

Corporate Governance Guidelines

OUTSOURCING Inc.

(Foreword)

OUTSOURCING Inc. (hereinafter referred to as the “Company”) hereby establishes and discloses the Corporate Governance Guidelines (hereinafter referred to as the “Guidelines”) for the purpose of clarifying its basic concept of corporate governance and guidelines for business operation.

The Company reviews the Guidelines regularly and hopes that its current approach to corporate governance becomes widely understood by the stakeholders through the disclosure of the Guidelines. (Texts in brackets represent the corresponding General Principles, Principles, and Supplementary Principles of Japan’s Corporate Governance Code.)

Chapter 1. General Provisions

1-1 (Basic Concept of Corporate Governance) (Purpose of Establishment of the Guidelines)

Aiming to achieve sustainable growth as a corporation and increase corporate value over the medium to long term under ever-changing business circumstances, the Company has recognized the establishment of a highly self-motivated and ethical corporate governance and its periodic inspection as one of the major tasks in business management.

The Company has established the Guidelines and clarified its accountability to create sustainable, solid relationships of trust with its stakeholders including the shareholders, clients and suppliers, local communities, and employees as part of an aim to continue to maximize shareholder value and improve corporate value over the medium to long term.

1-2 (Corporate Principle): [Principle 2.1]

As its corporate principle, the Company pursues social missions that are to be carried out as a corporate citizen. The current Corporate Principle are as follows:

“Enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces.”

Furthermore, the Company is committed to the following Sustainability Policy: “The OUTSOURCING Group is committed to corporate activities that will create job opportunities and education opportunities for many people around the world, through which we will seek to tackle the society’s challenges, develop our business, and contribute to the benefit of our stakeholders in a sustainable manner.”

1-3 (Corporate Governance Regime): [Principle 2.2], [Supplementary Principle 2.2.1], [Principle 2.5], [Supplementary Principle 2.5.1]

For the further enhancement of corporate governance, the Company aims to clearly separate the supervision function and execution function of management and make swift and resolute decisions while strengthening the supervision function of management. For this purpose, the Company has chosen to be a company with a nominating committee, etc., as provided in the terms of institutional design under the Companies Act, in which there are three committees (Nominating Committee, Compensation Committee, and Audit Committee), whose majority of members are external directors, and in which a significant delegation of authority can be made by the Board of Directors to the executive officers.

Concerning the internal control system, the executive officers are in charge of the general management of the Company’s internal control in accordance with the Basic Policy on Establishment of Internal Control Systems as stipulated by the laws and regulations. Additionally, in the actual execution of business, each executive officer strives to establish and enhance internal control in accordance with the specified authority. The Company has also established the Internal Audit Office, which is independent of the business divisions and under direct supervision of the Representative Executive Officer and President. The Internal Audit Office not only performs audits based on the internal audit plan, but also inspects the current compliance with the various laws and internal regulations and the current situation with risk management.

With regard to the system to deal with risks related to management, the Corporate Management Division is tasked with the overall authority over risk management, while the General Affairs Dept. is engaged in the preparation and effective administration of regulations. The Legal Dept. is in charge of the legal responses and communicating the latest government regulations to the entire company. It is also stipulated that if a contingent or emergency situation arises,

the Emergency Task Force will be set up and headed by the Representative Executive Officer and President.

For the code of conduct to be followed by all members of a company, the OUTSOURCING Group Code of Corporate Ethics and Conduct that stipulates the behavior standards for business persons and members of the society has been established for the entire Outsourcing Group (hereinafter referred to as the “Group”) to ensure each person’s awareness of complying and behaving in compliance with the laws and regulations and his or her understanding of the Company’s corporate history and culture. The Board of Directors formulates and periodically revises the OUTSOURCING Group Code of Corporate Ethics and Conduct, while the executive officers verify whether this Code is practiced in the department of which they are in charge.

Regarding internal reporting by employees, the Company has set up a hotline in an external organization and an external law office. Internal reports to any of these hotlines will be shared with the Audit Committee, upon which an investigation of the reported matter may be conducted independently from the management team. The Internal Reporting Rules also stipulate that confidentiality of the identity of the person who submitted the internal report must be protected and that unfair treatment of the person must be prohibited. The Rules also ensure a leniency system.

Chapter 2. Relationship with Stakeholders Such as Shareholders

2-1 (Information Disclosure): [General Principle 3], [Principle 3.1], [Principle 3.1(i)], [Principle 3.1(ii)], [Principle 3.1(iii)], [Principle 3.1(iv)], [Principle 3.1(v)], [Supplementary Principle 3.1.1], [Supplementary Principle 3.1.2], [Supplementary Principle 4.1.1], [Principle 5.2]

The Company recognizes that disclosures of detailed and comprehensible information are necessary to improve the effectiveness of corporate governance. Therefore, the Company discloses on its website the Corporate Principle, corporate information, and description of its business, as well as the financial results summaries, securities reports, financial results materials, medium-term management plans, group reports, convocation notices of the general meeting of shareholders, FACTSHEET, internal control reports, integrated reports, reports related to corporate governance, the Guidelines, and other materials. English versions of these documents are also disclosed when deemed to be necessary. Information to be disclosed on the Tokyo Stock Exchange’s timely communication system for information disclosure (hereinafter referred to as “TDnet”) is disclosed without delay, and its English version is also disclosed when deemed to be necessary. In disclosing such information, the Company makes sure to be sufficiently mindful of the method of description and content so that the users could accurately understand the information.

2-2 (Ensuring the Rights of and Equality Among Shareholders): [General Principle 1], [Supplementary Principle 1.1.3]

The Company seeks to ensure the rights of shareholders and create an environment in which the rights can be exercised effectively. It works on creating an environment that ensures the substantive equality of all shareholders including the minority shareholders and foreign shareholders.

2-3 (General Meeting of Shareholders): [General Principle 1], [Principle 1.1], [Supplementary Principle 1.1.1], [Supplementary Principle 1.1.2], [Principle 1.2], [Supplementary Principle 1.2.1], [Supplementary Principle 1.2.2], [Supplementary Principle 1.2.3], [Supplementary Principle 1.2.4], [Supplementary Principle 1.2.5], [Principle 1.6]

1. The Company positions the general meeting of shareholders as its highest decision-making body. To ensure sufficient time for the shareholders to review the proposals for the meeting, it sends out an access notice within the period that is stipulated by the Companies Act for the system for providing the notice of convocation in electronic format. The traditional, full document of the notice of convocation will also be sent to shareholders upon their request. The access notice and the full document of the notice of convocation are prepared and disclosed in Japanese, as well as in English for the access notice and a part of the notice of convocation.
2. The Company aims to disclose a wide range of information so that the shareholders can properly exercise their voting rights at the general meeting of shareholders as described in Chapter 2: 2-1 (Information Disclosure). The Company also ensures sufficient disclosure of the notice of convocation, including its disclosure on the website.
3. The Company recognizes the general meeting of shareholders as an opportunity for constructive dialogue with its shareholders and aims to secure sufficient time for questions and answers.
4. For the exercise of voting rights, the Company has developed a system in which voting rights can be exercised by

- electric means such as the Internet.
5. Since the Company settles its accounts in December, it believes that unlike companies that settle accounts in March, it does not have the problem of convening the general meeting of shareholders on days on which other shareholders' meetings are intensively held. Nevertheless, the Company makes sure to schedule the general meeting of shareholders on days that many shareholders as possible can attend.
 6. Regarding matters for resolution at the general meeting of shareholders which are to be partially delegated to the Board of Directors, the content of such matters is fully discussed at a meeting of the Board of Directors in advance, while making sure that the Board of Directors itself has a highly fair and transparent corporate governance regime. In addition, proposals on matters that may have a significant impact on the shareholders, such as the capital policy, are submitted on the condition that the Board of Directors sufficiently discusses the matter in advance.
 7. For proposals against which approximately 30% or more votes were casted in the exercise of voting rights, the result is analyzed and discussed by the Board of Directors, and proper measures will be taken if the Board finds it appropriate to do so.
 8. If shareholders such as institutional investors who hold shares in the names of trust banks, etc., wish to attend a general meeting of shareholders and exercise their voting rights on behalf of the nominee shareholders, the Company allows them to attend the meeting and exercise their voting rights in accordance with the Company's internal regulations after confirming in advance that they are beneficial shareholders and that there is no duplicate exercising of voting rights between the institutional investors and the nominee shareholders and after consulting with the trust bank, etc. Likewise, if the beneficial shareholders wish to observe a general meeting of shareholders, the Company also responds to such requests in accordance with the Company's internal rules.

2-4 (Capital Policy and Management Strategy): [Principle 1.3], [Principle 5.2], [Supplementary Principle 5.2.1]

The Company believes that maximizing profit from the limited business resources lead to an increase in the shareholder value. When a person becomes a shareholder of the Company, he or she also becomes an owner of the shareholders' equity of the Company. The Company considers the ROE (return on equity), which shows how much profit was made from shareholders' equity (basically equivalent to equity), as the most appropriate management index for measuring the improvement of capital efficiency.

The target dividend payout ratio with respect to net profit is set at 30% or higher. The DOE (dividend on equity), which is calculated by multiplying the ROE by the dividend payout ratio, represents the dividend payout ratio with respect to shareholders' equity. The Company aims to also maintain this management index at a stably high level.

Meanwhile, the ROA, which is the ratio of operating profit (or ordinary profit) to total assets, is also observed to check the balance between financial health and growth. The Company strives to keep the difference between its ROA and cost of liability above a certain level.

The ROE and the ROA, which are ratios concerning profit generated from capital, and the dividend payout ratio and the DOE, which are ratios concerning the return to shareholders, are regarded by the Company as the important indexes. They are regularly compared with the corresponding ratios of all listed companies, excluding financial companies, and of its competitors in order to make use of the data in business management. Although the Company will not disclose updated information on these indexes at this point due to the MBO, its basic policy is to continue to closely examine these management indexes and disclose the Company's indexes upon the preparation of the FACTSHEET, integrated report, and other relevant materials.

With regard to capital cost, the Company's capital cost is calculated by the weighted-average formula based on the cost of interest-bearing liabilities and the cost of shareholders' equity. The Company periodically compares the capital cost to the profit margin contributed by the Company's invested capital and to the ROE (return on equity). It also periodically conducts evaluations such as whether business activities are generating EVA (economic value added).

The Company reviews its business portfolio and defines the appropriate business segments accordingly. The priority measures of each business segment and the KPIs are disclosed in the medium-term management plan. Each segment's business overview, analysis of strengths, growth strategy, and more are also disclosed in the integrated reports.

Since the Company develops its business globally, such review of the business portfolio will most likely continue to be conducted. The above-mentioned capital policy that takes into account the capital cost will be applied in reviewing the business portfolio, investing in capital such as human capital, intellectual capital, manufacturing capital, financial capital, and social capital, and allocating business resources.

2-5 (Capital Policy that May Harm Shareholder Interests): [Principle 1.6]

When implementing a capital policy that will result in a change of control or a significant dilution of shareholders' equity, the Company will provide sufficient explanation to its shareholders in light of its fiduciary responsibilities after the Board of Directors fully discusses the rationality, validity, and necessity of the policy. The content of this discussion will also be disclosed as part of the explanation.

2-6 (Shares Held as Cross-Shareholdings): [Principle 1.4], [Supplementary Principle 1.4.1], [Supplementary Principle 1.4.2]

The Company may possess shares of other listed companies as cross-shareholdings for purposes including sustainably increasing corporate value, expanding businesses, and strengthening relationships with clients and suppliers. Decisions on the shares held as cross-shareholdings, i.e., the holding of the shares, continuation of holding, and selling of the shares, shall be made after sufficient deliberation by the Board of Directors based on a comparison of the Company's capital cost with the risks of the shareholding, the impact of the relevant company on the sales and profit of the Company over the past three years, and economic rationality with regard to outlook over the medium to long term. Information on such decisions will be disclosed when deemed to be necessary by the Board of Directors. In addition, the Board of Directors determines the specific terms of the exercise of voting rights by the relevant company based on the Board's judgement of whether the exercise will contribute to an increase in the corporate value of the relevant company and the Company over the medium to long term.

If a shareholder of cross-held shares of the Company offers to sell the shares, the Company will respect the shareholder's decision and will not impede with the sale of shares.

2-7 (Basic Policy on Control of the Company): [Principle 1.5], [Supplementary Principle 1.5.1]

The Company has not introduced anti-takeover measures and has no plan to do so. However, if any takeover activity that may undermine the Company's corporate value occurs in the future, the Company will clarify its policy regarding its response to such activity and fulfill its accountability to its shareholders, including the explanation of the grounds, after consultation with lawyers and other experts and under the recognition that its fiduciary responsibilities include the securing of the common interests of the Company and the shareholders.

When there is a tender offer for the shares of the Company, the Company shall request the tender offeror for an explanation of the measures for increasing the Company's corporate value and shall clarify the Company's stance and measures regarding those measures to the shareholders after discussion by the Board of Directors. However, the Company will respect the shareholders' rights and will not impede with the acceptance of the tender offer by the shareholders.

2-8 (Related-Party Transactions): [Principle 1.7]

Before engaging in transactions with parties related to the Company including its officers and directors, principal shareholders, and other stakeholders, the Company shall obtain the Board of Directors' approval in accordance with the laws and regulations and the Board of Directors Rules to ensure that such transactions will not harm the common interests of the Company and its shareholders. It is also stipulated that the relevant stakeholder shall not participate in the resolution regarding this approval. Significant related-party transactions will be disclosed in the securities reports.

2-9 (Constructive Dialogues with Shareholders, etc.): [General Principle 5], [Principle 5.1], [Supplementary Principle 5.1.1], [Supplementary Principle 5.1.2(i)], [Supplementary Principle 5.1.2(ii)], [Supplementary Principle 5.1.2(iii)], [Supplementary Principle 5.1.2(iv)], [Supplementary Principle 5.1.2(v)], [Supplementary Principle 5.1.3]

In the absence of any special circumstances, such as an extension of the deadline for submitting quarterly reports or summaries of financial statements, the following are the Company's current specific approach to engagement in dialogues (meetings) with shareholders and others. During circumstances in which changes in the social condition discourage in-person meetings with shareholders and others, the Company will decide whether holding actual meetings is appropriate and take alternative measures such as shifting the following engagements online.

1. Specific IR-related measures and their results in Japan are disclosed in the IR Calendar on the website.
2. Other than the general meetings of shareholders, a financial results briefing for analysts and institutional investors is held four times a year after the announcement of the financial results for each quarter, in hybrid format both at a site in Tokyo and online, hosted by The Securities Analysts Association of Japan and others. With respect to IR activities toward individual investors, the Company participates in IR events hosted by the media or securities companies once or several times a year.
3. In recent years, with an increasing percentage of foreign investors, the Company has also been actively carrying out overseas IR activities in other Asian countries and countries such as the U.S. and the U.K., and has been holding meetings with shareholders, institutional investors, and others.
4. When the Company receives requests from persons such as shareholders to hold dialogues (meetings), the relevant departments will make the arrangements and respond to them to an extent that is reasonably possible.
5. The Company aims to prepare materials for meetings and IR activities that include not only business results, but also the description and direction of business and the medium-term management plan, presented in an easy-to-read manner and in plain words. A system for periodically reviewing such materials, including their numerical values, is in place.
6. Persons who fully understand the Company's business conditions will engage in the dialogue, namely, the Representative Executive Officer and President, directors including external directors, executive officers, and/or the IR team of the President Office.
7. As a general rule, two or more persons from the Company will engage in the dialogue and make sure that no insider information is leaked.
8. The persons who engaged in the dialogue will give feedback to the Board of Directors on the opinions received from the shareholders or institutional investors during the dialogue.
9. To enhance IR activities, the Company assesses the shareholder composition based on the list of shareholders as of the end of every December and the end of every June.

Chapter 3. Collaboration with Stakeholders and ESG Management

3-1(Basic Concept): [General Principle 2]

The Company recognizes that sound and appropriate cooperation with stakeholders excluding shareholders, such as clients and suppliers, employees, local communities, and capital market participants, is essential for sustaining growth and increasing corporate value over the medium and long term. Therefore, the Company has established the OUTSOURCING GROUP CSR Basic Policy, which clarifies its social responsibilities as a corporate citizen and clearly defines each of the following matters: compliance, employees, stakeholders, and contribution to society.

3-2 (Diversity): [Principle 2.4], [Supplementary Principle 2.4.1], [Principle 4.11]

The Company has always been aware as a company that invaluable human resources are developed from diverse values and that diversity in terms of gender, internationality, disability, work experience, age, and more is the source of business innovation. Also, the Company has been developing its business globally under the corporate principle of "enhancing the quality of life of everyone around the world" and recognizes that ensuring diversity, such as in hiring for key roles, is an important goal in management.

The Company believes that its group's growth and increase in corporate value over the medium to long term are brought by creating employment opportunities and education opportunities for people around the world with various different backgrounds, working on the creation of work environments in which a diverse group of people can demonstrate each of their uniqueness and abilities regardless of their personal attributes (such as gender, internationality, disability, work experience, and age), and continuously providing opportunities for reskilling and recurrent education to make the most of the values and perspectives of the diverse group of people working in the Group. The Company also of course works on promoting diversity at a global level in hiring for key roles and other related matters.

In addition, along with respecting diversity and implementing diversity management, the Company has developed the Action Plan for General Business Owners based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on the Promotion of Female Participation and Career Advancement in the Workplace, and has disclosed this Action Plan. Toward the creation of such a society in which women can actively participate, the Company has launched the Promotion of Women's Participation and Advancement in Workplace Project and other initiatives to enhance the training for female manager candidates. Specifically, in the SDGs Declaration made in FY2021, the Company has set a goal to raise its percentage of female directors and executive officers (management team members) to 30% by FY2030 as its materiality (priority issue) and KPI. The Sustainability Committee monitors

the progress with this goal.

3-3 (Employee Pension Plan): [Principle 2.6]

The Company does not have a corporate pension plan that requires the Company to conduct stewardship activities as an asset owner. However, in FY2020, it adopted a corporate-type defined contribution pension plan to support its employees in stable asset building.

Upon starting this pension plan, the Company has started to provide training opportunities and materials to employees who are eligible to participate in the plan. The training and materials are aimed to help employees learn about making investments to realize their life plan. In addition, the Company has set up a system to respond and answer to related inquiries, consultations, and other matters, both online and by phone.

3-4 (Sustainability): [General Principle 2], [Principle 2.3], [Supplementary Principle 2.3.1], [Supplementary Principle 3.1.3]

As part of its social responsibilities as a corporate citizen, the Company recognizes the significance of sustainability. In order to keep business in existence and continue to increase corporate value, it is necessary to conduct business while being sufficiently mindful of the environment, society, legal compliance, information management, and so on. The Company believes that this effort will lead to ESG management that is mindful of the Environment, Social, and Governance. Therefore, the Company recognizes the risks related to sustainability as “risks related to management” as stated in Chapter 1: 1-3 (Corporate Governance Regime) and works on the management of and response to such risks as a major task in business management. It has also established the Sustainability Committee as described in Chapter 4: 4-1 (Roles and Responsibilities of the Board of Directors and Other Related Persons).

Also, the Company has identified its materiality (priority issues) and set KPIs in the SDGs Declaration made in FY2021, has been monitoring the progress with the achievement of KPIs, and has been working on initiatives to increase the effectiveness in achieving sustainability. Additionally, it became a signatory to the United Nations Global Compact (UNGC) in 2021 to participate in the initiative and became a member of the GCNJ (Global Compact Network Japan), as well as joining the Women’s Empowerment Principles (WEPs) and the 30% Club campaign for 2030. It will thereby promote compliance with the Ten Principles covering the four areas of corporate initiatives (Human Rights, Labour, Environment, and Anti-Corruption).

The core group companies of the administrative work outsourcing business have also become full members of The Global Alliance for Sustainable Supply Chains (ASSC), an association that addresses human rights and labor issues concerning foreigners, and have joined the JP MIRAI, a responsible foreign worker acceptance platform promoted by the ASSC and the Japan International Cooperation Agency (JICA). Its companies are proactively working to promote sustainable human resource mobility under international collaboration.

Regarding the risks related to climate change and their impact on the Company including its business, the Company has set KPIs to replace all vehicles used in sales activities by Japanese group companies with next-generation vehicles by FY2025 and increase the percentage of next-generation vehicles used by the entire Group (including overseas companies) to 70% by FY2030. In addition, the Company has expressed support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD) and has joined the TCFD Consortium. Efforts are made to collect and analyze relevant data, of which those deemed to be significant are disclosed in accordance with the TCFD recommendations.

The Company’s human, intellectual, manufacturing, financial, and social capital, which are crucial to its sustainable growth, are disclosed in the integrated report in terms of their consistency with the management strategy and business challenges.

Chapter 4. Responsibilities of the Board of Directors and Related Persons, Information Disclosure and Other Related Matters

4-1 (Roles and Responsibilities of the Board of Directors and Other Related Persons): [Principle 1.7], [General Principle 2], [Principle 2.3], [Supplementary Principle 2.3.1], [Principle 3.1(iii)], [Principle 3.1(iv)], [Principle 3.1(v)], [General Principle 4], [General Principle 4(1)], [General Principle 4(2)], [General Principle 4(3)], [Principle 4.1(1)], [Supplementary Principle 4.1.1], [Supplementary Principle 4.1.2], [Supplementary Principle 4.1.3], [Principle 4.2(2)], [Supplementary Principle 4.2.1], [Supplementary Principle 4.2.2], [Principle 4.3(3)], [Supplementary Principle 4.3.1], [Supplementary Principle 4.3.2], [Supplementary Principle 4.3.3], [Supplementary Principle 4.3.4], [Principle 4.5], [Supplementary Principle 4.11.3]

The Company's Board of Directors aims to sustain growth, increase corporate value over the medium to long term, and ensure appropriate cooperation with the stakeholders in accordance with the Board of Directors Rules and while fulfilling fiduciary responsibilities and accountability to the shareholders. For this purpose, upon sufficient and constructive discussion, it engages in the deliberation and decision-making on important matters concerning management, making decisions on the major direction of management strategies including the medium-term management plan, and conducting oversight of business management in general. The details of these activities include the following.

1. Appointment and dismissal of members of the Nominating Committee, Compensation Committee, and Audit Committee
2. Delegating the execution of duties to the external directors
3. Effective supervision of directors from an independent and objective standpoint
4. Appointment and dismissal of executive officers
5. Appointment and dismissal of executive positions
6. Deciding the business operations for which an executive officer is responsible and the extent of business execution to be delegated to the executive officer
7. Supervision of the execution of duties by the executive officers and supervision of the execution of duties by the operating officers based on matters reported by the executive officers
8. When goals of management strategies including the medium-term management plan could not be achieved, conducting an analysis of the causes and factors and reflecting the results of the analysis in the subsequent corporate year's plan and management strategies
9. Deciding the basic policy of the internal control system
10. Recognizing the risks related to management, carrying out oversight to make sure that internal control and risk management are carried out properly, and then preparing an environment that enables the management team to take risks appropriately
11. Setting the basic direction of sustainability initiatives based on the recommendations of the Sustainability Committee
12. Based on the recommendations of the Sustainability Committee, checking whether business is operated in accordance with policies including the anti-bribery and corruption policy, the human rights policy, the information security policy, the working practice policy, and the environmental policy as set forth by the Board of Directors
13. Giving approval to transactions which have conflicts of interest with related parties, such as the management team members and the controlling shareholders, and carrying out oversight to make sure that the relevant director is not involved in this decision-making
14. Conducting analysis and assessment of the overall effectiveness of the Board of Directors based on a survey on the self-assessment of matters including the Board of Director's current operation, composition, roles, and duties, as well as whether sufficient deliberations have been conducted with regard to corporate strategies
15. Creating the successor development plan (succession management) for the Chief Executive Officer (CEO) and other positions as well as executing and supervising the plan
16. Other matters stipulated by the laws and regulations
17. Other matters authorized by resolutions made at the general meeting of shareholders
18. Other matters deemed necessary by the Board of Directors
19. Deciding on whether a disclosure of the matters deliberated and/or decided at the meeting of the Board of Directors is necessary and making the final decision on the disclosure

In making the transition to a company with a nominating committee, etc., three committees have been created as part of the Board of Directors. The three committees engage in decision-making and deliberations in accordance with the laws and regulations, the Articles of Incorporation, and each committee's rules and report and submit matters to the Board of Directors. The matters to be submitted or reported and the activities of each committee are mainly as follows.

Audit Committee

1. Performing audits and preparing audit reports for the execution of duties by the directors and executive officers
2. Deciding on the contents of agenda items to be submitted to the general meeting of shareholders pertaining to the appointment, dismissal, and refusal of reappointment of the accounting auditor
3. Deciding on the Audit Committee's audit policy, annual audit plan, and other related items
4. Sharing information and confirming the progress with the audit plan by examining important agenda items, reporting on audit contents, exchanging opinions, and other means
5. Exchanging information with the Internal Audit Office and the accounting auditor in a timely manner for mutual cooperation
6. Cooperating with the Corporate Management Division (Internal Control Division), General Affairs Department, Legal Department, Accounting Department, and other departments and divisions to improve the effectiveness of the audit

Nominating Committee

1. Deciding on agenda items of the general meeting of shareholders pertaining to the appointment or dismissal of directors
2. Deciding on the standards for the appointment and dismissal of directors and matters related to these processes
3. Deliberation on the appointment and dismissal of executive officers and operating officers
4. Deliberation on the development of candidates for the next Chief Executive Officer (CEO) and other positions as part of the successor planning

Compensation Committee

1. Deciding on the policy and contents of the remuneration paid to individual directors and executive officers

The main agenda items and reports submitted by the Company's voluntary committees and their main activities are respectively as follows.

Sustainability Committee

The Sustainability Committee is chaired by the Executive Officer and Head of the Corporate Management Division. For the promotion of business management from the perspective of sustainability, including efforts to achieve the SDGs and strengthen ESG management, the Sustainability Committee conducts deliberation and makes recommendations to the Board of Directors on matters including the following.

1. Matters related to policy recommendations and plans necessary for the entire Group in making progress with sustainability management
2. Matters related to medium- to long-term themes and directions pertaining to sustainability including its materiality (priority issues)
3. Checking progress with the long-term plan, KGIs, and KPIs related to sustainability
4. Initiatives to share and promote activities related to sustainability to the entire Group
5. Other items recognized as necessary or requested by the Company's Board of Directors

OS Group Governance Committee

The OS Group Governance Committee, a voluntary body, is chaired by an external director appointed by the Board of Directors. It examines matters necessary for the Company and the Group to strengthen corporate governance, achieve sustainable growth as a company, and enhance corporate value, and submits agenda items and reports to the Board of Directors.

1. Matters related to the formulation of policies and plans necessary for the Group as a whole in promoting corporate governance
2. Matters concerning medium- to long-term themes and directions, including important corporate governance issues
3. Matters related to confirming the progress with long-term plans, KGIs, and KPIs related to corporate governance
4. Matters related to discussion and monitoring of corporate governance initiatives at each operating company
5. Matters related to initiatives for informing and educating the entire Group about activities related to corporate governance
6. Other matters related to corporate governance that are deemed necessary or requested by the Company's Board of Directors

4-2 (Composition of the Board of Directors, etc.): [Principle 4.6], [Principle 4.7(i)], [Principle 4.7(ii)], [Principle 4.7(iii)], [Principle 4.7(iv)], [Principle 4.8], [Supplementary Principle 4.8.1], [Supplementary Principle 4.8.2], [Supplementary Principle 4.8.3], [Principle 4.9], [Principle 4.11], [Supplementary Principle 4.11.1], [Supplementary Principle 4.11.2], [Principle 4.12], [Supplementary Principle 4.12.1(i)], [Supplementary Principle 4.12.1(ii)], [Supplementary Principle 4.12.1(iii)], [Supplementary Principle 4.12.1(iv)], [Supplementary Principle 4.12.1(v)], [Principle 4.13], [Supplementary Principle 4.13.1], [Supplementary Principle 4.13.2], [Supplementary Principle 4.13.3], [Principle 4.14], [Supplementary Principle 4.14.1], [Supplementary Principle 4.14.2]

1. The Articles of Incorporation of the Company provide that the Company shall have not more than fifteen (15) directors. Currently, the Board of Directors is comprised of ten (10) external directors and one (1) director who is not an external director. This composition of directors ensures the Board of Directors' effectiveness in the supervision of management from an independent and objective standpoint, along with a highly efficient management system. In selecting the directors, the Company is mindful of diversity and the balance in knowledge, experience, and skill. The Board of Directors welcomes free, open, and constructive discussions and exchange of views, including the reporting of issues by the external directors.
2. Currently, all ten (10) external directors are independent external directors. In appointing an external director, the Company expects certain qualities and requirements, one of which is that external directors are expected to build management strategies for sustainable corporate growth from diverse and medium- to long-term perspectives, reflecting on the future of the Company while taking into account the future impact of market and industry structure changes. External directors are also expected to conduct supervision of management from a fair and independent standpoint, as well as advising and supporting the Company toward sustainable growth.

Furthermore, the external directors must satisfy the requirements for external directors as set forth in the Companies Act, have no risk of conflicts of interest with the general shareholders, and appropriately fulfill their roles and obligation to appropriately reflect the opinions of stakeholders, including the minority shareholders, in the Board of Directors from a position independent from the management team and the controlling shareholders. External directors must also be independent-minded, express unreserved opinions at the Board of Director Meeting and the various committee meetings, and encourage the management team to carry out decision-making in a fair, prompt, and resolute manner.

In selecting an external director, the Company selects candidates who not only satisfy the above qualities and requirements but are also capable of executing their expected duties. The Company makes sure to appoint external directors so that they are well-balanced and diversified with regards to their backgrounds, such as experience, skills, and attributes, based on the skills matrix. It also makes sure that the external directors have diversity in value owing to their gender, internationality, and other attributes, so that such diversity is reflected in corporate management. Regarding the criteria for judging whether the candidate can allot sufficient time for duties at the Company, the Company requires that external directors concurrently serve as directors at no more than three other listed companies excluding the Company and also sets the maximum term of office to be no more than eight years starting from the date of appointment.

Another criterion for the appointment of external directors is whether they satisfy the independence criteria set forth in the Code of Corporate Conduct of the Tokyo Stock Exchange, the financial instruments exchange. Note that the Company is a listed company that does not have controlling shareholders.

3. Candidates for directors are disclosed on the Company's website, which can be accessed through the notice of convocation of the general meeting of shareholders (access notice), among other means. For all directors, the positions that they concurrently serve at other companies, if any, are disclosed in the securities report every year. The skills matrix is also disclosed in the securities report, integrated report, and other documents.
4. The Board of Directors determines the annual schedule in advance, secures sufficient time for deliberations, prepares and distributes materials by a date that allows enough time for sufficient preparation, and makes decisions on the matters that are expected to be deliberated. The Company enables all directors including the external directors to request the relevant departments including the Internal Audit Dept. for additional information, etc., before or after the Board of Directors Meeting. Additionally, for the deliberations, all directors including the external directors are permitted to utilize not only internal materials, but also information such as consultation and advisory provided by external experts, if considered necessary, before or after the Board of Directors Meeting. The relevant expenses will be paid by the Company if the Board of Directors give approval.
5. The independent external directors regularly hold the Independent External Parties' Meeting, participated by only independent external parties, for sharing information and understanding. At the Meeting, opinions are exchanged with regard to the oversight of management and advices based on their knowledge, among other matters, and are to be used in fulfilling their expected roles and responsibilities as independent external directors. The Independent External Parties' Meeting appoints one person from its members as a representative by mutual vote.
6. Upon becoming newly appointed, all directors including the external directors must acquire the necessary knowledge on the Company's business, finance, structure, and other matters. The relevant departments will provide the training. In addition, the Company believes that it is essential for all directors, including the external directors, to pursue self-improvement by proactively attending internal and external training programs that would

be necessary to fulfill their roles and responsibilities, and give feedback on the results of such training to the Company. The relevant departments will offer information that should be useful to the directors, such as information on trainings, and also works on the creation of a corporate culture in which the directors would be motivated to identify their challenges and proactively work on self-improvement. Any action in this effort shall be disclosed on the website, briefings materials, etc., when the disclosure is considered appropriate.

7. The Company currently has four (4) female directors among the total of eleven (11) directors. One (1) non-Japanese director has also been appointed. As stated in Chapter 3. Collaboration with Stakeholders and ESG Management: 3-2 (Diversity), the Company has always believed that diversity of values created by attributes such as gender, internationality, disability, work experience, and age is the source of business innovation. Recognizing the importance of diversity management and expecting diversity to lead to substantial positive effects, the Company plans to continue to actively engage in initiatives including starting external education programs and training programs that incorporate diversity.

Regarding the composition of the Audit Committee, the Nominating Committee, and the Compensation Committee, which are a part of the Board of Directors, each is composed of more than three committee members who are directors appointed by a resolution of the Board of Directors. In addition, it is stipulated that more than half of the members must be external directors and that the chairperson must be an external director decided through mutual election by the members.

4-3 (Relationship with the Accounting Auditor): [Principle 3.2], [Supplementary Principle 3.2.2(i)], [Supplementary Principle 3.2.2(ii)], [Supplementary Principle 3.2.2(iii)], [Supplementary Principle 3.2.2(iv)]

The relationship between the accounting auditor and the Company is as follows.

1. The Audit Committee and the Internal Audit Office of the Company and the accounting auditor will regularly hold information exchange meetings and share information on the audit to cooperate with each other in conducting audits efficiently.
2. In entering into an agreement with an accounting auditor, the contract will be made upon confirming that the accounting auditor recognizes its responsibility to stakeholders including shareholders.
3. The Company ensures that the audit system enables high-quality audits to be conducted appropriately by the accounting auditor in cooperation with the Company's Audit Committee and Internal Audit Office and makes sure that sufficient time is allotted to the audits.
4. The Company ensures that, upon request by the accounting auditor, meetings can be held with not only the Company's Audit Committee and Internal Audit Office but also the senior executives of the management team including the Representative Executive Officer and President as well as the directors, officers, and employees of the relevant departments.
5. The Company ensures that, upon discovering a misconduct by the accounting auditor, the Company's Audit Committee and Internal Audit Office will promptly communicate with each other, after which the Audit Committee and the Internal Office shall conduct an investigation and handle the misconduct in a strict, fair, and appropriate manner.

(Supplementary Provision)

Revision or abolishment of the Guidelines shall be decided at the meeting of the Board of Directors.

Established: September 15, 2016

Revised: December 17, 2018

Revised: February 15, 2021

Revised: January 19, 2022

Revised: November 16, 2022

Revised: March 28, 2023

Revised: March 29, 2024

The Board of Directors of OUTSOURCING Inc.