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Duskin Co., Ltd.
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The corporate governance of Duskin Co., Ltd. (the "Company" or "Duskin") is described below.

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

1. Basic Views

Duskin positions the strengthening of corporate governance as one of its highest priorities in order to meet the expectations of stakeholders, increase corporate value over the medium- to long-term, and achieve sustainable growth of business operations. In addition to establishing a management framework that allows to accommodate changes in the business environment with swiftness and precision, the Company continues to maintain a structure, organization and systems for sound and highly transparent management. Duskin also places compliance at the center of all of its corporate activities, in order to continuously improve its corporate value.

Note: All principles are based on the revised Corporate Governance Code as of June 2021.

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

Duskin implements all of the principles of the Corporate Governance Code.

Disclosure Based on the Principles of the Corporate Governance Code

Principle 1.4. Strategic shareholdings

(1) Policy related to acquisition and holding of strategic shareholdings

The policy for strategic shareholdings is to hold a suitable number of shares only when there are appropriate reasons for owning these shares. Investments in stocks for which there are no appropriate reasons for ownership are reduced or eliminated after holding discussions with the relevant companies.

(2) Result of verification at the Board of Directors meeting

Every year, the Duskin Board of Directors assesses whether to hold strategic shareholdings. Decisions are based on the need for each strategic shareholding in business activities, such as business alliances or maintaining and strengthening business relationships, Duskin's cost of capital, share price movements and other factors. In July 2021, the Board of Directors determined that 21 strategic shareholdings should be retained. However, since one holding was sold in the previous fiscal year, we have retained 20 strategic shareholdings as of March 31, 2022.

(3) Policy on the exercise of voting rights

Duskin exercises voting rights on proposals at shareholders meetings after carefully examining each proposal to decide whether the proposal will contribute to strengthening the Company's corporate governance and the growth of shareholder value. If a proposal is questionable from the standpoint of shareholder value, Duskin will hold necessary discussions with relevant parties before exercising voting rights.

Principle 1.7. Related party transactions

Board Directors who are specially related to an agenda item are not allowed to participate in the voting regarding that item. Also, competitive transactions as well as transactions that are in conflict of interest between Duskin and a Board Director must be resolved by the Board of Directors. In addition, the Board of Directors Regulations requires all important facts concerning these transactions to be reported to the Board. All Board Directors of Duskin and its major subsidiaries are required to submit a Related Party Transaction Confirmation Report every year and information is also disclosed in securities reports.

Duskin's Purchasing and Logistics Management Rules prescribe that transactions with suppliers, vendors and business partners must comply with laws and regulations and be based on fair standards and proper procedures. When selecting suppliers and others, the decision-making procedure designated in the Decision-making Rules must be followed. Such approach and execution are also required for suppliers and others that are major shareholders of Duskin.

Supplementary Principle 2.4.1. Approach and goals for ensuring diversity

Approach to ensuring diversity

Duskin has created a work environment in which employees with a wide variety of career and social backgrounds (gender, age, nationality and lifestyle) can realize their full potential while respecting one another. The Company believes that it is precisely this approach that will enable it to effectively respond to the ever-changing business environment and diversifying customer needs and at the same time to create new value and excellence. Stipulated in the Duskin Code of Conduct are the items: "respect human rights", "evaluate and treat our employees with fairness" and "eliminate the propensity to divide roles by gender according to preconceived ideas". Duskin has set forth and is promoting targets to achieve a diverse workforce by increasing the ratio of women in managerial positions and recruiting workers from abroad, people with disabilities and mid-career hires.

Appointing female employees in managerial positions

Effective use of diverse human resources to enhance our corporate value and vitality requires a work environment that enables female employees to reach their full potential. We will formulate a third action plan up to FY2025 based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace. The action plan will include a variety of initiatives from the perspective of skill development, offering women greater opportunities and creating a more supportive workplace and culture.

Appointing employees from abroad in managerial positions

There are many overseas managers playing a key role in our business operations outside Japan that support the Duskin Group. Looking ahead, we intend to appoint employees from abroad in a flexible manner in step with our overseas business expansion.

Appointing mid-career employees in managerial positions

Most of our mid-career managers are career-track (management level). Under Duskin's new human resource system adopted in April 2022, it is our policy that besides introducing job-based employment for managerial positions, we also secure highly skilled mid-career employees through the addition of the senior specialist track.

Following the renewal of its human resource system, Duskin has reviewed its targets for managerial positions.

Ratio of women in managerial positions	Current: 11.3%	Target: 13.0% or higher (by FY2025)
Ratio of employees from abroad in managerial positions	Current: 4.6%	Target: 4.0% or higher (by FY2025)
Ratio of mid-career employees in managerial positions	Current: 39.2%	Target: 33.0% or higher (by FY2025)

- The ratios of women and mid-career employees in managerial positions are for Duskin Co., Ltd. only.
- The ratio of employees from abroad in managerial positions includes both domestic and overseas figures of Group companies.
- New target figures have been set for the ratio of employees from abroad appointed to managers in line with the revised definition of managerial positions in the overseas Group companies. (Before revision: 2.0%, After revision: 4.0%)
- Current ratios are as of March 31, 2022.

At Duskin, people are at the core of all services and products. For our customers to find our services helpful and attentive, we need personnel with compassionate hearts as well as knowledge and skills. Based on this belief, we provide a variety of educational and training programs to develop our human resources.

To create a more vibrant company culture, it is important that our employees work with enthusiasm and motivation. Duskin promotes highly skilled and ambitious talent, including women, workers from abroad and mid-career hires, as well as it creates an environment where all employees can fully demonstrate their abilities and experience while motivating each other.

Supporting employees' growth and career development

Duskin offers various types of education and training to develop personnel to fully understand the philosophy of Prayerful Management and reflect it in their daily business practices. We conduct level-specific training for employees, including new hires, to teach the knowledge and skills required to effectively perform their duties. We also focus on training Area Managers who support our franchise owners and energize the franchise network. In addition, we encourage employees to develop themselves through attaining publicly recognized qualifications and taking correspondence courses.

These policies and initiatives are disclosed on our website and in the Duskin Corporate Report.

Duskin Corporate Report
https://www.duskin.co.jp/english/ir/library/report/pdf/corporate_report2022en.pdf

Principle 2.6. Asset owner of corporate pension funds

Duskin is the asset manager of the corporate pension plan assets of the Company and some subsidiaries in Japan. Responsibilities involving corporate pension funds include appointing personnel with suitable capabilities and continuously providing educational opportunities to these individuals to improve their skills. Furthermore, external advisers are consulted as a source of additional expertise and experience. The Asset Management Committee consists of the following members: Chair (Operating Officer of Accounting), executive director, managing director for investment, Operating Officer of Human Resources as well as representatives from the Duskin Worker's Union, Human Resources, Corporate Planning and Accounting departments. Committee members submit advice and proposals concerning policies for the management of pension fund assets and monitor the management of these assets. This committee also submits reports about asset management and other activities to the Board of Directors. Regarding stewardship activities, the managing director for investment ensures that relevant firms receive the Stewardship Code, and reports to the Asset Management Committee.

Principle 3.1. Enhancing disclosure

Duskin recognizes that timely and appropriate disclosure of information forms the basis of a sound financial instruments market and leads to an increase in corporate value over the medium- to long-term. Accordingly, Duskin strives to ensure fairness, soundness, and promptness in the disclosure of information. Information regarding the Company's business operations and performance whether occurring inside or outside the Company is promptly disclosed in accordance with relevant laws and regulations, timely disclosure rules, and in-house rules. Furthermore, regarding information that is not legally required to be disclosed, the Company's policy is to actively disclose such information after a comprehensive review.

(i) Company objectives: management philosophy, business strategies and business plans

Duskin has been guided by a sound management philosophy since its foundation. Rather than pursuing only profits, Duskin is committed to Sowing the Seeds of Joy among people and communities. By sharing happiness with people of the communities served and contributing to materialistically and spiritually fulfilling lives, Duskin aims to achieve steady growth in corporate value. To define the actions needed to accomplish this goal, Duskin has a long-term strategy along with medium-term management policies and posts this information on its website.

Notice Concerning Formulation of the Medium-Term Management Policy 2022
(https://www.duskin.co.jp/english/ir/news/2022/pdf/20220209_01.pdf)

Notice Concerning Financial Goals and Shareholder Return Policy under Medium-Term Management Policy 2022 (https://www.duskin.co.jp/english/ir/news/2022/pdf/20220513_02.pdf)

(Corrections) Notice Concerning Partial Correction of Financial Goals under Medium-Term Management Policy 2022 (https://www.duskin.co.jp/english/ir/news/2022/pdf/20220525_01.pdf)

(ii) Basic views and policy on corporate governance

As mentioned in I. 1. of this report.

(iii) Board policies and procedures in determining the remuneration of the Board Directors and executives

The policy and procedure regarding the determination of compensation for Board Directors and executives are explained in II. 1. Policy on Determining Remuneration Amounts and Calculation Methods.

(iv) Board policies and procedures in the appointment/dismissal of executives and the nomination of candidates for Board Directors and Audit and Supervisory Board Members

a) Appointment/dismissal of executives

Duskin has a Directors Evaluation and Nomination system in place for the Board of Directors to appoint/dismiss Operating Officers.

The President and CEO evaluates the achievement of targets in the divisions and departments of current Operating Officers, along with other relevant items. The President and CEO requests recommendations for next generation Operating Officer candidates from the Internal Directors, Internal Audit and Supervisory Board Members, and current Operating Officers. The individuals capable of consistently executing the medium- to long-term growth strategy of the Duskin Group and making a positive impact on the vitality of our organization are then shortlisted for review by the Directors Evaluation Committee that serves as an advisory body to the Board of Directors. After taking into account the feedback of the committee, the President and CEO proposes suitable candidates who are then selected after thorough discussion and deliberation by the Board of Directors.

With regard to dismissals, when an individual behaves in a manner that violates the management philosophy or Duskin Code of Conduct or is negligent in performing his or her job, or when an individual cannot continue performing his or her duties due to health issues, or when there is another reason, the Board of Directors discusses the matter and reaches a decision.

b) Candidates for Board Director

Director candidates must have the proper character, knowledge and ethics for this post and must have no health issues that would prevent them from performing their duties. Considering the balance and diversity of knowledge, experience and skills of the Board of Directors as a whole, the candidates must also be capable of consistently executing the medium- to long-term growth strategy of the Duskin Group and making a positive impact on the vitality of our organization.

Candidates for Internal Director positions are recommended by current Directors, Audit and Supervisory Board Members, and Operating Officers. Based on the recommendations, the Representative Director, President and CEO, selects the candidates for review by the Directors Evaluation Committee that serves as an advisory body to the Board of Directors. After taking into consideration the feedback of the committee, the Representative Director, President and CEO, proposes suitable candidates who are then selected after thorough discussion and deliberation by the Board of Directors.

Outside Director candidates must have no conflict of interest with respect to the Duskin Group and must be able to maintain their independence. They must also have the business career, corporate management experience and expertise to perform supervisory and advisory functions for the Board of Directors. In addition, they must be capable of providing beneficial advice from a variety of perspectives to ensure management transparency, soundness and fairness. Candidates for Outside Director positions are selected after thorough deliberation by the Board of Directors.

c) Candidate for Audit and Supervisory Board Members

Duskin selects candidates for Audit and Supervisory Board Members from among individuals who fulfill the basic conditions of having the character, knowledge and ethical views for serving in this position and who have no health issues that would interfere with performing the duties. Audit and Supervisory Board Members are

responsible for performing suitable audits (including legal compliance audits and accounting audits) of the performance of the Board Directors and establishing a high-quality corporate governance system. Candidates for internal Audit and Supervisory Board Members must be independent of executives who conduct business operations, must have the knowledge and ability to perform their duties with sincerity, require a thorough knowledge of Duskin's business operations, and must be able to reach decisions about corporate management from an objective and neutral standpoint. After considering the advice of Outside Directors and the Audit and Supervisory Board Members Council and receiving the agreement of the Audit and Supervisory Board, the Board of Directors makes the final selections of candidates. At least one Audit and Supervisory Board Member must have considerable knowledge of finance and accounting.

For Outside Audit and Supervisory Board Member candidates, Duskin selects individuals who can maintain independence and have no special financial relationship with the Duskin Group. Candidates must have extensive experience and knowledge involving law, accounting, internal controls, organizational realignments and other fields that Duskin requires for performing the oversight and advisory functions regarding the Board of Directors. After receiving the agreement of the Audit and Supervisory Board, the Board of Directors makes the final selection of candidates.

(v) About individual appointments and nominations

Duskin uses the timely disclosure system of securities exchanges as needed for the disclosure of reasons and other information about appointments and terminations of individual executives. Regarding candidates for Board Director, Audit and Supervisory Board Member, Outside Director and Outside Audit and Supervisory Board Member, the reasons for selection along with the candidates' backgrounds are provided in notices of general shareholders meetings.

Supplementary Principle 3.1.3. Disclosure of sustainability initiatives

Sustainability initiatives

Duskin is driven by a sustainability vision that proactively responds to the expectations of society. Our sustainability policies, relationship with stakeholders and initiatives for sustainable management are disclosed on our website.

Sustainability Management
https://www.duskin.co.jp/english/sus/management/

Investment in human capital and intellectual property

Duskin nurtures its people so that they not only develop knowledge and skills, but also compassionate hearts. At the same time, Duskin strives to provide a work environment that enables employees to realize their full potential while motivating each other. The approaches and initiatives undertaken to attain these goals in the areas of employment and treatment, personnel training, work-life balance, diversity and employee safety, and health promotion are disclosed on our website.

Duskin recognizes that the protection of its intellectual property rights is essential to its business activities and files applications to have the rights granted in line with business development. The Legal Affairs & Corporate Compliance department manages intellectual property effectively in cooperation with associated divisions and departments.

Personnel Training
https://www.duskin.co.jp/english/sus/human/

Disclosure based on TCFD recommendations

Duskin has endorsed the Task Force on Climate-related Financial Disclosures (TCFD) established by the Financial Stability Board (FSB). Along with analyzing the risks and opportunities posed by climate change, we are committed to properly disclosing climate change-related information and contributing to the creation of a sustainable society.

Governance, strategy, indicators and targets, and risk management to cope with climate change are disclosed on our website, in the Securities Report and the Duskin Corporate Report.

Action on Climate Change
https://www.duskin.co.jp/english/sus/environment/

2021 Duskin Corporate Report (p. 52-53)
https://www.duskin.co.jp/sys_file/arc/english/ir/library/report/pdf/corporate_report2021en.pdf

Supplementary Principle 4.1.1. Scope and content of the matters delegated to the management

Duskin divides items submitted to the Board of Directors into two categories in accordance with the importance of each item with respect to the effect on management. One category is items that must be decided in accordance with the Board of Directors Regulations and the other is items that are decided by using the decision-making procedure. The first category is items involving shareholders meetings, Duskin's stock and bonds, Directors and Officers, financial statements, and other matters involving the significant disposition of assets. The other category is all items that must be submitted in accordance with the Decision-making Rules. To enable the Board of Directors to concentrate solely on its duties, authority is delegated and the Decision-making Rules are revised as needed. Duskin established the Operating Officer System in FY2018 for the significant delegation of authority to these officers.

As prescribed by the Operating Officer Rules, the Operating Officers are delegated the authority for conducting business operations in the business units and corporate departments for which they are responsible. The Board of Directors requires that information about decisions made at monthly meetings of the Operating Officers Board be reported to Outside Directors as well as Outside Audit and Supervisory Board Members.

Principle 4.9. Independence standards and qualification for independent outside directors

Information about standards for determining the independence of independent Outside Directors and about the characteristics of these Directors is as mentioned in II. 1. Independent Directors/Audit and Supervisory Board Members, in this report.

Supplementary Principle 4.10.1. Involvement and advice of independent Outside Directors regarding nomination and compensation

Out of nine members composing Duskin's Board of Directors, three are independent Outside Directors. In terms of composition ratio, Outside Directors do not form a majority of the Board. Based on its Directors Evaluation and Nomination System, Duskin has established the Directors Evaluation Committee as an advisory body to the Board of Directors. All members of this committee are independent directors: two Outside Directors and one Outside Audit and Supervisory Board Member.

In adding effectiveness to the procedures of selecting candidates for Board Directors and Operating Officers and also deciding compensation, the Directors Evaluation Committee, on a necessary basis, gives advice to the Board of Directors as below:

a) Selecting candidates for Board Director, taking into account the balance and diversity of knowledge, experience and skills of the Board of Directors as a whole

b) Evaluating Board Directors based on the Directors Evaluation and Nomination System and determining their compensation

c) Drafting and implementing a succession plan

d) Selecting candidates for Operating Officer

Supplementary Principle 4.11.1. Disclosure of policies and procedures for appointing Board Directors and formulating a view on the appropriate balance between knowledge, experience and skills of the Board as a whole and on its diversity and appropriate size

To fulfill its full function, the Duskin Board of Directors not only considers diversity, but also the mid-term management direction and business strategies to identify the individuals who meet the skills required by the Board. The Board then selects the candidates based on the balance of these skills and consults with the General Meeting of Shareholders.

The skill matrix including the description of the specific skills of all Board Directors was provided in the Convocation Notice of the Ordinary General Meeting of Shareholders held in June 2022. All Outside Directors of Duskin are independent and have experience in corporate management.

Supplementary Principle 4.11.2. Major concurrent positions of Board Directors and Audit and Supervisory Board Members at other organizations

Information about concurrent positions of Outside Directors and Outside Audit and Supervisory Board Members and the attendance of these individuals at meetings is disclosed in notices of general shareholders meetings, this report and other channels. A full-time Board Director and a full-time Audit and Supervisory Board Member can be an officer of another company only if that company is affiliated with Duskin. This ensures that these individuals can focus their attention exclusively on their duties at Duskin.

Supplementary Principle 4.11.3. Analysis and evaluation of effectiveness of Board of Directors

To improve the effectiveness of the Board of Directors, Duskin performs an analysis and evaluation of effectiveness every year. For FY2021, all Board Directors and Audit and Supervisory Board Members were given questionnaires concerning the 13 meetings of the Board of Directors between April 2021 and December 2021, in order to perform a self-assessment. Information was collected and processed by an external firm. The Outside Directors and Audit and Supervisory Board Members Council was delegated by the Board of Directors to perform a multi-faceted analysis and evaluation of the results. The council submitted its advice to the Board of Directors on March 24, 2022. The Board of Directors used this advice to hold discussions about ways to further increase effectiveness. The results of this discussion were announced on April 28, 2022 in a press release titled “Notice of Summary of Results of Evaluation concerning the Board of Directors Effectiveness.”

Supplementary Principle 4.14.2. Disclosure of training policy for Board Directors and Audit and Supervisory Board Members

The Duskin Board of Directors actively provides opportunities for Directors and Audit and Supervisory Board Members to acquire necessary knowledge and supports their self-improvement.

a) Newly elected Internal Directors have an opportunity to attend external seminars.

b) Board Directors and Audit and Supervisory Board Members are able to attend seminars by experts on the Companies Act, compliance and insider trading. They are also able to attend seminars by external experts on major law revisions and market trends. These sessions are held regularly several times every year.

c) For performing duties and external networking, Board Directors and Audit and Supervisory Board Members are encouraged to attend external seminars, join external organizations and participate in cross-industry exchanges.

d) Outside Directors have the opportunity to deepen their understanding of Duskin’s main business and earnings structures through visits to the Company’s manufacturing facilities, business sites and development bases.

Principle 5.1. Policy for constructive dialogue with shareholders

The basic policy of Duskin is to engage in a variety of investor relations and shareholder relations activities for the purposes of earning trust in the company’s management, receiving a proper evaluation of the company, and achieving sustained business growth and medium- to long-term growth of corporate value. There is an Operating Officer who is responsible for investor relations and shareholder relations and the manager of Investor Relations of the Corporate Planning department is responsible for all communications involving these activities. Investor Relations performs many types of investor relations and shareholder relations activities.

Policy for constructive dialogue with shareholders
https://www.duskin.co.jp/english/ir/governance/corporate/

2. Capital Structure

Foreign Shareholding Ratio	More than 10% and below 20%

Status of Major Shareholders

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	6,542,500	13.07
Custody Bank of Japan, Ltd. (trust account)	2,139,500	4.27
NIPPN Corporation	1,800,000	3.59
Duskin Employee Stock Ownership Plan	1,574,975	3.14
Hirokata Ogasawara	1,415,470	2.82
Duskin Franchisee Stock Ownership Plan	1,142,600	2.28
Sumitomo Mitsui Banking Corporation	840,000	1.67
MOS Food Services, Inc.	760,000	1.51
Sumitomo Realty & Development Co., Ltd.	749,600	1.49
Daiwa House Industry Co., Ltd.	700,000	1.39

Controlling Shareholder (except for Parent Company)	—
Parent Company	N/A

Supplementary Explanation

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000
Sales (consolidated) as of the End of the Previous Fiscal Year	More than 100 billion yen below 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	More than 10 below 50

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

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

N/A

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

1. Organizational Composition and Operation

Organization Form	Company with Company Auditor(s)

Board Directors

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Company Chairperson
Number of Directors	9
Appointment of Outside Directors	Appointed
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Nobuko Sekiguchi	From another company											
Yukiko Tsujimoto	From another company											
Fumi Musashi	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 listed 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/Audit and Supervisory Board Member
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 said person only)
i. Executive of a company, between which and the Company outside directors/Audit and Supervisory Board Members are mutually appointed (the said person only)
j. Executive of a company or organization that receives a donation from the Company (the said person only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Nobuko Sekiguchi	○	Ms. Sekiguchi became a Duskin Outside Director in June 2019 after a career at Capcom Co., Ltd. She is not a "major business partner of Duskin or former employee thereof", a "former member of a company having a mutual outside director appointment agreement with Duskin" or a "current/former member of an organization receiving donations from Duskin".	After working as a management consultant, Ms. Sekiguchi joined Capcom Co., Ltd. where, as a Managing Corporate Officer, she was engaged in leadership roles involving corporate planning and personnel system reforms. Included in her corporate planning responsibilities were the formulation of its Med-Term Plan, the annual budget management, organizational restructuring, and M&A transactions. Since June 2019, Ms. Sekiguchi has served as one of Duskin's Outside Directors. Based on her experience and expertise, she has been contributing to strengthening corporate governance and providing appropriate supervision and advice from a standpoint independent from management. For this reason, she is now serving her second term as one of Duskin's Outside Directors. Ms. Sekiguchi is also an Outside Director and Audit and Supervisory Committee Member at H2O Retailing Corporation as well as at Kobe Steel, Ltd. Since both positions involve no material or pecuniary relationship with Duskin, Ms. Sekiguchi possesses high independence from management and there is no risk of conflicts of interest with ordinary shareholders. Therefore, she is designated as an independent Director.
Yukiko Tsujimoto	○	Ms. Tsujimoto became a Duskin Outside Director in June 2020 after a career at Procter & Gamble Japan K.K. and P & G Japan K.K. She is not a "major business partner of Duskin or former employee thereof", a "former member of a company having a mutual outside director appointment agreement with Duskin" or a "current/former member of an organization receiving donations from Duskin".	Ms. Tsujimoto has a wealth of experience in and knowledge of corporate management as a Director of Procter & Gamble Japan K.K. During her career there, she was responsible for brand marketing and communications and also took a leadership role in brand publicity in Asian markets. Since June 2020, Ms. Tsujimoto has served as one of Duskin's Outside Directors. Based on her experience and expertise, she has been contributing to strengthening corporate

			governance and providing appropriate supervision and advice from a standpoint independent from management. For this reason, she is now serving her second term as one of Duskin's Outside Directors. She is also a Representative Director of Shapes Co., Ltd. and an Outside Director at Sakata INX Corporation. Since both positions involve no material or pecuniary relationship with Duskin, Ms. Tsujimoto possesses high independence from management and there is no risk of conflicts of interest with ordinary shareholders. Therefore, she is designated as an independent Director.
Fumi Musashi	○	Ms. Musashi has held several key positions at Chori Co., Ltd. and Chori (China) Co, Ltd., a subsidiary in China. She is not a "major business partner of Duskin or former employee thereof", a "former member of a company having a mutual outside director appointment agreement with Duskin" or a "current/former member of an organization receiving donations from Duskin".	Ms. Musashi has been involved in business operations in China since joining Chori Co., Ltd., including breaking new ground for the company as its first female expatriate. Ms. Musashi brings with her also management experience accumulated since 2018 during her appointment as Chairman and President of Chori (China) Co., Ltd., a subsidiary in China. She has been selected as a new Outside Director because her background and knowledge allow her to strengthen Duskin's corporate governance by providing advice and supervision regarding the Company's management from an objective standpoint, independent from Duskin's executive team. Ms. Musashi will be resigning from Chori Co, Ltd. by June 2022, so she has no material or pecuniary relationship with Duskin. She possesses high independence from management and there is no risk of conflicts of interest with ordinary shareholders. Therefore, she has been newly designated as an independent Director.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee's Name, Composition, and Attributes of Chairperson

	Committee's Name	Number of Total Members	Number of Full-time Members	Number of Internal Directors	Number of Outside Directors	Number of Outside Experts	Number of Others	Committee Chairperson
Any Committees Corresponding to the Nominating Committee	Directors Evaluation Committee	3	0	0	2	0	1	Outside Director
Any Committees Corresponding to the Compensation Committee	Directors Evaluation Committee	3	0	0	2	0	1	Outside Director

Supplementary Explanation

Duskin has a Directors Evaluation Committee consisting of two Outside Directors and one Outside Audit and Supervisory Board Member. Upon request from the Board of Directors, this committee provides advice regarding appointments of Directors and Operating Officers and also regarding remuneration.

Audit and Supervisory Board Members

Establishment of Audit and Supervisory Board	Established
Maximum Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	N/A
Number of Audit and Supervisory Board Members	5

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

Audit and Supervisory Board Members, the Accounting Auditor and the Auditing department work closely together. Matters requiring thorough examination or immediate action and other important matters are identified and proper audits are performed. To perform business audits, Duskin has an Auditing department that is supervised directly by the Representative Director. The department performs internal audits of Duskin and its subsidiaries based on an auditing plan. The full-time Audit and Supervisory Board Members and members of the Auditing department hold regular meetings every month to report on auditing activities.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	3
Number of Independent Audit and Supervisory Board Members	3

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

Name	Attribute	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k
Sachiko Kawanishi	CPA											
Kyoichiro Arakawa	CPA											
Hidekazu Saruki	Attorney											

* Categories for "Relationship with the Company"

○ when the director presently falls or has recently fallen under the category
△ when the director fell under the category in the past
● when a close relative of the director presently falls or has recently fallen under the category
▲ when a close relative of the director fell under the category in the past

a. Executive of the 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 listed 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/Audit and Supervisory Board Member
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 said person only)
i. Executive of a company, between which and the Company outside directors/Audit and Supervisory Board Members are mutually appointed (the said person only)
j. Executive of a company or organization that receives a donation from the Company (the said person only)
k. Others

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

Name	Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Sachiko Kawanishi	○	Ms. Kawanishi joined Japan Honeywell Information Systems, Inc. in 1981, Tohmatsu Aoki & Sanwa in 1988, and became a certified public accountant in 1992. In 2000, she became Senior Managing Director of Internet Disclosure Co., Ltd., and in June 2016 became an Outside Audit and Supervisory Board Member of Duskin and designated an independent director. She is not a "major business partner of Duskin or former employee thereof", a "former member of a company having a mutual outside director appointment agreement with Duskin" or a	Ms. Kawanishi has extensive experience and insight as a certified public accountant and a corporate executive, together with her expertise in strategies for investor and shareholder relations. Since becoming an Audit and Supervisory Board Member, she has actively provided expert comments that are significant and beneficial for the Company. Owing to her strong background, Ms. Kawanishi is expected to continue to exercise her responsibilities as an Audit and Supervisory Board Member who is able to properly monitor the validity and legality of Directors' decision-making processes and execution of their duties, and provide appropriate

		"current/former member of an organization receiving donations from Duskin".	recommendations and advice in order for Duskin to build a better corporate governance system. She is Senior Managing Director, Internet Disclosure Co., Ltd. Since this position involves no material or pecuniary relationship with Duskin, Ms. Kawanishi possesses high independence from management and there is no risk of conflicts of interest with ordinary shareholders. Therefore, she is designated as an independent Director.
Kyoichiro Arakawa	○	Mr. Arakawa joined the Showa Ota & Co. in 1992 and became a certified public accountant in 1997. He joined KPMG Century Audit Corporation in July 1997 and became an Outside Audit and Supervisory Board Member of Duskin in June 2016. At the same time, he was designated an independent director. He is not a "major business partner of Duskin or former employee thereof", a "former member of a company having a mutual outside director appointment agreement with Duskin" or a "current/former member of an organization receiving donations from Duskin".	Mr. Arakawa has abundant experience and knowledge as a certified public accountant and a corporate executive. He is also an expert in corporate restructuring, including M&A projects. Since becoming an Audit and Supervisory Board Member, he has been proactive in providing comments from an expert's perspective that are significant and beneficial for the Company. Based on his expertise and knowledge, Mr. Arakawa is expected to continue to exercise his responsibilities as an Audit and Supervisory Board Member who is able to appropriately monitor the validity and legality of Directors' decision-making processes and execution of their duties, and provide sound recommendations and advice in order for Duskin to build a better corporate governance system. Mr. Arakawa is President & CEO, Best Partners Co., Ltd., and Representative, BP Asia Consulting Co., Ltd. Since both positions involve no material or pecuniary relationship with Duskin, Mr. Arakawa possesses high independence from management and there is no risk of conflicts of interest with ordinary shareholders. Therefore, he is designated as an independent Director.
Hidekazu Saruki	○	Mr. Saruki passed the National Bar Examination in 1999. He registered as an attorney at Osaka Bar Association and joined	Owing to his extensive experience and expertise as an attorney, Mr. Saruki is expected to exercise his responsibilities as newly appointed Outside Audit and Supervisory

		Miyake Godo Law Office (now Miyake & Partners) in 2001. He is not a “major business partner of Duskin or former employee thereof”, a “former member of a company having a mutual outside director appointment agreement with Duskin” or a “current/former member of an organization receiving donations from Duskin”.	Board Member who is able to properly monitor the validity and legality of the Board of Directors’ decision-making processes and the execution of their duties and provide appropriate recommendations and advice in order for Duskin to build a better corporate governance system. He also serves as an Outside Audit and Supervisory Board Member for Nishimura Securities Co., Ltd. and Director of the Infection Control Sterilization Association (ICSA). Since both positions involve no material or pecuniary relationship with Duskin, Mr. Saruki possesses high independence from management and there is no risk of conflicts of interest with ordinary shareholders. Therefore, he has been newly designated as an independent Director.

Independent Directors/Audit and Supervisory Board Members

Number of Independent Directors/ Audit and Supervisory Board Members	6

Matters Relating to Independent Directors/Audit and Supervisory Board Members

For Outside Director candidates, Duskin selects individuals who can maintain independence and have no particular material or pecuniary relationship with the Duskin Corporate Group. These individuals must also have a business career and professional knowledge needed for enabling the Board of Directors to perform its supervisory and advisory functions. These individuals must also be able to provide useful advice from many perspectives in order to maintain the transparency and soundness of management and the fairness of procedures. The Board of Directors makes final selections.

For Outside Audit and Supervisory Board Member candidates, Duskin selects individuals who can maintain independence and have no particular material or pecuniary relationship with the Duskin Group. Candidates must have extensive experience and knowledge involving law, accounting, internal controls, organizational realignments and other fields that Duskin requires for performing the oversight and advisory functions regarding the Board of Directors. After receiving the agreement of the Audit and Supervisory Board, the Board of Directors makes the final selections of candidates.

Duskin has established Standards for Independence of Outside Directors and Outside Audit and Supervisory Board Members that are consistent with the independence criteria of the Tokyo Stock Exchange. These standards are posted on the Duskin website.

Standards for Independence of Outside Directors and Outside Audit and Supervisory Board Members https://www.duskin.co.jp/csr/governance/corporate/ (Japanese version only)

Duskin designates three Outside Directors and three Outside Audit and Supervisory Board Members as independent directors.

Incentives

Incentive Policies for Directors	Introduced performance-based compensation and others

Supplementary Explanation

■ Introduction of performance-based compensation

The bonuses of Duskin's Directors other than Outside Directors (the "Eligible Directors") are performance-based compensation. These cash incentives reflecting performance indicators are meant to motivate Eligible Directors to enhance business results on a single-year basis. The upper limit of the funds for the bonuses of all Directors is determined based on the profit attributable to owners of parent recorded for each fiscal year, with the amount calculated in accordance with the degree of contribution as determined by the Directors Evaluation and Nomination System and paid annually during a specific time period.

Target performance indicators and their values are to be reviewed as necessary in response to changes in the business environment and in light of the reports of the Directors Evaluation Committee.

■ Other matters: restricted stock compensation

With the aim of further boosting motivation to achieve sustainable growth and increase corporate value over the medium to long term by sharing with shareholders risks and benefits of the fluctuations in stock prices, compensation for restricted stock grants is provided to Eligible Directors within 50 million yen per annum.

The timing and allocation of payments are to be determined by the Board of Directors, as appropriate.

Recipients of Stock Options	

Supplementary Explanation

Director Remuneration

Disclosure of Individual Directors' Remuneration	N/A

Supplementary Explanation

In the fiscal year that ended in March 2022, Directors received the following remuneration.

Total remuneration of Directors
Directors 301 million yen (includes 23 million yen for Outside Directors)

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

Duskin has resolved, at a meeting of the Board of Directors held on February 18, 2021, its policy on determining compensation of individual Directors. The policy was partially revised by the Board of Directors on June 24 of the same year. Details of this basic policy are as follows.

Policy on determining compensation of individual Board Directors

Duskin positions Directors' remuneration as an important matter for its corporate governance. It is the Company's basic policy to evaluate their contributions, abilities and qualities as well as to reflect it in compensation as adequate incentive for bolstering Directors' motivation to achieve sustainable growth and increase corporate value over the medium to long term. To ensure the policy's effectiveness, the Company has set up the Directors Evaluation and Nomination System. To also ensure that the process of determining the compensation of individual Directors is objective and transparent, Duskin has established the Directors Evaluation Committee as an advisory

body to the Board of Directors.

Total compensation for all Directors is determined within the amount resolved at the General Meeting of Shareholders. Remuneration for each Director (excluding Outside Directors) consists of basic compensation (fixed compensation), bonus (performance-based compensation) and restricted stock compensation (medium- to long-term incentive). The determination of compensation amount by the Board of Directors includes the use of officer remuneration survey data provided by an external research organization as well as comparisons of Duskin's current remuneration system and level of compensation with those companies of a similar size and companies in similar business sectors and with similar operations. The Board of Directors makes the final decisions taking into consideration the advice of the Directors Evaluation Committee and based on thorough discussions.

For Outside Directors, a fixed amount is established for both base salary and bonuses after taking into account their backgrounds and other factors.

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

The Secretariat for the Board of Directors provides support to Outside Directors and Outside Audit and Supervisory Board Members.

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

(1) Corporate governance structure

Duskin has introduced a corporate governance system that consists of the Board of Directors and Audit and Supervisory Board.

1) Board of Directors

The Board of Directors meets regularly to make decisions about important matters involving the Duskin Corporate Group's management and to supervise how business operations are conducted.

Directors are selected by taking into account the diversity of the board as a whole in terms of abilities, experience, gender and other characteristics. This is for the purpose of enabling the Board to make accurate management decisions in a wide range of business fields while maintaining the soundness, efficiency and effectiveness of the management. The number of Directors is limited to 12.

We select internal Directors from individuals who meet the requirements of becoming Directors, in light of our management philosophy, Duskin's guiding principles and medium- to long-term growth strategies. Several Outside Directors are appointed from among business executives and experts who are independent and free of any real vested interest in Duskin, after taking into account the diversity of their views, knowledge and management experience.

To enable the Board of Directors to focus on making important management decisions and monitoring business operations in order to swiftly and precisely respond to changes in our business environment, the Board of Directors consists of six internal Directors with extensive knowledge about the Group's businesses and three independent Outside Directors.

2) Audit and Supervisory Board

The Audit and Supervisory Board has two full-time members who have knowledge concerning finance, accounting, legal matters and compliance, and three outside members, all of whom are independent Directors, who are certified public accountants or attorney. The members of this board attend meetings of the Board of Directors and other key meetings and review important documents to supervise management. The Audit and Supervisory Board holds a regularly scheduled meeting every month to discuss necessary matters and share information.

3) Business Strategy Meeting

The Business Strategy Meeting is held regularly twice a year with all Directors participating and, as necessary, with Operating Officers and division managers also attending, to discuss companywide business strategies, business portfolios and the allocation of Duskin Group resources from a medium- to long-term perspective. The results of the discussions are shared appropriately. Duskin is mobilizing all its capabilities to implement the Medium-Term Management Policy, with the ultimate goal of fulfilling its long-term vision.

4) Advisory Committees (Meetings)

a) Sustainability Committee

Duskin has a Sustainability Committee serving as an advisory body to the Board of Directors. Its purpose is to foster sustainable management across the entire Duskin Group by identifying priority issues and the scope of action to contribute to building a sustainable society. In FY2021, committee members met twice to discuss the medium-term basic policy and annual action plans regarding environmental, social and governance (ESG) concerns and the SDGs as well as to deliberate on how to address unresolved issues, among other subjects.

b) Risk Management Committee

Duskin has a Risk Management Committee serving as an advisory body to the Board of Directors. Its purpose is to take countermeasures against all risk factors at the Duskin Corporate Group as well as to avoid or minimize damages in the event that risks occur. In FY2021, committee members met twice to discuss and report on Duskin's risk management annual plans, the causes of the risks that have occurred and the measures to be taken to counter them as well as on Duskin's response to the outbreak of the coronavirus.

c) Compliance Committee

Duskin has a Compliance Committee serving as an advisory body to the Board of Directors. Its purpose is to implement and instill as well as to ensure adherence to the compliance system for the Duskin Corporate Group. In FY2021, committee members met four times to discuss and report on the compliance structure, annual plans and training schemes, in addition to the operational status of the hotline/whistleblowing system.

d) Outside Directors and Audit and Supervisory Board Members Council

Duskin has an Outside Directors and Audit and Supervisory Board Members Council serving as an advisory body to the Board of Directors. Its purpose is to provide beneficial views for ensuring effective corporate governance and to enable Outside Directors and Outside Audit and Supervisory Board Members to gather information appropriately, without affecting their independence, so that they can monitor and supervise Duskin's management from a transparent, fair and objective viewpoint. In FY2021, council members met 15 times and made recommendations for increasing corporate value over the medium to long term.

e) Directors Evaluation Committee

Duskin has a Directors Evaluation Committee serving as an advisory body to the Board of Directors. This committee provides necessary advice in response to consultations from the Board of Directors in selecting candidates for Director and Operating Officer positions and in determining their compensation. It consists of only independent Directors — two Outside Directors and one Outside Audit and Supervisory Board Member — which allows the committee to function more effectively and with enhanced objectivity and transparency.

5) Role and function of Outside Directors

Duskin appoints Outside Directors as a means of strengthening corporate governance for the purpose of ensuring the transparency and soundness of management and the ability to reach decisions quickly. Continuous measures are being taken to maintain and upgrade the supervisory and advisory functions for the management.

Individuals who have the business career and expertise to fulfill the required role as well as who can represent the interests of various stakeholders from an objective standpoint are appointed as Outside Directors. In addition, as members of the Directors Evaluation Committee, Outside Directors play an active role in the nomination and compensation of executives and Directors.

6) Internal auditing

The Auditing department, which is supervised directly by the President and CEO, is responsible for performing business audits. Members of this department perform internal audits in accordance with an audit plan.

7) Accounting Auditor

In accordance with laws and regulations, accounting audits are performed by Ernst & Young ShinNihon LLC. This firm employs a system that prohibits the same engagement partners from conducting accounting audits of Duskin for more than a certain number of years as prescribed by laws and regulations.

8) Disclosure

Duskin is committed to fair and timely disclosure of information to fulfill its responsibility to provide explanations to all stakeholders and increase the transparency of management. Furthermore, Duskin believes that incorporating the opinions of shareholders and others in management is vital to achieving the consistent growth of the value of business operations. Opinions and requests received in conjunction with extensive investor relations activities are provided to executives and properly reflected in management activities.

9) Limited liability agreement

Under the provisions of Article 427, Paragraph 1 of the Companies Act, Duskin has contracts with Outside Directors and Outside Audit and Supervisory Board Members that limit their liability as provided in Article 423, Paragraph 1 of this Act. The maximum liability under the contracts is the amount as provided in laws and ordinances.

(2) Business Execution

Duskin has introduced the Operating Officer System primarily to streamline the Board of Directors' decision-making process, strengthen its supervision of company business and develop its next generation managers. Under this system, Duskin aims to achieve its objectives as it expedites business operation through delegation of authority to Operating Officers.

1) Operating Officers' Board

For the President and CEO to conduct business operations based on the basic management policy established at the Board of Directors meetings, Duskin has an Operating Officers' Board, a deliberative body to examine important business matters. The Operating Officers' Board meets once or more every month. During the meetings, information is shared with other Operating Officers.

2) Budget Meeting

The Budget Meeting is held once each month to monitor budget progress for each business division and identify the discrepancies between forecasts and actual results as well as to discuss measures to be taken.

3) Investment Assessment Committee

Duskin has an Investment Assessment Committee, chaired by the CFO, to raise the quality of discussions regarding investments in new business development as well as plants and equipment and to monitor the effectiveness of these investments. The committee meets to deliberate as needed.

4) Legal affairs

Duskin has an advisory contract with Yodoyabashi & Yamagami Legal Professional Corporation concerning legal matters and receives legal advice as needed.

(3) Auditing and supervision

1) Management oversight using the Audit and Supervisory Board system

Audit and Supervisory Board Members attend many types of meetings, oversee the decision-making process and perform other activities to gather information about the business environment and other aspects of Duskin's activities. These individuals also upgrade their knowledge involving a variety of subjects in order to state opinions at meetings of the Board of Directors from a broad range of viewpoints. The Audit and Supervisory Board holds four regularly scheduled meetings every year with the Representative Director to discuss management policies, issues requiring action, risk factors and other subjects. These meetings are also used to exchange opinions concerning issues involving audits and other subjects, to share information, and to state other opinions from an objective standpoint.

2) Activities to strengthen the functions of Audit and Supervisory Board Members

Full-time Audit and Supervisory Board Members are individuals who have a thorough knowledge of the Duskin Group's business activities, expertise concerning finance, accounting and corporate administration, and knowledge involving legal affairs and compliance. The Outside Audit and Supervisory Board Members are certified public accountants or attorneys who can perform a checking function by using professional skills involving law, finance and accounting.

Three of the five Audit and Supervisory Board Members are outside members. Under the provisions of Article 427, Paragraph 1 of the Companies Act, Duskin has contracts with Outside Directors that limit their liability as provided in Article 423, Paragraph 1 of this act. The maximum liability under the contracts is the amount as provided in laws and ordinances.

Audit and Supervisory Board Members can submit orders to members of the Auditing department and to other employees for assistance regarding the duties of these members. Furthermore, if necessary, Audit and Supervisory Board Members can direct employees to perform activities independently from Board Directors and Operating Officers.

3) Auditing department

The Auditing department, which is supervised directly by the President and CEO, is responsible for performing audits of business operations. Members of this department perform internal audits in accordance with an auditing plan. This department performs objective audits of all business units from an independent position. Reports are submitted periodically to the President and CEO and instructions to improve business operations are submitted to business units that have been audited.

4) Accounting Auditor

In accordance with laws and regulations, accounting audits are performed by Ernst & Young ShinNihon LLC. This firm employs a system that prohibits the same engagement partners from conducting accounting audits of Duskin for more than a certain number of years as prescribed by laws and regulations.

5) Mutual cooperation

The Audit and Supervisory Board Members, Accounting Auditor, Auditing department, Legal Affairs & Compliance department, Accounting department, and Quality Assurance & Risk Management department all work together in close cooperation. Matters requiring further study as well as items requiring immediate action are identified and audits are conducted as needed.

The President & CEO holds regularly scheduled meetings with the Audit and Supervisory Board in order to share opinions concerning issues requiring attention and significant matters involving audits.

(4) Corporate governance at affiliated companies

In accordance with the Regulations for the Management of Affiliated Companies and Decision-making Rules, Duskin departments associated with the operations of affiliated companies submit guidance and advice to these companies, while respecting the autonomy of these companies. These departments also supervise the activities of these companies.

1) Board of Directors meetings
The Directors of affiliated companies hold meetings periodically in accordance with the Board of Directors Regulations of each company to discuss and reach decisions about matters that have a significant impact on management.

2) All affiliated companies have Decision-making Rules that are consistent with Duskin's Decision-making Rules and comply with these rules.

3) The Audit and Supervisory Board Members of all Duskin affiliated companies and the Auditing department of the Company perform audits of business operations to verify that operations comply with rules, manuals and other guidelines and to provide guidance. The Audit and Supervisory Board Members of Duskin may directly seek corrective measures and improvement as needed.

3. Reasons for Adoption of Current Corporate Governance System

Duskin has adopted the audit and supervisory board system for its corporate governance. Board Directors, who are concurrently responsible for business execution, monitor and supervise other Board Directors' performance. The Audit and Supervisory Board consists of independent Outside Audit and Supervisory Board Members capable of objectively conducting audits and internal full-time Audit and Supervisory Board Members, who are well acquainted with the Company's business operations and have the skills needed to gather information. Under this system, the Audit and Supervisory Board Members, internal and outside, perform accurate audits. Duskin considers this structure highly effective as it supports customer-oriented management while ensuring sound and efficient business operations. This system also allows the Company to have a swift and precise response to changes in the business environment.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Duskin dispatches notices of convocation for ordinary general meetings of shareholders well in advance (in principle, two or more weeks before the date of each Meeting) and discloses about the dispatch to Stock Exchanges and shareholders on Duskin's own website in advance (in principle, three or more weeks before the date of each Meeting) in order to ensure that its shareholders have the time to consider the proposals for the ordinary general meetings of shareholders. Duskin is working to improve the environment for shareholder participation by measures such as the introduction of an electronic voting platform to allow shareholders to vote electronically (by means of PC, tablet terminal, or smart phone).
Scheduling Shareholder Meetings to Avoid Peak Days	Duskin recognizes the general meetings of shareholders as being a forum for constructive dialogue with its shareholders, and the meetings are scheduled to avoid dates when the shareholder meetings of many other companies are concentrated.
Allowing Electronic Exercise of Voting Rights	In order to create an environment in which its shareholders can exercise their voting rights electronically, the system of Duskin's shareholder registry manager, Sumitomo Mitsui Trust Bank, Ltd., was first adopted for the General Meeting of Shareholders held in June 2007 and has been used since that date.

Participation in Electronic Voting Platform	By participating in this electronic voting platform for voting rights, Duskin is working to promote management of the general meetings of shareholders in a manner that is appropriate to meet the requirements of today's advanced information society and, moreover, to improve the environment for institutional investors by enabling the use of the Internet (accessed by PCs, tablets, smartphones, etc.), to view notices of convocation, and to exercise their voting rights online.
Providing Convocation Notice in English	A portion of the convocation notice is translated into English and disclosed on the Stock Exchanges, on Duskin's own website, and on its platform for the electronic exercise of voting rights.
Other	Since the general meeting of shareholders held in June 2007, Duskin has also posted notices of convocation and notifications of resolutions on its website.

2. IR Activities

	Supplementary Explanations	Note
Preparation and Publication of Disclosure Policy	The Duskin Code of Conduct has been established, with the aim of being a trustworthy and reliable company. It provides guidelines for Duskin's employees about acting in a responsible manner towards society, illustrates the image that Duskin and its employees aim for, and functions as a pledge that they have declared and that they are committed to. Duskin has established a disclosure policy based on these basic concepts and has disclosed it on its website. Disclosure Policy https://www.duskin.co.jp/ir/policy/disclosure/ (Japanese version only)	
Regular Investor Briefings for Analysts and Institutional Investors	As a general rule, Duskin holds regular briefings for analysts and institutional investors once every half year. At these presentation meetings, the President & CEO explains in an easy-to-understand manner, using charts and tables, items such as the following: financial results, and an overview and progress of the Medium-Term Management Policy.	*
Posting of IR Materials on Website	In addition to posting materials used at IR briefings, Duskin also uses its website for the disclosure of financial statements, operating highlights and strategies as well as non-financial information including elements on Environment, Society and Governance (ESG), which may be useful to investors.	
Establishment of Department and/or Manager in Charge of IR	Duskin is actively engaged in IR activities, designating the Operating Officer in charge of the Investor Relations section in the Corporate Planning department as the person in charge of IR, the aforementioned IR section as the office in charge of all IR matters, and the Chief of the mentioned IR section as the liaison for IR matters. The Investor Relations section works closely with related departments for the disclosure of corporate information necessary for investment decisions by shareholders and investors. Duskin is also committed to creating an environment that facilitates dialogues with shareholders and investors, thereby earning a reputation for trust in capital markets.	
Other	Taking due consideration of the speed and fairness of its transmission of information, Duskin actively discloses, by making use of its website, information concerning business environment, safety and reliability, compliance, news updates and other relevant topics.	

* Includes explanation by the CEO

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	With the aim of being a trusted and reliable company, Duskin has formulated the Duskin Code of Conduct to provide guidelines for Duskin's employees about acting in a responsible manner toward society. In the Code of Conduct, which consists of six chapters (amounting to 40 clauses), Duskin submits a model for all officers and employees to follow. Each chapter deals with matters involving a particular type of stakeholder. Duskin declares the entire group's commitment to the model presented in the Code of Conduct. The Code of Conduct is disclosed on the Company's website. Duskin Code of Conduct https://www.duskin.co.jp/english/ir/governance/compliance/pdf/Code_of_Conduct.pdf (English provisional translation)
Implementation of Environmental Conservation, CSR and Other Activities	The Duskin Group is committed to creating shared value (CSV). To resolve various social issues such as the aging society and global warming, the Group develops products and services that meet the needs of the future society, and in doing so, the Group aims to enrich people's lives and realize a society full of smiling people. To work toward its goal, the Group has identified material issues in CSV areas and has also established KPIs. Besides striving to create social value, the Group is also committed to the Sustainable Development Goals (SDGs). As such, the Group has established a Sustainability Committee to handle EGS matters, and the entire Group is engaged in environmental conservation and social contribution. The Group's efforts are described in the Duskin Corporate Report issued once a year, and more details are disclosed on the Company's website. Duskin Sustainability website https://www.duskin.co.jp/english/sus/
Development of Policies on Information Provision to Stakeholders	Duskin strives to proactively deliver timely and impartial disclosure of information in order to enhance management transparency, promote the understanding of shareholders, investors and all other stakeholders, and receive a fair evaluation from them as a result.

IV. Matters Related to the Internal Control System

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

System for Ensuring Proper Business

The details given below is about the system for ensuring that the Board Directors' performance of their duties conforms to applicable laws and regulations and to the Company's Articles of Incorporation. The details are also about the system for securing appropriateness in operations of the Company and the Duskin Corporate Group.

(1) Basic policy on business operations

The Duskin Corporate Group places the pursuit of Unifying Business and Morals at the center of its business management. The Group has formulated the following Code of Conduct Statement to serve as a compass for the realization of its management philosophy and the Duskin Code of Conduct to define concrete standards of conduct for business operations.

Code of Conduct Statement
Aiming to be a trustworthy and reliable company
- We always think of customers in everything we do.
- We observe the law in all that we do.
- We are ethical in all our actions.
- We take our pride in everything we do.

(2) System to ensure that the execution of duties by Board Directors and employees of the Duskin Corporate Group complies with laws and regulations and the Articles of Incorporation

1) The Company strives to thoroughly disseminate and enforce the Code of Conduct among Board Directors, Operating Officers and employees of the Corporate Group, and conducts compliance training to the above-mentioned every year. Departments and subsidiaries perform their operations in compliance with laws and regulations, as well as in accordance with independently established safety and security standards.

2) The Duskin Corporate Group has a resolute stance against anti-social forces and groups that threaten the order and safety of civil society, steadfastly deals with unfair pressure and rejects financial demands from these groups and organizations. The Group has a system that prevents any business relationships or other connections of any kind with these groups and organizations.

3) Duskin has established the Compliance Committee. It is an advisory body to the Board of Directors, in which external lawyers also participate, in accordance with the Compliance Committee Rules, to formulate systems, regulations, annual plans, and training schemes of the entire Group. In addition to conducting deliberation on such matters, the Committee will discuss the operation of the hotline/whistleblowing system.

(3) System for storing and managing information related to the execution of the duties of the Board Directors of the Duskin Corporate Group

The Duskin Corporate Group, in accordance with the Board of Directors Regulations of each company, holds meetings of the Board of Directors in accordance with laws and regulations and with the Articles of Incorporation, and the minutes of these meetings are prepared and retained. Other documents (including electromagnetic records) containing information involving the performance of the Board Directors and Operating Officers are prepared, handled, stored and disposed of in accordance with the Document Management Rules. With regard to these documents and electromagnetic records, Information System Security Regulations have been established to ensure the appropriate handling, storage and safekeeping of information.

(4) Regulations and other systems concerning management of the risk of loss at the Duskin Corporate Group

1) Duskin has Basic Rules for Risk Management that define risk management of the entire Group. Duskin also has a secretariat, risk management departments and managers of these departments based on these rules. The secretariat oversees all management and administration activities involving risk management and comprehensively manages risk for the entire Group. There is a separate risk management department for each business group in order to conduct risk management activities within each group. In addition, the Risk Management Committee meets regularly to discuss and report on the risk management system, annual plans, and other important issues concerning risk management of the entire Duskin Corporate Group.

2) To promote risk management activities in accordance with the size, business activities and other characteristics of each subsidiary, Duskin subsidiaries have risk management supervisors. If risks emerge at a subsidiary, the subsidiary takes action with the support of the risk management department.

3) Based on the Quality Control Regulations, Duskin provides products and services that are safe, secure and environmentally friendly. The Quality Assurance & Environment Committee, which discusses quality assurance policies and objectives at its regular meetings, conducts necessary checking concerning every step from planning and development of products and services to market introduction based on the applicable policies, to ensure their safety.

4) Duskin has formulated a business continuity plan (BCP) to ensure the continuity of the Group's business in the event of contingencies or crises.

5) Duskin has a hotline/whistleblowing system based on the Hotline Regulations that extends the scope to part-time employees and temporary employees of the Group and has appointed the Corporate Compliance office to handle internal reporting and a law firm to handle external reporting.

(5) System to ensure that the execution of duties of the Board Directors of the Duskin Corporate Group is performed efficiently

1) The Duskin Corporate Group holds regular meetings of the Board of Directors to decide on important matters and to supervise the status of business execution. Supervision is based on reports from each Board Director on the status of achievement of business goals, efforts made to solve issues and so forth.

2) Duskin formulates a Medium-Term Management Plan based on prospective future business environments, decides on budgets for the forthcoming fiscal year of each division and subsidiary, and formulates and implements specific measures to achieve the goals.

3) In order to manage the progress of important business plans and to conduct the management of budget results, Duskin holds regular Budget Meetings to keep track of the progress being achieved in the management results of each department and subsidiary and makes the appropriate adjustments required.

4) Duskin has introduced the Operating Officer system. By transferring authority from the Board of Directors, this system aims to enhance the speed of decision-making and business execution and at the same time to further strengthen the decision-making and supervisory functions of the Board of Directors.

(6) System to ensure the appropriateness of operations within the Group

1) Duskin, while respecting the autonomy of its subsidiaries, provides guidance and support so that they can execute their business purposes and aims and to promote mutual benefit. Moreover, in order to ensure the integrity of group management, Duskin has a supervisory department to provide guidance regarding the handling and reporting of important projects and their smooth operation, and ensure consistency with the Company's requirements, including the Regulations for the Management of Affiliated Companies, and with the Decision-making Rules and the Information System Security Regulations of each subsidiary company, and also provides guidance about the development of various other regulations in this connection.

2) The Auditing department regularly conducts internal audits of subsidiaries.

3) Duskin holds liaison meetings with subsidiaries. Attendees of these meetings include responsible Board Directors. Reports regarding management data and other important information are periodically submitted to the Company. The supervisory departments review and deliver instructions as needed.

(7) System to ensure the credibility of financial reporting

1) The Duskin Corporate Group will enhance its internal systems, including the development of relevant regulations, in order to create a credible financial report that maintains a transparent and impartial management stance.

2) Board Directors, Operating Officers and employees of the Duskin Corporate Group operate internal controls and prepare financial reports based on appropriate accounting. The Auditing department regularly and continuously evaluates the effectiveness of these reports and submit reports to the Representative Director, Audit and Supervisory Board Members and Board of Directors.

(8) Independence of employees assisting Audit and Supervisory Board Members and ensuring efficacy of instructions given to such employees

Audit and Supervisory Board Members have authority to order the Auditing department and other employees to give assistance in the execution of duties. In addition, when necessary for carrying out duties, the Audit and Supervisory Board Members can instruct employees to work independently from Board Directors.

(9) System for Directors, Audit and Supervisory Board Members, employees or other relevant persons to report to Audit and Supervisory Board Member(s) of the Company

1) To understand important decision-making processes and the status of execution of operations, Audit and Supervisory Board Members attend important meetings and committees such as Board of Directors meetings, Operating Officers' Board meetings and Budget Meetings. At the same time, Audit and Supervisory Board Members review documents related to decision-making and execution of operations and, if necessary, will ask Board Directors, Operating Officers and employees of the Duskin Corporate Group to explain them. In such cases,

those who have been asked will promptly and appropriately provide reports.

2) Duskin has a system for Board Directors, Operating Officers and employees of the Duskin Corporate Group to report immediately to Audit and Supervisory Board Members or the Audit and Supervisory Board if facts indicating the danger of Duskin or its subsidiaries being seriously harmed have been found. Such facts include cases of executives violating laws and regulations.

3) Board Directors, Operating Officers and employees who have reported to Audit and Supervisory Board Members cannot be subjected to any negative consequences for this reason. Everyone at the Duskin Corporate Group will be made well aware about this.

(10) Other systems to ensure that audits by Audit and Supervisory Board Members are conducted effectively

1) The Representative Director will meet regularly with the Audit and Supervisory Board to exchange views on issues to be addressed and on important audit issues. In addition, regular meetings with Accounting Auditors will also be held to exchange views.

2) Audit and Supervisory Board Members maintain a close cooperation with the Auditing department. If necessary, the Members can also request cooperation from Accounting, General Affairs, Legal Affairs & Corporate Compliance and other departments.

3) If an Audit and Supervisory Board Member requests the Company to make a prepayment for their business expenses based on Article 388 of the Companies Act, the department(s) in charge shall deliberate on this matter and, unless it is deemed that requested expenses or liabilities are unnecessary for business execution, the settlement of such expenses or liabilities shall be promptly dealt with.

Summary of the Operational Status of the System to Ensure Appropriate Business Operations

(1) Status of efforts to ensure the appropriate execution of duties

1) In FY2021, members of the Compliance Committee, which is an advisory body to the Board of Directors, met four times to discuss and report on the compliance structure, annual plans and training schemes, in addition to the operational status of the hotline/whistleblowing system and other subjects.

2) Every year, Duskin conducts compliance training for Directors, Operating Officers and employees in an effort to disseminate and thoroughly implement the management philosophy and Duskin Code of Conduct. The theme in FY2021 was the basic policy on how to handle complaints.

(2) Status of efforts to manage the risk of losses

1) In order to maintain and improve the risk management system, the Risk Management Committee, which has been established as a standing committee/permanent body, conducts risk management for the entire Duskin Corporate Group. In FY2021, committee members met twice to discuss and report on Duskin's risk management annual plans, the causes of the risks that have occurred and the measures to be taken to counter them as well as on Duskin's response to the outbreak of the coronavirus.

2) A person responsible for risk management is appointed in each department, and assessments of the level of appropriateness and effectiveness of measures against major risks that have been identified are confirmed and evaluated annually. Furthermore, the scope of risk response at Duskin's subsidiaries is also being expanded and the status of implementation of countermeasures has been reviewed and the risks for fiscal 2022 have been identified.

3) In addition to the in-house compliance reporting/whistle-blowing counter, the Company has set up and is operating, at an external legal office, a compliance reporting/whistle-blowing counter that is independent from the internal counter. Also, regarding in-house reporting, Duskin has stipulated a system in its internal rules to protect information providers.

(3) Status of efforts to ensure the efficiency of Board Directors' execution of their duties

1) The Board of Directors met 17 times in 2021. For important agenda items, the Board Director responsible for the item provides an explanation to Outside Directors in advance to facilitate thorough discussions.

2) Duskin regularly holds Budget Meetings to manage the progress of important business plans and the actual management of budgets. In 2021, such meetings were held on 8 occasions.

(4) Status of efforts to ensure the appropriateness of operations within the Duskin Corporate Group

1) In order to establish and operate the internal control system within the Duskin Corporate Group and to achieve internal control purpose effectively, the Auditing department conducts, on an annual audit plan basis, audits to ensure that the execution of the Company's business is properly and efficiently conducted. In fiscal 2021, audits were conducted for 26 subsidiaries.

2) The business situation of each subsidiary was reported to the Board of Directors meetings and Budget Meetings.

(5) System for reporting to Audit and Supervisory Board Members and the status of efforts to ensure the effectiveness of Audit and Supervisory Board Member audits

1) Audit and Supervisory Board Members attend important meetings such as Board of Directors meetings, Operating Officers' Board meetings and Budget Meetings. The Members also review decision approval documents, seek necessary explanations from Board Directors, Operating Officers and employees, and receive reports on serious matters and issues affecting Duskin's management and business performance. In the unlikely event that any risk that could cause significant damage to the Duskin Corporate Group should occur, Duskin has a system that enables the Audit and Supervisory Board Members to receive reports directly from the Risk Management section.

2) Audit and Supervisory Board Members regularly exchange views with the Representative Director and Board Directors, and work closely with the Accounting Auditor, the Auditing department and other employees to improve the effectiveness of audits.

2. Basic Views on Eliminating Anti-social Forces

The Duskin Corporate Group takes a resolute stance against anti-social forces and groups that threaten the order and safety of civil society. The Group unwaveringly deals with unfair pressure and rejects financial demands from these groups and organizations, and maintains a system for the prevention of any business relationships or other connections of any kind with these groups and organizations.

V. Other

1. Adoption of Anti-takeover Measures

Adoption of Anti-Takeover Measures	N/A

Supplementary Explanation
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2. Other Matters Concerning Corporate Governance System

Outline of Timely Disclosure System

(1) Basic stance on timely disclosure

Duskin recognizes that timely and appropriate disclosure of information forms the basis of a sound financial instruments market and leads to an increase in corporate value over the medium- to long-term. Accordingly, Duskin strives to ensure fairness, soundness, and promptness in the disclosure of information. Information

regarding the Company's business operations and performance whether occurring inside or outside the Company is promptly disclosed in accordance with relevant laws and regulations, timely disclosure rules, and in-house rules. Furthermore, regarding information that is not legally required to be disclosed, the Company's policy is to actively disclose such information after a comprehensive review.

(2) Timely disclosure system

1) Disclosure policy

In accordance with the basic stance regarding timely disclosure, we have posted our Disclosure Policy on the Company's website.

Disclosure policy
https://www.duskin.co.jp/ir/policy/disclosure/ (Japanese version only)

2) Maintenance of regulations

The Insider Information Management Regulations and Insider Information Handling Regulations have been established to enable prompt and accurate disclosure of information necessary for making investment decisions. Duskin has established a system that designates the Investor Relations section of Corporate Planning department as the office responsible for central management of all information regarding the Company's business, operations, and performance. The Operating Officer responsible for this office is appointed as the information management officer. The regulations mentioned above are posted on the company website and can be viewed by Board Directors, Operating Officers and employees at all times.

3) Information gathering

To prevent delays and omissions in information disclosure and to gather detailed information for disclosure, the Investor Relations section chief attends important internal meetings and, as needed, reviews decision-making processes and works closely with other departments.

4) Disclosure procedures

Based on Insider Information Management Regulations, Duskin handles the content of its publications as follows.

a) Decision facts: Regarding significant facts on decisions made by Duskin and its subsidiaries, the Corporate Planning department and the Public Relations department will review the content of the information and consider whether the information should be disclosed. After consulting the Representative Director, the information is disclosed.

b) Occurrence facts: Regarding major facts about issues or events that occur or have occurred within or concerning Duskin and its subsidiaries, the Operating Officer responsible for Risk Management along with the Crisis Response Headquarters, the information management officer, the Corporate Planning department and the Public Relations department will review the content and accuracy of the information and determine whether the content should be disclosed. After this procedure, the content is disclosed.

c) Financial results and other information.: The Accounting department applies to the Board of Directors for approval to disclose information regarding financial results. In the same way, the Corporate Planning department applies to the Board of Directors for approval to disclose business performance forecasts. After receiving approval, the information is disclosed by the Corporate Planning department and the Public Relations department.

5) Board Directors, Operating Officers and employee education

Based on Insider Information Management Regulations, the department in charge of information handling regularly conducts training for the Company's Board Directors, Operating Officers and employees to ensure thorough awareness of the issues related to information management, timely disclosure, and the prevention of insider trading.

Corporate governance structure

