Skills in the appendix for an overview of the skills that the Directors possess as of March 2023.

**Supplementary Principle 4-11-2 [Concurrent Posts Assumed by Directors (Excluding Those Who Are Audit & Supervisory Committee Members) and Directors Who Are Audit & Supervisory Committee Members]**

Our Company discloses the status of concurrent posts assumed by Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members in the convocation notice for Ordinary General Meeting of Shareholders and Securities Reports.

The status of concurrent posts assumed by Directors (Excluding Those Who Are Audit & Supervisory Committee Members) and Directors Who Are Audit & Supervisory Committee Members is provided below.

**[Status of Other Important Mandates of Directors (Excluding Those Who Are Audit & Supervisory Committee Members)]**

Takehito Hirano

Representative Director and Chairman of F-PLAIN Corporation  
Director of Advancer Global Limited

Kazuki Sakamaki

President and Representative Director of Fullcast Co., Ltd.

Takahiro Ishikawa

Representative Director and Chairman of Beat Co., Ltd.  
Director of STARTLINE Co., Ltd.  
Representative Director and Chairman of Beattech Co., Ltd.

Shiro Kaizuka

Representative Director of Dimension Pockets Co., Ltd.  
Representative Partner of One Suite G.K.  
Director of Interbiz Limited  
Representative Director of Rearvio Co., Ltd.  
Representative Partner of IPM G.K.

**[Status of Other Important Mandates of Directors Who Are Audit & Supervisory Committee Members]**

Kouji Sasaki

Director of Sasaki Tax Accounting Office

Masataka Uesugi

Sakurada Dori Partners (Partner)

Outside Director (Audit & Supervisory Committee Member) of Digital Arts Inc.  
Outside Audit & Supervisory Board Member of Commerce One Holdings Inc.  
Outside Director (Audit & Supervisory Committee Member) of Ceres Inc.  
Outside Audit & Supervisory Board Member of Aiming Inc.  
Outside Audit & Supervisory Board Member of jig.jp co.,ltd.

Hideyuki Totani

President at RSM Seiwa Audit Corporation

Auditor of F-PLAIN Corporation

Outside Audit & Supervisory Board Member of Ichigo Holdings, Inc.

(Reference)

Convocation Notice of the Ordinary General Meeting of Shareholders for the 30th Fiscal Year

[https://www.fullcastholdings.co.jp/assets/upload/2023/03/convocationnotice\\_20230301\\_eng.pdf](https://www.fullcastholdings.co.jp/assets/upload/2023/03/convocationnotice_20230301_eng.pdf)

Securities Report for the Fiscal Year Ended December 31, 2022

[https://www.fullcastholdings.co.jp/assets/upload/2023/03/annualreport\\_20230327.pdf](https://www.fullcastholdings.co.jp/assets/upload/2023/03/annualreport_20230327.pdf)

**Supplementary Principle 4-11-3 [Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole, with Disclosure of Outline of Results]**

From the fiscal year ended December 2016, our Company has conducted analysis and evaluation with regard to the effectiveness of our Company's Board of Directors in order to enhance the effectiveness of the Board of Directors and further enhance corporate value. We conducted a similar survey of all Directors (including those who are Audit & Supervisory Committee Members) in the fiscal year ended December 2022. The results of this survey were analyzed and evaluated.

Within the survey, Directors were asked to self-assess 26 items, including composition of the Board of Directors, management of the Board of Directors, structure underpinning the Board of Directors and a comprehensive evaluation for the fiscal year ended December 2022. The results showed improvements in each item compared with the previous survey, which was at a high level, for each item, and that our Directors believe the effectiveness of our Company's Board of Directors continues to be ensured.

At the same time, there is still room for improvement from the perspective of further enhancing discussions at the Board of Directors meetings, such as the timing and method of providing materials to ensure that each Director has sufficient time to consider proposals. In addition, there is a need to further deepen discussions by the Board of Directors regarding the diversity of the Board of Directors, the election and dismissal of senior management, and succession plans for Representative Director.

Going forward, based on the results of the evaluation of effectiveness, our Company will aim to heighten the effectiveness of the Board of Directors and realize further enhancements in corporate value by making improvements with regard to the issues brought to light.

**Supplementary Principle 4-14-2 [Training Policy for Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members]**

Necessary training opportunities are provided, including short courses provided by external institutions, at the time of

appointment and continually after appointment, so that Directors (excluding those who are Audit & Supervisory Committee Members) and Directors who are Audit & Supervisory Committee Members can obtain and update the knowledge and information needed to fulfill their roles and duties appropriately.

When new outside directors from different industries who are non-executive directors assume office, the President, Representative Director and CEO provides opportunities for them to acquire the knowledge and information concerning the market structure and business and service structure as it relates to our Company.

#### **Principle 5-1 [Policy for Constructive Dialogue with Shareholders]**

Our Group considers shareholders to be an important stakeholder and for this reason it encourages constructive dialogue with shareholders within a reasonable scope, even outside the venue of the General Meeting of Shareholders, from the perspective of realizing sustainable growth and enhancing medium to long-term corporate value.

Additionally, our Company encourages discussions on important management policies and corporate governance, among other topics, with major shareholders who have an investment policy that particularly requires them to seek out medium to long-term returns.

Our Company's policy on establishing a system and making efforts to promote constructive dialogue with shareholders is outlined below.

- (1) General dialogue with shareholders, including meetings with investors, will be supervised by the President, Representative Director and CEO, while the General Manager of the Finance and IR Department will engage in dialogue with shareholders as the person responsible. Furthermore, the dedicated investor relations department will support these efforts.
- (2) Our Company's investor relations department will take the lead in gathering necessary information from dialogues with shareholders, including meetings with investors, and opinions gained through dialogues with shareholders will be shared at regular meetings held involving the general managers of indirect departments so that operations are conducted while incorporating proactive collaboration with related departments.
- (3) In order to enhance means of dialogue outside of individual meetings, our Company will engage in activities to deepen understanding of our Company, by holding business performance briefings to institutional investors semi-annually, making efforts to conduct sincere question and answer sessions at General Meetings of Shareholders, and providing information disclosures through our Company's website. Going forward, our Company will seek to enhance the nature of dialogue based on the opinions and requests of investors.
- (4) All matters of dialogue with shareholders, including meetings with investors and dialogue outside of meetings, is reported to the President, Representative Director and CEO. In addition, the opinions of shareholders gained from dialogues are reported to executive management and the Board of Directors as needed based on their level of importance.
- (5) The management of insider information is conducted in a thorough manner with an emphasis placed on the equality of information, pursuant to company regulations.

#### **Supplementary Principle 5-2-1 [Basic Policy Regarding the Business Portfolio]**

Basic Policy Regarding the Business Portfolio at the Fullcast Group

Our Group's business portfolio consists of the mainstay Short-Term Operational Support Business, which accounts for approximately 90% of consolidated net sales, and other two segments, which are the Sales Support Business and the

Security, Other Businesses segments.

Our Group believes that continuing to grow the mainstay Short-Term Operational Support Business will enable it to enhance our Group's corporate value, and our basic management strategy is to focus on growth of this business. In addition, with regards to M&A, our policy is to consider and implement M&A primarily in areas peripheral to the Short-Term Operational Support Business, targeting companies that will contribute to further growth and expansion in this business. In the two other segments, our policy is to aim for stable growth.

Our Group has established the "Medium-Term Management Plan 2024." For details, please see "Notice of Establishment of Medium-Term Management Plan 2024" released on February 10, 2022.

Going forward, we plan to grow the mainstay Short-Term Operational Support Business without any significant changes to our basic management strategies, but we will conduct reviews of our business portfolio as necessary in order to optimize it.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Major shareholders]

Name	Number of shares held	Percentage (%)
Hirano Associates Co., Ltd.	13,626,600	37.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,321,000	9.20
Hikari Tsushin Co., Ltd.	2,728,400	7.56
Custody Bank of Japan, Ltd. (Trust Account)	1,891,000	5.24
UH Partners2, Inc.	1,321,100	3.66
SIL, Inc.	801,100	2.22
JP Morgan Chase Bank 385632 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	752,992	2.09
Victory Trivalent International Small-Cap Fund (Standing proxy: Citibank N.A., Tokyo Branch)	499,200	1.38
The Bank of New York Mellon SA/NV. 10 (Standing proxy: MUFG Bank, Ltd.)	350,000	0.97
State Street Bank and Trust Company 505019 (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch, Custody Division)	337,700	0.94

Controlling Shareholders (except for Parent Company)	-
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Parent Company	None
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## Supplementary Explanation

In addition to the above, there are 1,377,051 treasury shares held by our Company.

### 3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market, Tokyo
Year-end	December
Type of Business	Services
Number of Employees (consolidated) as of the End of Previous Fiscal Year	More than 1,000
Net sales (consolidated) as of the End of the Previous Fiscal Year	From 10 billion yen to less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 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

-

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

### 1. Organizational Composition and Operation

Format of Organization	Company with an Audit & Supervisory Committee
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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	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Outside Directors Designated as Independent Officers	3



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

Name	Attribute	Relationship with company (*)												
		a	b	c	d	e	f	g	h	i	j	k		
Kouji Sasaki	Tax accountant													
Masataka Uesugi	Attorney													
Hideyuki Totani	Certified Public Accountant													

\* Conditions met regarding the relationship with the Company

- a. An executor of business of a listed company or its subsidiary
- b. An executor of business or non-executive director of the parent company of a listed company
- c. An executor of business of a sister company of a listed company
- d. A person that undertakes major transactions with a listed company or its executor of business
- e. The main business partner of a listed company or its executor of business
- f. A consultant, accounting professional, or legal professional who receives large sums of monetary or other compensation from a listed company in addition to the compensation received as an officer
- g. A major shareholder of a listed company (if the major shareholder is a corporation, an executor of business of the corporation)
- h. An executor of business (individual only) of a business partner of a listed company (in which d, e, and f above are not applicable)
- i. An executor of business (individual only) of a company which has a relationship of mutual appointment of outside officers
- j. An executor of business (individual only) of an organization receiving donations from a listed company
- k. Others

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

Name	Designation as Audit & Supervisory Committee Member	Designation as Independent Director	Supplementary explanation of the Relationship	Reason for Appointment
Kouji Sasaki	•	•	<p>Apr. 1966    Joined Tokyo Regional Taxation Bureau and worked in the general affairs division, before later working in tax offices</p> <p>Dec. 1984    Passed the tax accountant examination</p> <p>June 1995    Retired as a special examiner at Nakano tax office</p> <p>Sept. 1995    Opened Sasaki Tax Accounting Office (director, present post)</p> <p>Dec. 1999    Outside Audit &amp; Supervisory Board Member of our Company</p> <p>Sept. 2008    Audit &amp; Supervisory Board Member of Fullcast HR Research Institute Co., Ltd. (currently Fullcast Co., Ltd.)</p> <p>Mar. 2016    Director (full-time Audit &amp; Supervisory Committee Member) of our Company (present post)</p>	<p>Kouji Sasaki possesses a wealth of experience in finance and accounting as a licensed tax accountant, and our Company expects that his knowledge and experience can be utilized to continue to enhance our Company's audit and risk management functions. In addition, he provides useful opinions and suggestions based on his past background as a Director who is an Audit &amp; Supervisory Committee Member (independent outside director), from the viewpoints of compliance and management. For this reason, our Company has selected him as Outside Director who is an Audit &amp; Supervisory Committee Member.</p>

				<p>(Reason for designated an independent officer)</p> <p>He satisfies the requirements of independence stipulated by the Tokyo Stock Exchange and he also satisfies the “Standards for Independence of Outside Officers” stipulated by our Company. He was designated as independent officer based on the judgment that there is no concern of special interests with our Company and conflict of interest with general shareholders.</p>
Masataka Uesugi	•	•	<p>Apr. 1995 Registered as an attorney- at- law (Tokyo Bar Association)</p> <p>Apr. 1999 Founded Uesugi Law Office</p> <p>June 2003 Partner of Amlec Law and Accounting Firm</p> <p>June 2003 Audit &amp; Supervisory Board Member of Digital Arts Inc.</p> <p>June 2004 Audit &amp; Supervisory Board Member of Nextech Co., Ltd.</p> <p>June 2007 Outside Audit &amp; Supervisory Board Member of jig.jp co.,Ltd. (present post)</p> <p>Dec. 2012 Outside Audit &amp; Supervisory Board Member of F-PLAIN Corporation</p> <p>June 2013 Outside Audit &amp; Supervisory Board Member of Commerce One Holdings Inc. (present post)</p> <p>Dec. 2013 Outside Audit &amp; Supervisory Board Member of Ceres Inc.</p> <p>Nov. 2014 Outside Audit &amp; Supervisory Board Member of Aiming Inc. (present post)</p> <p>Mar. 2015 Founded Sakurada Dori Partners (partner, present post)</p> <p>Mar. 2016 Director (Audit &amp; Supervisory Committee Member) of our Company (present post)</p> <p>June 2016 Outside Director (Audit &amp; Supervisory Committee Member) of Digital Arts Inc. (present post)</p> <p>Mar. 2021 Outside Director (Audit &amp; Supervisory Committee Member) of Ceres Inc. (present post)</p>	<p>Masataka Uesugi possesses a wealth of experience as an attorney-at-law and as an audit &amp; supervisory board member for other companies, and our Company expects that his knowledge and experience can be utilized to continue to enhance our Company’s audit and risk management functions. For this reason, our Company has selected him as Outside Director who is an Audit &amp; Supervisory Committee Member.</p> <p>(Reason for designated an independent officer)</p> <p>He satisfies the requirements of independence stipulated by the Tokyo Stock Exchange and he also satisfies the “Standards for Independence of Outside Officers” stipulated by our Company. He was designated as independent officer based on the judgment that there is no concern of special interests with our Company and conflict of interest with general shareholders.</p>
Hideyuki Totani	•	•	<p>Oct. 2003 Joined Ernst &amp; Young ShinNihon LLC</p> <p>June 2007 Registered as Certified Public Accountant</p> <p>July 2007 Partner at Seiwa Audit Corporation (currently RSM Seiwa Audit Corporation)</p> <p>June 2013 Outside Audit &amp; Supervisory Board Member of F-PLAIN Corporation</p> <p>July 2014 Outside Audit &amp; Supervisory Board Member of Ichigo Holdings, Inc. (present post)</p> <p>Dec. 2015 Auditor of F-PLAIN Corporation (present post)</p> <p>Mar. 2016 Director (Audit &amp; Supervisory Committee Member) of our</p>	<p>Hideyuki Totani possesses a wealth of experience in auditing as an Accounting Auditor and as an audit &amp; supervisory board member for other companies, and our Company expects that his knowledge and experience can be utilized to continue to enhance our Company’s audit and risk management functions. For this reason, our Company has selected him as Outside Director who is an Audit &amp; Supervisory Committee Member.</p>

			Company (present post)	(Reason for designated an independent officer)
			July 2016 Representative at RSM Seiwa Audit Corporation	He satisfies the requirements of independence stipulated by the Tokyo Stock Exchange and he also satisfies the "Standards for Independence of Outside Officers" stipulated by our Company. He was designated as independent officer based on the judgment that there is no concern of special interests with our Company and conflict of interest with general shareholders.
			July 2021 President of RSM Seiwa (present post)	

### [Audit & Supervisory Committee]

#### Composition and Attribution of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit & Supervisory Committee	3	1	0	3	Outside Director

Presence of Directors or employees that should support the duties of the Audit & Supervisory Committee	None
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#### Reason for Adopting the Current System

Our Company has determined the system as for supporting the activities of Audit & Supervisory Committee Members for conducting audits appropriately is in place and a sufficient support system is also in place, based on the establishment of support personnel in case Audit & Supervisory Committee Members deem it necessary, the personnel evaluations of support personnel will be conducted by the Audit & Supervisory Committee, and our Company will bear the costs required for audits, etc.

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

At the Board of Directors Meetings, outside directors who are Audit & Supervisory Committee Members provide necessary comments for resolutions and discussions as required, and state opinions on resolutions and discussions as the need arises, from the perspective of the decision-making processes used in execution of duties by Directors (excluding those who are Audit & Supervisory Committee Members) and in corporate resolutions are appropriate.

Audit & Supervisory Committee Members and the Internal Audit Department work towards mutual cooperation through formulation of audit plans and reporting on outcomes of internal audits. At the Audit & Supervisory Committee meetings, detailed explanations on audit plans and results are carried out in a timely manner by PricewaterhouseCoopers Aarata LLC, the Company's Accounting Auditor.

The internal control department (Legal Department) summarizes findings from effectiveness assessments on the state of operation and maintenance of internal controls. The President, Representative Director and CEO then reports summarized findings to the Board of Directors, the Audit & Supervisory Committee and Accounting Auditor as required in a timely manner. Even in cases where dishonest actions have been committed by people with roles that are crucial for internal control as part of financial reporting, or where major changes have been made in internal control, they still report to the Board of Directors, the Audit & Supervisory Committee and Accounting Auditors as required in a timely

manner.

**[Voluntary Establishment of Committees]**

Voluntary Establishment of Committees Corresponding to Nomination Committee or Remuneration Committee Yes

The situation pertaining to establishment of voluntary committees along with composition and attribution of chairperson of said committees

Voluntary Committees Corresponding to Nomination Committee

Committee Name			Nomination Committee			
All Committee Members	Full-Time Members	Inside Directors	Outside Directors	In-House Expert	Others	Chairperson
4	2	1	3	0	0	Inside Director

Voluntary Committees Corresponding to Remuneration Committee

Committee Name			Remuneration Committee			
All Committee Members	Full-Time Members	Inside Directors	Outside Directors	In-House Expert	Others	Chairperson
4	2	1	3	0	0	Inside Director

Supplementary Explanation

Supplementary explanation regarding Nomination Committee and Remuneration Committee is provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information > 1. Basic Views > [Disclosures Based on the Principle of the Corporate Governance Code] > Supplementary Principle 4-10-1 [Nomination Committee and Remuneration Committee]” of this report.

**[Independent Officers]**

Number of Independent Officers 3

Matters relating to Independent Officers

-

**[Incentives]**

Incentives Policies for Directors Performance-linked compensation and stock option

Supplementary explanation of this item

At our Company’s 24th Ordinary General Meeting of Shareholders held on March 24, 2017, the amount of remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) was approved to be 200 million yen or less per year (excluding the salary of employees serving concurrently as Director), and approval was also

received to issue share acquisition rights as remuneration-type stock options to Directors of our Company (excluding those who are Audit & Supervisory Committee Members).

At the 29th Ordinary General Meeting of Shareholders held on March 25, 2022, our Company passed a resolution to make revisions to the detailed matters of share acquisition rights as part of stock options granted to our Company's Directors (excluding those who are Audit & Supervisory Committee Members) in order to improve business performance continually over the medium to long term and further enhance morale and the motivation to increase corporate value by having Directors share with shareholders not only the benefits of an increase in stock price, but also the risk of a decrease in stock price, which shall further solidify the linkage between our Company's performance and stock price.

Remuneration-type stock options use consolidated operating profit, which is the main financial target of the medium-term management plan, as an indicator of performance-linked remuneration. Share acquisition rights can be exercised within the limit of exercisable units, from among the allocated share acquisition rights, determined based on the level of achievement of the consolidated operating profit target for the final fiscal year of the Medium-Term Management Plan. Since our Company has set a consolidated operating profit target for the fiscal year ending December 31, 2024 as an indicator, there is no performance against our targets for the current fiscal year.

For additional details, please refer to our Company's "Securities Report for the fiscal year ended December 2022, Part 4: Status of Submitting Companies, 1. Status of Shares, (2) State of New Share Acquisition Rights, 1) Details of Stock Option System (p. 28-36)."

(Reference)

Securities Report for the Fiscal Year Ended December 31, 2022

[https://www.fullcastholdings.co.jp/assets/upload/2023/03/annualreport\\_20230327.pdf](https://www.fullcastholdings.co.jp/assets/upload/2023/03/annualreport_20230327.pdf)

Recipients of stock options	Inside Director
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Supplementary explanation of this item

Our Company has introduced a remuneration-type stock options system for Directors (excluding those that are Audit & Supervisory Committee Members).

#### [Director Compensation]

Disclosure status	No individual disclosure
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Supplementary explanation of this item

With regards to Director compensation, our Company discloses the number of persons receiving compensation and the total amount of compensation in our securities report and business report.

The amount of compensation paid to Directors in the fiscal year ended December 2022

Directors (excluding Audit & Supervisory Committee Members and Outside Directors): 4 persons/126 million yen

Directors (Audit & Supervisory Committee Members but excluding Outside Directors): — persons/— yen

Outside Officers: 3 persons/16 million yen

(Notes)

1. The limit on remuneration determined at the General Meeting of Shareholders held on March 25, 2016 is set at 200 million yen annually for Directors (excluding those who are Audit & Supervisory Committee Members).

In addition, at the General Meeting of Shareholders held on March 25, 2022, approval was granted regarding revisions to the specific matters of share acquisition rights as part of stock options to be granted to our Company's Directors (excluding Audit & Supervisory Committee Members) within the scope of their remuneration.

2. The limit on remuneration determined at the General Meeting of Shareholders held on March 25, 2016 is set at 50 million yen annually for Directors who are Audit & Supervisory Committee Members.

Policy for Determining Compensation Amounts and Calculation Methods	Yes
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#### Disclosure of Policy for Determination of Compensation Amounts and Calculation Methods

It is stated in the Articles of Incorporation that officers' remunerations are stipulated based upon decisions made at the General Meeting of Shareholders.

Our Company determines the amount of remuneration for officers once each year, which must be within the range of remuneration limits determined at the General Meeting of Shareholders.

The limit on remuneration of Directors (excluding those who are Audit & Supervisory Committee Members) is set at 200 million yen per year and the limit of remuneration for Directors who are Audit & Supervisory Committee Members is 50 million yen per year based on the resolution at the 23rd Annual General Meeting of Shareholders held on March 25, 2016 (number of eligible Directors at the time of the resolution: 3 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members). In addition, at the 29th Ordinary General Meeting of Shareholders held on March 25, 2022, new share acquisition rights were issued as stock options to Directors (excluding those who are Audit & Supervisory Committee Members) within the scope of this maximum remuneration.

Remuneration-type stock options use consolidated operating profit, which is the main financial target of the medium-term management plan, as an indicator of performance-linked remuneration. Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the consolidated operating profit target for the fiscal year ending December 2024, the final year of the Medium-Term Management Plan. Since our Company has set a consolidated operating profit target for the fiscal year ending December 31, 2024 as an indicator, there is no performance against our targets for the current fiscal year.

Furthermore, at the Board of Directors held on February 26, 2021, our Company resolved the "Policy for Determining the Details of Remuneration of Individual Directors." The organization with the authority to decide on the policy on determining the amount of remuneration of officers of our Company or the method of calculating such amount is the Board of Directors. Regarding remuneration of Directors (excluding those who are Audit & Supervisory Committee Members), the President, Representative Director and CEO, who is an executive director, formulates a compensation plan including the total amount of remuneration, in accordance with the relevant policy, and after deliberations by the Remuneration Committee consisting of three independent outside Directors and the President, Representative Director and CEO, who is an executive director, the total amount of remuneration is resolved by the Board of Directors.

The specific details of the remuneration amounts of each Director shall be left to the President, Representative Director and CEO who is an executive director, and the content of the authority shall be the amount of base remuneration for each Director and the amount of performance-linked remuneration of each Director. The reason for delegating these powers is that when determining individual remuneration of Directors, the Remuneration Committee deliberates in accordance with the policy and reports to the Board of Directors, and those who have been delegated determine such matters by respecting the reports.

The Board of Directors has resolved to delegate the determination of individual remuneration of Directors pertaining to this fiscal year to Kazuki Sakamaki, President, Representative Director and CEO, and the Board of Directors has confirmed that the method of determining the content of remuneration and the content of the determined remuneration are consistent with the policy resolved by the Board of Directors for the individual remuneration of Directors pertaining to this fiscal year. It has also confirmed that the report from the Remuneration Committee is respected and judges that it is in line with the policy.

During the relevant fiscal year, deliberation and resolution were made by the Board of Directors as follows.

- March 25, 2022: Deliberation and resolution regarding remuneration of Directors (excluding those who are Audit & Supervisory Committee Members)

The remuneration of Directors who are Audit & Supervisory Committee Members is determined through discussions among the Directors who are Audit & Supervisory Committee Members.

The details of “Policy for determining the details of remuneration of individual directors” are presented below.

#### 1. Fundamental policy

The fundamental policy for the determination of remuneration of our Company’s individual Directors shall be to set this remuneration at an appropriate level based on the importance of each of their duties and their achievements using a remuneration system linked to our Company’s business performance and return to shareholders so that remuneration works sufficiently as an incentive to achieve sustainable enhancement of corporate value. Specifically, the remuneration of the President, Representative Director and CEO who serves as an executive director and the Director responsible for supervisory functions (excluding those who are Audit & Supervisory Committee Members) shall be comprised of base remuneration (monetary remuneration) as the fixed remuneration and performance-linked remuneration (monetary remuneration) and stock-based compensation (non-monetary remuneration). The remuneration of outside directors who are Audit & Supervisory Committee Members shall be comprised of only base pay as fixed remuneration in view of their duties.

#### 2. Policy regarding the Amount of Remuneration for Each Individual in Terms of Base Remuneration (Monetary Remuneration) (Including the Policy on Determining the Timing or Conditions for the Granting of Remuneration)

The base remuneration of our Company’s Directors shall be comprised of monthly fixed remuneration, which shall be determined holistically while considering the level of other companies, our Company’s performance, and the level of employee pay with relation to the Director’s position, duties, and number of years in office.

#### 3. Policy regarding the Details and Amount or Calculation Method of Performance-Linked Remuneration and Non-Monetary Remuneration (Including the Policy on Determining the Timing or Conditions for the Granting of Remuneration)

Performance-linked remuneration shall be comprised of cash remuneration reflecting key performance indicators (KPI) to elevate awareness about improving business performance each business year. The amount calculated is based on the level of achievement of targets for consolidated operating profit for each respective business year and shall be paid monthly in conjunction with monthly fixed remuneration. The target KPIs and their values, in principle, shall be set when formulating a plan that is consistent with the Medium-Term Management Plan or medium-term consolidated operating profit targets set by our Company, and will be reviewed as necessary based on changes in the operating environment.

Non-monetary compensation shall be comprised of remuneration-type stock options and adopt consolidated operating profit, a primary financial target of the Medium-Term Management Plan or medium-term consolidated operating profit targets set by our Company, as the indicator related to performance-linked remuneration. Of those share acquisition rights allocated, only a limited number of share acquisition rights can be exercised depending on the level of achievement of the consolidated operating profit target for the final year of the Medium-Term Management Plan or of medium-term consolidated operating profit target.

#### 4. Policy regarding Determination of the Proportion of Monetary Remuneration, Performance-Linked Remuneration or Non-Monetary Remuneration for Each Director

The ratio of each type of remuneration for executive director and Director (excluding those who are Audit & Supervisory Committee Members) shall be determined considering remuneration levels of other companies engaged in related business types or formats or whose business size is similar to our Company. Furthermore, the benchmark ratio of each type of remuneration shall be 8:1:1 representing base remuneration: performance-linked remuneration: non-monetary remuneration (in case the level of KPI achievement is 100%).

Note: Performance-linked remuneration shall be cash remuneration and non-monetary remuneration shall be remuneration-type stock options.

#### 5. Matters regarding the Determination of Details of Remuneration for Individual Directors

The remuneration amount and each type of remuneration of the President, Representative Director and CEO who serves as an executive director and the Director (excluding those who are Audit & Supervisory Committee Members) will be proposed by the President, Representative Director and CEO who serves as an executive director that will include the total amount of remuneration following the aforementioned fundamental policy on determining remuneration and individual policies. Next, the Board of Directors passes a resolution on the total amount of remuneration (each amount of base remuneration, performance-linked remuneration and stock-type remuneration, if applicable), timing, conditions and other important matters, if any. The specific details of each individual Director are entrusted to the discretion of the President, Representative Director and CEO who serves as an executive director. The details of this authority shall comprise the amount of base remuneration of each Director and performance-linked remuneration of each Director.

However, our Company will establish a Remuneration Committee comprised of 3 independent outside directors who are Audit & Supervisory Committee members and the Representative Director and CEO who serves as an executive director to prevent arbitrary decisions on remuneration by the Representative Director and CEO who serves as an executive director and ensure that authority is exercised appropriately. The Remuneration Committee deliberates on whether the individual remuneration proposals established by the President, Representative Director and CEO who serves as an executive director are appropriate or not in accordance with the above mentioned policies for determination of remuneration. After this, revisions are made if necessary and the Remuneration Committee establishes a remuneration proposal within the scope of the total amount approved by the Board of Directors. The Remuneration Committee submits its proposal to the President, Representative Director and CEO who serves as an executive director, and the President, Representative Director and CEO who serves as an executive director determines the remuneration amount for individual Directors while respecting the details of this proposal.



### [Support System for Outside Directors (Outside Corporate Auditors)]

As a system to support the activities of outside directors (In our Company, this refers to Audit & Supervisory Committee Members. Hereinafter “Audit & Supervisory Committee Members”), our Company ensures that a sufficient system to support the activities of Audit & Supervisory Committee Members to conduct audits appropriately is in place, based on the assignment of support personnel in case Audit & Supervisory Committee Members deem them to be necessary, and our Company will bear the costs required for audits, and other related activities.

### [Status of Those Who Are Former Representative Director and President, etc.]

Name of Advisor/Senior Advisor, others. who is former Representative Director and President, others.

Name	Post	Job Description	Contract/Working Pattern (Permanent/Temporal, Remuneration, etc.)	Retirement Date	Period of Office
—	—	—	—	—	—
—	—	—	—	—	—
Total number of Advisors/Senior Advisors, others. who are former Representative Director and President, others.				0	

Others

It is stipulated in the Articles of Incorporation that Advisor or Senior Advisor of our Company can be appointed based on decisions made at the Board of Directors Meeting. However, this system is not employed currently.

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

### 1. Board of Directors

It is our policy for the composition of the Board of Directors to consist of at least one-third outside directors and to report all outside directors as Independent Officers as stipulated by the Tokyo Stock Exchange.

As of March 27, 2023, the Board of Directors was comprised of 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members (3 of whom are outside directors) for a total of 7 members (7 males and no female). The Board of Directors ensures transparent management and makes decisions on matters of importance for management, such as supervision of execution of overall management of our Group, decisions on Group optimization strategies that are vital to Group management, and responses to common challenges facing our Group.

The Board of Directors comprises 7 members: President, Representative Director and CEO Kazuki Sakamaki, Chairperson of the Board of Directors Takehito Hirano, Director Takahiro Ishikawa, Director Shiro Kaizuka, Audit & Supervisory Committee Member Kouji Sasaki, Audit & Supervisory Committee Member Masataka Uesugi, and Audit & Supervisory Committee Member Hideyuki Totani. The Board of Directors is basically presided by Kazuki Sakamaki.

The Board of Directors Meeting was held 12 times during the fiscal year ended December 2022 and all Directors attended all of the Board of Directors Meeting. The main matters considered included the Medium-Term Management Plan (including reviewing and updating said plan), shareholder returns and the capital policy, M&A and business

alliances, internal control and compliance, officer remuneration, corporate governance (including an examination of the appropriateness of retaining cross-shareholdings and an evaluation of the effectiveness of the Board of Directors), and related party transactions.

## 2. Audit & Supervisory Committee

The Audit & Supervisory Committee consists of 3 outside directors who are independent and Audit & Supervisory Committee Members (3 males and no female) and discusses, deliberates and makes decisions on important matters concerning audits. The Audit & Supervisory Committee also works to establish ties in which it can receive timely reports from Accounting Auditors.

The Audit & Supervisory Committee comprises 3 members: Audit & Supervisory Committee Member Kouji Sasaki who serves as the Chairperson, Audit & Supervisory Committee Member Masataka Uesugi, and Audit & Supervisory Committee Member Hideyuki Totani.

## 3. General Manager of the Legal Department

The General Manager of the Legal Department works to promote a climate of compliance awareness, which is a prerequisite for company management, throughout the entire group of companies, and promote compliance with social and in-house rules. In addition, evaluation for improvement, maintenance and validity of the internal control system and guidelines related to financial reporting, and internal auditing work including information security system organization are used to improve the corporate value of our Group.

## 4. Accounting Auditors

As an auditing company in charge of accounting audits, we have entered into audit contracts with PricewaterhouseCoopers Arata LLC for audits based upon the Financial Instruments and Exchange Act and the Companies Act. In addition to regular audits, we also receive confirmation on issues regarding accounting and internal control as required, and endeavor to ensure that our accounting practices and internal control systems are adequate.

## 5. Policy and Procedure for Nomination of Candidates for Directors and Deciding on Remuneration for Upper management and Directors

The policy or procedures used for determining the nomination of Directors is provided in “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information > 1. Basic Views > [Disclosures Based on the Principle of the Corporate Governance Code] > Principle 3-1 [Full Disclosure] 4.” of this report.

The policy and procedures used for determining the remuneration of senior management and Directors is provided in “II. Business Management Organizations and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management > 1. Organizational Composition and Operation > [Director Compensation] > Disclosure of Policy for Determination of compensation amounts and calculation method” of this report.

## 6. Status of Audits

For additional details, refer to our Company’s Securities Report for the fiscal year ended December 31, 2022, “Part

4: Status of Submitting Companies, 4. Corporate Governance, (3) Audits 1), 2), 3) (P.49-50).”

(Reference)

Securities Report for the Fiscal Year Ended December 31, 2022

[https://www.fullcastholdings.co.jp/assets/upload/2023/03/annualreport\\_20230327.pdf](https://www.fullcastholdings.co.jp/assets/upload/2023/03/annualreport_20230327.pdf)

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

As of March 27, 2023, Fullcast Holdings Co., Ltd. is a company with a Board of Directors, which is comprised of 7 Directors, including 4 Directors (excluding those who are Audit & Supervisory Committee Members) and 3 Directors who are Audit & Supervisory Committee Members, and also a company with an Audit & Supervisory Committee, which is comprised of 3 Directors who are Audit & Supervisory Committee Members.

To achieve the aforementioned basic principles and goals of corporate governance, it is our policy for the composition of the Board of Directors to consist of at least one-third outside directors and to report all outside directors as independent officers as stipulated by the Tokyo Stock Exchange. We have chosen outside directors to serve as 3 of our 7 Directors, and in so doing we aim to strengthen the supervisory function of overall business execution from an external perspective.

Regarding Directors who are Audit & Supervisory Committee Members, by appointing all 3 as Outside Auditors (one of them being a fulltime Audit & Supervisory Committee Member), we perform effective and appropriate oversight of business execution by Directors, and have put in place a system that ensures objectivity and neutrality.

We believe that these systems allow our corporate governance to function properly.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Meeting of Shareholders and Smooth Exercise of Voting Right

	Supplementary Explanation
Scheduling AGMs avoiding peak days	Our Company holds the General Meeting of Shareholders at the end of March every year
Electronic exercise of voting rights	Our Company has introduced online exercise of voting rights from the 29th Annual General Meeting of Shareholders held in March 2022.
Participation in electronic voting platform and other measures aimed at improving the environment for exercise of voting rights by institutional investors	The Board of Directors held on December 17, 2021 approved a resolution to participate in the electronic voting platform for institutional investors operated by ICJ, Inc. Our Company has participated from the 29th Ordinary General Meeting of Shareholders held in March 2022.
Providing Convocation Notice (Summary) in English	Providing from the 23rd Ordinary General Meeting of Shareholders (for FY2015 ended December 31, 2015) and also in the 30th Ordinary General Meeting of Shareholders (for FY2022 ended December 31, 2022)

## 2. IR Activities

	Supplementary Explanation	Whether there has been explanation offered by the representative him/herself
Creating and posting of the disclosure policy	The disclosure policy is created and disclosed in Japanese and English URL: <a href="https://www.fullcaholdings.co.jp/en/ir/policy/">https://www.fullcaholdings.co.jp/en/ir/policy/</a>	
Regular briefing sessions for analysts and institutional investors	Briefing sessions (with explanations given by our Representative) are held for analysts and institutional investors regularly: twice per year (end of first half and end of year)	Yes
Posting of IR materials on website	Our company profile, interview with the CEO, business report, and disclosure matters are disclosed in Japanese and English URL: <a href="https://www.fullcaholdings.co.jp/en/">https://www.fullcaholdings.co.jp/en/</a>	
Establishment of department and manager in charge of IR	Yasutomi Tomotake General Manager of Finance and IR Department	

## 3. Measures to Ensure Due Respect for Stakeholder

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholder	The disclosure policy is published on our Company's IR website URL: <a href="https://www.fullcaholdings.co.jp/en/ir/policy/">https://www.fullcaholdings.co.jp/en/ir/policy/</a>

## IV. Matters Related to Internal Control Systems

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

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

1) The following measures shall be taken in order to ensure a system of preventive measures regarding risk, compliance with laws and ordinances, and risk management (hereinafter, Risk Management System) at the Board of Directors.

a) For matters that can affect our entire company – such as important non-customary transactions, important accounting estimates, transactions between companies and Directors, and important transactions with subsidiaries – decisions must be made by the Board of Directors.

b) The Chief Executive Officer (hereinafter, CEO) regularly reports to the Board of Directors about efforts being with regards to our Risk Management System and business process improvement.

When serious problems arise, they are reported immediately to the Board of Directors.

- 2) The following measures will be taken to ensure the Risk Management System is maintained in the performance of duties by Directors (excluding those who are Audit & Supervisory Committee Members) and employees (the same “Risk Management System” detailed in 1)
- a) The CEO shall be placed as chief of risk management and the General Manager of the Legal Department as the chief of risk management practices.  
Risk managers in charge of each Group company shall be assigned within our Company, while the General Manager of the Legal Department, under the direction of the CEO, will supervise practices of “b” through “g.”
  - b) Put in place administrative authority regulations, and work to establish internal control systems that will prevent authority from being centralized in specific people.
  - c) Establish a Risk Management System based on these regulations in accordance with basic risk management regulations.
  - d) Create standards for important information that must be reported immediately to the Board of Directors and disclosure standards, to carry out timely disclosure of issues of noncompliance, risks and other important information.
  - e) Provide specific training for Directors (excluding those who are Audit & Supervisory Committee Members), managerial employees and regular employees. In cases where relevant laws have been enacted or revised, or where major scandals or accidents have arisen in our Group or other companies, we quickly provide any necessary training.
  - f) With the rigorous Risk Management System in business management and internal auditing being conducted, through the risk managers assigned within our Company who are in charge of each Group company, every effort shall be made to ensure thorough Risk Management System at each Group company.
  - g) In transactions throughout all of our businesses, processes established for financial statements, and business accounting systems, our Company checks all events for the possibility of misstatements or mistakes and streamlines systems to ensure that no fraudulent actions are taken during the course of our business. Also, when and where necessary, we set up lateral organizations for the specific purpose of streamlining various processes.
- 3) The following measures shall be taken to put in place systems for storing and managing information.
- a) The General Manager of the Legal Department will instruct Directors (excluding those who are Audit & Supervisory Committee Members) and employees to appropriately store and manage documents based on document management rules.
  - b) The General Manager of the Legal Department shall store and manage the following documents (including electromagnetic records) together with related materials for at least ten years:
    - Minutes from General Meeting of Shareholders
    - Minutes from Board of Directors Meetings
    - Financial documents
    - Other documents determined by the Board of Directors
  - c) Directors (excluding those who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members can always review documents in “b” above.
- 4) The following measures shall be taken to ensure the efficient execution of duties of Directors of our Company and our Group.
- (a) At the initial Board of Directors Meeting of each term, Directors shall develop a business plan toward achieving

the common goals of all employees. Directors shall regularly review the results with the Board of Directors.

- (b) As a foundation for systems to ensure that work is being executed efficiently by Directors, the Board of Directors shall at minimum be held at regular one-month intervals, and extraordinary sessions shall also be held whenever necessary.
  - (c) Regarding execution of work based upon decisions made at the Board of Directors Meetings, persons in charge, their responsibilities and execution procedures shall be defined with organizational rules, division of duties regulations, and administrative authority regulations.
- 5) The following measures shall be taken in order to develop a system for ensuring proper operations in our business group.
- a) Our Company shall draw up a Fullcast Group Employee Code of Conduct for all Group companies, and work to gain compliance by all employees. As well as making ensuring compliance by the whole company, Directors at Group companies will also lead by example by acting based on this code of conduct.
  - b) Where serious legal violations at Group companies or other important facts concerning risk have been discovered, Directors and employees at Group companies must report to the General Manager of the Legal Department, who shall in turn report them to the CEO. Under the direction of the CEO, the General Manager of the Legal Department will conduct and supervise an investigation into the reported facts, and where deemed necessary, will decide upon appropriate countermeasures.  
  
Also, when necessary, the CEO shall report matters to the Board of Directors, and the General Manager of the Legal Department shall report matters to the Audit & Supervisory Committee.
  - c) The General Manager of the Legal Department will instruct Group companies to put in place appropriate internal control systems.
- 6) The following measures shall be taken to develop a system for ensuring the effectiveness of audits carried out by Audit & Supervisory Committee.
- a) When a request is made by an Audit & Supervisory Committee Member for an employee to be allocated to assist in their work, our Company's employees shall be assigned to provide them with assistance. Audit & Supervisory Committee Member's assistants shall not be subject to the direction of Directors (excluding those who are Audit & Supervisory Committee Members), and Audit & Supervisory Committee Members shall conduct their performance reviews. Consent must be gained from the Audit & Supervisory Committee to transfer or reprimand the assistants.
  - b) Audit & Supervisory Committee Member's assistants shall not jointly take on posts that involve execution of work.
  - c) When Directors (excluding those who are Audit & Supervisory Committee Members) and employees of our Company and our Group have discovered facts about legal violations or matters that may cause significant damage to our Company, they must promptly report these facts to an Audit & Supervisory Committee Member. Directors (excluding those who are Audit & Supervisory Committee Members) or employees of our Company and our Group who report these matters shall be kept anonymous and persons who report these matters will not be treated unfairly because they reported these matters.
  - d) A whistleblower hotline will be established outside of our Company. Persons who use the whistleblower system will be kept anonymous and these individuals will not be treated unfairly because they used the whistleblower system. In addition, the whistleblower hotline outside our Company shall put in place a system to report

submitted information to the General Manager of the Legal Department and Full-Time Audit & Supervisory Committee Member.

- e) Directors (excluding those who are Audit & Supervisory Committee Members) or employees of our Company and our Group must report promptly to an Audit & Supervisory Committee Member if requested by an Audit & Supervisory Committee Member to report matters concerning the execution of business.
- f) Audit & Supervisory Committee Members can attend the Board of Directors Meetings of subsidiaries and other meetings deemed necessary for audit purposes by and Audit & Supervisory Committee Member. In addition, Audit & Supervisory Committee Members can browse documents they determine as necessary for audit purposes.
- g) Audit & Supervisory Committee Members shall work closely with the Accounting Auditor and Internal Audit Departments and can receive advice from outside experts such as an attorney, when necessary.
- h) When an Audit & Supervisory Committee Member requests the prepayment of expenses necessary to carry out their duties, our Company shall pay such costs or obligations promptly, excluding instances where deliberations with the department in charge determine that the costs or obligations related to the request are not necessary for the execution of the Auditor & Supervisory Committee Member's duties.

## 2. Basic View and Progress in Eliminating Anti-Social Forces

The following measures shall be taken to develop a basic concept toward eliminating anti-social forces and to ensure its effectiveness.

- a) Our Company and our Group shall act in accordance with the Fullcast Group Employee Code of Conduct, sever relations with anti-social forces, and not conduct any transactions with such forces.
- b) Information on anti-social forces shall be collected in-house, managed as well as used with information from external specialized agencies, which is in turn are used to determine whether or not the counterpart is anti-social.
- c) Unreasonable requests from anti-social forces shall be firmly rejected. Furthermore, the unreasonable demands shall be handled with a firm stance as an organization.
- d) Links with external specialized agencies shall be established to provide access to cooperation and appropriate advice on elimination of anti-social forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of anti-takeover measures	None
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Supplementary explanation of this item

At present, our Company has not stipulated any measures that would have the effect of blocking a takeover. When adopting such measures, our Company will ensure proper procedures are carried out after carefully considering the need and rationale for such measures, which will be implemented only after providing sufficient explanation to shareholders.

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

The status of women in the workplace at our Company and our Group are as follows

There are 48 female managers (15.5%) compared to a total of 310 managers overall. (As of December 31, 2022)

### Summary of Timely Disclosure System

#### 1. Basic Stance on Timely Disclosure

Our Group has a disclosure policy, based on which it discloses information to shareholders and investors with an emphasis placed on fairness, equitability and timeliness.

The method of public disclosure includes posting to TDnet and releasing documents or holding press conferences as necessary. Furthermore, all information posted to TDnet is also published on our Company's website.

#### 2. Internal System for Timely Disclosure

The status of our Company's internal system for timely disclosure of company information is as follows

##### (1) Disclosure of decisions made

Our Company discloses decisions made by the Board of Directors following the rules of the securities exchange.

##### (2) Disclosure of occurrence of material facts

In case a material fact occurs, the officer or employee that identified the material fact are required to report it to the person in charge of internal information management. In addition, the person in charge of internal information management is required to report the material fact to the President, Representative Director and CEO. On top of this, the material fact is reported to the Board of Directors and disclosed following the rules of the securities exchange. In addition, if any other fact requiring immediate disclosure were to occur, the President, Representative Director and CEO will promptly decide on the disclosure.

##### (3) Disclosure of information concerning financial results

Our Company will disclose information concerning financial results after mainly the Accounting Department prepares financial results data and it has been approved by the Board of Directors.

##### (4) Information on subsidiaries

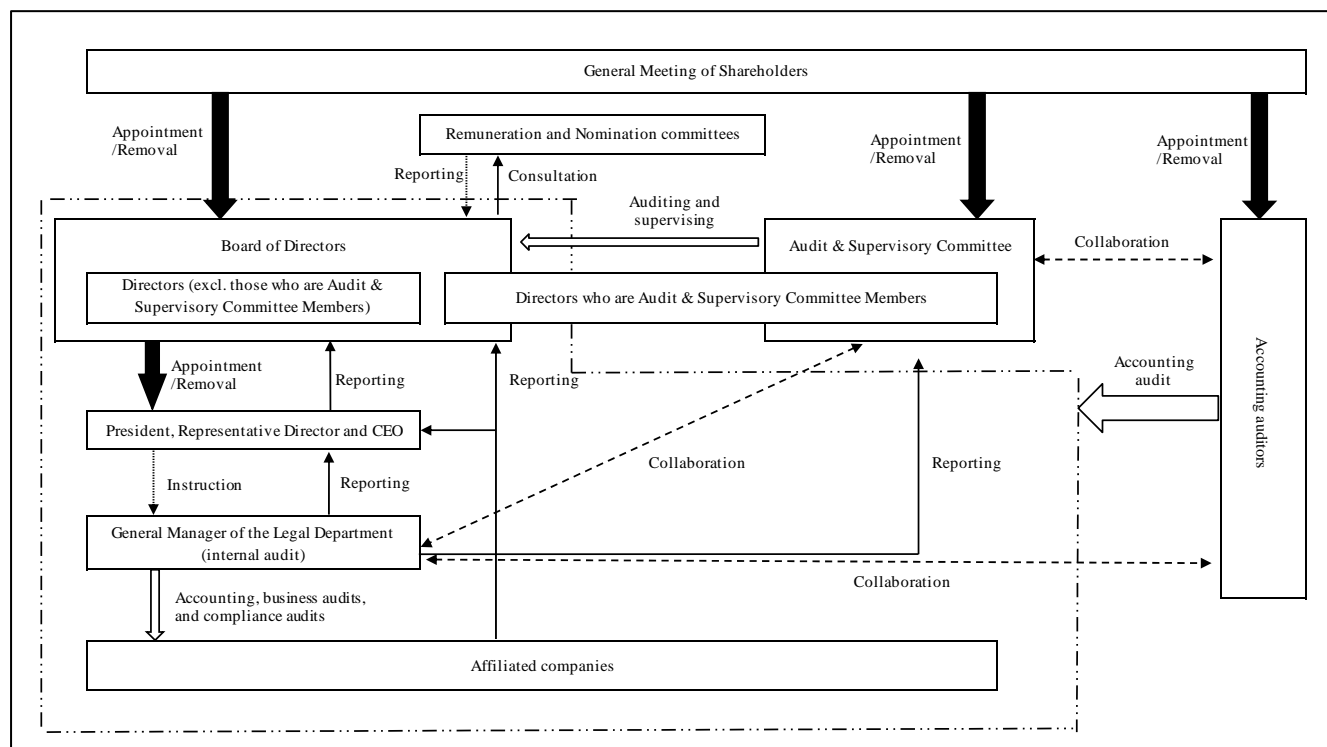
In case a material fact occurs at a subsidiary, the officer or employee of the subsidiary that identified the material fact is required to report it to the person in charge of internal information management.

##### (5) Management of internal information

The management of internal information by officers and employees of our Company and its subsidiaries is set forth in the "Internal Information Management Regulations" and our Company seeks thorough implementation following these regulations.



**(Pattern Diagram of our Company's Corporate Governance Systems)**



**Directors' Skills**

		Management	Business strategy	Compliance	M&A	Industry experience	ESG	Law	Finance, Accounting, Tax
Director and Chairman	Takehito Hirano	✓				✓			
President, Representative Director and CEO	Kazuki Sakamaki	✓	✓	✓	✓	✓	✓		
Director	Takahiro Ishikawa	✓				✓			
Director	Shiro Kaizuka	✓				✓			
Independent Outside Director, Full-time Audit & Supervisory Committee Member	Kouji Sasaki	✓							✓
Independent Outside Director, Audit & Supervisory Committee Member	Masataka Uesugi	✓					✓	✓	
Independent Outside Director, Audit & Supervisory Committee Member	Hideyuki Totani	✓							✓

**The above table shows the areas in which the Directors can demonstrate their expertise based on their experience and professional careers, and does not necessarily include all of the knowledge that they each possess.**