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KOSAIDO Holdings Co., Ltd.

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Securities code: 7868

<https://www.kosaido.co.jp>

The corporate governance of KOSAIDO Holdings Co., Ltd. (“the Company”) is described below.

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

1. Basic Views

Basic Views

The Company conducts business operations in the spirit of “Kosai” (meaning “contributing to society”) with the aims of maximizing shareholder value, continuously improving its corporate value, and being a company that is trusted by society.

In order to achieve these aims, we work to enhance corporate governance, such as by not only improving profitability, but also emphasizing the rights of shareholders; practicing fair, efficient, and highly transparent management; implementing thorough compliance; fulfilling the corporate social responsibilities (CSR) that are required of companies from the aspects of environmental, social, and governance (ESG), and addressing social issues for the sustainable growth of the company and society.

<Basic stance>

- (1) Strive to ensure the rights and equality of shareholders
- (2) Work together appropriately with stakeholders other than shareholders
- (3) Make efforts to ensure appropriate information disclosure and transparency
- (4) Make transparent, impartial, swift, and decisive decisions, in an effort to ensure that the Board of Directors properly fulfills its functions and duties
- (5) Endeavor to engage in dialogues with shareholders, with a view to achieving sustainable growth and improvement of corporate value in the medium to long-term

Reasons for Non-compliance with the Principles of the Corporate Governance Code

As of the date of submission, the Company has implemented all of the principles of the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code

We disclose information based on the principles of Japan’s Corporate Governance Code is as follows.

The number for each principle is followed by its heading in the Corporate Governance Code.

[Principle 1-4] Cross-Shareholdings

Our basic policy with regard to listed shares held as cross-shareholdings is to hold them on the condition that they contribute to the sustainable growth of the Group and increasing corporate value in the medium to long term by maintaining and strengthening business relationships with business partners, financial transactions with financial institutions, and other trusting relationships with various stakeholders.

The Board of Directors examines the appropriateness of individual cross-shareholdings on an annual basis, from both business and investment perspectives, including their necessity and whether the associated benefits match the capital cost. The results of these verifications are disclosed in our Corporate Governance Report. If the results show

that there are shares for which the significance of maintaining the shareholding has been diluted, we engage in dialogue with the issuing company. If the significance of the shareholding is not recognized as a result of the dialogue, the shares are sold.

As of the end of March 2023, the company holds shares in 9 listed stocks. As a result of examination and dialogues with the issuing companies, if any stocks are found to be diluted, we will continue to sell those stocks accordingly.

Voting rights in relation to cross-shareholdings are exercised by comprehensive judgment based on factors such as suitability for the purpose of the shareholding in question, whether it is expected to contribute to the efficient and sound management of the issuing company, and expected contribution to increasing corporate value.

[Principle 1-7] Related Party Transactions

The Company treats related party transactions as matters to be resolved by the Board of Directors, and the Board of Directors resolves these transactions after excluding any relevant officer(s) from the quorum as a party with a special interest.

Decisions regarding transactions with major shareholders are made after negotiations, presenting the desired price with sufficient consideration for the market price, as in other typical transactions.

We conduct surveys of all officers of the Company once a year to confirm whether there are any related party transactions and have established a system to manage such related party transactions.

[Supplementary Principle 2-4-1] Supplementary principle to Principle 2-4 (Ensuring Diversity, Including Active Participation of Women)

Based on the recognition that creating an environment in which human resources from diverse backgrounds are able to make effective use of their strengths and act autonomously is an advantage in terms of attaining sustainable growth, the Group places a key emphasis on ensuring diversity in the appointment of core human resources.

The Group emphasizes the utilization of human resources based on the principle of competence. In addition to training new graduates, we will actively utilize mid-career hires to meet business needs.

On the other hand, we recognize the issue that the ratio of female managers in the Company is low at 7%, and that the average length of service with the company for women also remains lower than the national average, at 50% that of male employees.

In order to resolve this issue, we have formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and have set the following two numerical targets to achieve by March 2024.

(1) Increase the percentage of women in managerial positions to 10%

(2) Raise the average length of service for women to 70% that of men

In order to achieve these targets, we are striving to create a workplace environment that makes it easy to continue working and enhance our education and training system, such as by conducting career interviews and enhancing our training system for creating excellent human resources.

As of March 31, 2023, the Group had (1) 12.9% female managers, and (2) 54.9% female average length of service, compared to men. We will continue our efforts to achieve the target of the ratio of female managers by March 2024, which we have set as a deadline, and to achieve the female average length of service compared to male employees.

In Tokyo Hakuzen Co., Ltd., which operates an end-of-life business, has (1) 28.6% ratio of female managers, and (2) 100.0% female average length of service compared to male employees. We will continue to promote diverse work styles for women as well as for our group companies.

1. Initiatives to support the development of the next generation and promote women's activities

Based on our belief that it is important for employees to make fully effective use of their abilities, seek to achieve a healthy work-life balance, and create a comfortable working environment, we have also formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Specifically, we have introduced remote work and flextime systems to help realize diverse work styles. In addition, in today's society, where dual income has become the norm, we have expanded the shortened working hours system for childcare to the third grade of elementary school, in order to help employees achieve an easier balance between work and childcare.

2. Efforts to promote foreign human resources

With regard to non-Japanese human resources, the Group conducts business mainly in the domestic market, and is not considering setting numerical targets because there is little need at this time. However, we do intend to hire human resources who possess the abilities and experience required by the Group, including appointment as core human resources. At the same time, we believe that it is necessary to work on improving our internal environment to enable non-Japanese human resources to play an active role.

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

The Company does not have a fund-type corporate pension plan. However, we have introduced a defined contribution pension plan to build up employees' assets.

[Principle 3-1] Full Disclosure

1. The Company has established its management philosophy and medium-term management plan as follows.

(1) Management philosophy

The Company has formulated the Kosaido Philosophy based on the DNA inherited from the company's founding: "Kosai (to save widely)" and "enterprising spirit".

(2) Medium-Term Management Plan Overview

We have formulated the "Medium-Term Business Plan 2.0 (2023.3-2025.3)" in order to further expand our profit structure and achieve stable growth from the fiscal year ending March 31, 2023, but have newly formulated the "Medium-Term Business Plan 3.0" for the following reasons.

- Net income attributable to owners of the parent for the fiscal year ended March 31, 2024 under the "Medium-Term Business Plan 2.0 (2023.3-2025.3)" was achieved ahead of schedule in the fiscal year ended March 31, 2023.
- To reflect figures for additional profitable funeral halls not included in the "Medium-Term Business Plan 2.0 (2023.3-2025.3)".
- The Company has established the Asset Consulting segment due to the prospect of profitability in the financial and legal services business.

2. Basic views and guidelines on corporate governance are described in "1.1. Basic Views" of this report.

3. Remuneration for Directors is determined by the Board of Directors using the following process. The Board prepares a draft proposal up to the amount approved at the General Meeting of Shareholders, taking into account various factors such as position, performance, and degree of contribution. The voluntary Nomination and Remuneration Committee, which is chaired by the lead independent Outside Director, with independent Outside Directors and independent Outside Corporate Auditors as the main members, then discusses this proposal and makes a report / recommendation to the Board of Directors, which then makes a final decision.

Matters pertaining to the policy on determining the content of remuneration, etc., for individual Directors are as follows.

(a) Matters pertaining to the policy on determining the content of remuneration, etc. for individual Directors

The Board of Directors requests the advice of the Nomination and Remuneration Committee on the proposed amount of remuneration for each Director, as prepared by the Representative Director and the Human Resources Division and determines the details of fixed remuneration (monetary remuneration) and stock-based remuneration (non-monetary remuneration) with reference to the contents of the Committee's advice regarding the proposed remuneration.

Based on reports / recommendations from the Nomination and Remuneration Committee, our basic approach to officer remuneration is as follows.

- Executive Director

Remuneration for executive Directors consists of fixed remuneration (monetary remuneration) and stock-based remuneration (non-monetary remuneration). The amount of remuneration for each Director is determined within the range of a standard amount set internally, and in consideration of medium to long-term performance and the average amount of remuneration at other companies, according to the Director's position and whether or not the Director in question has representative authority.

- Outside Director

Remuneration for Outside Directors consists of fixed remuneration (monetary remuneration) only, which shall not exceed 2.5 million yen per month, as approved at the 2020 Annual General Meeting of Shareholders.

When determining the content of remuneration, etc., for individual Directors, the Nomination and Remuneration Committee engages in discussions including consistency of the draft proposal with the determination policy. The Board of Directors also basically respects the Committee's reports, judging it be in line with the determination policy.

(b) Matters related to resolutions of the General Meeting of Shareholders about remuneration, etc. for Directors and Corporate Auditors

- Remuneration for Directors

Maximum monthly remuneration for Directors was set at 20 million yen (annual total: 240 million yen), at the

Annual General Meeting of Shareholders held on June 27, 2014. Maximum monthly remuneration for Outside Directors was set at 2.5 million yen (annual total: 30 million yen), at the Annual General Meeting of Shareholders held on June 29, 2020.

- Remuneration for Corporate Auditors

Maximum monthly remuneration for Corporate Auditors was set at 3 million yen (annual total: 36 million yen), at the Annual General Meeting of Shareholders held on June 27, 2014.

(c) Details of non-monetary remuneration

With regard to non-monetary remuneration, a restricted stock remuneration plan for Directors (excluding Outside Directors) was introduced at the Annual General Meeting of Shareholders on June 29, 2020. This plan is a stock remuneration plan aimed at providing incentives to sustainably increase the corporate value of the Company while further sharing value with shareholders.

Based on a resolution of the Board of Directors of the Company, monetary remuneration claims are paid to executive Directors each fiscal year as remuneration related to restricted shares. Eligible Directors are allotted common shares of the Company by paying all of the monetary remuneration claims by way of in-kind contributions. (Allotment is by issuance of new shares or disposal of treasury shares). The restriction period for transfer of shares is the period until the date of resignation or retirement from the position of Director or other position specified by the Board of Directors.

(d) Matters related to delegation of determination of the content of remuneration, etc. for individual Directors

There are no matters related to delegation of determination of the content of remuneration, etc., for individual Directors.

4. When nominating and selecting candidates for Directors and Corporate Auditors, it is the Company's policy to comprehensively judge factors such as personality, ability, insight, experience, achievements, sense of balance as a manager, and suitability for the business environment at the time of appointment. Candidates for Directors and Corporate Auditors are determined by a resolution of the Board of Directors. When nominating and selecting candidates for Directors, candidates are determined by the Board of Directors using the following process. The voluntary Nomination and Remuneration Committee, which is chaired by the lead independent Outside Director, with independent Outside Directors and independent Outside Corporate Auditors as the main members, discusses and makes a report / recommendation to the Board of Directors, which then makes a final decision.

Decisions regarding the dismissal of Representative Directors and other Directors are made by the Board of Directors. If it becomes difficult for Directors to continue their duties due to health reasons, if the Company's corporate value is significantly damaged due to neglect of duty, if it is recognized that Directors have lost their qualifications from the time of their appointment, or if they are otherwise deemed to lack proper qualifications, the Board of Directors makes a decision regarding submission of a proposal for dismissal, or non-submission of a proposal for reappointment, of Directors to the General Meeting of Shareholders and regarding dismissal of Representative Directors based on deliberation and reporting / recommendations by the Nomination and Remuneration Committee.

5. The Company discloses the reasons for individual appointments and nominations of all candidates for Director and Corporate Auditor positions in the convocation notices for its General Meeting of Shareholders.

[Supplementary Principle 3-1-3] Supplementary principle to Principle 3-1 (Full Disclosure)

(1) Disclosure of sustainability initiatives

The Company has implemented various initiatives to improve the Group's sustainability. In particular, with regard to consideration and initiatives for the environment, we have established an environmental policy, and have been working to reduce environmental impact and conserve the environment, such as efforts to reduce greenhouse gas emissions by acquiring ISO 14001 certification and promoting the national "COOL CHOICE" campaign.

And in October 2021, in conjunction with the transition to a holding company structure, we formulated the "Kosaido Group SDGs Declaration" and defined four materialities (key issues). To promote this "Kosaido Group SDGs Declaration," a Sustainability Promotion Committee and Sustainability Promotion Office were established within the company in January 2022 to promote activities.

(2) Disclosure of TCFD

In addition to endorsing the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) in 2022, in response to increasing greenhouse gas emissions and extreme weather conditions caused by global warming, which have become important issues for the international community, we announced the "Kosaido Group SDGs Declaration" to promote sustainability management and set the following materialities under the theme of "environment".

•Protecting the Future - Inheriting a Beautiful Earth by Reducing Environmental Impact

We will be lifesavers for the Earth, working to reduce greenhouse gases and preserve ecosystems so that children and living creatures of the next generation can coexist in harmony, and we will work with our partners to further reduce environmental risks. In recent years, extreme weather events caused by global warming have been occurring frequently, and the prevention of global warming has become an important issue for the international community. The Paris Agreement adopted at COP21 in 2015 set a target of zero greenhouse gas emissions in the second half of the century and a global average temperature rise of less than 2°C compared to the pre-industrial era. In October 2020, the Japanese government also announced a pledge to "aim for a carbon neutral, decarbonized society by 2050," and in April 2021, it raised its greenhouse gas reduction target by 46% compared to the 2013 level by 2030. The Kosaido Group has also set a target of 34% reduction in CO₂ emissions by 2030 (compared to 2020) toward achieving carbon neutrality by 2050, and the entire group is working toward the prevention of global warming. The final report published by the TCFD in June 2017 recommends that companies and others disclose information on climate change-related risks and opportunities in four categories: governance, strategy, risk management, and indicators and targets, with a particular focus on demonstrating the resilience of organizational strategies in an easily understood manner. Kosaido Group conducted a scenario analysis based on the recommendations and began disclosing information in October 2022. Going forward, we will continue to implement the PDCA cycle to strengthen our management strategies related to climate change based on feedback from our stakeholders based on the information we disclose. Also, the progress of our efforts will be disclosed on our website as needed.

(3) Human capital disclosure

We regard the development of human resources who will actively take up the challenge of change based on the "enterprising spirit" that we uphold as our philosophy, and who will play an active role in contributing to society at large, as an important element of our group growth. In each of the five segments in which we operate (Public Funeral Services, Profit-Generating Funeral Services, Asset Consulting, Information, and Human Resources), the development and securing of human resources who can take on the challenge of change is essential for sustainable improvement in corporate value, so we are focusing on the following two points.

- As part of our human resource development policy, we will promote the recognition of sole proprietorship-type side businesses and public offering for new businesses from the perspective of "Promoting the expansion of vision for business expansion and new business promotion," with the goal of at least two applications for public offering for new businesses by the fiscal year ending March 2024.

- As part of our policy to improve the internal environment, we will promote periodic post-hiring interviews and remote work arrangements in order to "create an environment where it is easy to work and continue to work, and to promote the retention of human resources that contribute to business operations." The company will work to halve the number of employees who leave the company on request to less than 20, which has averaged 40 in the past two years. We will disclose not only qualitative information on human capital, but also quantitative indicators as appropriate.

(4) Disclosure of intellectual property

In the information segment, the Company is working to strengthen its competitiveness through the proprietary development of Brilliant Palette, a high color rendering printing solution, and Luminous Palette, a black light printing solution compatible with offset printing. In the Public Funeral Services segment, our subsidiary Tokyo Hakuzen Co., Ltd. holds patents on cremation systems and cremation equipment. We will disclose intellectual property and know-how obtained through patents, M&A, etc. acquired in the course of expanding existing or new businesses in the future, after clarifying their consistency with our management strategy.

[Supplementary Principle 4-1-1] Supplementary principle to Principle 4-1 (Roles and Responsibilities of the Board of Directors (1))

The Company has established a set of "Matters to be Resolved by the Board of Directors," as matters to be judged and decided by the Board of Directors. For other matters, we have established "Resolution and Approval Standards" for each decision-making body including the Management Committee, Representative Directors, Directors, and general managers of business divisions.

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

When selecting candidates for independent Outside Directors, the independence standards set by the Tokyo Stock Exchange are used as the criteria for their appointment. In addition, when selecting candidates for independent Outside Directors, we strive to select candidates who can be expected to contribute to frank, active, and constructive discussion at meetings of the Board of Directors.

[Supplementary Principle 4-10-1] Supplementary principle to Principle 4-10 (Use of Optional Approach)

In April 2017, with the aim of strengthening the independence and objectivity of functions and accountability of the Board of Directors regarding the nomination and remuneration, etc., of Directors, the Company established a system to enable the establishment of a voluntary committee (Nomination and Remuneration Committee) that deliberates on nominations and remuneration, etc., of Directors and provides advice and recommendations to the Board of Directors in response to advisory consultations.

The Nomination and Remuneration Committee was established, in the form of internal regulations approved by the Board of Directors and operates in accordance with these rules. Specifically, the regulations stipulate that the Board of Directors shall invite members of the Nomination and Remuneration Committee to convene as necessary; that the committee shall have at least three members, with Outside Directors and Outside Corporate Auditors constituting a majority; that the committee shall deliberate on the appointment and dismissal of Directors and remuneration for Directors and give advice and recommendations and that accounting auditors and employees shall be invited as necessary to report to the committee as and when needed.

Based on the above, we believe that the Board of Directors makes fair and objective decisions and that a system is in place to ensure this, although we will continue to review the system as necessary in light of the ever-changing business environment.

[Supplementary Principle 4-11-1] Supplementary principle to Principle 4-11 (Preconditions for the Effectiveness of the Board of Directors and the Board of Corporate Auditors)

The Company approach to the balance of knowledge, experience, and abilities, and diversity of the Board of Directors as a whole are consistent with its approach to nomination of candidates for Director positions.

For the Company's policy and procedures for nomination Director candidates, please refer to 4. under Principle 3-1.

The Company's articles of incorporation also stipulate that the number of Directors should be eight, which we believe is an appropriate number for prompt decision making.

The skills matrix for our Directors is disclosed in the Notice of the Annual General Meeting of Shareholders dated June 7, 2023. Each skill in the skills matrix shows the knowledge and experience of currently serving Directors and the balance of the Board of Directors as a whole. Skills that are considered necessary for Directors in light of the Company's management strategy will be discussed and identified again at meetings of the newly formed Board of Directors.

[Supplementary Principle 4-11-2] Supplementary principle to Principle 4-11 (Preconditions for the Effectiveness of the Board of Directors and the Board of Corporate Auditors)

Directors and Corporate Auditors are expected to devote sufficient time and effort to appropriately fulfill their respective roles and responsibilities. The status of Directors and Corporate Auditors who concurrently serve at other companies is stated in the Notice of the Annual General Meeting of Shareholders every year.

[Supplementary Principle 4-11-3] Supplementary principle to Principle 4-11 (Preconditions for the Effectiveness of the Board of Directors and the Board of Corporate Auditors)

The Company conducts self-evaluations and analyses of the effectiveness of the Board of Directors, for the purpose of improving its functions and ultimately increasing corporate value.

Self-evaluations and analyses are conducted using the following methods, with advice from external organizations.

In March 2023, we conducted a questionnaire survey of all Directors who are members of the Board of Directors and Corporate Auditors (who participate in Board meetings as observers). We ensured the anonymity of respondents by having them respond directly to an outside organization. The Board of Directors analyzed, discussed, and evaluated the results at a meeting in April 2023, based on the results collected and reported by the outside organization. A summary of the results is given below.

The Company's understanding based on the results of the questionnaire is that evaluations were largely positive and the effectiveness of the Board of Directors as a whole is ensured.

The participants shared their opinions on issues such as ensuring diversity in the composition of the Board of Directors, the operation of the Board of Directors (prior explanation of agenda items, early distribution of materials, and organization of agenda items), providing training opportunities for officers, and exchanging opinions outside of the Board of Directors meetings. The Board of Directors also shared their views on issues to further improve the functions of the Board of Directors and to invigorate discussions.

Going forward, based on this evaluation of effectiveness, the Board of Directors will respond promptly after sufficient consideration of issues and continue to engage in initiatives to enhance Board functions.

[Supplementary Principle 4-14-2] Supplementary principle to Principle 4-14 (Training for Directors and Corporate Auditors)

The Company has established the following training policy for Directors and Corporate Auditors.

1. When a Director or Corporate Auditor is newly appointed, the Company shall explain and provide training on the Company's business, finances, organization, and other matters.
2. After their appointment as Directors or Corporate Auditors, they shall engage in their own training as and when needed, and the Company shall also encourage them to participate in training, such as by referring them to seminars and training sessions.
3. In principle, the Company shall bear the cost of training for Directors and Corporate Auditors.

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

The Company's policy for promoting constructive dialogue with shareholders and investors is as follows.

1. The Company has a system in which dialogue with shareholders and investors is supervised by the Representative Director(s) and assisted by the Director and Executive Officer in charge of the Management Strategy Headquarters.
2. To promote dialogue with shareholders and investors, relevant departments within the company have established a system for timely and appropriate information disclosure while cooperating as necessary and appropriate, such as in preparing and reviewing materials for disclosure and sharing necessary information.
3. As a means of promoting dialogue with shareholders and investors, the Company will enhance information disclosure by holding quarterly financial results briefings, distributing videos of such briefings, and presenting financial results explanatory materials on the Company's website.
4. Opinions obtained through dialogues with shareholders and investors are fed back to the Directors, and information is shared accordingly.
5. The Company has established internal information management regulations for the strict management of facts relating to business processes, operation, and assets, and undisclosed facts relating to financial results and results forecasts, etc., and manages insider information internally. At the same time, the Company engages in dialogues with shareholders and investors in accordance with these regulations. The period prior to the announcement of financial results is designated as a silent period, and dialogues with shareholders and investors are restricted.

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
PA ACE IV (HK) LIMITED	5,317,848	18.64
Global Worker Dispatch Co., Ltd.	3,934,500	13.79
Aso Co.	2,699,900	9.46
R&L Holdings Co., Ltd.	2,543,166	8.91
The Master Trust Bank of Japan, Ltd. (Trust account)	2,166,600	7.59
Custody Bank of Japan, Ltd. (Trust account)	1,040,200	3.65
POLE STAR CO., LTD.	800,000	2.80
CRANE HILL HOLDINGS PTE. LTD.	794,621	2.79
Custody Bank of Japan, Ltd. (portion entrusted with Sumitomo Mitsui Trust Bank, Limited under a saishintaku (re-trust) arrangement for the Gakken Holdings Co., Ltd. retirement benefit trust account)	584,100	2.05
NOMURA PB NOMINEES LIMITED OMNIBUS—MARGIN (CASHPB)	496,500	1.74

Name of Controlling Shareholder, if applicable (excluding Parent Company)	—
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Name of Parent Company, if applicable	None
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Supplementary Explanation

Status of Major Shareholders” was prepared based on the Company’s shareholder registry as of the end of March 2023.

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
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Fiscal Year-End	March
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Business Sector	Other products
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Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
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Net Sales (Consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
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Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more but less than 50
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4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board
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Directors

Number of Directors Stipulated in Articles of Incorporation	8
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Directors' Term of Office Stipulated in Articles of Incorporation	1 year
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Chairperson of the Board	President
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Number of Directors	8
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Election of Outside Directors	Elected
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Number of Outside Directors	5
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Number of Independent Directors

5

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Masayuki Watanabe	Lawyer												
Akira Kamimura	Lawyer												
Shigeyuki Takemura	From another company												
Shunichi Nakaigawa	From another company												
Takeshi Nakabayashi	From another company							○					

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member remuneration from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masayuki Watanabe	○	—	Mr.Masayuki Watanabe is well-versed in corporate legal affairs as an attorney at law and has abundant experience and extensive insight as an Outside Director of other companies. He was appointed as an Outside Director based on the Company's judgment that he is a suitable person to supervise and offer advice on the Company's management as an Outside Director.
Akira Kamimura	○	—	Mr. Akira Kamimura is well-versed in corporate legal affairs as an attorney at law. He was appointed as an Outside Director based on the Company's judgment that he is a suitable person to supervise and offer advice on the Company's management as an Outside Director, given his abundant

			experience and extensive insight. The Company expects him to offer advice on its management by leveraging his extensive insight into the field of corporate legal affairs.
Shigeyuki Takemura	○	—	Mr. Shigeyuki Takemura has served for many years at the ANA Group, and is able to leverage his experience as an officer there. He was appointed as an Outside Director based on the Company's judgment that he is a suitable person to supervise and offer advice on the Company's management as an Outside Director. The Company expects him to offer advice on its management by leveraging his experience in management at the ANA Group.
Shunichi Nakaigawa	○	—	Mr. Shunichi Nakaigawa is able to leverage his experience in management at many companies. He was appointed as an Outside Director based on the Company's judgment that he is a suitable person to supervise and offer advice on the Company's management as an Outside Director. The Company expects him to offer advice on its management by leveraging his extensive experience in management.
Takeshi Nakabayashi	○	Mr. Takeshi Nakabayashi is the Representative Director of Ping An Japan Investment Co., Ltd., which belongs to the same corporate group (China Ping An Group) as PA Ace IV (HK) Limited, which is one of the Company's major shareholders.	Mr. Takeshi Nakabayashi was selected as an Outside Director candidate based on the Company's judgment that he is a suitable person who is able to leverage his experience in management at many companies to supervise and offer advice on the Company's management as an Outside Director. The Company expects him to offer advice on its management by leveraging his extensive experience in management.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee

Established

Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Remuneration	9	0	2	5	0	2	Outside Director

	Committee							
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	9	0	2	5	0	2	Outside Director

Supplementary Explanation

The Nomination and Remuneration Committee consists of five independent Outside Directors, two independent Outside Corporate Auditors, one Representative Director, and one part-time Director, and is chaired by an independent Outside Director. The chairperson of the committee is also determined by a resolution of the Nomination and Remuneration Committee.

Audit and Supervisory Board Member*

*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	3
Number of Audit and Supervisory Board Members	3

Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Internal Auditing Office—which is the Company’s internal audit department—conducts on-site audits twice a year jointly with the Corporate Auditors. To strengthen cooperation with the Directors, the results of audits are reported and guidance is given to each Director at a meeting of the Board of Directors. The Internal Auditing Office also cooperates with the Corporate Auditors by conducting on-site audits together with them and exchanging information on a daily basis.

Accounting Auditors and Corporate Auditors ensure cooperation through accounting audits and reports on quarterly reviews. Accounting Auditors have also established cooperative relationships with Corporate Auditors and the Internal Auditing Office through exchanges of information and other forms of cooperation. Regular meetings are also held with external Accounting Auditors, Outside Directors, Outside Corporate Auditors, Corporate Auditors, and Internal Auditing Office members.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

Outside Audit and Supervisory Board Members’ Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Masanori Kato	CPA													
Hideaki Numai	Lawyer													

*Categories for “Relationship with the Company”.

(Use “○” when the director presently falls or has recently fallen under the category; “△” when the director fell under the category in the past; “●” when a close relative of the director presently falls or has recently fallen under the category; and “▲” when a close relative of the director fell under the category in the past.)

- a. Person who executes business of the Company or a subsidiary
- b. A non-executive director or an accounting advisor of the Company or its subsidiaries
- c. Person who executes business or a non-executive director of a parent company
- d. An Audit and Supervisory Board Member of a parent company of the Company
- e. Person who executes business of a fellow subsidiary
- f. Person/entity for which the Company is a major client or a person who executes business for such person/entity
- g. Major client of the Company or a person who executes business for such client
- h. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member remuneration from the Company
- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

Outside Audit and Supervisory Board Members’ Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Masanori Kato	○	—	Mr. Masanori Kato has abundant experience and extensive insight as a certified public accountant. He was appointed as an Outside Corporate Auditor based on the Company’s judgment that he is a suitable person to supervise important management decision making and execution of business as an Outside Corporate Auditor.
Hideaki Numai	○	—	Mr. Hideaki Numai is well-versed in corporate legal affairs as an attorney at law. He was appointed as an Outside Corporate Auditor based on the Company’s judgment that he is a suitable person to supervise important management decision making and execution of business as an Outside Corporate Auditor, given his abundant experience and extensive insight.

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

7

Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Mr. Akira Kamimura, Mr. Masayuki Watanabe, Mr. Shigeyuki Takemura, Mr. Shunichi Nakaigawa, and Mr. Takeshi Nakabayashi continue to be designated as independent officers because it is judged that they are Outside Directors who are not likely to cause any conflict of interest with general shareholders, since they are independent of the rest of the management team and do not fall under the independence standards and officer attributes set out by the Tokyo Stock Exchange.

Mr. Masanori Kato and Mr. Hideaki Numai are designated as independent officers because it is judged that they are

Outside Corporate Auditors who are not likely to cause any conflict of interest with general shareholders, since they are independent of the rest of the management team and do not fall under the independence standards and officer attributes set out by the Tokyo Stock Exchange at this present time.

The Company uses the independence standards set by the Tokyo Stock Exchange as its independence standards for assessing the independence of Outside Officers.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Other
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Supplementary Explanation for Applicable Items

With regard to remuneration for executive Directors, we introduced a restricted stock remuneration plan on June 29, 2020 to reflect medium to long-term business performance.

Persons Eligible for Stock Options	Inside Directors / Outside Directors / Employees / Subsidiaries' Directors / Subsidiaries' Employees
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Supplementary Explanation for Applicable Items

Paid stock options (share acquisition rights) are granted with the aim of further enhancing officer and employee commitment to further expansion of business performance, with the aim of expanding / increasing the Group's business performance and corporate value.

Director Remuneration

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The total amount of remuneration for Directors and other officers of the Company is posted in the annual securities report for Inside Directors, Outside Directors, Corporate Auditors, and Outside Corporate Auditors, respectively.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Remuneration for management executives and Directors is determined by the Board of Directors using the following process. The Board prepares a draft proposal up to the amount approved at the General Meeting of Shareholders, taking into account various factors such as position, performance, and degree of contribution. The voluntary Nomination and Remuneration Committee (with independent Outside Directors and independent Outside Corporate Auditors as the main members) then discusses this proposal and makes a report / recommendation to the Board of Directors, which then makes a final decision.

Matters pertaining to the policy on determining the content of remuneration, etc., for individual Directors are as follows.

(a) Matters pertaining to the policy on determining the content of remuneration, etc. for individual Directors.

The Board of Directors requests the advice of the Nomination and Remuneration Committee on the proposed amount of remuneration for each Director, as prepared by the Representative Director and the Human Resources Division and determines the details of fixed remuneration (monetary remuneration) and stock-based remuneration (non-monetary remuneration) with reference to the contents of the Committee's advice regarding the proposed remuneration.

Based on reports / recommendations from the Nomination and Remuneration Committee, our basic approach to officer remuneration is as follows.

- Executive Directors

Remuneration for executive Directors consists of fixed remuneration (monetary remuneration) and stock-based

remuneration (non-monetary remuneration). The amount of remuneration for each Director is determined within the range of a standard amount set internally, and in consideration of medium to long-term performance and the average amount of remuneration at other companies, according to the Director's position and whether or not the Director in question has representative authority.

- Outside Directors

Remuneration for Outside Directors consists of fixed remuneration (monetary remuneration) only, which shall not exceed 2.5 million yen per month, as approved at the 2020 Annual General Meeting of Shareholders.

When determining the content of remuneration, etc., for individual Directors, the Nomination and Compensation Committee engages in discussions including consistency of the draft proposal with the determination policy. The Board of Directors also basically respects the Committee's reports, judging it be in line with the determination policy.

(b) Matters pertaining to the resolution of the General Meeting of Shareholders on remuneration, etc. for Directors and Corporate Auditors

- Remuneration to Directors

Maximum monthly remuneration for Directors was set at 20 million yen (annual total: 240 million yen), at the Annual General Meeting of Shareholders held on June 27, 2014. Maximum monthly remuneration for Outside Directors was set at 2.5 million yen (annual total: 30 million yen), at the Annual General Meeting of Shareholders held on June 29, 2020.

- Remuneration of Corporate Auditors

Maximum monthly remuneration for Corporate Auditors was set at 3 million yen (annual total: 36 million yen), at the Annual General Meeting of Shareholders held on June 27, 2014.

(c) Details of non-monetary remuneration

With regard to non-monetary remuneration, a restricted stock remuneration plan for Directors (excluding Outside Directors) was introduced at the Annual General Meeting of Shareholders on June 29, 2020. This plan is a stock remuneration plan aimed at providing incentives to sustainably increase the corporate value of the Company while further sharing value with shareholders.

Based on a resolution of the Board of Directors of the Company, monetary remuneration claims are paid to executive Directors each fiscal year as remuneration related to restricted shares. Eligible Directors are allotted common shares of the Company by paying all of the monetary remuneration claims by way of in-kind contributions. (Allotment is by issuance of new shares or disposal of treasury shares). The restriction period for transfer of shares is the period until the date of resignation or retirement from the position of Director or other position specified by the Board of Directors.

(d) Matters related to delegation of determination of the content of remuneration, etc. for individual Directors

There are no matters related to delegation of determination of the content of remuneration, etc., for individual Directors.

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

Directors and Corporate Auditors request the relevant departments to provide information necessary for the performance of their duties, and the departments that are requested to do so provide information and materials as appropriate. The secretariat of the Board of Directors plays a central role in supporting Directors. While there are no personnel assigned specifically to support the Corporate Auditors, personnel from each department do provide support as appropriate according to the duties of the Corporate Auditors.

Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.)	Date when former role as president/ CEO ended	Term
—	—	—	—	—	—

Number of Persons Holding Advisory Positions (Sodanyaku, Komon, etc.)
After Retiring as Representative Director and President, etc.

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Other Related Matters

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2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)

As a company with a Board of Corporate Auditors, we are working to enhance corporate governance by building a management system that enables appropriate supervision and monitoring while at the same time ensuring accurate and appropriate decision-making and prompt business execution of business by Directors.

The Company's management and business execution decision-making functions are monitored for transparency and legality through the Board of Directors. We have also established a voluntary Nomination and Remuneration Committee consisting mainly of independent Outside Directors and independent Outside Corporate Auditors, which deliberates on remuneration for Directors, policies for determining remuneration, and proposals for individual candidates for Director positions, and reports to the Board of Directors.

The Board of Directors consists of two executive Directors, one part-time Director, five Outside Directors, and Corporate Auditors. In addition to one regular monthly meeting of the Board of Directors in principle, extraordinary meetings are held as necessary to determine important business strategies such as management goals and strategies, as well as matters stipulated by laws and regulations, and to supervise the state of execution of business. In addition, Management Meetings are also held as appropriate to ensure swift and speedy management.

Based on our basic approach to corporate governance, we seek to improve the fairness and transparency of our management through prompt decision making by Directors and clarification of their responsibilities. In addition, five Outside Directors have been appointed, and more than half of our directors are now Outside Directors who provide advice and recommendations on management from a neutral standpoint based on their specialized knowledge and experience. These five Outside Directors have been appointed as independent officers.

When selecting candidates for Outside Directors, we refer to the independence standards established by the Tokyo Stock Exchange as important selection criteria and strive to select candidates who can be expected to contribute to frank, active, and constructive discussion at meetings of the Board of Directors.

In the selection of Outside Corporate Auditors, we ensure that candidates possess the necessary knowledge that will be required of them as Corporate Auditors and specialist knowledge in areas such as legal affairs, finance, accounting and management as important selection criteria, and endeavor to make decisions based on full consideration of business relationships, knowledge, experience and ensuring independence.

We have appointed one full-time Corporate Auditor and two Outside Corporate Auditors to ensure the objectivity and neutrality of the management oversight function, and to audit the state of corporate governance and operation. The two Outside Corporate Auditors have also been appointed as independent officers.

We understand the role of Outside Directors and Outside Corporate Auditors as being to maintain a neutral and impartial position and ensure the neutrality and objectivity of management as an independent organizational unit, entrusted to do so by our shareholders.

Outside Directors and Outside Corporate Auditors provide timely and appropriate opinions, advice, and recommendations on management from an objective standpoint, and endeavor to maintain and ensure prompt and appropriate decision-making.

The Company has no personal, capital, business, or interest relationships with Outside Directors Akira Kamimura, Masayuki Watanabe, Shigeyuki Takemura, Shunichi Nakaigawa, and Takeshi Nakabayashi, or with Outside Corporate Auditors Masanori Kato and Hideaki Numai. Mr. Takeshi Nakabayashi is the Representative Director of Ping An Japan Investment Co., Ltd., which belongs to the same corporate group (China Ping An Group) as PA Ace IV (HK) Limited, which is one of the Company's major shareholders.

(Board of Directors)

■Chairman

Hiroshi Kurosawa (President & CEO) Attendance at Board of Directors meetings 19/19

■Directors

Yibun Luo (Chairman of the Internal Board of Directors) Attendance at Board of Directors meetings 13/14 times (after assuming office in June 2022)

Chihiro Negishi (Internal Senior Managing Director) Attendance at Board of Directors meetings 19/19

Masayuki Watanabe (Outside Director) Attendance at Board of Directors meetings 19/19

Akira Kamimura (Outside Director) Attendance at Board of Directors meetings 19/19

Shigeyuki Takemura (Outside Director) Attendance at Board of Directors meetings 18/19 times

Shunichi Nakaigawa (Outside Director) Attendance at Board of Directors meetings 18/19 times

Takeshi Nakabayashi (Outside Director) Attendance at Board of Directors meetings 14/14

(after assuming office in June 2022)

Akira Nakai (Full-time Corporate Auditor) Attendance at Board of Directors meetings 19/19

Masanori Kato (Outside Corporate Auditor) Attendance at Board of Directors meetings 19/19

Hideaki Numai (Outside Corporate Auditor) Attendance at Board of Directors meetings 19/19

(Board of Corporate Auditors)

■Chairman

Akira Nakai (Full-time Corporate Auditor) Attendance at Board of Corporate Auditors meetings 7/7

■Auditors

Masanori Kato (Outside Corporate Auditor) Attendance at Board of Corporate Auditors meetings 7/7

Hideaki Numai (Outside Corporate Auditor) Attendance at Board of Corporate Auditors meetings 7/7

3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted the company with a Board of Corporate Auditors system. The main functions of the Board of Directors and the Board of Corporate Auditors are to pass resolutions on, supervise, and audit the execution of important business. The reasons for the Company adopting such a system are to improve its management system, enhance auditing functionality with regard to the execution of business, ensure thorough compliance, and improve management transparency.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The Company discloses notices of the convocation of the General Meeting of Shareholders at an early stage to ensure that shareholders have sufficient time to consider the meeting agenda. Specifically, the Company has started electronic provision measures at an early stage, made efforts to send out the convocation notice as early as possible, and disclosed the information so that it can be viewed on the Company's website and on the Tokyo Stock Exchange's website "TSE Listed Company Information Service".
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company sets General Meetings of Shareholders on dates that we deem appropriate, with consideration to enhancing dialogue with shareholders and scheduling such that many shareholders will be able to attend; and from the viewpoint that we have adopted electronic disclosure of convocation notices prior to the date of dispatch of the statutory written notices of convocation and exercise of voting rights, and exercise of voting rights by proxy agent, using voting forms sent by mail, and the viewpoint of securing a sufficient period of time for effective audits by Corporate Auditors and Accounting Auditors.
Electronic Exercise of Voting Rights	Since the General Meeting of Shareholders held in June 2022, it has become possible for shareholders to exercise their voting rights electronically via the Internet, among other means.

Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	As of the General Meeting of Shareholders held in June 2022, the Company began to participate in the Electronic Voting Platform for Institutional Investors.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company publishes English translations of matters concerning convocation (from convocation notices in a narrow sense) and reference documents on the Company website.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>(1) Basic policy As a company involved in the print, publication and information business, which is a universal part of culture common to all humankind, we aim to be a company that is constantly recognized by society for its contributions by forming bonds of trust with people in all societies and regions, with awareness of our responsibilities as a company and the appropriate actions that are required of us, in order to create a better environment, a prosperous life, and a future filled with hope. Based on this, we will disclose information and engage in IR activities based on the following policy.</p> <p>(2) Standards for disclosure of information The Company discloses information in a timely manner, based on the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities (Timely Disclosure Rules) established by the Tokyo Stock Exchange. We also actively disclose, in a timely manner, information that we are not obligated to disclose in light of the standards in the Timely Disclosure Rules, but whose disclosure we deem useful for shareholders and investors.</p> <p>(3) Information disclosure methods We disclose information that falls under items for disclosure based on the timely disclosure standards via TDnet, the timely disclosure network provided by the Tokyo Stock Exchange. Information disclosed on TDnet is also be posted on our website as soon as possible. Even when disclosing information that does not fall under the timely disclosure standards, we take care to convey such information to investors as accurately and fairly as possible by appropriate methods such as press releases and posting on our website.</p> <p>(4) Improvement in communication In addition to timely disclosure information, we endeavor to enable shareholders and investors to gain a comprehensive and long-term understanding</p>	

	<p>of the Company's strategy, business model, business environment, financial position, etc., by issuing easy-to-understand IR tools (the public relations magazine <i>KOSAIDO PRESS</i>, financial results briefing materials, etc.) and by improving and enhancing our website.</p> <p>We also work to enhance communication with shareholders and investors through engagement and responding to daily inquiries.</p> <p>(5) Quiet period We observe quiet periods from the viewpoint of preventing leakage of financial information before publication and ensuring fairness. Specifically, quiet periods are typically a few weeks from the day after the account settlement date to the date of announcement of financial results. During quiet periods, we refrain from answering questions or commenting on financial results.</p> <p>(6) Disclaimer Disclosed information includes statements about the Company's future plans, strategies, and forecasts regarding business performance. These statements are not historical facts, but are forward-looking statements based on assumptions and beliefs informed by the information currently available to the Company. They also include risks and uncertainties related to economic trends, severe competition within the industry, market demand, fuel prices, foreign exchange rates, tax systems and various other systems. Please note that actual business results may differ from the Company's forecasts.</p> <p>The information we disclose is not intended to induce investment. Users are asked to make investment decisions at their own discretion.</p>	
Regular Investor Briefings held for Individual Investors	In the future, we plan to hold regular briefings, which will also be filmed and streamed on our website.	Held
Regular Investor Briefings held for Analysts and Institutional Investors	We plan to hold quarterly financial results briefings, which will be video-streamed on our website.	Held
Online Disclosure of IR Information	The Company's website (https://www.kosaido.co.jp/ir/) displays financial information (yearly and quarterly financial results), securities reports, and other timely disclosure materials.	
Establishment of Department and/or Placement of a Manager in Charge of IR	We have established an IR Section, under the direct control of the president, as a department specializing in IR.	
Other	<ul style="list-style-type: none"> - For analysts and institutional investors, we respond on an individual basis, and hold small meetings. Quarterly financial results are also explained in detail on our website. - From the third quarter of 2022, we have translated a portion of our quarterly financial results into English (financial statements, etc.) - We actively communicate information that contributes to the investment decisions of investors 	

and shareholders, such as holding briefings on our financial results and medium-term management plans, streaming video content, and utilizing social media.

- From the first quarter of the fiscal year ending March 31, 2023, financial results presentation materials are disclosed in English translation.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
<p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p>	<p>As stated on our website, based on the Kosaido Group Code of Conduct, which is the basis of our corporate activities, we engage in CSR key activities: corporate governance, compliance, environmental initiatives, thorough quality control, utilization of human resources and improvement of workplace environments, and ISMS initiatives. With regard to environmental initiatives, we publish a company-wide environmental report and post it on our website.</p> <p>With regard to consideration and initiatives for the environment, we have established an environmental policy, and have been working to reduce environmental impact and conserve the environment, such as efforts to reduce greenhouse gas emissions by acquiring ISO 14001 certification and promoting the national “COOL CHOICE” campaign. We are also taking our efforts one step further in responding to sustainability-related issues by formulating the Kosaido Group SDGs Declaration and establishing four material issues.</p> <p>In January 2021, we established the Sustainability Committee and Sustainability Promotion Office, as internal organizational units to drive the improvement of sustainability throughout the Group.</p> <p>In addition to endorsing the recommendations of the TCFD (Task Force on Climate-related Financial Disclosure) in 2022, in response to increasing greenhouse gas emissions and extreme weather conditions caused by global warming, which have become important issues for the international community, we announced the "Kosaido Group SDGs Declaration" to promote sustainability management and set the following materialities under the theme of "environment".</p> <ul style="list-style-type: none"> • Protecting the Future - Inheriting a Beautiful Earth by Reducing Environmental Impact <p>We will be lifesavers for the Earth, working to reduce greenhouse gases and preserve ecosystems so that children and living creatures of the next generation can coexist in harmony, and we will work with our partners to further reduce environmental risks. In recent years, extreme weather events caused by global warming have been occurring frequently, and the prevention of global warming has become an important issue for the international community. The Paris Agreement adopted at COP21 in 2015 set a target of zero greenhouse gas emissions in the second half of the century and a global average temperature rise of less than 2°C compared to the pre-industrial era. In October 2020, the Japanese government also announced a pledge to "aim for a carbon neutral, decarbonized society by 2050," and in April 2021, it raised its greenhouse gas reduction target by 46% compared to the 2013 level by 2030.</p> <p>The Kosaido Group has also set a target of 34% reduction in CO2 emissions by 2030 (compared to 2020) toward achieving carbon neutrality by 2050, and the entire group is working toward the prevention of global warming.</p> <p>The final report published by the TCFD in June 2017 recommends that companies and others disclose information on climate</p>

	<p>change-related risks and opportunities in four categories: governance, strategy, risk management, and indicators and targets, with a particular focus on demonstrating the resilience of organizational strategies in an easily understood manner. Kosaido Group conducted a scenario analysis based on the recommendations and began disclosing information in October 2022. Going forward, we will continue to implement the PDCA cycle to strengthen our management strategies related to climate change based on feedback from our stakeholders based on the information we disclose. Also, the progress of our efforts will be disclosed on our website as needed.</p>
Other	<p>Based on the recognition that creating an environment in which human resources from diverse backgrounds are able to make effective use of their strengths and act autonomously is an advantage in terms of attaining sustainable growth, the Group places a key emphasis on ensuring diversity in the appointment of core human resources. The Group emphasizes the utilization of human resources based on the principle of competence. In addition to training new graduates, we will actively utilize mid-career hires to meet business needs.</p> <p>On the other hand, we recognize the issue that the ratio of female managers in the Company is low at 7%, and that the average length of service with the company for women also remains lower than the national average, at 50% that of male employees. In order to resolve this issue, we have formulated an action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace and have set the following two numerical targets to achieve by March 2024.</p> <p>(1) Increase the percentage of women in managerial positions to 10% (2) Raise the average length of service for women to 70% that of men</p> <p>In order to achieve these targets, we are striving to create a workplace environment that makes it easy to continue working and enhance our education and training system, such as by conducting career interviews and enhancing our training system for creating excellent human resources. (Action plan based on the Act on Promotion of Women's Participation and Advancement in the Workplace: https://www.kosaido.co.jp/csr/human-rights/).</p> <p>As of March 31, 2023, the Group had (1) 12.9% female managers, and (2) 54.9% female average length of service, compared to men. We will continue our efforts to achieve the target of the ratio of female managers by March 2024, which we have set as a deadline, and to achieve the female average length of service compared to male employees.</p> <p>In Tokyo Hakuzen Co., Ltd., which operates an end-of-life business, has (1) 28.6% ratio of female managers, and (2) 100.0% female average length of service compared to male employees. We will continue to promote diverse work styles for women as well as for our group companies.</p> <p>(1) Initiatives to support the development of the next generation and promote women's activities</p> <p>Based on our belief that it is important for employees to make fully effective use of their abilities, seek to achieve a healthy work-life balance, and create a comfortable working environment, we have also formulated an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children. Specifically, we have introduced remote work and flextime systems to help realize diverse work styles. In addition, in today's society, where dual income has become the norm, we have expanded the shortened working hours system for childcare to the third grade of elementary school, in order to</p>

help employees achieve an easier balance between work and childcare.

(2) Efforts to promote foreign human resources

With regard to non-Japanese human resources, the Group conducts business mainly in the domestic market, and is not considering setting numerical targets because there is little need at this time. However, we do intend to hire human resources who possess the abilities and experience required by the Group, including appointment as core human resources. At the same time, we believe that it is necessary to work on improving our internal environment to enable non-Japanese human resources to play an active role.

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

The Company's Basic Policy on Establishment of Internal Control System is as follows.

1. Systems to ensure that the execution of duties of a Director or an employee of the Company or a subsidiary complies with laws, regulations and the articles of incorporation
 - (a) The Board of Directors shall hold regular meetings and establish a sufficient system for Directors to mutually monitor compliance with laws and regulations and the articles of incorporation in the execution of duties.
 - (b) The Company shall establish internal rules relating to compliance. Based on these rules, an officer in charge shall be appointed as the chief supervisor, a department with an administrative / secretariat function shall be established under the officer's supervision to manage the company as a whole, and a compliance officer shall be assigned to each department or branch to perform fine management at each site.
 - (c) The Company shall evaluate legal risks on a company-wide basis, determine responses, and carry out effective control activities for risks that should be controlled.
 - (d) The Company shall have an internal reporting (whistleblowing) system as an information and communication function.
 - (e) The Company shall establish plans and an emergency contact network in readiness for times of crisis.
 - (f) With regard to internal control over financial reporting, the Company shall establish a sufficient system, creating a dedicated department to ensure conformity with the Companies Act, the Financial Instruments and Exchange Act and the Rules of the Tokyo Stock Exchange.
 - (g) The Company shall not engage in business relationships or any other relationships with antisocial forces that threaten the order and safety of civil society. If we receive unreasonable demands from antisocial forces, the entire organization will take a resolute stance and work to prevent damage caused by antisocial forces.
 - (h) The Company's Corporate Auditors and Internal Auditing Office shall audit the business activities of subsidiaries from the perspective of compliance with laws and regulations and the Company's articles of incorporation, and provide necessary advice, recommendations, and guidance.
2. Systems for storing and managing information concerning the execution of duties by Directors and systems for reporting matters concerning the execution of duties by Directors, etc., of subsidiaries to the Company
 - (a) The Company shall establish internal rules relating to storage and management of information. Based on these rules, an officer in charge shall be appointed as the chief supervisor, and a department with an administrative / secretariat function shall be established under the officer's supervision to manage the company as a whole.
 - (b) The Company shall define document names, storage periods, storage departments, and storage formats according to the nature of internal regulations, meeting minutes, approval documents, contracts, personnel documents, title deeds, administrative documents, etc., clarify who has responsibility for storage and management, and thoroughly manage such items accordingly.
 - (c) The Company shall establish a dedicated department and build sufficient systems for information security measures.
 - (d) The Company shall clarify inspection procedures for Directors and Corporate Auditors.
 - (e) Subsidiaries shall be obligated to request approval or report certain important matters to the Company before a decision is made by the subsidiary's Board of Directors.
 - (f) The Company shall regularly hold liaison meetings with members such as the presidents of subsidiaries in the Group, and receive reports on management activities, etc.
3. Regulations and other systems related to management of the risk of loss of the Company and a subsidiary
 - (a) The Company shall establish internal rules relating to risk management. Based on these rules, an officer in

charge shall be appointed as the chief supervisor, and a department with an administrative / secretariat function shall be established under the officer's supervision to manage the company as a whole.

- (b) The Company shall evaluate risks on a company-wide basis, determine responses, clarify a department with responsibility for each risk that should be controlled, and carry out effective control activities.
- (c) The Company shall establish plans and an emergency contact network in readiness for times of crisis.
- (d) With regard to risk management at subsidiaries, the Company shall receive reports from subsidiaries as appropriate, and the Company's Corporate Auditors and Internal Auditing Office shall audit the status of risk management at subsidiaries and provide necessary advice, recommendations, and guidance.

4. Systems to ensure that the execution of duties of a Director of the Company and a subsidiary is performed efficiently

- (a) The Board of Directors shall hold meetings to formulate medium to long-term management plans and set business performance targets for each fiscal year. The Board shall also analyze targets as appropriate and revise them as necessary.
- (b) Representative Directors and executive Directors shall report the efficiency of the execution of their duties at monthly meetings of the Board of Directors, and make efficient decisions based on the results of the review.
- (c) The Company shall establish effective rules for segregation of duties and approvals to enable efficient execution of decision-making by Directors, and operate the organization to execute business effectively.
- (d) The Company's Internal Auditing Office shall audit the effectiveness of internal control at the Company and for the Group.
- (e) The Company shall establish internal controls relating to the handling of IT, and have effective internal communication functions.
- (f) The Company shall regularly review each subsidiary's organizational design and business execution system, taking into account their business, scale and position in the Group and shall supervise them for them to build a system to execute operations efficiently.
- (g) With regard to decision-making at subsidiaries, the Company shall clarify the authority and responsibilities of executives at subsidiaries in accordance with the regulations of the Board of Directors, administrative authority regulations, and other various regulations in place at subsidiaries, and provide guidance as necessary to ensure organized and efficient execution of business.

5. Systems for ensuring that the Group conducts its business properly

- (a) The Company shall stipulate matters relating to subsidiaries in Paragraphs 1, 2, 3, and 4 above in the Company's management regulations for subsidiary and affiliate companies. Based on this, the Company shall also establish an organization to ensure the appropriateness of operations across the entire Group, such as by establishing a department with administrative / secretariat functions within the Company.
- (b) The internal reporting (whistleblowing) system referred to in Item (d) of Paragraph 1 shall cover the entire corporate Group.

6. Systems pertaining to the auditing environment for Corporate Auditors

- (a) Matters concerning assistant employees
There shall be no regular (full-time) employees assigned to assist Corporate Auditors in their duties, but personnel shall be assigned to assist Corporate Auditors in their duties as necessary. In appointing personnel, the Director in charge and the Corporate Auditors shall exchange opinions from the perspective of ensuring the independence of employees.
- (b) Matters concerning Directors and employees of the Company reporting to Corporate Auditors
 - (i) Directors shall report on the state of execution of their duties at important meetings such as Board of Directors meetings as and when necessary.
 - (ii) Directors and employees shall report promptly to Corporate Auditors regarding any event that has or is likely to have a significant impact on the Company and the corporate Group.
- (c) Systems for Directors, Corporate Auditors, and other officers and employees of subsidiaries to report to the Company's Corporate Auditors
Officers and employees of subsidiaries shall report on the state of execution of business at the request of the Company's Corporate Auditors, and report immediately to the Company's Corporate Auditors when they discover any matters that may cause significant damage to the Company or its subsidiaries.
- (d) System for protecting those who submit reports to Corporate Auditors from disadvantageous treatment as a result of the reports
Those who have reported to the Corporate Auditors as provided for under this paragraph shall not be treated disadvantageously because of such reporting (whistleblowing).
- (e) Matters concerning expenses incurred by the Corporate Auditors in the performance of their duties
When a Corporate Auditor requests that the Company make an advance payment or redemption of expenses

for the execution of his or her duties, or other handling of expenses or debts arising in the execution of duties, such expenses or debts shall be handled promptly, except in the case where it is found that the expenses pertaining to the said request are not required for the execution of the duties of the said Corporate Auditor.

- (f) Other matters related to ensuring the effectiveness of audits
 - (i) Corporate Auditors shall have the authority to attend all meetings.
 - (ii) In order to ensure that the authority of Corporate Auditors to investigate and correct with regard to Directors and employees is exercised smoothly, Directors shall cooperate with Corporate Auditors so that communication, collection, and exchange of information between Corporate Auditors and Directors, etc., of the corporate Group can be carried out in a timely and appropriate manner.
 - (iii) The Board of Corporate Auditors shall cooperate with the compliance department(s), information storage and management department(s), risk management department(s), and the Internal Auditing Office, and receive explanations and exchange information on the contents of accounting audits from Accounting Auditors.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

The Company shall reject all antisocial forces and groups that violate the peace and order of society and fight resolutely against unjustified demands and inducement of profits.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

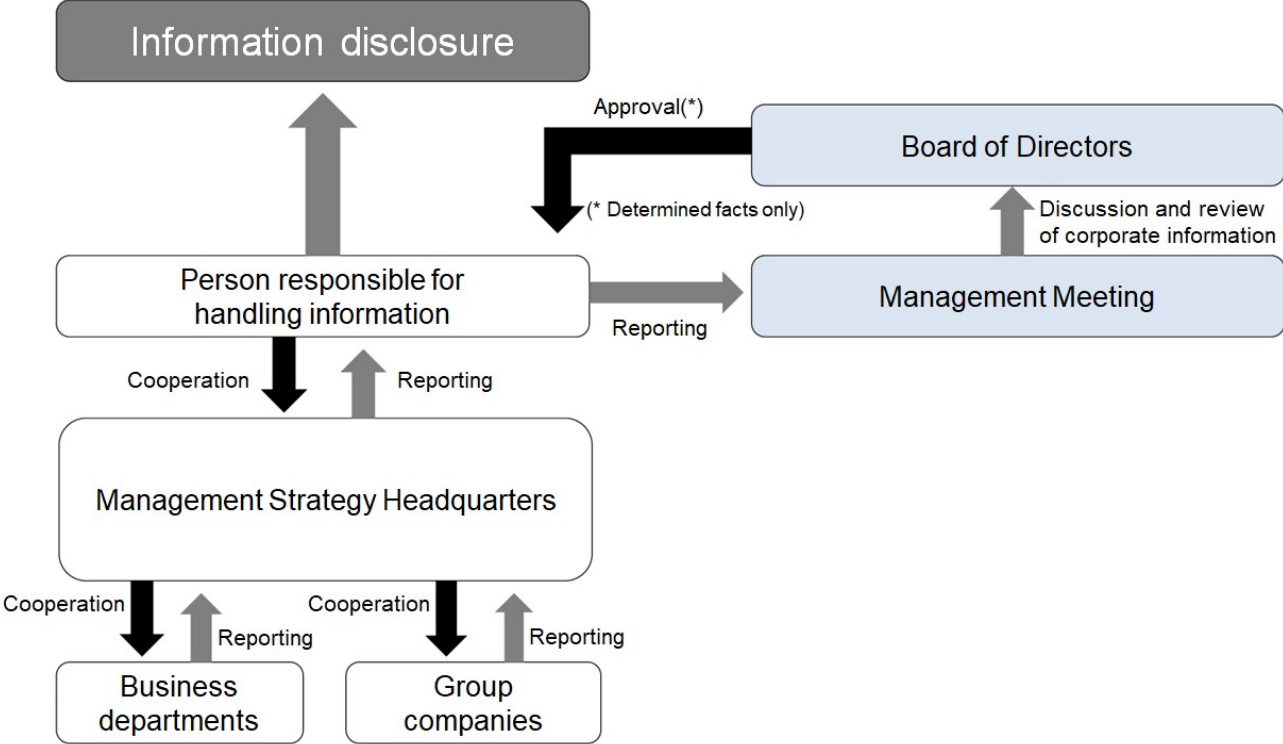
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2. Other Matters Concerning the Corporate Governance System

With regard to the timely disclosure system, each business department and Group company will report promptly in cooperation with the Management Strategy Headquarters, which is the department responsible for timely disclosure, so that information can be disclosed promptly and appropriately. The Director in charge and the person responsible for handling information shall promptly disclose material facts and corporate information that require timely disclosure, in accordance with the Company's disclosure standards. For material facts and corporate information requiring timely disclosure which also require a resolution by the Board of Directors, the Director in charge and the person responsible for handling information shall first report to the Management Meeting. After discussion and deliberation by the Management Meeting and a resolution by the Board of Directors, the Director in charge and the person responsible for handling information shall promptly disclose the relevant information, in accordance with the Company's disclosure standards.

END

[Overview of Timely Disclosure System]



Corporate Governance Organizational Diagram

