

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

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

1. Basic Views

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

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

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

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

The Company implements all principles of the Corporate Governance Code.

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

Update

[Principle 1.4] Cross-Shareholdings

< Policy on Cross-Shareholdings >

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

< Verification of Appropriateness of Holding Cross-Shareholdings >

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

< Criteria for the Exercise of Voting Rights >

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

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

[Principle 1.7] Related Party Transactions

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

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

[Supplementary Principle 2.4(1)] Ensuring Diversity in Core Human Resources

< Approach to Ensuring Diversity >

In order to promptly and flexibly respond to the changes in the environment surrounding the Group's business, as well as changes in socioeconomic situations, and to continue to grow, the Company believes it is helpful that management incorporates a diverse range of viewpoints and values from human resources with differing backgrounds, while also promoting the creation of new businesses and transformations in services.

For this reason, the Company considers it an important management issue to develop an environment and culture where each employee can leverage his or her abilities to the maximum possible extent and actively participate, and is working to ensure the diversity of human resources.

< Voluntary and Measurable Goals and their Status >

1. Appointment of Women as Core Human Resources

At the Company, the proportion of women in managerial positions (*) was 39.3% as of the end of March 2023. Aiming to further ensure diversity, the Company has set a goal of "at least 40% of core human resources being women by the end of FY2025" based on the Act on the Promotion of Women's Active Engagement in Professional Life. Accordingly, the Company intends to promote the development and utilization of systems and an environment that enables women to actively participate, including systems for shortened working hours and working from home, as well as the provision of a return-to-work program.

(*) The proportion of women in managerial positions: Calculated based on the provisions of the Act on the Promotion of Women's Active Engagement in Professional Life (Act No. 64 of 2015)

2. Appointment of Foreign Nationals as Core Human Resources

The proportion of locally hired foreign nationals as core human resources at nine overseas subsidiaries was 90.3% as of the end of March 2023. The Company is actively promoting the appointment of human resources of diverse nationalities. Although the Company recognizes the proportion as already being at a high level, it intends to continue to work on the utilization of locally hired foreign human resources.

3. Appointment of Midcareer Hires as Core Human Resources

The proportion of midcareer hires employed by the Company as core human resources was 69.7% as of the end of March 2023. Although the Company recognizes the proportion as already being at a high level, it intends to continue to maintain the flexible appointment system and will make efforts to widely utilize talented human resources.

< Policies for Human Resource Development and Internal Environment Development to Ensure Diversity, and Status of their Implementation >

The Group is actively working on the promotion of women's active engagement in professional life by institutionalizing shortened working hours and working from home so that female employees can choose diverse and flexible work styles, as well as by providing a return-to-work program, selective training, and other measures. Moreover, the Group regularly disseminates information on its systems and programs, along with case examples, on the company website, etc. and holds a children's visiting day and other events in order to promote workplace understanding relating to childbirth and childcare.

In addition, the Group is strategically promoting initiatives that can expand opportunities to allow diverse human resources to participate and take an active role, regardless of sex, age, nationality, or area. In Japan, the Group is promoting the utilization of local human resources by transferring operations to local offices, contributing to the creation of local employment. At overseas offices, the Group is actively promoting the appointment of local human resources in the countries where the Group's offices are located, and local human resources are participating in management.

The Group aims to promote the further participation of diverse human resources including managerial personnel.

For specific details of the Company's initiatives, please refer to the Company's website.

- About career progression: <https://corp.benefit-one.co.jp/sustainability/careerup/> (Japanese only)
- About work-life balance: <https://corp.benefit-one.co.jp/sustainability/worklifebalance/> (Japanese only)
- Work style reform (Neo Works): <https://corp.benefit-one.co.jp/sustainability/neo-works/>

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

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

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

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

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

The Company has also developed the Medium-term Management Plan (plan for three years from the fiscal year ending March 2024 to the fiscal year ending March 2026) and publicized it in May 2023. For details, please see the videos and materials below.

- [Video] New Medium-term Management Plan and Future Growth Strategy: <https://irtv.jp/channel/10877>
- [Video] Summary of Financial Results & Earnings Forecasts: <https://irtv.jp/channel/10671>
- [Materials] Performance & Medium-term Growth Strategy: https://global-assets.irdirect.jp/pdf/menu_file/2412/20230512120610_9553.pdf

[Principle 3.1(2)] Basic Views on Corporate Governance and Basic Policies

Please refer to section "I. 1. Basic Views" in this Report.

[Principle 3.1(3)] Policies and Procedures for the Determination of the Compensation of Directors by the Board of Directors

Please refer to section "II. 1. Organizational Composition and Operation [Director Compensation]" in this Report.

[Principle 3.1(4)] Policies and Procedures for the Nomination of Director Candidates by the Board of Directors

[Supplementary Principle 4.11.(1)] Views on Composition of the Board of Directors, etc.

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

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

The Company conducts a questionnaire survey for Directors every year about the evaluation of the effectiveness of the Board of Directors as a whole. In the fiscal year ended March 2023, the Company conducted a questionnaire survey in February 2023, and analysis results were reported at the Board of Directors meeting held in March 2023. In the questionnaire, eight (8) members of the current Board of Directors as a whole, of whom four (4) Directors are also serving as Audit and Supervisory Committee Members, evaluated the Board of Directors as being "appropriate" or "basically appropriate." Accordingly, the Company assessed that the current number and composition of the Board of Directors are effective and appropriate to ensure the environment for lively discussions.

Please refer to "Skill Matrix for Each Director" attached to this Report for a skill matrix that summarizes the knowledge, experience, abilities, etc., of each Director.

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

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

[Supplementary Principle 3.1(3)] Response to Issues Surrounding Sustainability
< Sustainability Initiatives of the Company >

(Basic views on sustainability)

In the Medium-term Management Plan publicized as of May 11, 2023, the Group set a goal of equally offering services, including employee benefit services and healthcare services, to all people regardless of the size of customer companies, employment status, sex, etc. At the same time, the Group launched a new settlement service business, aiming to establish an environmentally-friendly service distribution at low cost.

The Group believes that it is important to incorporate the perspectives of ESG and other social needs into its growth strategies and to constantly deepen the efforts for corporate value creation in order to ensure sustainable growth and enhance corporate value. The Board of Directors and the Sustainability Committee are taking a central role in these efforts.

(Management system related to sustainability)

(1) Governance

Recognizing that appropriate collaboration with various stakeholders is important for the Company's sustainable growth and the enhancement of corporate value on a medium- to-long term basis, the Group has established the Sustainability Committee to promote company-wide efforts to address issues related to sustainability, including human capital and climate change issues. The committee is chaired by the Executive Vice-President.

The committee submits plans, proposals, and recommendations on basic policies, indicators, goals, measures, etc. related to sustainability, including human capital and climate change, to the Board of Directors, and performs activities such as the monitoring of measures implementation and goals achievement, as well as information provision and publicity activities within and outside the Company. Regarding matters for consideration, activity details, etc., the committee submits regular reports and proposals to the Board of Directors and carries out activities based on the instructions of the Board of Directors, as appropriate. The Board of Directors regularly receives reports on important matters related to sustainability from the Sustainability Committee and develops a governance structure by giving instructions and advice as required.

In the fiscal year ended March 2023, the Board of Directors made sustainability-related deliberations and reports on four occasions, and the Sustainability Committee held three meetings.

(1) Risk management

Within the Group, the Sustainability Committee collects necessary data and analyzes them in order to comprehend the impact of sustainability-related risks and opportunities, including human capital and climate change, on the Group's business activities, profits, etc. and to respond to risks and opportunities appropriately. The Board of Directors assesses the degree of the impact on business based on these data and analyses.

Specific measures and goals for identified risks and opportunities are reflected in business strategies in cooperation with concerned divisions. The Sustainability Committee carries out activities such as the management of progress and the reassessment of risks and opportunities. The committee also makes efforts for continuous information collection and risk management by regularly reporting details to the Board of Directors.

< Investment, etc. in human capital and intellectual properties >

In carrying out the Medium-term Management Plan, the Group believes that it is important to employ the necessary human resources at an appropriate timing and to develop an environment where the abilities of individual employees can be appropriately leveraged.

In the Group's Employee Benefit Services business and the Incentive business, the Group aims to improve the motivation and engagement of customer companies' employees through service provision. In the Healthcare business, the Group aims to contribute to the creation of opportunities, in which customer companies' employees can leverage their abilities to the maximum possible extent, through the provision of physical and mental health management services. As just described, the Group believes that it can contribute to the realization of a better society by supporting companies that make efforts for human capital management and spreading the Group's services.

For this reason, the Group integrally grasps human capital-related initiatives promoted within the Company and initiatives to promote the service value provided to customers in medium- to long-term business strategies, and has set the Human Capital Management Policy, along with the Human Resources Development Policy and the Internal Environment Development Policy as basic strategies based on the Human Capital Management Policy as described below.

"Human Capital Management Policy"

The Group intends to create new values to be provided to customers by making the most of its services so that each diverse employee can leverage his or her abilities to the maximum possible extent and actively participate and by establishing a virtuous cycle that leads to the

enhancement of its business model while embodying the growth of individuals and organizations within the Group.

“Human Resources Development Policy”

Aiming to make each diverse employee be a professional, regardless of nationality, sex, age, etc., the Group equally provides employees with the necessary opportunities for ability development and intends to create opportunities for the further growth of employees who act independently and proactively.

“Internal Environment Development Policy”

The Group respects the diverse personalities and intentions of each employee and intends to develop an environment and culture where individual employees can leverage their abilities to the maximum possible extent and actively participate without concerns while promoting work-life balance.

Based on the above basic strategies, the Group is also making individual efforts for human capital management as follows for each of the following six themes: (1) securing human resources, (2) human resources development, (3) diversity promotion, (4) engagement enhancement, (5) health management, and (6) integrity.

(1) Efforts for securing human resources

Expecting many growth opportunities, the Group believes that securing a sufficient number of professional human resources to secure competitive advantage, as well as human resources responding to business expansion, such as sales personnel and office workers, is an important issue.

In particular, the Group is strengthening the employment of IT engineers and is working to improve the service quality and cost efficiency by promoting the internal development and operation of systems on a medium- to long-term basis.

In addition, the Group is strategically promoting the multi-polarization of recruitment by standardizing and stylizing operations and by transferring operations to local offices. The Group has actively worked on the creation of local employment since it opened the Matsuyama BPO Center in 2007. In addition to these efforts, as part of work style reform, the Group is also promoting activities such as outsourced human resource utilization (Neo Works) that allows flexibility in employment status and time and place to work. Thus, the Group is making efforts to secure the necessary human resources in a timely manner to meet business growth.

(2) Efforts for human resources development

The Group is taking the following measures, believing that it is necessary to enhance human resources development for managerial personnel and middle-level/young executive candidates, who can act with the understanding of the Company's corporate philosophy and management strategies in the background, in order to promote the realization of the Medium-term Management Plan.

The Group is making efforts to let corporate philosophy and visions penetrate and develop human resources through a program in which young employees serve as instructors and mentors to support new employees after they start to work, a junior board system in which selected middle-level and young employees try to address important management and other issues, new business proposal contest involving all employees, etc.

The Group is also working to develop executive candidates by continuously providing training by the year of joining the company and by hierarchical levels, along with programs to develop foreseeable senior managers. It plans to improve management training for young managers and other training programs.

In addition to the above, the Group is providing various programs that promote employees' independent-minded career formation, including e-learning utilizing the Group's services, reskilling support programs such as helping employees with qualification, and an open position program in which employees offer themselves as candidates for job transfer selection, a system in which employees can directly submit a career application to the HR department without going through their bosses.

(3) Efforts for diversity promotion

In order to promptly and flexibly respond to changes in the environment surrounding the Group's business, as well as changes in socioeconomic situations, and to continue to grow, the Company believes it is helpful that management incorporates a diverse range of viewpoints and values from human resources with differing backgrounds, while also promoting the creation of new businesses and transformations in services. Based on this belief, the Group is taking the following measures.

The Group is actively working on the promotion of women's active engagement in professional life by institutionalizing systems for shortened working hours and working from home so that female employees can choose diverse and flexible work styles, providing a return-to-work program and selective training, and taking other measures. Moreover, the Group regularly disseminates information on these systems and programs along with case examples on the company website, etc. and holds a children's visiting day (an event in which employees' children can experience the workplace for a half day) and other events in order to promote workplace understanding relating to childbirth and childcare at workplaces.

In addition, the Group is strategically promoting initiatives that can expand opportunities to allow diverse human resources to participate and take an active role, regardless of sex, age, nationality, or area. In Japan, the Group is promoting the utilization of local human resources by transferring operations to local offices, contributing to the creation of local employment. Currently, approximately 60% of employees are engaged in operations at local offices. At overseas offices, the Group is actively promoting the appointment of local human resources in the countries where the Group's offices are located, and local human resources are participating in management at all the nine (9) overseas consolidated subsidiaries.

The Group aims to promote the further participation of diverse human resources including managerial personnel.

(4) Efforts for engagement enhancement

The Group is taking the following measures, believing that it is necessary to deepen the understanding of corporate philosophy, visions, business activities, etc. and to increase empathy so that each employee will proactively work and leverage his or her abilities to the maximum possible extent.

In the Group, many employees including middle-level and young employees are involved in the development of the Medium-term Management Plan. The Group is making efforts to let the understanding of management visions and strategies penetrate across the Group and to promote empathy through the development of the plan. In addition, the Group provides support for employees' asset formation through a performance-linked stock compensation system for executives and an employee shareholding association that encourages and supports all employees with shareholding. At the same time, the Group uses these to foster the awareness of participation in management.

The Group utilizes its employee benefit services, healthcare services, incentive services, and other services offered to customers for its own employees to improve working conditions and the internal environment including engagement enhancement and health management. At the same time, the Group uses them for continuous improvement of the service quality by letting each employee have a user perspective about the Group's services.

Moreover, the Group supports employees' flexible work styles through systems such as work from home, staggered working hours, and a flextime system, in addition to a special work system to balance work with childcare, nursing care, etc. The Group is actively working on the development and improvement of the workplace environment including support for employees' independent-minded activities of the junior board run by selected middle-level and young employees.

In addition to the above, believing that it is also beneficial to promote employees' mutual understanding and opportunities to interact with one another in order to smoothly carry out business operations, the Group is taking measures to accelerate internal communication by means such as supporting club activities, sponsoring sports and culture, and holding events.

(5) Efforts for health management

The Group is taking the following measures to develop an environment in which employees can work with peace of mind so that each employee can maintain his or her physical and mental health and continue to challenge anything with passion.

The Group is making efforts to develop an environment where employees can maintain their physical and mental health and leverage their abilities to the maximum possible extent by means such as internally utilizing the Company's healthcare services offered to customers, such as health check-up, stress check, specified health guidance, and influenza vaccination support, conducting regular health awareness surveys, holding health management study sessions inviting knowledgeable persons, and offering free breakfast to employees who come to work early in the morning.

The Group is also working to correct long working hours and promote paid leave-taking with the aim of creating a work-life harmonized/balanced pleasant workplace.

(6) Efforts for integrity

The Group believes that the important thing that allows employed and developed human resources to leverage their abilities to the maximum possible extent is an organizational culture in which continuous efforts are made to create a better workplace environment based on a relationship of trust.

The Group conveys a management message forbidding fraud, legal violation, etc. in its Compliance Manual and has established the Code of Conduct for its officers and employees. The Group is working to promote the understanding and penetration of a sound organizational culture by providing annual compliance training to all officers and employees. The Group has also established the Compliance Committee, which deliberates compliance-related important matters within the Group and decides matters related to internal enlightenment, education, and other measures. The state of the execution of business operations of officers and employees is audited by the Audit Department based on the Internal Audit Regulations to ensure lawful business operations. In addition, the Group is making active efforts to encourage employees to use the internal reporting system for the early detection and resolution of fraud, legal violation, etc. while developing and improving the workplace environment based on consultation cases brought to the internal reporting hotline.

The Group has compiled its value standards and code of conduct expected of each employee, such as independence and willingness, as "CHALLENGE VALUE 4 Ps" (*). Based on this, the Group has formulated the Human Capital Management Policy, the Human Resources Development Policy, and the Internal Environment Development Policy. Expecting to increase the effectiveness of specific measures based on these policies, the Group sets goals by incorporating the active use of its services as described in "(4) Efforts for engagement enhancement" and "(5) Efforts for health management" above.

The Group's services provided to customers have a high affinity with human capital management, and the Group believes that it can contribute to the realization of a better society by spreading the Company's services. For this reason, the Company is promoting internal human capital management by actively utilizing its services. Through these activities, the Group intends to promote the understanding of and empathy about the social significance of the Group's business and to foster a sound organizational culture in which each officer and employee voluntarily work to create a better workplace environment.

(* CHALLENGE VALUE "4 Ps": This sets forth the values that each employee should have to act in order to offer excitement and joy to people through "the creation of service distribution." "4 Ps" refers to "Pure," "Passion," "Power," and "Positive." The culmination of these four Ps is the basis of the Group's professionalism.

For individual theme-specific efforts for human capital management, please see the Annual Securities Report, the Company's website, etc.

- Health management: <https://corp.benefit-one.co.jp/sustainability/kenkokeiei/>
- Career advancement: <https://corp.benefit-one.co.jp/sustainability/careerup/>
- Work-life balance: <https://corp.benefit-one.co.jp/sustainability/worklifebalance/>
- Work style reform (Neo Works): <https://corp.benefit-one.co.jp/sustainability/neo-works/>

< Impact of climate change on risks and profit opportunities >

At the Group, in order to comprehend and appropriately address the impact of climate change on business activities, profits, etc., the Sustainability Committee collects and analyzes the necessary data, using the TCFD framework as a reference, and the Board of Directors assesses the degree of impact of climate-related risks on business based on the analyses.

Specific measures and goals for identified risks and opportunities are reflected in business strategies in cooperation with concerned divisions. The Sustainability Committee carries out activities such as the management of progress and the reassessment of risks and opportunities. The committee also makes efforts for continuous information collection and risk management by regularly reporting details to the Board of Directors.

In the fiscal year ended March 2023, at the meeting held on February 28, 2023, the Board of Directors reassessed the degree of impact of climate change on business based on the report submitted by the Sustainability Committee and judged that the impact on the Group's business activities, profits, etc. was limited as of the reassessment date.

As a member of society, the Group has actively worked to reduce environmental load in business activities, regardless of the degree of impact of climate change on business activities, profits, etc. Specifically, the Group has promoted the reduction of paper resource consumption and delivery-related energy consumption by digitalizing the user guidebook for members, newsletters, membership card, etc. in the Employee Benefit Services business. The Group is also making groupwide paperless efforts by promoting the digitalization of service distribution and operational processes, such as digitizing tickets, making online service application available, and promoting specified health guidance ICT interviews in the Healthcare business. Furthermore, the Group believes that the scheme of the settlement service business promoted by the Company can contribute to the reduction of supplier companies' resource and energy consumption related to advertising/media production, excess inventory in the distribution process, etc. by eliminating intermediate processes that existed in the conventional service distribution process.

The Group intends to continue to create a highly convenient service distribution with low environmental load by spreading the Company's service distribution and settlement scheme.

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

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

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

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

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

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

- No relative within the second degree of kinship of the Officer must be or have been an Executive Director of the Group, either currently or in the

past.

- If there are any transactions between any company at which the Officer is currently an Executive or employee and the Group, the total amount thereof must not exceed 1% of the consolidated sales of the Company (excluding any professional services related to legal affairs, accounting, or taxation).
- If the Officer receives direct compensation from the Group as a specialist or consultant in legal affairs, accounting, or taxation (excluding compensation as an Officer of the Company and compensation paid to any institution or office to which the Officer belongs), the total amount thereof must not exceed five (5) million yen per year, in the most recent three (3) fiscal years.
- If an institution or office to which the Officer belongs provides professional services to the Company in relation to legal affairs, accounting, or taxation, the total amount of compensation therefor must not exceed 10 million yen per year in the most recent three (3) fiscal years.
- The Officer must not have been an Executive of any organization receiving more than 10 million yen per year in donations, etc. from the Group, in the most recent three (3) fiscal years.

[Supplementary Principle 4-10(1)] Approach to Independence of Composition of Nomination and Compensation Committee, and their Rights, Role, etc.

The Company has three independent Outside Directors, accounting for 37.5% of the entire Board of Directors. The Company has established the "Nomination and Compensation Committee," a voluntary advisory body to the Board of Directors whose members are all independent Outside Directors, in order to enhance the independence and objectivity of the functions of the Board of Directors, in addition to its accountability.

The objectives of the Nomination and Compensation Committee are to enhance the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors and to improve corporate governance by guaranteeing independence from the controlling shareholder of the Company. The committee deliberates matters related to the nomination of Directors, matters related to the compensation of individual Directors excluding Audit and Supervisory Committee Members, and the necessity and appropriateness of related party transactions, as consulted by the Board of Directors. The Board of Directors and other organs make decisions as appropriate on such matters after receiving reports and advice from the committee.

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

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

The Company discloses the status of important concurrent holding of positions and the status of main activities every year in a reference document attached to the Notice of Convocation of Annual General Meeting of Shareholders, and checks the appropriateness of the scope of concurrent positions and the state of the performance of roles and responsibilities in the Board of Directors, as appropriate.

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

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

In the fiscal year ended March 2023, the topics covered in the questionnaire included "matters related to the execution of the Director's own duties," "matters related to the effectiveness of the Board of Directors as a whole," "matters related to the composition of the Board of Directors," "matters related to the operation of the Board of Directors," "matters related to deliberations at meetings of the Board of Directors," and "matters related to support for Directors." The evaluation and analysis reports were then reported at a meeting of the Board of Directors held in March 2023.

The Company evaluates that the effectiveness of the Board of Directors has improved from the previous fiscal year in terms of discussions about the major direction of the Company, more active deliberations during the Board of Directors meetings, sufficient cooperation with inside officers, appropriate prior explanations, questions, etc. The Company intends to consider and take necessary measures, as appropriate, to further enhance the effectiveness of the Board of Directors.

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

The Company takes steps to ensure that the corporate philosophy and business strategies are shared among Directors on an ongoing basis, including meetings to exchange information with Executive Officers and other members of the management team, as well as the attendance of Directors on occasions when the managers of business divisions are expressing their strategies.

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

In addition, with regard to important deliberation themes, persons responsible for each business hold proposal presentation meetings, study meetings, etc. for Directors, as appropriate, separately from the Board of Directors meetings in order to enhance the quality of discussions by the Board of Directors. These activities are also utilized as opportunities to deepen each Director's (including Outside Directors) understanding of proposals and to introduce various viewpoints to business management. In the fiscal year ended March 2023, four (4) such opportunities were created. Major agenda items included business plans, investment budget, and overseas business.

[Principle 5.1] Policy for Constructive Dialogue with Shareholders

The President and the officer responsible for the Corporate Planning Division have a dialogue with institutional investors (interviews, web meetings, etc.). The Company provides a briefing, video distribution, etc. when it publicizes 2nd-quarter and full-year financial results.

The IR personnel of the Corporate Planning Division have a dialogue with individual investors (telephone, email, etc.). The Company holds a management status briefing session for shareholders after the General Meeting of Shareholders to explain the Company's management strategies and exchange views. (The Company did not hold a management status briefing session after the General Meeting of Shareholders from the fiscal year ended March 2020 to the fiscal year ended March 2022, considering the impact of COVID-19, and gave explanations in a video.)

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

2. Capital Structure

Foreign Shareholding Ratio

20% or more and less than 30%

[Status of Major Shareholders]

Update

Name / Company Name	Number of Shares Owned	Percentage (%)
Pasona Group Inc.	81,210,400	51.16
The Master Trust Bank of Japan Ltd. (Trust account)	14,137,400	8.91
Custody Bank of Japan, Ltd. (Trust account)	7,119,900	4.49
SSBTC CLIENT OMNIBUS ACCOUNT	6,837,034	4.31
TAIYO FUND. L.P.	2,362,700	1.49
Norio Shiraishi	1,844,600	1.16
Tokio Marine & Nichido Fire Insurance Co., Ltd.	1,600,000	1.01
STATE STREET BANK AND TRUST COMPANY 505001	1,404,759	0.88
Nippon Life Insurance Company	1,280,000	0.81
THE BANK OF NEW YORK MELLON SA/NV 10	1,215,300	0.77

Controlling Shareholder (except for Parent Company)

N/A

Parent Company

Pasona Group Inc. (listed on the Tokyo Stock Exchange) (securities code) 2168

Supplementary Explanation

Update

1. The "Status of Major Shareholders" is reported as of the end of March 2023.
2. In addition to the above, 450,357 treasury shares are held by the Company (the percentage of shares held by the Company against the total number of issued shares: 0.28%).
3. The Company has introduced a "Japanese Employee Stock Ownership Plan (J-ESOP)" and a "Board Benefit Trust (BBT)," under which Custody Bank of Japan, Ltd. (Trust Account E) ("Trust Account E") holds 347,571 shares of the Company. The shares of the Company held by Trust Account E are not included in the treasury shares.
4. Of the number of shares held by the above trust banks, the number of shares related to trust business is as follows. Of the number of shares held by the Master Trust Bank of Japan Ltd. (Trust account), the number of shares related to trust business is 13,997,700 shares. Of the number of shares held by Custody Bank of Japan, Ltd. (Trust account), the number of shares related to trust business is 7,043,700 shares

3. Corporate Attributes

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

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

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

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

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

The Company operates a proprietary outsourcing business with a high degree of expertise, as part of a corporate group centered on human resources-related businesses, with Pasona Group Inc. at its core. Pasona Group Inc. is the largest shareholder of the Company, and in terms of personnel, one (1) of the Company's four (4) Directors who are not Audit and Supervisory Committee Members also serves concurrently as a Director of Pasona Group Inc. The Company has business interactions with Pasona Group Inc. in terms of Officers serving in concurrent positions, the mutual provision of services, etc., but as a listed company, the Company maintains independence when engaging in management and business activities. In addition, the procedures that the Company follows when engaging in transactions with Pasona Group Inc. are as described in the preceding item 4.

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

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee
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[Directors]

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

Outside Directors' Relationship with the Company (1)

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

* Categories for "Relationship with the Company"

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

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

a Executive of the listed company or its subsidiaries

b Executive or Non-executive Director of the parent company of the listed company

c Executive of a fellow subsidiary company of the listed company

d A party whose major client or supplier is the listed company or an Executive thereof

e Major client or supplier of the listed company or an Executive thereof

f Consultant, accountant, or legal professional who receives a large amount of monetary compensation or other property from the listed company besides compensation as an Officer

g Major shareholders of the listed company (or an executive of said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier of the listed company (which does not correspond to any of the categories d, e, and f above) (the Director himself/herself only)

i Executive of an organization to which Outside Officers are mutually appointed (the Director himself/herself only)

j Executive of an organization that receives donations from the listed company (the Director himself/herself only)

k Other

Outside Directors' Relationship with the Company (2)

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

[Audit and Supervisory Committee]

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

	Total Number of Members	Number of Full-time Committee Members	Number of Internal Directors	Number of Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	1	3	Internal Director

Appointment of Directors and Employees to Assist Audit and Supervisory Committee Members with their Duties

[Update](#)

Yes

Matters Related to the Independence of Appointed Directors and Employees from Executive Directors

[Update](#)

Currently, the Company appoints employees who belong to other departments as employees to assist the Audit and Supervisory Committee with their duties in the form of concurrent appointment. The Full-time Audit and Supervisory Committee Member cooperates with the Audit Department to ensure effective information gathering and audits. When appointing employees assisting the Audit and Supervisory Committee, the views of the Audit and Supervisory Committee will be sought in advance and respected by the Board of Directors.

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

[Update](#)

The Audit and Supervisory Committee Members including three Outside Directors receive explanations concerning accounting audit plans from the Accounting Auditor and consult therewith. The members also regularly receive explanations related to audits and the quality management of the accounting audit corporation and exchanges views, as part of the efforts to ensure close cooperation in audit operations. In the fiscal year ended March 2023, the Audit and Supervisory Committee and the Accounting Auditor had four discussions. Specifically, they discussed the results of the FY2021 audit by the audit corporation, audit and quarterly review plans, matters related to the performance of the duties of the Accounting Auditor provided in Article 131 of the Regulations on Corporate Accounting, the Code of Ethics of the International Ethics Standards Board for Accountants (IESBA), Key Audit Matters (KAM), etc. Additionally, the General Manager of the Audit Department, which is the internal audit department, attends the meetings of the Audit and Supervisory Committee and provides reports on the implementation status of internal audits and the results of audits, and other matters, as appropriate, thus ensuring a close exchange of information. The Full-time Audit and Supervisory Committee Member attends internal audits conducted by the Audit Department, as appropriate, and makes efforts for close cooperation with Outside Directors who serve as Audit and Supervisory Committee Members.

[Voluntary Committees]

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

Established

Establishment Status of Voluntary Committee(s), Composition, and Attributes of Chairperson

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

Supplementary Explanation

[Update](#)

The Company has established the Nomination and Compensation Committee as a voluntary advisory body to the Board of Directors.

The objectives of the Nomination and Compensation Committee are to enhance the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors and to improve corporate governance by guaranteeing independence from the controlling shareholder of the Company. The committee deliberates matters related to the nomination of Directors, matters related to the compensation of individual Directors excluding Audit and Supervisory Committee Members, and the necessity and appropriateness of related party transactions, as consulted by the Board of Directors. The Board of Directors and other organs make decisions on such matters after receiving reports and advice from the committee.

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

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

In the fiscal year ended March 2023, the committee held three meetings and all the members attended all the meetings. Specifically, the committee discussed matters related to the nomination of Directors, matters related to the compensation of individual Directors excluding Audit and Supervisory Committee Members, the necessity and appropriateness of related party transactions, etc.

[Independent Officers]

Number of Independent Officers

3

Other Matters relating to Independent Officers

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

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

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

[Incentives]

Implementation of Measures to Provide Incentives to Directors

Introduction of Performance-linked compensation system

Supplementary Explanation

Update

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

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

In this system, the Company uses consolidated ordinary income as an indicator of the level of achievement of business performance targets. This is because it has judged that using ordinary income is appropriate because figures for profit and loss are a clear indicator of the level of contribution to business performance in a single fiscal year. In the fiscal year ended March 2023, consolidated ordinary income (the indicator) decreased from the previous year, and no points have been granted because the Company's criteria for the payment were not satisfied.

Recipients of Stock Options

Supplementary Explanation

[Director Compensation]

Disclosure of Individual Directors' Compensation

No individual disclosure

Supplementary Explanation

Update

Officer compensation for Directors of the Company in the fiscal year ended March 2023 was as follows:

- The number of Directors Not Serving as Audit and Supervisory Committee Members: 3 (*1)
The total amount of compensation, etc.: 107 million yen (fixed compensation: 105 million yen / performance-linked stock compensation: (*2): 2 million yen)
- The number of Directors Serving as Audit and Supervisory Committee Members: 4
The total amount of compensation, etc.: 39 million yen (fixed compensation: 39 million yen)
↳ of whom, the number of Outside Directors: 3
The total amount of compensation, etc.: 24 million yen (fixed compensation: 24 million yen)
- The total number of Directors: 7
The total amount of compensation, etc.: 147 million yen (fixed compensation: 145 million yen / performance-linked stock compensation: 2 million yen)

(*1) As of the end of the fiscal year ended March 2023, there are four (4) Directors who are not serving as Audit and Supervisory Committee Members and four (4) Directors who are serving as Audit and Supervisory Committee Members (of whom, three are Outside Directors). There is also one unpaid Director who is not an Audit and Supervisory Committee Member.

(*2) The amount of the above performance-linked stock compensation is the amount equivalent to the difference between the approximate estimate and the fixed value of the points related to the fiscal year ended March 2022, and was recorded as "Provision for share awards for directors (and other officers)" for the fiscal year ended March 2023. There is no point for the fiscal year ended March 2023.

Disclosure of Policy for Determining Compensation Amounts or Calculation Methods Thereof

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

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

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

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

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

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

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

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

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

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

At the 24th Annual General Meeting of Shareholders held on June 25, 2019, a resolution was passed that set the annual amount of fixed remuneration for Directors (excluding Directors Serving as Audit and Supervisory Committee Members) at 200 million yen (including a maximum annual amount of 30 million yen for Outside Directors). As of the date of submission of this Report, the Company has four (4) Directors (excluding Directors Serving as Audit and Supervisory Committee Members). Additionally, at the 24th Annual General Meeting of Shareholders held on June 25, 2019, a resolution was passed to the effect that the Company would introduce a performance-linked stock compensation system for Directors (excluding Directors Serving as Audit and Supervisory Committee Members, and limited to Executive Directors), and contribute funds of up to 200 million yen over a period of three (3) fiscal years, separately to the above amount of fixed compensation. Subsequently, at the 26th Annual General Meeting of Shareholders held on June 24, 2021, a resolution was passed setting the maximum amount of points (number of shares) to be granted for each period of three (3) fiscal years at 126,555 points (126,555 shares), in addition to the aforementioned maximum amount expressed in monetary terms (no more than 200 million yen over a period of three (3) fiscal years). As of the date of submission of this Report, the Company has three (3) Directors (excluding Directors Serving as Audit and Supervisory Committee Members, and limited to Executive Directors). Each point granted to Directors equates to one (1) share of the Company's common stock. In the event of a stock split, gratis allotment, reverse stock split, etc. of the Company's shares, the maximum number of points and the number of points already granted, or the exchange ratio, will be reasonably adjusted in accordance with the ratio, etc. thereof.

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

[Supporting System for Outside Directors] Update

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

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

In addition, with regard to important deliberation themes, persons responsible for each business hold proposal presentation meetings, study meetings, etc. for Directors, as appropriate, separately from the Board of Directors meetings in order to enhance the quality of discussions by the Board of Directors. These activities are also utilized as opportunities to deepen each Director's (including Outside Directors) understanding of proposals and to introduce various viewpoints to business management. In the fiscal year ended March 2023, four (4) such opportunities were created. Major agenda items included business plans, investment budget, and overseas business.

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

(Overview of Current Corporate Governance System)

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

The Company's major organs related to internal control are the Board of Directors, the Audit and Supervisory Committee, the Nomination and Compensation Committee, and the Management Council. The outline and activities of each organ are as follows:

(1) Board of Directors

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

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

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

The President serves as Chairperson of the Board of Directors.

The Board of Directors held 13 meetings in the fiscal year ended March 2023, and all Directors attended 100% of the meetings. The following matters were deliberated by and reported to the Board of Directors.

1. Matters related to management strategies: 48
(Medium-term and fiscal-year business plans, annual reports, approval of financial statements, investment in systems and business, matters related to sustainability, matters related to HR and organizations, etc.)
2. Matters related to governance: 23
(Matters related to the General Meeting of Shareholders; the nomination, compensation, etc. of Directors; related-party transactions; the status of the operation of internal control systems and the internal reporting system, etc.)
3. Matters related to capital policies: 13
(Shareholder returns (acquisition of treasury shares and the dividend of surplus), loans, and investment, etc.)

(2) Audit and Supervisory Committee

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

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

The Audit and Supervisory Committee met 12 times during the fiscal year ended March 2023, and all Audit and Supervisory Committee Members attended 100% of the meetings.

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

(3) Nomination and Compensation Committee

The objectives of the Nomination and Compensation Committee are to enhance the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors and to improve corporate governance by guaranteeing independence from the controlling shareholder of the Company. The committee deliberates matters related to the nomination of Directors, matters related to the compensation of individual Directors excluding Audit and Supervisory Committee Members, and the necessity and appropriateness of related party transactions, as consulted by the Board of Directors. The Board of Directors and other organs make decisions on such matters after receiving reports and advice from the committee.

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

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

(4) Management Council

The Management Council meets every week, in principle, in order to ensure prompt and efficient decision-making on important matters that affect the Company as a whole, and engage in deliberation, reporting, etc. of agenda items for meetings of the Board of Directors. As of the date of submission of this Report, the Management Council consisted of four (4) Full-time Directors and nine (6) Executive Officers with Special Titles.

The President serves as Chairperson of the Management Council.

The Management Council held 38 meetings in the fiscal year ended March 2023, and primarily discussed the following matters.

- Medium-term and fiscal-year business plans
- Matters related to the business environment and industry trends
- Progress and prospect of business strategies and matters related to business quality evaluation
- Matters related to the planning and implementation of investment in systems, marketing, office expansion, etc.
- Matters related to personnel plans
- Matters related to initiatives for risk management and sustainability, and so forth

In addition to the aforementioned major organs related to the Company's internal control, the Company has established major cross-departmental committees as described below for the collection and analysis of internal and external information, risk management, the planning of policies, the verification of the effectiveness and efficiency of the execution of business operations, etc.

Name: Risk Management Committee

Role: The committee assumes and categorizes specific risks in advance and develops structures required for risk management in order to prevent crises that materially affect management and minimize harm in the event of such crises.

Name: Compliance Committee

Role: The committee comprehends and analyzes risks, plans countermeasures, instructs investigations of causes in the event of non-

compliance, deliberates measures and manages their progresses, reviews/revises regulations, and provides education/training, guidance, etc. in order to establish, penetrate, and instill the compliance system within the Company.

Name: Personal Information Protection Committee

Role: The committee checks the state of the operation of personal information protection and management systems, reviews/revises regulation documents, conducts examinations, and performs other functions in order to follow basic matters specified in the Basic Regulations of the Protection of Personal Information and to achieve proper protection and management of personal information.

Name: Sustainability Committee

Role: The committee plans, proposes, and recommends sustainability-related basic policies, indicators, goals, measures, etc., monitors the implementation status of measures and goals achievement, provides training and information, and performs other functions in order to promote company-wide efforts to address issues related to sustainability.

(Audits by the Audit and Supervisory Committee)

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

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

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

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

(Internal Audits)

As a department that reports directly to the President, the Audit Department, which is the internal audit department of the Company and which consists of four (4) members, audits the operational activities of the Company's internal divisions and related companies, along with the operational status of systems, based on the Internal Audit Regulations, from a completely independent standpoint of other administrative departments and operating departments in view of the Company's management objectives. The Audit Department verifies and evaluates compliance with management policies, regulations, and other operational systems and standards, as well as the appropriateness and efficiency of operational activities and administration, and conducts internal audits aimed at improving operations and enhancing the efficiency of management through directions, advice, and recommendations. The Audit Department also checks the status of the creation and operation of personal information protection and management systems and internal control systems.

The Audit Department reports audit policies and audit plans related to internal audits and internal control, as well as the status of audits and improvement, to the President. The department has established a structure to directly report to the Audit and Supervisory Committee and the Board of Directors (dual reporting).

In the fiscal year ended March 2023, the Audit Departments conducted internal audits of eleven (11) divisions including the Matsuyama BPO Center, sales departments, branches, and subsidiaries. The department verified the effectiveness and efficiency of business processes and conducted verification, etc. of the status of compliance and implementation of specific procedures related to laws and regulations.

(Accounting Auditor)

(1) Name of Audit Corporation
Deloitte Touche Tohmatsu LLC

(2) Period of Continuous Service as Auditor
16 years

(3) Name of Certified Public Accountants Performing Duties
Designated Limited Liability Partners and Executive Partners: Mr. Takuya Nagashima, Mr. Takahisa Kudo
(Note) As the number of years of continuous audit service is seven (7) years or less for each person, this information has been omitted.

(4) Persons Assisting with Audit Operations, etc.
Certified Public Accountants: 7, Others: 8
(Note) Others refers to persons who have passed the Certified Public Accountant exams, associates in charge of system audits, etc.

3. Reasons for Adoption of Current Corporate Governance System

Update

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

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

In addition, the Company has established the Nomination and Compensation Committee consisting only of independent Outside Directors as an advisory body for the Board of Directors. The Company uses the committee to enhance the fairness, transparency, and objectivity of procedures related to the nomination, compensation, etc. of Directors and to guarantee independence from the controlling shareholder of the Company.

/// Implementation of Measures for Shareholders and Other Stakeholders

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

Update

	Supplementary Explanation
Exercise of Voting Rights via Electromagnetic Means	The exercise of voting rights via the Internet, etc. is possible.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company participates in an electronic voting platform for institutional investors.
Provision of Convocation Notice in English (Summary)	The Company offers an English translation of important information related to the exercise of voting rights, which it provides on TDnet and the Company's website.
Other	When holding the Annual General Meeting of Shareholders, the Company individually sends the Convocation Notice and meeting materials and discloses them on the company website together with the notice of resolution and voting results in order to widely inform them to shareholders. The Company also holds a management status briefing session for shareholders after the Annual General Meeting of Shareholders in order to explain the Company's management strategies and exchange views. (The Company did not hold a management status briefing session after the General Meeting of Shareholders from the fiscal year ended March 2020 to the fiscal year ended March 2022, considering the impact of COVID-19, and gave explanations in a video.)

2. IR Activities

Update

	Supplementary Explanation	Explanation by Representative
Regular Briefings for Analysts and Institutional Investors	The Company holds briefings or streams video, etc. when first half earnings and full-year earnings are announced.	Provided
Posting of IR Materials on Website	A special website (https://corp.benefit-one.co.jp/ir/) has been set up to disclose IR information (financial results, financial results briefing materials, releases including timely disclosures, annual securities reports/quarterly reports, Convocation Notice and meeting materials/notice of resolution, external reports, stock information, IR schedule, etc.). In addition, disclosure materials and company information have been translated into English for foreign investors and posted on an English IR website (https://corp.benefit-one.co.jp/en/ir/).	
Establishment of Department and/or Manager in Charge of IR	Established within the Corporate Planning Department.	

3. Measures to Ensure Due Respect for Stakeholders

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

IV Matters Related to Internal Control Systems, etc.

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

(1) Basic Views on Internal Control Systems

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

(2) Development and Operation of Internal Control Systems

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

[Systems]

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

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

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

[Development and Operation]

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

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

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

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

[Systems]

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

[Development and Operation]

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

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

[Systems]

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

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

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

[Development and Operation]

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

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

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

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

[Systems]

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

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

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

[Development and Operation]

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

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

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

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

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

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

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

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

[Development and Operation]

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

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

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

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

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

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

[Development and Operation]

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

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

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

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

[Development and Operation]

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

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

[Systems]

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

[Development and Operation]

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

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

[Systems]

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

In addition, the President and other Executive Directors engage in discussions with the Audit and Supervisory Committee as appropriate, and provide the Committee with the necessary management information and sales information.

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

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

[Development and Operation]

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

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

[Systems]

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

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

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

[Development and Operation]

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

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

(1) Basic Views on Eliminating Anti-Social Forces

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

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

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

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not adopted

Supplementary Explanation

N/A

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

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

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

1. Systems for the Timely Disclosure of Important Corporate Information

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

2. Consolidation and Control of Internal Information

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

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

(Secretariat: Corporate Planning Department)

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

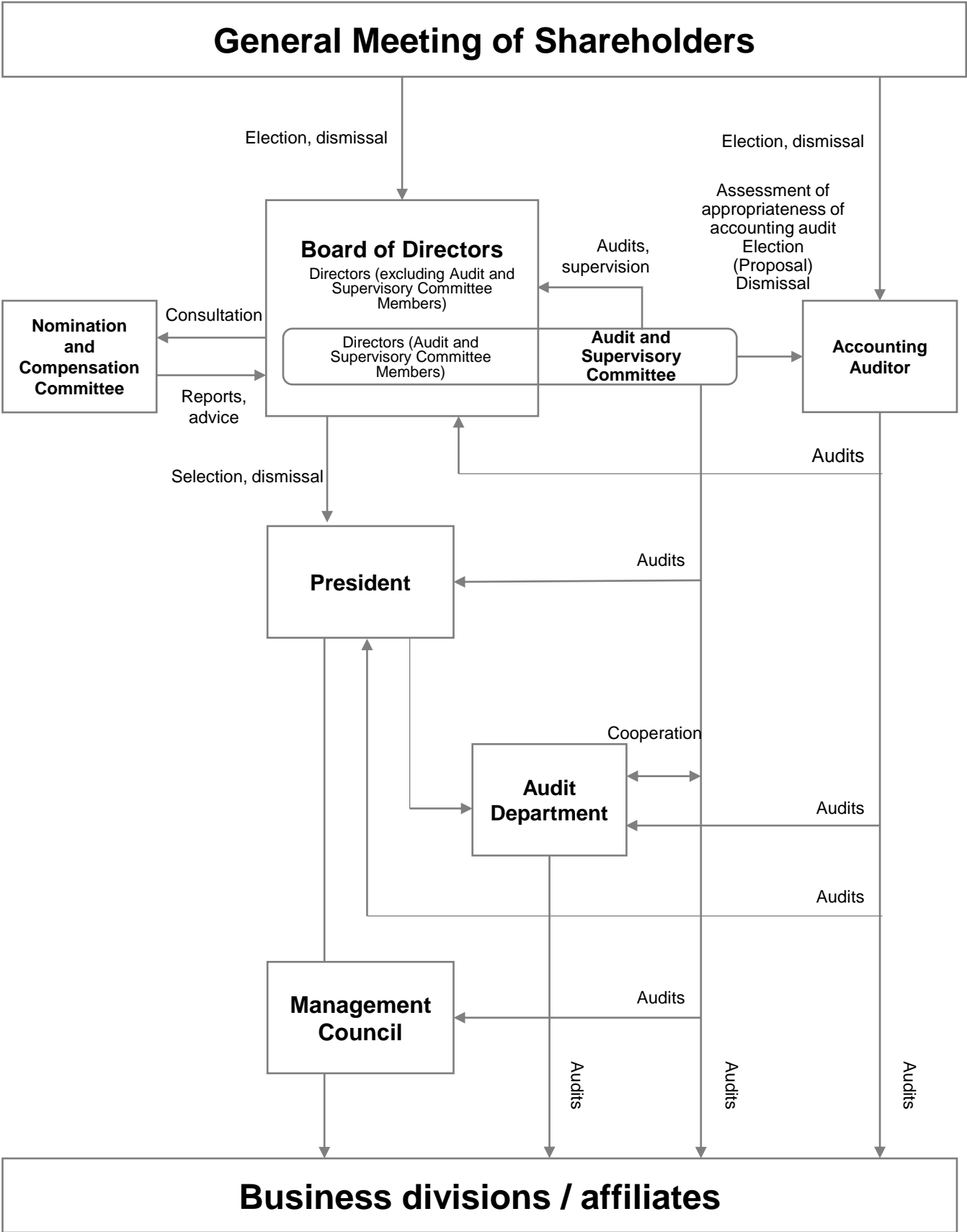
(Secretariat: General Affairs Department)

3. Appropriate Sharing and Disclosure of Information

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

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

Corporate Governance Structure



Skill Matrix for Each Director

Name		Knowledge, experience, and abilities of Director								
		Corporate and group management	Industry knowledge	Sustainability	Risk management	Internal controls and governance	Finance and accounting	Investment and fund distribution	Legal and compliance	Economic knowledge
Junko Fukasawa		●		●						
Norio Shiraishi		●	●							
Hideyo Tanaka		●	●	●	●					
Kenji Ozaki		●				●	●	●		
Takuo Umekita	full-time Audit and Supervisory Committee Member				●	●			●	
Nobuyasu Kubo	Outside Director (Audit and Supervisory Committee Member)	●			●					●
Toshiaki Hamada	Outside Director (Audit and Supervisory Committee Member)						●	●		●
Tomonori Fujiike	Outside Director (Audit and Supervisory Committee Member)					●			●	