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Corporate Governance Report

OUTSOURCING Inc.

Last Update: March 29, 2024

OUTSOURCING Inc.

Satoshi Miyajima, Representative Executive Officer and President

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Securities Code: 2427

<https://www.outsourcing.co.jp/en/>

The corporate governance of OUTSOURCING Inc. (hereinafter, the “Company”) is described below.

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

1. Basic Views

Fully embracing its responsibility to contribute to society as an exemplar corporate citizen, the Company established the Corporate Principle. The Company recognizes that, in working on achieving growth and enhancing corporate value over the medium to long term in a constantly changing business environment, its important managerial task will be to create a fully autonomous and highly ethical corporate governance system that is closely monitored and routinely reviewed. Such a system shall prove invaluable in the ongoing building of trust and confidence with all its stakeholders, including shareholders, clients and suppliers, local communities and employees.

Towards this end, the Company has disclosed the framework of its corporate governance system in its Corporate Governance Guidelines and will continue to enhance and fortify this system through various initiatives.

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

The Company complies with all principles of the Corporate Governance Code.

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

[Principle 1.4 Shares Held as Cross-Shareholdings]

The Company may possess shares of other 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-shareholding, including the holding of the shares, continuation of holding and the 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 regards to outlook over the medium to long term. Information on such decisions shall 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 the shares.

[Principle 1.7 Related-Party Transactions]

Before engaging in transactions with parties related with 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 the transactions will not harm the common interests of the Company and its shareholders. It is also stipulated that the relevant stakeholders shall not participate in the resolution regarding this approval. Significant related-party transactions are disclosed in the securities reports.

[Supplementary Principle 2.4.1 Ensuring Diversity in Hiring for Key Roles]

Under the corporate principle of “enhancing the quality of life of everyone around the world,” the OUTSOURCING Group (hereinafter, the “Group”) has been developing its business globally 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 age, nationality, disability and gender) 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 been working on realizing a society in which women can actively participate by launching the Promotion of Women’s Participation and Advancement in Workplace Project and other initiatives to enhance the training for female manager candidates.

In the SDGs Declaration made in FY2021, it has set the goal to raise the percentage of female directors and Executive Officers (management team members) in the Our company to 30% by FY2030 as its materiality (priority issues) and KPI. The Sustainability Committee monitors the progress with this goal.

[Principle 2.6 Fulfillment of Role as Asset Owner of the Corporate Pension Plan]

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 providing training workshops and materials on making investments to realize one's life plan to employees who are eligible to participate in the 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.

[Principle 3.1 Proper and Detailed Disclosure of Information]

(i) The Company's Goals (corporate principle and other), Management Strategy and Management Plan

The Company's corporate principle, management strategy and medium-term management plan are posted on its website.

Corporate Principle:

<https://www.outsourcing.co.jp/en/company/philosophy>

Management Strategy:

<https://www.outsourcing.co.jp/en/ir/library/integratedreport>

Medium-term Management Plan:

<https://www.outsourcing.co.jp/en/ir/library/midiplan>

(ii) Basic Views and Policies on Corporate Governance Based on Each Principle of the Corporate Governance Code

The basic views on corporate governance are described in Section I-1. Basic Views of this Report. The basic policies on corporate governance are set forth in the Corporate Governance Guidelines, which is disclosed on the Company's website.

Corporate Governance Guidelines:

<https://www.outsourcing.co.jp/en/company/csr/guideline>

(iii) Policies and Procedures for Board of Directors' Decisions on the Compensation of Senior Executives of the Management Team and Directors

Please see Section II. Organizational System for Business Management and Other Corporate Governance Systems Regarding Decision-making, Execution of Business and Oversight in Management, 1. Structure and Management of Organization: Director Compensation - Supplementary Explanation of this Report.

(iv) Policies and Procedures for the Board of Directors' Appointment or Dismissal of Senior Executives of the Management Team and Nomination of Candidates for Director

(v) Explanation of Individual Appointments, Dismissals and Nominations Regarding the Board of Directors' Appointment or Dismissal of Senior Executives of the Management Team and Nomination of Candidates for Director According to (iv) Above

Please see Section II. Organizational System for Business Management and Other Corporate Governance Systems Regarding Decision-making, Execution of Business and Oversight in Management, 2. Matters on Functions such as Business Execution, Auditing, Oversight, Nomination and Compensation Decisions of this Report.

[Supplementary Principle 3.1.3 Initiatives for Sustainability and Other Related Matters]

The Company has declared 2021 as its sustainability kickoff year. In February of the same year, it made the SDGs Declaration and identified the following five issues as its materiality (priority issues): "providing job opportunities," "providing quality education," "respecting diversity and achieving diversity management," "strengthening initiatives for creating a decarbonized society" and "improving productivity across industries." Along with this, it also formulated and announced KPIs. Furthermore, in order to improve the effectiveness of its sustainability-related initiatives, it joined the United Nations Global Compact as well as the Women's Empowerment Principles (WEPs) and the 30% Club campaign for 2030.

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 also joined 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 associated with climate change and their impact on the Company including its business, the Company has introduced 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. The Company has also 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.

Details on the Company's initiatives for sustainability are described in the securities reports.

Securities Reports (IR Library):

<https://www.outsourcing.co.jp/ir/library/yuho>

[Supplementary Principle 4.1.1 Roles and Responsibilities of the Board of Directors and Extent of Delegation to the Management Team]

In accordance with the Company's Board of Directors Rules and while fulfilling the fiduciary duty and accountability to the shareholders, the Company's Board of Directors will aim to achieve sustainable corporate growth, raise corporate value over the medium to long term and ensure appropriate cooperation with the stakeholders. It will engage in deliberation and decision-making on important management matters in accordance with the Authority Rules and the Management Rules for Group Companies and Affiliates. The Board of Directors also makes decisions on the extent of duties to be delegated to the executive officers.

[Principle 4.9 Criteria for Independence and Qualities of the Independent External Directors]

Regarding the qualities and requirements of an external director, the Company expects external directors 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, they must satisfy the requirements of 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 Directors 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.

[Supplementary Principle 4.11.1 Skills Matrix of the Directors]

The Company not only selects directors based on strong knowledge and experience in corporate management, but also emphasizes the diversity of their backgrounds with regards to nationality, race, gender, age and other attributes. In addition to external directors with thorough knowledge of industry situations and the Company's internal situations, the Company has selected external directors with strong managerial experience and expertise. The Company aims for a supervision function with diverse perspectives as well as decision-making with wider perspectives, objectivity and transparency. For the skills matrix that specifically defines the skills and other attributes of the directors, please refer to the reference materials.

[Supplementary Principle 4.11.2 Concurrent Positions Held by Directors]

Concurrent positions held at other organizations by each director, if any, are disclosed every year in the securities report.

[Supplementary Principle 4.11.3 Analysis and Evaluation of the Effectiveness of the Board of Directors]

To improve the functioning of the Board of Directors, the Company conducted a self-assessment survey in 2022 for each director on items including the Board of Directors' current operation, structure, roles, responsibilities and whether sufficient deliberations were made on corporate strategies. The results of the survey were used to assess the effectiveness of the Board of Directors.

In FY2023, further analysis and evaluation have been made by continuing to assess the issues that have been identified through the above FY2022 results and by examining the directions for further improvement.

The issues which have continued to be examined since FY2022 are as follows.

1. Structure and operation of the Board of Directors
 - Simplification of agenda materials; time spent on discussions
 - Delegation of authority for execution
 - Enhancing and expanding the staffing and human resources of the Office of the Board of Directors
2. Management and business strategies
 - Greater analysis of the economy, market, environment, risks, factors for not achieving the plan, etc.
 - Stimulate discussions on management and business strategies
3. Corporate ethics and risk management
 - Strengthen group governance
 - Strengthen risk management of subsidiaries

The survey indicated that the Company's Board of Directors has a sufficiently high percentage of independent external directors and has diversity in membership. Its engagement in discussions with appropriate participants on the enhancement of information shared with external directors, management strategies, and business strategies was suggested as its strength. Meanwhile, the survey pointed out issues such as the content and volume of the materials provided for the Board of Directors Meeting as well as the actual explanation on the day of the meeting, the enhancement of discussions on management strategies and business strategies, and the risk management system of the Group as a whole.

Based on these results, the Company will work on further improvement of the issues as well as continuing to improve the

effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2 Policies on the Training of Directors]

To fulfill their roles and duties, the directors of the Company must continue to work on self-improvement, for instance, by acquiring or appropriately renewing the necessary knowledge including corporate governance and compliance. For their support, the Company provides training opportunities and subsidies for the relevant expenses. For the external directors, upon their appointment, the Company will provide opportunities to acquire basic knowledge on matters such as company overview, business environment, management strategy, finance strategy and key audit items. After appointment, too, the Company will continue to share opportunities that encourage understanding of corporate culture, businesses, employees, etc.

In addition, the Company will provide opportunities to renew the knowledge of the directors by encouraging participation in external seminars and holding study sessions with external instructors.

[Principle 5.1 Policies on Constructive Dialogues with Shareholders]

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 details of the Company’s current engagement in dialogues (meetings) with shareholders and others. The Company also takes alternative methods, such as shifting the following engagements online, when such alternatives are judged to be reasonable due to changes in the social condition.

1. Specific IR-related measures and their results in Japan are disclosed in the IR Calendar on the Company’s website.
IR Calendar:
<https://www.outsourcing.co.jp/en/ir/calendar>
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 each quarter’s financial results, hosted by The Securities Analysts Association of Japan and others. The briefings are held in hybrid format, both online and at a site in Tokyo.
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 including 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 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 situations will engage in the dialogue. These include the Representative Executive Officer and President, directors including external directors, executive officers and 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.

2. Capital Structure

Foreign Shareholding Ratio	30% or greater
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[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage of Total (%)
THE MASTER TRUST BANK OF JAPAN, LTD. (trust account)	17,112,400	13.58
Haruhiko Doi	15,801,900	12.54
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	6,803,160	5.40
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT	6,498,786	5.16
GOLDMAN, SACHS & CO. REG	6,206,357	4.93
Custody Bank of Japan, Ltd. (trust account)	4,496,200	3.57
JP MORGAN CHASE BANK 385632	2,817,027	2.24

Nomura Securities Co., Ltd. (Proprietary Account)	2,610,000	2.07
NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDURE: UCITS CLIENTS 15.315 PCT NON TREATY ACCOUNT	2,428,000	1.93
JP MORGAN CHASE BANK 380072	2,346,100	1.86

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

Supplementary Explanation

- In the statement of changes to the statement of large-volume holdings available for public inspection as of September 7, 2023, it is stated that Baillie Gifford & Co. and its joint holder, Baillie Gifford Overseas Limited, held 4,262,600 shares (3.38%) and 1,582,800 shares (1.26%), respectively, as of August 31, 2023. However, since the Company could not verify the actual number of shares held as of December 31, 2023, this information is not included in the above “Status of Major Shareholders.”
- In the statement of changes to the statement of large-volume holdings available for public inspection as of December 22, 2023, it is stated that Asset Management One Co., Ltd. and its joint holder, Mizuho Securities Co., Ltd., held 2,750,500 shares (2.18%) and 456,600 shares (0.36%), respectively, as of December 15, 2023. However, as the Company could not confirm the actual number of shares held as of December 31, 2023, this information is not included in the above “Status of Major Shareholders.”
- In the statement of changes to the statement of large-volume holdings available for public inspection as of December 22, 2023, it is stated that T. Rowe Price Associates, Inc. held 5,358,500 shares (4.25%) as of December 15, 2023. However, since the Company could not verify the actual number of shares held as of December 31, 2023, this information is not included in the above “Status of Major Shareholders.”
- In the statement of changes to the statement of large-volume holdings available for public inspection as of January 9, 2024, it is stated that Nomura Securities Co., Ltd. and its two joint holders held 4,119,549 shares (3.27%), 118,086 shares (0.09%) and 4,636,500 shares (3.68%), respectively, as of December 29, 2023. However, since the Company could not verify the actual number of shares held as of December 31, 2023, this information is not included in the above “Status of Major Shareholders.”
- In the statement of large-volume holdings available for public inspection as of January 10, 2024, it is stated that Goldman Sachs Japan Co., Ltd. and its two joint holders held 444,200 shares (0.35%), 6,857,409 shares (5.44%) and 800 shares (0.00%), respectively, as of December 29, 2023. However, as the Company could not confirm the actual number of shares held as of December 31, 2023, this information is not included in the above “Status of Major Shareholders.”
- In the statement of changes to the statement of large-volume holdings available for public inspection as of January 11, 2024, it is stated that Merrill Lynch International and its two joint holders held 6,025,339 shares (4.78%), 90 shares (0.00%) and 600 shares (0.00%), respectively, as of December 29, 2023. However, since the Company could not verify the actual number of shares held as of December 31, 2023, this information is not included in the above “Status of Major Shareholders.”
- Percentage of shares owned (%) has been calculated excluding treasury shares (23,592 shares).

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	December
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or greater
Sales (consolidated) in the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries in the Previous Fiscal Year	From 100 to less than 300

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

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

II. Organizational System for Business Management and Other Corporate Governance Systems Regarding Decision-making, Execution of Business and Oversight in Management

1. Structure and Management of Organization

Organization Form	Company with a nominating committee, etc.
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[Directors]

Maximum Number of Directors Stipulated in the Articles of Incorporation	15
Term of Office Stipulated in the Articles of Incorporation	1 year
Chairperson of the Board	Other directors
Number of Directors	11

[External Directors]

Number of External Directors	10
Number of External Directors Who Are Independent Directors	10

Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hideo Shiwa	From another company											
Masaru Namatame	From another company											
Atsuko Sakiyama	From another company											
Hiroto Abe	From another company											
Makiko Ujiie	Attorney at law											
Toshio Mukai	From another company											
Azuma Inoue	Certified public accountant											
Hiroshi Kizaki	From another company											
Kenichi Fujita	From another company											
Hiroko Ozawa	From another company											

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/auditor

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company external directors/auditors are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Other

Relationship with the Company (2)

Name	Membership in Committee			Independent Director	Supplementary Explanation of the Relationship	Reason for Appointment
	Nominating Committee	Compensation Committee	Audit Committee			
Hideo Shiwa	Yes		Yes	Yes	—	<p>Hideo Shiwa has many years of experience in the accounting department at a company that he had previously worked for, has knowledge and experience of IT systems, IR, legal affairs and audit operations in general and has abundant management experience at Japanese and overseas companies. He has therefore been appointed with the expectation that he will provide advice and checks based on such deep knowledge.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed him as an independent director.</p>
Masaru Namatame		Yes	Yes	Yes	—	<p>Masaru Namatame has many years of experience in overseeing accounting and finance of the domestic and overseas businesses of the companies that he had previously worked for and has abundant knowledge and experience in internal control, auditing and overall business management. He has therefore been appointed with the expectation that he will provide advice and checks based on such deep knowledge.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding any conflicts of interest with the</p>

						general shareholders and has therefore appointed him as an independent director.
Atsuko Sakiyama	Yes	Yes		Yes	—	<p>Atsuko Sakiyama experienced positions of executive vice president and representative director at a company that she had previously worked for and has abundant and wide expertise in corporate management, organizational operations, finance and human resource development. She has therefore been appointed with the expectation that she will contribute to matters including the supervision of business execution by the Company.</p> <p>Moreover, since she does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that her independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed her as an independent director.</p>
Hiroto Abe	Yes	Yes		Yes	—	<p>Hiroto Abe has experience working overseas at a company that he had previously worked for. He has a global perspective and abundant expertise in domestic and overseas legal affairs, internal control and related matters. He has therefore been appointed with the expectation that he will provide advice and checks based on this deep knowledge.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed him as an independent director.</p>
Makiko Ujiie		Yes		Yes	—	<p>Makiko Ujiie is a lawyer and has abundant practical experience and expertise in areas such as corporate legal affairs, M&A and financial legal affairs. She has therefore been appointed with the expectation that she will contribute to matters including strengthening the decision-making and supervisory functions of the Board of Directors of the Company, as well as further</p>

						<p>strengthening corporate governance and compliance.</p> <p>Moreover, since she does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest in the Company, the Company has confirmed that her independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed her as an independent director.</p>
Toshio Mukai			Yes	Yes	—	<p>In addition to his high levels of expertise gained through many years working at a major general trading company's Japanese and overseas bases in the financial accounting and internal audit divisions, Toshio Mukai has abundant management experience at listed companies including positions as CFO and director in charge of promoting corporate governance. Therefore, he has been appointed with the expectation that he will provide advice and checks for the Company's management decisions and its decision-making process.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed him as an independent director.</p>
Azuma Inoue			Yes	Yes	—	<p>As a certified public accountant, Azuma Inoue has a wealth of practical experience and expertise in accounting audit, public listing support and various advisories. He has therefore been appointed in expectation of strengthening the functions of the Company's Board of Directors through precise advice as an expert in finance and accounting and through the roles of auditing and overseeing the execution of business from an independent standpoint.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and</p>

						has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed him as an independent director.
Hiroshi Kizaki			Yes	Yes	—	<p>In addition to his experience as a full-time auditor at a listed company and his deep insight of finance and accounting as a certified public accountant, Hiroshi Kizaki has abundant work experience overseas and in a variety of fields. He has therefore been appointed with the expectation that he will play a role in providing advice and checks regarding management and business for the Company's management decision and its decision-making process based on his precise advice as an expert in finance and accounting and broad perspective based on his knowledge and experience. He is also expected to help further strengthen corporate governance and compliance.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed him as an independent director.</p>
Kenichi Fujita	Yes			Yes	—	<p>Kenichi Fujita has abundant and wide-ranging knowledge of corporate management, organizational management and human resource development based on many years of management experience at a global company. He has therefore been appointed for his expected role of providing advice and checks on the Company's overall management based on his deep knowledge and experience.</p> <p>Moreover, since he does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that his independence is substantially ensured with regards to avoiding</p>

						any conflicts of interest with the general shareholders and has therefore appointed him as an independent director.
Hiroko Ozawa		Yes		Yes	—	<p>Hiroko Ozawa has been appointed with the expectation that she will play a role in bringing about sustainable growth and enhancing medium- to long-term value for the Company's business and organization, as she has a wide range of insights including management experience at a major electronics manufacturer and its group companies, overseas business experience, achievements in diversity promotion at industry organizations and marketing expertise cultivated through the management of diverse businesses.</p> <p>Moreover, since she does not conflict with any of the independence standards for an independent director stipulated by the Tokyo Stock Exchange and has no relationship of special interest with the Company, the Company has confirmed that her independence is substantially ensured with regards to avoiding any conflicts of interest with the general shareholders and has therefore appointed her as an independent director.</p>

[Committees]

The Committees' Composition and Attributes of the Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Chairperson
Nominating Committee	5	0	1	4	External Director
Compensation Committee	5	0	0	5	External Director
Audit Committee	5	1	0	5	External Director

[Executive Officers]

Number of Executive Officers

7

Concurrent Positions

Name	Right of Representation	Concurrent Position as Director			Concurrent Position as Employee
			Nominating Committee	Compensation Committee	
Satoshi Miyajima	Yes	No	No	No	No
Franciscus van Gool	No	No	No	No	No
Lorna Conn	No	No	No	No	No
Masashi Umehara	No	No	No	No	No
Yoshiaki Kasai	No	No	No	No	No
Yohei Nishimura	No	No	No	No	No
Yuya Ono	No	No	No	No	No

[Audit Structure]

Appointment of Directors and/or Employee to Support the Audit Committee

Appointed

Matters Concerning the Independence of the Said Director or Employee from the Executive Officers

Please see Section IV. Matters Related to the Internal Control System, 1. Basic Views on the Internal Control System and Progress with Its Development, F. Matters concerning directors or employees to support the duties of the Audit Committee of the Company (hereinafter, “assistants”), matters concerning the independence of the said assistants from the executive officers of the Company and matters on securing the effectiveness of instructions by the Audit Committee to the said assistants of this Report.

Cooperation among the Audit Committee, Accounting Auditor and Internal Audit Division

As stipulated in the Audit Committee Rules and the Audit Committee’s Audit Standards, the Audit Committee members shall ensure the effectiveness of audits conducted by the Audit Committee by receiving explanations on the content of accounting audits from the accounting auditor and working in close cooperation, for instance, by exchanging information. The Audit Committee and the Internal Audit Office shall cooperate in the audits by discussing and exchanging opinions as appropriate on matters related to internal audits such as the results, suggestions and recommendations.

Under this policy, the Audit Committee, the Internal Audit Office and the accounting auditor regularly hold information-sharing meetings and exchange audit information to cooperate in conducting an efficient audit.

The Audit Committee also cooperates with the audit committee members and auditors of the Company’s subsidiaries in Japan. For interactive and enhanced communication, information exchange meetings are held periodically, during which various items pertinent to the entire Group (decisions made, audit policies, etc.) and the key challenges related to each company’s audit are shared and discussed.

[Independent Directors]

Number of Independent Directors	10
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Other Matters Related to Independent Directors

The Company has designated all external directors who meet the standards for an independent director as independent directors.

[Incentives]

Incentive Policies for Directors	Other
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Supplementary Explanation

Regarding “Other,” please see Section II. Organizational System for Business Management and Other Corporate Governance Systems Regarding Decision-making, Execution of Business and Oversight in Management, 1. Structure and Management of Organization: Director Compensation - Disclosure of Policy for Determining Compensation Amounts and Calculation Methods in this Report.

[Director Compensation]

Disclosure of Individual Director’s Compensation	Partial individual disclosure
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Disclosure of Individual Executive Officer’s Compensation	No individual disclosure
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Supplementary Explanation

For FY2023, the total amount of compensation by category (director, Audit Committee member or external director) is disclosed in the securities report and business reports. Additionally, information on directors whose total remuneration is ¥100 million or greater is individually disclosed in the securities report.

Total amount of compensation and total amount of each type of compensation paid in FY2023 for each director category are as follows (units: million yen).

Before transition to a company with a nominating committee, etc. (Jan. 2023 to Mar. 2023)

Director Category	Total Amount of Compensation	Total Amount by Type of Compensation	
		Basic Compensation	Restricted Stock Compensation
1. Directors (excl. Audit Committee members)	125	116	9
(excl. external directors)	113	104	-
2. Directors (Audit Committee members)	22	22	-
(excl. external directors)	-	-	-
3. External directors	34	34	-

After transition to a company with a nominating committee, etc. (Apr. 2023 to Dec. 2023)

Director Category	Total Amount of Compensation	Total Amount by Type of Compensation	
		Basic Compensation	Restricted Stock Compensation
1. Directors (excl. Audit Committee members)	156	141	15
(excl. external directors)	45	40	5
2. Executive Officers	348	277	71

(Note)

- The above payment amount and the number of persons to whom payment was made include one executive officer who had retired during the fiscal year.
- The directors as stated in the above tables do not include the one director who concurrently serves as an executive officer. Directors who concurrently serve as executive officers are not paid compensation as director.
- Restricted stock compensation (which includes phantom stock granted to directors who live outside of Japan) represents

- the amount which must be recorded as expenses for the fiscal year.
4. Restricted stock compensation falls under “non-monetary remuneration” as defined in Article 98-5, Item 3 of the Ordinance for Enforcement of the Companies Act.
 5. The amount paid to directors does not include the salary paid to directors for their concurrent role as employees of the Company.
 6. There was no compensation, etc., paid to external directors from subsidiaries, etc., of the Company.

Policy for Determining Compensation Amounts or Their Calculation Method

Yes

Disclosure of Policy for Determining Compensation Amounts and Calculation Methods

Regarding compensation of the Company’s directors and executive officers, the compensation policy and amount of each individual’s compensation are determined by a resolution of the Compensation Committee whose chairperson is an independent external director.

Currently, a director’s compensation consists of basic compensation, which is fixed and reflects his or her active role in overseeing management but does not reflect business performance, and stock compensation, which is for enhancing corporate value through the sharing of value with shareholders and investors and the maintenance/enhancement of an appropriate supervision system. Compensation of executive officers consists of basic compensation, which is fixed and reflects business performance, and stock compensation as an incentive to share value with shareholders and investors and increase corporate value over the medium to long term. The ratios of basic (fixed) compensation to stock compensation for directors and executive officers are set generally between 9-to-1 or 7-to-3, respectively, upon taking into account their positions and specific duties.

Stock compensation for directors and executive officers will be paid as restricted stock compensation in principle. To directors and executive officers who are non-residents and to whom restricted stocks may be difficult to grant, phantom stocks will be granted as a substitute.

A director who also serves as an executive officer will not receive compensation as a director.

[Supporting System for External Directors]

The Corporate Management Division provides support to the external directors. Specifically, in accordance with the Board of Directors’ rules of operation, the Division holds a briefing session before a Board of Directors Meeting is held so that each director can check and understand the agenda items in advance and prepare his or her opinions on them. In addition, information on major meetings and locations of major documents is provided so that the directors can deepen their understanding of the Group and effectively conduct discussions and supervision as members of the Board of Directors.

2. Matters on Functions such as Business Execution, Auditing, Oversight, Nomination and Compensation

Decisions

(Board of Directors)

As the decision-making body for the Company’s management, the Board of Directors will make resolutions on matters stipulated by Companies Act and other rules and make decisions on matters including the basic policy of management. In addition to supervision of the execution of duties by the directors and executive officers, it will decide on the appointment and dismissal of the executive officers and the division of duties and authorities of the executive officers.

As of March 29, 2024, the Company has 11 directors, including 10 external directors. All external directors meet the independence criteria of the Tokyo Stock Exchange and are strongly aware of their roles and responsibilities to properly reflect the views of minority shareholders and other stakeholders in the Board of Directors from a standpoint independent from the management team and the controlling shareholders.

For information on the number of Board of Directors Meetings held in 2023 and attendance by each director, please see the reference materials.

(Audit Committee)

The Committee consists of five directors (of which five are external directors) as of March 29, 2024, including full-time Audit Committee members. In accordance with the laws and regulations, the Articles of Incorporation and the Audit Committee Rules, the Committee oversees and prepares reports for the execution of duties by the directors and executive officers and determines agendas regarding elections, dismissals and refusals of reappointment of the accounting auditor that will be proposed to the General Meeting of Shareholders. It also determines the Committee’s audit policies, annual audit schedule and other related matters. By convening Audit Committee Meetings both routinely and as necessary, the Committee shares information among its members and confirms the progress of its audit plan by examining the important issues which have been submitted for discussion, reporting on audit contents, exchanging opinions and so forth. To enhance overall coordination, the Audit Committee exchanges information in a timely manner with the Internal Audit Office as well as the accounting auditor. The Committee works closely with the Corporate Management Division, which is also the internal control division, as well as with the General Affairs, Legal and Accounting Departments, to improve the efficacy of the auditing process.

(Nominating Committee)

As of March 29, 2024, the Committee consists of five directors, of which four including the chairperson are external directors. The Committee makes decisions on proposals for the election and dismissal of directors to be made at the General Meeting of Shareholders and decisions on matters related to the standards and processes of director appointment and dismissal. It also deliberates on the appointment and dismissal of executive officers and operating officers and on the development of candidates for the next Chief Executive Officer and other positions as part of the successor planning.

(Compensation Committee)

As of March 29, 2024, the Committee consists of five directors, of which five including the chairperson are external directors. The Committee makes decisions on the policy and content of the compensation for individual directors and executive officers.

For the composition of the Audit Committee, the Nominating Committee and the Compensation Committee, please see to the reference materials.

(Executive Committee Meeting)

The Executive Committee Meeting is a voluntary body, consisting of seven executive officers as of March 29, 2024. The Meeting is held once a month and the Extraordinary Executive Committee Meeting is also held when necessary. In accordance with the directions and basic policies set by the Board of Directors, it makes decisions on the management of the Company or the Company's group based on matters delegated by the Board of Directors. It also deliberates on matters including measures to respond to changes in the business environment, matters on approval and reporting stipulated in the Authority Rules, matters on approval and reporting as stipulated in the Management Rules for Group Companies and Affiliates, agenda items to be discussed at the Board of Directors Meeting and matters that require the CEO's approval and must be deliberated beforehand.

(Sustainability Committee)

The Sustainability Committee is a voluntary body which was established on March 25, 2021. As of March 29, 2024, the Committee consists of eight members and its chairperson is the Executive Officer and Head of the Corporate Management Division. The purpose of the Sustainability Committee is to promote management with an awareness of sustainability across all companies of the Group, including initiatives to achieve the SDGs and establishing a more sophisticated ESG approach in management. The Committee's duties include the deliberation of the Group's sustainability policies/strategies as well as medium/long-term themes and directions including the priority issues. It also monitors the progress of the KPIs and submits the relevant matters to the Board of Directors Meetings.

(Compliance Committee)

The Compliance Committee is a voluntary body consisting of 11 members as of March 29, 2024. The Representative Executive Officer and President is the Chief Compliance Officer (CCO) having the highest authority in the Company's compliance activities. The Committee is chaired by the Executive Officer and Head of the Corporate Management Division, who is responsible for overseeing the actual operations in conducting specific compliance activities. The Compliance Committee is a company-wide meeting body for compliance activities. Its purpose is to ensure that the Company is deeply aware of its social responsibilities as a company, complies with relevant laws and regulations in the daily execution of businesses and conducts activities in accordance with the social ethics. The Committee defines the matters that are relevant to company-wide compliance, informs each group company on compliance matters, examines the necessary matters and submits agenda items to the Board of Directors.

(OS Group Governance Committee)

The OS Group Governance Committee is a voluntary body consisting of six members as of March 29, 2024, and is chaired by an external director appointed by the Board of Directors. The OS Group Governance Committee is a company-wide meeting body for the Group's corporate governance activities. Its purpose is for the Company and the Group to strengthen corporate governance, achieve sustainable growth as a company and increase corporate value. The Committee determines important issues, medium- and long-term themes and directions concerning group-wide corporate governance, as well as monitoring their progress and informing and educating each group company on corporate governance. It also examines the necessary matters, based on which it will submit agenda items and reports to the Board of Directors.

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

On March 28, 2023, the Company changed its organizational structure to a company with a nominating committee, etc., in which there is a clear separation between execution and supervision functions, under the aim of building a sound and transparent corporate governance system.

III. Implementation of Measures Concerning Shareholders and Other Stakeholders

1. Measures for the Vitalization of the General Meeting of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanation
Scheduling General Meetings of Shareholders to Avoid Peak Days	The Company avoids days on which the general meetings of shareholders of other companies are expected to be intensively held and schedules its meetings on days that many shareholders can attend.
Enabling Electronic Exercise of Voting Rights	The Company has enabled the exercise of voting rights online so that as many shareholders as possible can exercise their voting rights.
Participation in the Electronic Voting Platform and Other Measures to Improve the Environment for the Exercise of Voting Rights by the Institutional Investors	To improve convenience for the institutional shareholders, the Company participates in the electronic voting platform for institutional investors provided by ICJ, Inc.
Providing Convocation Notice in English	English translation of the “Reference Documents for the General Meeting of Shareholders” in the convocation notice is prepared.
Other	The Company works to deliver general meetings of shareholders that are easy for shareholders to understand, for example, by working on increasing visuals in the business reports. In addition, the Company enables more shareholders to view the meeting by providing live broadcast of the meeting online.

2. IR Activities

	Supplementary Explanation	Explanation by the Representative
Regular Investor Briefings for Analysts and Institutional Investors	Generally, financial results briefings for institutional investors are held after the announcement of each quarter’s financial results. Individual meetings with institutional investors and analysts are also usually held after each announcement of quarterly financial results. However, in the fiscal year ended December 2023, there was a quarter for which a briefing was not held since the Company had applied for an extension of the deadline for filing the quarterly report.	YES
Regular Investor Briefings for Overseas Investors	In the fiscal year ended December 2023, briefing sessions were held with institutional investors and analysts in the U.S., Scotland, the U.K., Singapore and Hong Kong through conferences.	YES
Posting of IR Materials on the Website	https://www.outsourcing.co.jp/en/ir/ Information on financial results (summary of financial results, financial results briefing materials and reference materials for institutional investors, transcription of financial results briefings, key financial data and FACTSHEET) Securities report Medium-term management plan Corporate governance report Integrated report Information on general meetings of shareholders and shares Materials for timely disclosure	
Establishment of Department in Charge of IR	Department in charge of IR: IR team of the President Office	

3. Measures to Ensure Due Respect for the Position of Stakeholders

	Supplementary Explanations
Establishment of Internal Rules for Respecting the Position of Stakeholders	OUTSOURCING Group Code of Corporate Ethics and Conduct
Engagement in Activities such as Environmental Conservation and CSR	OUTSOURCING Group Basic CSR Policy

IV. Matters Related to the Internal Control System

1. Basic Views on the Internal Control System and Progress with Its Development

The following is an outline of the system for ensuring the appropriateness of business operations by the Company or as the corporate group comprised of the Company and its group companies, which have been decided through resolutions made by the Company's Board of Directors.

- A. System for ensuring that the Company's executive officers and employees as well as its group companies' directors and employees execute their duties in accordance with the laws and regulations and the Articles of Incorporation
 - (1) The OUTSOURCING Group Code of Corporate Ethics and Conduct has been established as the basic code of conduct concerning compliance with the laws and regulations and the Articles of Incorporation and must be thoroughly informed to the Company's executive officers and employees as well as its group companies' directors and employees.
 - (2) To ensure the effectiveness of the compliance system of the Company and its group, new positions of Chief Compliance Officer (CCO) and general manager of compliance practice have been created and the Compliance Committee and a compliance division have been established. In addition to continuously conducting and monitoring compliance-related activities, compliance guidebooks shall be distributed and compliance training shall be provided for continuous education and awareness promotion.
 - (3) In the event that an executive officer or a group company's director discovers conduct by another executive officer or a group company's director that is in violation of the laws and regulations or the Articles of Incorporation, he or she must immediately report to the Audit Committee and the Board of Directors and take other action in reinforcement of the corporate governance system to prevent such conduct from occurring.
 - (4) Based on the Internal Reporting Rules, the Company has established the Internal Reporting System comprised of multiple, fair and third-party organizations for reporting, including a law office. The system shall serve to enable early detection and correction of violations, such as violations of the laws and regulations and social standards, and the Company shall aim for its effective operation.
 - (5) The Internal Audit Office has been established as an internal audit division independent of the business divisions. The Office shall conduct continuous and specialized monitoring of business operations and report the results to the Representative Executive Officer and President, the Audit Committee and the Board of Directors.

- B. System for the storage and management of information pertaining to the execution of operation by the executive officers
 - (1) Information related to the execution of operation by the executive officers shall be recorded and stored as documents or on electronic media in accordance with the Document Management Rules.
 - (2) Regarding minutes and other materials of important meetings, including the Board of Directors Meeting, their methods of storage and management are stipulated in the rules of each meeting and the necessary system has been properly established.
 - (3) Upon request for inspection by the directors, executive officers, accounting auditors or other relevant persons, the general manager of each division shall play the central role in collecting and submitting the information under strictly controlled information management.

- C. Rules and other systems concerning the management of the risk of loss by the Company and its group companies
 - (1) The Corporate Management Division is designated as the division responsible for the overall risk management of the Company and its group companies. For effective risk management, the Corporate Management Division shall engage in risk management and operation and the General Affairs Department shall engage in the establishment of the rules. The Legal Department shall make the legal responses and communicate the latest laws and regulations to company members. This system shall promote risk management in integration with internal control.
 - (2) In accordance with the Global Governance Policy, the Company shall strengthen governance as well as establishing a system for risk management led by the Company to collectively recognize and manage risk. Risks shall be minimized through risk assessments based on certain criteria.
 - (3) In accordance with the Anti-Corruption Rules for Group Companies and Affiliates, the Company shall establish a system to minimize the risk of corrupt practices, such as bribery, by strictly prohibiting corrupt practices.
 - (4) When unforeseen events occur in the Company or its group companies, the Emergency Task Force headed by the Company's Representative Executive Officer and President shall be set up and an external advisory team including the special communications team and the Company's legal counsel shall be organized. A rapid response shall thereby be made to prevent the spread of loss or damage and keep them to a minimum.
 - (5) To continue the business of the Company and its group companies in the event of unforeseen circumstances or crisis, the Business Continuity Plan (BCP) has been formulated and shall be informed to directors, officers and employees of the Company and its group companies.

- D. System for ensuring efficient execution of operation by the executive officers of the Company, directors of its group companies and other related persons
 - (1) As a company with a nominating committee, etc., the Company clearly separates supervision and business execution to strengthen its management and supervision functions. By appropriately delegating authority concerning the execution of operations to its executive officers under this policy, it shall establish a system that enables swift and strong decision-making to be efficiently carried out.
 - (2) A board of directors meeting shall be held at least once every three months by the Company and once a month by each of its group company, in principle, and shall also be convened as necessary. The board of directors meetings

- will make decisions on important matters of the Company and its group companies as well as overseeing the execution of duties by the executive officers and the directors of the group companies.
- (3) As a body to deliberate and decide on important matters concerning management of the Company and its group companies, the Executive Committee Meeting comprised of all executive officers has been established and shall be held once a month in principle and whenever necessary for the purpose of improving the efficiency of operation execution and speeding up decision-making.
 - (4) With respect to the execution of operations based on resolutions made at the Board of Directors Meeting and Executive Committee Meeting of the Company or at the board of directors meeting of its group companies, the persons responsible for the execution, their responsibility and the execution procedures shall be defined in internal rules such as the Organization Rules, Division of Duty Rules and Authority Rules in order to ensure a system whereby operations are executed appropriately and efficiently.
- E. System to ensure the appropriateness of operation at the Company and its group companies
- (1) Based on the Management Rules for Group Companies and Affiliates, the Company shall clarify the roles of the division responsible for overseeing its group companies and shall monitor and oversee business execution by the directors and employees of its group companies.
 - (2) The Company shall establish organization-related standards for the Group including chain of command, authorities and decision-making, and shall ensure that its group companies establish a system that complies with these standards.
 - (3) Important decision-making matters concerning the management of the Company's group companies shall be reported to the Company to obtain approval.
 - (4) The Company shall receive business status reports from each group company at least once a month. In addition, a Group Executive Committee Meeting participated by the executive officers and each group company's representative director shall be convened as necessary to share information, communicate and integrate management policies within the Group.
 - (5) Groupwide Corporate Management Division Meetings, participated by the management divisions of the Company and its group companies in Japan, shall be regularly held to promote mutual understanding, share information, conduct joint training and strengthen cooperation among the management divisions.
 - (6) The Company's Internal Audit Office shall regularly conduct audits of operation and accounting of the Company and its group companies and report the results to the Representative Executive Officer and President, the Audit Committee and the Board of Directors.
- F. Matters concerning directors or employees to support the duties of the Audit Committee of the Company (hereinafter, "assistants"), matters concerning the independence of the said assistants from the executive officers of the Company and matters on securing the effectiveness of instructions by the Audit Committee to the said assistants
- (1) The Company shall place employees to assist the duties of the Audit Committee.
 - (2) In assisting the duties of the Audit Committee, the assistant of the Audit Committee shall not be subject to any directions or orders by the executive officers or other employees. Transfers, evaluations and disciplinary measures concerning the said assistant shall be carried out with the consent of the Audit Committee.
- G. System for the directors (excluding directors who are members of the Audit Committee), executive officers and employees of the Company and the directors, auditors and employees of its group companies to report to the Company's Audit Committee, and other systems related to reporting to the Audit Committee
- (1) In order to fully understand the decision-making process and the operation execution status, the Audit Committee members shall attend important meetings in addition to the Board of Directors Meeting, including the Executive Committee Meeting, shall inspect approval documents and other important documents concerning the execution of operation and shall seek explanations of such materials from directors, auditors, executive officers and employees of the Company and its group companies as necessary.
 - (2) When directors (excluding directors who are members of the Audit Committee), executive officers and employees discover important matters that impact business operations or financial performance, they must report to the Audit Committee without delay.
 - (3) Regarding internal reporting to an external hotline, the Legal Department shall report to the Audit Committee on information including the content of the report and the investigation results.
- H. System for ensuring that persons who reported to the Audit Committee of the Company do not receive disadvantageous treatment for the reason of reporting
- The Company prohibits disadvantageous treatment from being given to directors, officers and employees of the Company and its group companies, who reported to the Audit Committee, for the reason of reporting, and shall ensure that all directors, officers and employees of the Company and its group companies are fully aware of this policy.
- I. Other systems for ensuring that audits by the Audit Committee are effectively carried out
- (1) The Audit Committee, the Representative Executive Officer and President and other executive officers shall hold exchange-of-opinion meetings as necessary for mutual communication.
 - (2) The Audit Committee shall closely coordinate with the accounting auditor, for instance, by receiving explanation from the accounting auditor on the contents of the accounting audits and exchanging information, to ensure the effectiveness of audits by the Audit Committee.

- (3) The Audit Committee and the Internal Audit Office shall cooperate in conducting audits by holding discussions and exchanging opinions as appropriate on matters concerning the internal audit such as the results, points of suggestion and recommendations.
- J. Matters concerning the policy for the treatment of expenses or liabilities incurred from the execution of duties by the Audit Committee members
 - (1) When an Audit Committee member requests the Company for an advance payment or reimbursement of expenses, etc., owing to their execution of duties, unless the expenses or liabilities pertaining to the said request are proven to be unnecessary to the execution of duties by the said Audit Committee Member, the said expenses or liabilities shall be promptly processed after examination by the division in charge.
 - (2) A certain amount of budget shall be secured every year to pay for the expenses, etc., that arise from the execution of duties by the Audit Committee members.
- K. System to ensure the reliability of financial reporting

In order to ensure the reliability of financial reporting, the Company and its group companies shall establish an internal control system for the effective and appropriate submission of internal control reports in accordance with the Financial Instruments and Exchange Act, continually evaluate whether the system is functioning properly and make the necessary corrections.
- L. Basic views on and establishment of a system for eliminating anti-social forces

The Company and its group companies' basic policy, set out in the OUTSOURCING Group Code of Corporate Ethics and Conduct, is to take decisive action against and block any relationships with anti-social forces and organizations that pose a threat to social order and security. In addition, the Company has formulated the Anti-Social Forces Countermeasure Rules and shall conduct thorough management under the supervision of the Corporate Management Division and in accordance with the Anti-Social Forces Response Manual, as well as acting in a prompt and organized fashion in coordination with external specialized organizations such as the police and the legal counsel as appropriate.

2. Basic Views on Eliminating Anti-Social Forces and Current System for Elimination

The Company's basic policy, set out in the OUTSOURCING Group Code of Corporate Ethics and Conduct, is to take decisive action against and block any relationships with anti-social forces and organizations that pose a threat to social order and security. In addition, the Company has formulated the Anti-Social Forces Countermeasure Rules and shall act in a prompt and organized fashion under the supervision of the Corporate Management Division and in coordination with external specialized organizations such as the police and the legal counsel as appropriate.

As for the internal system and specific efforts to eliminate anti-social forces, the Company has established the Anti-Social Forces Response Manual and has clarified company-wide action guidelines and responsibilities based on this manual.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
<p>Although the Company has not adopted anti-takeover measures, the Company's policy is to consider anti-takeover measures including preventive measures as necessary to protect corporate value.</p>	

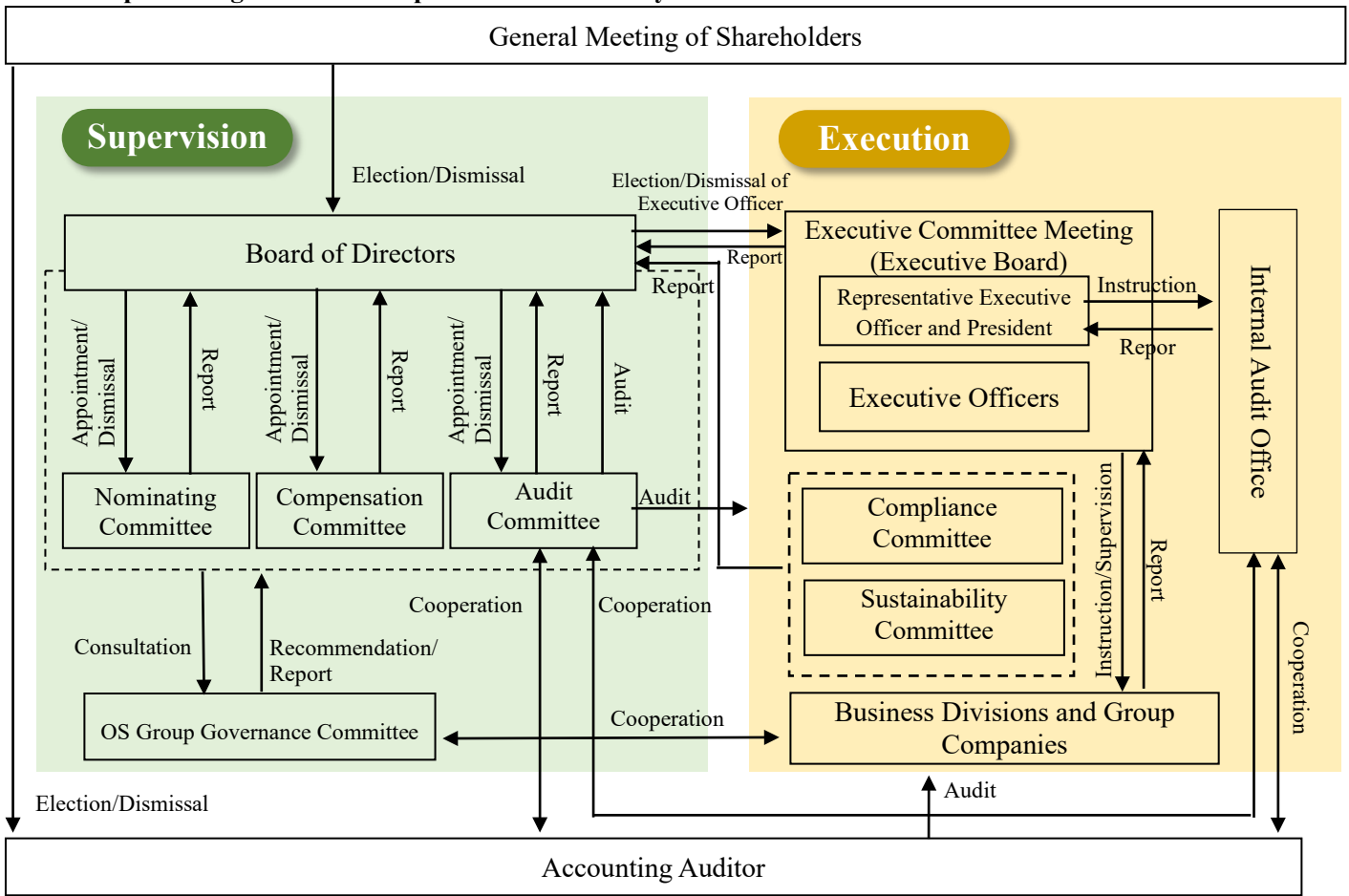
2. Other Matters Concerning the Corporate Governance System

- A. Corporate Governance System Including an Overview of the Internal Control System

Please see "Conceptual Diagram of the Corporate Governance System" in the reference materials.
- B. Overview of the System for Timely Disclosure

Please see "Overview of the Timely Disclosure System" in the reference materials.

Conceptual Diagram of the Corporate Governance System



Members of the Nominating, Compensation and Audit Committees

	Nominating Committee	Compensation Committee	Audit Committee
Chairperson	Hiroto mo Abe	Atsuko Sakiyama	Masaru Namatame
Member	Atsuko Sakiyama	Hiroto mo Abe	Hideo Shiwa
Member	Hideo Shiwa	Masaru Namatame	Azuma Inoue
Member	Anne Heraty	Makiko Ujiie	Hiroshi Kizaki
Member	Kenichi Fujita	Hiroko Ozawa	Toshio Mukai

External directors are marked in blue.

*Masaru Namatame, chairperson of the Audit Committee, is a full-time committee member.

Skills Matrix (Directors)

Position	Name	Independence	Gender (female: YES)	International experience	Corporate management	Staffing industry	Sales and marketing	Finance and accounting	Corporate governance / Legal / Risk management
Director	Anne Heraty		YES	YES	YES	YES	YES		
Director (External)	Hideo Shiwa	YES		YES				YES	YES
Director (External)	Masaru Namatame	YES		YES				YES	YES
Director (External)	Atsuko Sakiyama	YES	YES	YES	YES		YES		
Director (External)	Hiroto mo Abe	YES		YES					YES
Director (External)	Makiko Ujiie	YES	YES						YES
Director (External)	Toshio Mukai	YES		YES				YES	YES
Director (External)	Azuma Inoue	YES						YES	YES
Director (External)	Hiroshi Kizaki	YES		YES				YES	YES
Director (External)	Kenichi Fujita	YES		YES	YES		YES		
Director (External)	Hiroko Ozawa	YES	YES	YES	YES		YES		

Attendance to Board of Directors Meeting

Position	Name	Number of Attendances to Board of Directors Meeting
Chairman and CEO	Haruhiko Doi	19/19
Director	Anne Heraty	19/19
External Director	Atsuko Sakiyama	19/19
External Director	Hiroto Abe	19/19
External Director	Makiko Ujiie (current last name: Ninagawa)	19/19
External Director	Kenichi Fujita	13/13
External Director	Hiroko Ozawa	13/13
External Director (full-time member of Audit Committee)	Masaru Namatame	19/19
External Director (member of Audit Committee)	Hideo Shiwa	19/19
External Director (member of Audit Committee)	Hiroshi Kizaki	13/13
External Director (member of Audit Committee)	Azuma Inoue	13/13
External Director (member of Audit Committee)	Toshio Mukai	13/13

Overview of the Timely Disclosure System

