# Corporate Governance

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of PERSOL HOLDINGS CO., LTD. which has been reported to the Tokyo Stock Exchange. PERSOL HOLDINGS CO., LTD. provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.


Last updated: May 20, 2024

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The status of corporate governance at PERSOL HOLDINGS CO., LTD. is as follows:

## I. Basic approach to corporate governance, capital structure, corporate attributes, and other basic information

### 1. Basic Approach

(Principle 2.1, 2.2, 3.1(i), 3.1(ii))

<Corporate Philosophy>

Providing Opportunity, Individual Growth and Social Contribution

<Group Vision>

Work and Smile

<Five Core Principles>

Authentic (Respond every issue sincerely)

Customer-Focus (Always be a reliable partner and strive to go beyond our customer’s expectations)

Professional (Have high spirit and keep on shining)

Teamwork (Respect the diversity and maximize the achievement of organizations)

Innovative (Think, Act and Joy in changing)

PERSOL HOLDINGS CO., LTD. (hereinafter referred to as “the Company”) establishes the basic management policy and the corporate strategies of the entire group with the aim of realizing its corporate philosophy. Each of the group companies shall promote sustainable corporate growth and the increase of corporate value over the mid- to long-term and solve social issues through its

businesses by executing the corporate strategies in united efforts of the group companies.

Based on this Basic Approach, the Company established the "Corporate Governance Guideline". This Corporate Governance Guideline lays out the principles and desirable state of corporate governance of the Company and serves as the Guideline for the directors and the Group Senior Executives (collectively referring to the Representative Director, President and CEO, executive directors and executive officers, who are responsible for the management of the Company and its group companies) towards the realization thereof. We will take actions in line with the Guideline and revise it as necessary in response to changes in the times and circumstances and consistently strive for better corporate governance.

The Corporate Governance Guideline is posted on our website:
https://www.persol-group.co.jp/assets/individual/en/images/corporate/governance/corporate_governance_guideline_en.pdf

[Reasons for not putting each principle of the Corporate Governance Code into practice]

The Company has applied each of the basic principles of the Corporate Governance Code.

[Releases based on Corporate Governance Code principles]

**1. Corporate Philosophy and Corporate Governance Guideline** (Principle 2.1, 2.2, 3.1(i), 3.1(ii))

Described in I.1 “Basic Approach” of this report.

**2. Business strategy & business plans** (Principle 3.1(i))

We recognize the increasing social expectations and responsibilities for our Group in a rapidly changing work environment associated with longer careers due to the advent of 100-year lifespans and work style changes stemming from advances in technology and artificial intelligence.

Under these circumstances, to realize our Group Vision “Work and Smile”, we have designed a cycle of corporate activities and social contributions as our value creation story. We make our promises to transforming society and further sophisticate the accumulated resources of creating values as our strength, which will lead to the growth of our business activities. As a consequence, we will improve our social and economic values to create new value. At the same time, it will contribute to the achievement of SDGs (Sustainable Development Goals) adopted by the United Nations.

In accordance with the Value Creation Story for 2030, we have adopted the "PERSOL Group Mid-term Management Plan 2026" as a strategy from FY2023 to FY2025. The PERSOL Group will offer much greater value and continue to grow amid the environmental changes to come,

aspiring to contribute to a sustainable society.

- Based on our Corporate Philosophy of Providing Opportunity, Individual Growth, and Social Contribution, we will create better work opportunities for one million people by 2030 by expanding human possibilities as "A 'Career Well-being' Creation Company," aiming to achieve the Group Vision, "Work and Smile."
- To achieve this, we have made the evolution into a technology-driven HR service company as the direction of our management and we will operate businesses in five Strategic Business Units (SBUs): Staffing, BPO, Technology, Career, and APAC.
- We will continue to accelerate business growth by continuing to enhance our capability of recruiting people, capability of connecting people with organizations, and capability of designing businesses as competitive advantages of the overall Group, and at the same time, positioning human capital, technologies, and learning as business growth engines.

Details on our Medium-term Management Plan is posted on our website:
https://www.persol-group.co.jp/en/ir/management/strategy.html

**3. Constructive dialogues with shareholders and investors, and capital policy**

(1) Constructive dialogues with shareholders and investors (Principle 5.1, Supplementary principle 5.1.1, 5.1.2)

From the perspective of sustainable growth and enhancing corporate value over the medium to long term, the Board has established the “Policy for Constructive Dialogue with Shareholders and Investors,” and we will actively promote dialogue with shareholders and investors.

The “Policy for Constructive Dialogue with Shareholders and Investors” are posted on our website:

https://www.persol-group.co.jp/en/corporate/governance/corporate_governance/

The Company also provides feedback to the Board and the Headquarters Management Committee (HMC) on the content of dialogues with shareholders and investors, and reflects it in management, financial, and capital strategies. The details of the Company's IR activities in FY2022 are posted on the Company's website in accordance with the "Better Dialogue with Shareholders and Related Disclosure" (published by the Tokyo Stock Exchange on March 31, 2023).

https://www.persol-group.co.jp/assets/individual/en/images/corporate/governance/en_Dialogues_with_Shareholders_and_Investors.pdf

(2) Planning and disclosure of business strategy & business plans (Principle 5.2)

【Action to implement management that is conscious of cost of capital and stock price】

In the "PERSOL Group Mid-term Management Plan 2026," aimed at enhancing corporate value, we have categorized our financial strategy into three areas and delineated specific objectives for each: "Key Financial Strategy Indicators," "Cash Allocation," and "Shareholder Returns."

Under Key Financial Strategy Indicators, we have established growth, efficiency, and stability metrics. For growth indicators, our target is to achieve an annual growth in adjusted EBITDA of >= 10%. Regarding efficiency indicators, we aim for ROIC >= 15% and ROE >= 20%, surpassing the benchmarks set in the previous Mid-term Management Plan for the entire group, while considering the varying business maturity levels across Strategic Business Units (SBUs) (both based on IFRS). Through this approach, our aim is to consistently surpass the Cost of Capital with our ROIC and continually enhance corporate value by implementing strategic business plans, capital policies, and initiatives to reduce the Cost of Capital, thereby widening the ROIC spread. Our Cost of Capital, typically acknowledged to be around 8%, is determined based on widely accepted calculation methods as well as insights gained through discussions with shareholders and investors. This Cost of Capital is generally fixed throughout the duration of the "PERSOL Group Mid-term Management Plan 2026," unless significant changes occur in the capital structure. The Board of Directors is briefed on the Cost of Capital status at least annually and adjustments are made as necessary. ROIC is incorporated as one of the factors to determine performance-based medium-and long-term incentive compensation for executive directors and corporate officers. Regarding stability indicators, we have set the Net Debt/Equity ratio at <= 1x and the Net Debt/EBITDA ratio at <= 2x, both from a stock and flow perspective. We believe these metrics will serve as financial discipline when evaluating and executing future M&A activities. Our Price-to-Book Ratio (PBR), a measure of market valuation, has consistently exceeded 1x, not only in the most recent period.

"Cash Allocation Policies" and "Shareholder Returns Policies" are unchanged basically, but the total post-tax adjusted EBITDA (JPY 200 billion in current mid-term management plan period through March 31, 2026) is expected to be revised downward accordingly to our downward revision of the earnings forecast announced in February 2024 due to the recent volatile changes in the business environment. As we recognize that shareholder returns are an important management issue, our policy in this medium-term management plan is to set the dividend payout ratio at approximately 50% of adjusted EPS. In addition, we will consider share buybacks as appropriate, based on the factors such as financial conditions and stock price. We are striving to optimize the balance sheet and enhance capital cost management by avoiding excess capital and cash.

Moreover, from the perspective of sustainable growth and long-term corporate value enhancement, we have established a "Policy for Constructive Dialogue with Shareholders and Investors" at the board of directors, actively engaging in discussions with them. An overview of

the implementation status is available on our company's website.

https://www.persol-group.co.jp/assets/individual/en/images/corporate/governance/en_Dialogues_with_Shareholders_and_Investors.pdf

The details of the Company's financial strategy in the "PERSOL Group Mid-term Management Plan 2026" are posted on the Company's website in accordance with the "Action to Implement Management that is Conscious of Cost of Capital and Stock Price" (published by the Tokyo Stock Exchange, Inc. on March 31, 2023).

https://www.persol-group.co.jp/en/ir/management/strategy.html

(3) Cross-Shareholdings (Principle 1.4)

1.Basic Policy Regarding Cross-Shareholdings

From the perspective of avoiding risk from share price fluctuations and improving capital efficiency, the Company does not hold listed shares except in cases where it is necessary for business or financial transactional relationships with the investee or collaboration with the Company.

2.Basic Policy/Standards of Verification

The Board periodically verifies the appropriateness of holding individual cross-shareholdings. Following consideration of the business advantages and strategic significance in maintaining relationships, expanding transactions and creating synergies, and the general verification of whether the benefits and risks pertaining to such shareholdings correspond to the Company's cost of capital, cross-held shares judged as unnecessary to hold will be prepared for sale after taking into consideration the status of the cross-shareholders, etc.

As a result of verification, some cross-held shares deemed as unnecessary to hold has been sold.

3.Basic Policy on Exercising Voting Rights

The Company will make appropriate decisions regarding the exercise of voting rights in corporations forming cross-shareholdings by comprehensively considering whether or not the details of resolution items contribute to enhancing the value of said corporation in which shares are held, as well as the status of said corporation`s corporate governance structures, and compliance systems etc.

**4. Structure of the Board and policies and procedures when appointing the Group Senior Executives and in the nomination of Director candidates by the Board**

(1) The form of organizational structure (Principle 4.10)

Based on the corporate governance principles, the Company has adopted the form of organizational structure of "Company with Audit and Supervisory Committee" under the Japanese Companies Act. Furthermore, for the purpose of complementing the function of the Board, the

Company has established a Nomination and Compensation Committee and a Corporate Governance Committee as voluntary committees to increase transparency and objectivity concerning decisions on the nomination and compensation of the directors and the Group Senior Executives.

(2) Separating the oversight and management (Principle 4.6)

The Board is responsible for the oversight of management and its main roles and responsibilities are to set the basic management policy, oversee the Group Senior Executives, and secure the construction and operation of appropriate internal control systems. For the purpose of enabling management to make timely, flexible and decisive decisions, management decisions other than those reserved for the Board by the Companies Act shall be delegated, in principle, to the CEO. Provided, however, that the decisions on the execution of important operations set forth in the Regulations for the Board shall be made by the Board.

(3) Scope of delegation to management (Supplementary principle 4.1.1)

As stated in “Chapter 8. Management Structure (8-1. Management Structure and 8-2. Duties of the CEO)” of the Corporate Governance Guideline.

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＜Excerpt of the Corporate Governance Guideline＞

8-1. Management Structure

The Company adopts the Executive Officer system with the purpose of separating the oversight and management and clarifying where management responsibility lies.

In addition, Headquarters Management Committee (hereinafter referred to as, “HMC”) is established to assist the CEO in making decisions on the group's basic management policy and important operations. The decisions on the execution of important operations delegated to the CEO by the Board shall be decided by the CEO on the condition that the HMC has made an affirmative resolution. Based on the concept that the members of the HMC (hereinafter referred to as, “the HMC members”) shall be the persons who assume the significant decisions on the execution of important operations delegated by the Board and comprehensive roles as members of the senior management of the group, a proposal for the nomination of a HMC members shall be prepared by the CEO from among the executive officers, and shall be approved at the Board upon deliberation at the Nomination and Compensation Committee.

The responsibilities and authorities of the HMC, the CEO and the executive officers in charge shall be clarified in the Delegation of Authorities Rules.

8-2. Duties of the CEO

The CEO shall make decisions on the execution of operations to realize the group's corporate philosophy and increase corporate value and the common interests of stakeholders including shareholders and demonstrate necessary leadership.

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(4) Composition of the Board (Principle 4.8, Supplementary principle 4.11.1)

As stated in "Chapter 5. Composition of the Board (5-1. Composition of the Board)" of the Corporate Governance Guideline.

Based on a governance policy of separating oversight and management, and further strengthening the supervisory function of the Board of Directors, as well as accelerating decision-making, the Board has been composed of six Directors who are not Audit and Supervisory Committee Members (four of whom are Independent Directors) and three Directors who are Audit and Supervisory Committee Members (two of whom are Independent Directors), and the ratio of Independent Directors is at least one-half of the total following the Ordinary General Meeting of Shareholders held on June 20, 2023.

Combination of the Skills (knowledge, experience and capability) that the board of Directors should have based on the Mid- to Long-term Strategic Policy and the roles of the Board, and the skills that Directors possess is posted on our website:

https://www.persol-group.co.jp/assets/individual/en/images/corporate/governance/skills_matrix_en.pdf

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＜Excerpt of the Corporate Governance Guideline＞

5-1. Composition of the Board

The Board shall comprise of not more than 15 directors to ensure the effectiveness of its functions, and Independent Directors shall account for a half or more so that they are able to properly perform their oversight functions.

The Board shall have well-balanced knowledge, experience and capability as a whole to effectively fulfill its roles and responsibilities and shall be composed in a form in which diversity including gender and internationality exists and the right size is maintained.

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(5) Policies and procedures when appointing/dismissing the Group Senior Executives and nominations of Director candidates by the Board (Principle 3.1, Supplementary principle 4.11.1)

As stated in "Chapter 5. Composition of the Board (5-2. Nomination of Directors)" of the Corporate Governance Guideline.

With respect to dismissal, in the event that a fraudulent act, breach of trust and other acts that may cause doubts corresponding to them in the execution of duty of a Director, the Nomination and Compensation Committee, the Audit and Supervisory Committee, and the Board will deliberate the appropriateness of submitting an agenda item concerning the dismissal of the relevant Director to the General Meeting of Shareholders.

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＜Excerpt of the Corporate Governance Guideline＞

5-2. Nomination of Directors

The Nomination and Compensation Committee sets forth the standards for nomination of a director as outlined below, and recommend to the Board a person who meets the standards as a candidate for director.

[Summary of the Standards for Nomination of Directors]

□ A director, as a trustee of the Company selected by shareholders, shall have the ability to contribute to the Company's sustainable growth and mid- to long-term increase of corporate value by appropriately fulfilling their duty of loyalty and duty of care concerning the performance of his/her duties.

□ An Independent Director shall have excellent judgment and a wealth of experience in such fields as business management, technology, finance and accounting and corporate legal affairs, and the ability to oversee the Group Senior Executives from an independent and objective standpoint, and shall satisfy the Company's criteria for Independent Directors.

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(6) The Board approaches to appointing/dismissing the Group Senior Executives and nominating Director candidates (Principle 3.1.v, Supplementary principle 4.3.1)

As stated in Chapter 4. Responsibilities of Directors (4.1. Responsibilities of Directors, 4.2. Expectations of Independent Director)" and "Chapter 5. Composition of the Board (5.1. Composition of the Board, 5.2. Nomination of Directors)" of the Corporate Governance Guideline.

The reasons for nominating all Director candidates are outlined in the General Meeting of Shareholders convocation notice.

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＜Excerpt of the Corporate Governance Guideline＞

4-1. Responsibilities of Directors

Directors shall recognize their responsibilities as the trustees of management selected by shareholders, and act for the common interests of the Company and its shareholders.

4-2. Expectations of Independent Director

Each Independent Director is expected, from an objective standpoint independent from the Group Senior Executives, to oversee management through making important decisions of the Board including the appointment and dismissal of the Group Senior Executives, and to oversee conflicts of interest among the Company, the Group Senior Executives, and controlling shareholders, and provide advice for the purpose of increasing mid- to long-term corporate value by encouraging the sustainable growth of the group based on not only his/her experience and expertise, but also conventional wisdom and common sense.

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(7) Selection of CEO (Supplementary Principle 4.3.2)

Other than “Chapter 5 (5.2. Nomination of Directors)” of the Corporate Governance Guideline, the Company sets the following qualifications for CEO. The Board appoints CEO by a resolution of the Board following the advice/recommendations of the Nomination and Compensation Committee.

(1) Possesses wide-ranging knowledge and insight for providing guidance for multiple businesses and functions;
(2) Is capable of acting in good faith and maintaining a good balance with all stakeholders; and
(3) Is capable of bringing about innovations through excellent leadership towards the realization of the PERSOL Group vision

(8) Dismissal of CEO (Supplementary Principle 4.3.3)

With respect to dismissal of CEO, in the event that there is an act which may cause doubts of falling under any of the following items of dismissal criteria, the Nomination/Compensation and the Board shall conduct deliberations immediately.

(1) There is an act which may cause suspicion of fraudulent and unjust act or breach of trust;
(2) Decided as unqualified as CEO by violations of the Companies Act and other related laws and ordinances; or
(3) Judged that execution of duties or achievements are insufficient, and that keeping the person in the position of CEO is inappropriate.

(9) Plan for Cultivating a Successor to CEO (Supplementary Principle 4.1.3)

The Company discusses CEO succession plan at the Nomination and Compensation Committee, a majority of which is composed of Independent Directors, and the Board oversees progress by receiving reports from the Nomination and Compensation Committee. At the same time, the Company has set up the Nomination and Compensation Committees at the core companies of

Strategic Business Unit (SBU) to discuss CEO succession plan of each company. In the Nomination and Compensation Committee, the Company oversees the implementation of the succession planning for these executives, including the succession planning for executive officer in the administrative function. Based on the above, we have constructed a system to systematically train personnel who will be responsible for future management execution in order to continuously develop our corporate value.

(10) Standards for judging independence and qualifications of Independent Director (Principle 4.9)

The Company has established the Independence Criteria for External Directors. In cases where outside directors do not fall under any of the following, the Company believes that such outside directors have independence from the Company.

The Independence Criteria for External Directors is posted on our website:

https://www.persol-group.co.jp/assets/individual/en/images/corporate/governance/en_independence_criteria_for_external_directors.pdf

(11) Selection of the Lead Independent Director (Supplementary Principle 4.8.2)

The Company selects the Lead Independent Director from among the Independent Directors through mutual election. As stated in “Chapter 4. Responsibilities of Directors (4.3. The role of Lead Independent Director)” of the Corporate Governance Guideline. The Lead Independent Director is Masaki Yamauchi.

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＜Excerpt of the Corporate Governance Guideline＞

4-3. Roles of the Lead Independent Director

The Lead Independent Director promotes information exchange and sharing of awareness among Independent Directors by serving as the chair of the executive session, a meeting consisting of Independent Directors only. At the same time, he or she, as a representative of Independent Directors, has communications with the chairperson of the Board and Representative Directors on a regular basis to reflect the opinions of Independent Directors. The Lead Independent Director gathers opinions of directors as necessary towards ensuring effectiveness of the Board.

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(12) Disclosure of Directors concurrently serving in positions at other companies (Supplementary Principle 4.11.2)

The status of the Company’s Directors and candidates who concurrently serve in other important positions is disclosed every year in the General Meeting of Shareholders convocation notice and the financial statements.

**5. Policy and procedure related to decisions regarding compensation of the Group Senior Executives/Directors made by the Board (Principle 3.1.ⅲ, Supplementary principle 4.2.1)**

Described in “Disclosure of decision-making policy on compensation amounts and calculation methods” under II.1.

**6. Efforts to further demonstrate the functions of the Board**

(1) Utilization of Voluntary Mechanisms (Supplementary Principle 4.10.1)

The Company has established the Nomination and Compensation Committee and the Corporate Governance Committee as voluntary committees. As stated in “Chapter 7. Committees (7.3. Nomination and Compensation Committee and 7.4. Corporate Governance Committee)” of the Corporate Governance Guideline.

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＜Excerpt of the Corporate Governance Guideline＞

7-3. Nomination and Compensation Committee

(1) Roles of the Nomination and Compensation Committee

The purposes of the Nomination and Compensation Committee include increasing the transparency and objectivity of the decisions on candidates for directors and the Group Senior Executives as well as decisions on compensation while enhancing the managerial and supervisory functions of the Board. Upon receiving requests from the Board, the Nomination and Compensation Committee shall perform the following duties, and submit a report and recommendations to the Board:

Matters concerning decision on candidates:

- Decision on a recommendation of the policy regarding appointment and dismissal of directors
- Decision on a recommendation of the appointment and dismissal of the directors for discussion at the general meeting of shareholders
- Decision on a recommendation of the appointment and dismissal of the CEO (authority of representation and the position)
- Discussion on a recommendation of HMC members
- Approval of a CEO succession plan

Matters concerning decision on compensation:

- Setting the compensation standards for directors and the Group Senior Executives
- Decision on a recommendation of the amount of compensation for the directors (excluding directors who are the Audit and Supervisory Committee members)

(2) Composition and resolution of the Nomination and Compensation Committee

The Nomination and Compensation Committee shall comprise not less than three members, who

shall be appointed from among the directors by a resolution of the Board.

The Nomination and Compensation Committee shall be composed of a majority of Independent Directors.

The Chairperson of the Nomination and Compensation Committee shall be appointed from among the Independent Directors by a resolution of the Nomination and Compensation Committee. Resolutions of the Nomination and Compensation Committee are made by a majority of the members present where the majority of the members who are entitled to exercise voting rights are present.

(3) Nomination policy

The Nomination and Compensation Committee establishes the criteria for the appointment of directors, based on which candidates for directors to be recommended to the Board shall be decided. In nominating a candidate for the Group Senior Executives, the appropriateness of the nomination shall be deliberated in light of the qualifications requirements.

(4) Compensation policy

The policy concerning decision on the details of compensation is established for the purpose of increasing the motivation to contribute to both mid- and long-term improvement of business performance so that it enables sustainable growth and increase of corporate value over a mid- to long-term. The amount of compensation shall be set at appropriate levels considering the status of the economy and society.

7-4. Corporate Governance Committee

(1) Roles of the Corporate Governance Committee

The purpose of the Corporate Governance Committee is to enhance the supervisory functions of the Board by discussing the matters regarding the Company's corporate governance. Upon receiving requests from the Board, the Corporate Governance Committee shall perform the following duties, and submit a report and recommendations to the Board:

- Basic policy regarding corporate governance
- Composition of the Board and committees under the Board
- Measures to improve the effectiveness of the Board
- Basic policy regarding effectiveness evaluation of the Board and the committees under the Board

(2) Composition and resolution of the Corporate Governance Committee

The Corporate Governance Committee shall comprise not less than three members, who shall be appointed from among the directors by a resolution of the Board.

The Corporate Governance Committee shall be composed of a majority of Independent Directors.

The Chairperson of the Corporate Governance Committee shall be appointed from among the Independent Directors by a resolution of the Corporate Governance Committee.

Resolutions of the Corporate Governance Committee are made by a majority of the members present where the majority of the members who are entitled to exercise voting rights are present.

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(2) Evaluation of Effectiveness of the Board (Supplementary Principle 4.11.3, 4.12.1)

1. Implementation Method

In a bid to further enhance the oversight function of the board, the Company annually evaluates overall board effectiveness, and discloses the method and process of evaluation and a summary of the evaluation results.

For the evaluation of the effectiveness of the Board in FY2023, we used the insights generated from the external evaluation conducted in FY2022 using a third-party evaluator. This evaluation involved a self-evaluation questionnaire targeting all directors, individual interviews with each director conducted by the Chairman of the Board, and a questionnaire distributed to the executive officers under its oversight. The results of these processes served as a basis for two rounds of discussions within the Board, where we identified issues to be addressed and deliberated on potential solutions. Following these discussions, we compiled the final evaluation results.

2. Evaluation Method and Process

(1) The method and schedule of effectiveness evaluation were considered, and then reported to and deliberated by the board. (January 2024)

(2) A self-assessment questionnaire was prepared, and a survey was conducted among all directors using this questionnaire. (January and February 2024)

[Major items of the questionnaire for directors]

(i) Evaluation of overall board performance (alignment in understanding of roles and functions; KPIs, granularity, and details of monitoring)

(ii) Composition of the board (number of board members; roles of independent directors; diversity; procedure for nomination of independent directors)

(iii) Operation of board meetings (frequency of meetings; deliberation time; allocation of time; scope and volume of agenda items)

(iv) Systems supporting the board (provision of information; inquiries; training)

(v) Culture and communication within the board (culture open to discussion and opinions; communication among directors and between directors and senior executives)

(vi) Board's discussion and oversight function (strategic debate; support for risk-taking; appropriateness of the nomination; compensation of executive officers and scrutinizing the statements and actions of oneself and other Board members)

(vii) Operation of committees (roles and composition of the three board committees, i.e., the Audit and

Supervisory, Nomination and Compensation, and Corporate Governance Committees)

(viii) Relationship with investors and shareholders (provision of information on the status of dialogue; supervision of the system for promoting dialogue)

(ix) Other (optional comments)

(x) Adequacy gap between the degree of importance of agenda items and the volume of discussion dedicated to them

(3) We conducted a questionnaire survey among the executive officers under oversight. (January and February 2024)

[Major items of the questionnaire for executive officers]

(i) Board's oversight function (strategic debate; KPIs, granularity, and details of monitoring; support for risk-taking)

(4) The Chairperson of the Board conducted interview with all directors, exchanging views on the overall operational performance of the board and issues that need to be addressed. A trial was also conducted to provide feedback to individual directors based on the content of the self-assessment questionnaire. (February 2024)

(5) We reported the results of the questionnaire, interviews by the Chairperson of the Board, and key issues based on these results to the Board. The Board deliberated the evaluation of the outcome of efforts regarding the issues recognized in fiscal year 2022 and the issues subject to future consideration. (February 2024)

(6) Taking into account the deliberation results of the issues subject to future consideration, the Board deliberated the issues it recognized and the direction of responses to them. (April 2024)

(7) We put together the results of deliberations so far, reported them to the Board, and the evaluation by the Board was finalized. (May 2024)

3. Evaluation Results

Based on analyses of self-evaluation questionnaire surveys and director interviews, the Board held several discussions regarding its effectiveness. The Board observed that its composition, operation, culture and communication, discussion and oversight function, support systems, operation of committees, and relationship with investors and shareholders, ensured its effectiveness, particularly by facilitating open, constructive discussions that clarified key points.

Additionally, the Board confirmed that proper efforts to address issues identified in the FY2022 effectiveness evaluation have improved its effectiveness. The Board also recognized future challenges that need to be addressed to further enhance its oversight function.

(1) Progress in initiatives to address the issues identified in FY2022 board effectiveness evaluation

(i) Setting key agenda items in line with the direction of medium to long-term management strategies

By setting the agenda around medium to long-term management strategy themes, including long-term growth strategy, technology strategy, human capital investment, and "career well-being," we facilitated discussion about future-oriented management strategies during the meeting. Further, we observed a potential for more improvement in the materialization of our business portfolio based on medium to long-term management strategy themes in the future.

(ii) Monitoring business execution in a way conducive to corporate value

Progress on the vision, materiality, and management direction set forth in the medium-term management plan was reviewed on a quarterly basis amongst the directors, and also between the Board the management team. Through these periodic progress checks, we recognized the opportunity for further improvements in ensuring the linkage between the overall direction of the medium-term management plan, short-term business performance, and enhanced corporate value.

(iii) Securing sufficient communication opportunities between the Board and executive officers

In principle, all executive officers attended every Board meeting as observers. This allowed them not only to fully understand the outcomes of the Board's deliberations, but also grasp the intensity and process of discussions leading to key decisions. Looking towards the future, we understand that it is crucial to create opportunities for both formal and informal dialogue, going beyond mere participation in Board meetings to further enhance communication.

(iv) Further enhancing the management of Board meetings to stimulate discussion

The combined use of preliminary briefings and Board meetings have achieved both more in-depth discussions and more efficient meeting operations, as explanations were minimized at the Board meetings and more deliberation time was allocated to discussion. We have acknowledged that ongoing improvement are necessary for the Board to hold more efficient discussions within a limited timeframe, aimed at enhancing corporate value. These improvements include developing clear and concise meeting materials around the issues at hand and continually striving to enhance the sophistication of our meeting operations.

(2) Issues recognized in the FY2023 effectiveness evaluation of the Board and direction of future efforts

(i) Clarification of growth strategies that contribute to improving corporate value and constructive dialogue with shareholders and investors

We recognized the need to present the solutions to the issues discussed by our Board toward improving our corporate value to our shareholders and investors using our growth story, concrete paths, and the nature of our business portfolio. Moreover, it was stated that it is necessary for the directors and the management team to engage in constructive dialogues with investors of various backgrounds, explain our growth story, outline the progress in developing and managing our business portfolio management system, and form a positive cycle leading to further sophistication of

management by receiving feedback.

(ii) Appropriate oversight of business strategy (oversight for risks and opportunities)

We recognized the need to establish appropriate supervisory methods for the maintenance and operation of future business portfolio management system, after forming a common understanding of the roles expected mutually by the Board and the management team. It was deemed necessary to strengthen risk management and optimize risk management, investment evaluation, and reporting frequency to the Board to contribute to risk-taking and opportunity-focused oversight.

(iii) Continuous improvement of the Board's operation

We recognized the need for the preparation of meeting materials and continuous improvement activities of meeting management that help achieve substantive discussions aimed at enhancing corporate value. Additionally, it was deemed necessary to ensure formal and informal communication opportunities amongst the directors, and between the Board members and the management team, which may stimulate further discussions.

Based on these evaluation results, the Company's board will continue to promote the PDCA cycle to improve its effectiveness and drive governance reform, so as to enable the PERSOL Group to realize sustainable growth and enhance corporate value.

(3) Training policy for Directors (Supplementary principle 4.14.2)

Directors are selected from amongst individuals who possess a broad knowledge of business/finance/organizations etc. Basic information (company outline, management strategy, financial strategy, priority audit items etc.) is shared with Directors when a Director is appointed. Furthermore, opportunities are provided to Directors to deepen their views by inviting external lecturers to talk on corporate governance etc.

This will continue to occur in future.

**7. Sustainability initiatives**

(1) Sustainability initiatives (Principle 2.3, Supplementary Principle 3.1.3, 4.2.2)

The company believe that we must identify materiality (key issue) that is essential for sustainable growth, incorporate these issues into our business plans, and act accordingly to address sustainability-related risks and opportunities which are likely to impact our management policies, plans and other activities. The eight materialities set for FY2022 (Creating work opportunities, Providing diverse work styles, Providing learning opportunities, Increasing productivity in business, Active roles of diverse personnel, Strengthening data governance, Respect for human rights, and Responding to climate change) have been incorporated into the Mid-term Business Plan 2026. We have set targets and KPIs for 2030, and the entire group will work together to achieve them.

Our materiality process and monitoring efforts to address material issues are posted on our website:
https://www.persol-group.co.jp/en/sustainability/materiality/

<Sustainability Policy>
Driven by our Corporate Philosophy of “Providing Opportunity, Individual Growth and Social Contribution,” the PERSOL Group works with diverse stakeholders to actively address social and environmental issues in the aim of building a sustainable society.

With appropriate governance, we will continue to engage in business that realizes our Group Vision, “Work and Smile,” and enrich society so that all work leads to lives of happiness.

Working for sustainability is posted on our website:
https://www.persol-group.co.jp/en/sustainability/

(2) Addressing climate change issues and disclosing information based on TCFD recommendations (Principle 2.3, Supplementary principle 3.1.3)
Regarding the issue of climate change, The Company has endorsed the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and has started the disclosure of information about climate-related risks and opportunities for business based on scenario analysis from May 2022. The Company has also set a “Carbon-Neutral” target to reach zero greenhouse emissions in real terms from the energy used in our business activities by fiscal year 2030.
Through initiatives such as the promotion of energy conservation measures in the office and the use of renewable energy, we will strive to tackle the societal issue of climate change and achieve a carbon-neutral society. We will also consider setting additional carbon reduction goals that include scope 3 in or after fiscal year 2023.

Details is posted on our website:
https://www.persol-group.co.jp/en/sustainability/environment/climatechange/

**8. Efforts for human capital investment**
(1) Ensuring diversity in hiring of core human resources (Principle 2.4, Supplementary Principle 2.4.1,3.1.3)
Upholding our group vision of "Work and Smile," PERSOL is dedicated to advancing "Diversity, Equity & Inclusion" (DEI), a crucial initiative in our pursuit of creating a society where everyone can

work and smile. Guided by the "PERSOL DEI SPIRAL", our fundamental approach embraces diverse perspectives and capitalizes on differentiated abilities. We will support the group members to constantly grow themselves by continuing to brush up and develop their own abilities. We provide an environment that facilitates synergy effects by improving workplace environment for all human resources and combining diversity of abilities.

The human resource development policy of the group focuses on “working individuals” and respects their diverse values. It attaches importance to all employees’ continuing to grow autonomously and developing human resources who play an active part even under the present highly uncertain business environment. Under this policy, the group has been conducting DEI literacy training (e-learning; started in May 2019; a total of about 120,000 participants) and awareness reform training for all managerial staff (started in October 2021; held 22 times in total; about 2,600 participants). It also has been offering monthly in-house events to spread DEI to promote development of culture that accepts diverse attributes and values such as female participation, sexual minorities, and age difference (started in July 2020; held 64 times in total; about 8,600 applicants).

The in-house environment development policy is to develop a workplace environment that is friendly for all employees. The group is developing such an environment by introducing a side job system that leads to growth of employees, realization of their visions, and social contributions as well as flexible working time and liberalization of dress code as a rule aimed at realizing a comfortable workplace environment, while establishing systems and offering trainings to enable employees to select workstyle that addresses their respective needs. The group also leverages telecommuting and the level of its utilization differs from company to company: the highest utilization ratio is 100% and 60% of our group companies shows that at the employees utilize it at least once a week. Reflecting diversification of their human resources, some of the group companies have introduced systems to enable employees to flexibly select the number of working days, hours, and place as well as leaves in order to respond to individual employees’ various needs such as child rearing, nursing of elderly, seeking higher studies, studying abroad, hobby and leisure activities, community activities, social activities, and health issues.

The group also follows the approach to accept and leverage diversity in employees’ promotion to management, which is the core of its business activities, and promotes personnel irrespective of the category with which the employee joined the company, their gender, or their nationality.
The ratio of female employees in management positions is about 25.6% for the group as a whole, compared with about 37% it aims to achieve in fiscal 2030. In September 2021, the group established Gender Diversity Committee to accelerate its concerted efforts for further promoting female

participation. The group also promotes foreign employees to managerial positions based on the diversity concept irrespective of their nationality. Of about 600 foreign national employees of the group working in Japan, 26 have been promoted to managerial positions and the group intends to maintain the current level. The ratio of mid-career hires among employees in managerial positions exceeds 80% at group companies in Japan, and the group plans to maintain the current level, which is sufficient.

The group will continue to leverage viewpoints and values of its diverse human resources throughout the group thereby sustainably growing itself.

See the company website for the group's diverse human resources and its policy for human resource development.

https://www.persol-group.co.jp/en/sustainability/

https://www.persol-group.co.jp/en/sustainability/diversity/

**9.Others**

(1) Related Party Transactions (Principle 1.7)

・Competitive transactions or conflict of interest transactions by directors: to prevent a loss of profit by the Company, in accordance with Japan's Companies Act, such matters are resolved by the Board as stipulated in the Board of Regulations. Also, the regulations stipulate that the Board must be promptly notified after said transactions based on Board resolutions take place.

・Based on the guidelines of the appropriate corporate accounting standards, the Company justifies the importance of transactions with related parties and confirms the existence of such transactions, notifies the Board, then describes in the annual securities report.

(2) Functions as the Asset Owner of Company Pension Fund (Principle 2.6)

While the Company has no company pension fund system or defined benefit pension system, it has introduced an enterprise type defined contribution pension system for asset formation of employees. Educational training concerning the system and asset formation is offered to qualified employees.

**2. Capital**

| | |
|---|---|
| Stock holding ratio by non-Japanese nationals | Over 30 % |

[Status of Major Shareholders]

| Name | Share Ownership (No. of shares) | Ratio (%) |
|---|---|---|
| The Master Trust Bank of Japan, Ltd. (Trust Account) | 336,125,500 | 14.54 |
| Yoshiko Shinohara | 263,316,000 | 11.39 |
| Custody Bank of Japan, Ltd. (Trust Account) | 171,125,600 | 7.40 |
| The Yoshiko Shinohara Memorial Foundation | 158,000,000 | 6.83 |
| JP MORGAN CHASE BANK 385632 | 104,755,974 | 4.53 |
| JP MORGAN CHASE BANK 380072 | 91,823,600 | 3.97 |
| STATE STREET BANK AND TRUST COMPANY 505223 | 42,029,748 | 1.81 |
| JPMorgan Securities Japan Co., Ltd. | 40,355,293 | 1.74 |
| MLPFS CUSTODY ACCOUNT | 34,583,520 | 1.49 |
| BNYM AS AGT/CLTS NON TREATY JASDEC | 34,491,613 | 1.49 |

| | |
|---|---|
| Existence of majority shareholder (except for the parent company) | — |
| Existence of parent company | None |

Supplementary Remarks

| |
|---|
| Status of major shareholders as of March 31, 2024. |

### 3. Corporate affiliations

| | |
|---|---|
| Listing exchange and market classification | Tokyo Stock Exchange Prime |
| Fiscal year-end | March |
| Business type | Service |
| No. of employees at the end of the latest business year (consolidated) | Over 1,000 employees |
| Net sales at end of latest FY (consolidated) | Over JPY 1 trillion |
| No. of consolidated subsidiaries at end of latest FY | Over 100 companies, below 300 companies |

### 4. Policy measures to protect minority shareholders in transactions with controlling shareholders

—

### 5. Other special circumstances that may have a major impact on corporate governance

—

**II. Status of corporate management structures relating to decision-making, execution, and control of the Company management and other corporate governance systems**

**1. Matters relating to organizational composition and operations etc.**

| | |
|---|---|
| Organizational format | Company with Audit and Supervisory Committee |

[Directors]

| | |
|---|---|
| Number of Directors is stipulated in the Articles of Incorporation | 15 |
| Term of Directors is stipulated in the Articles of Incorporation | 1 year |
| Chairman of Board of Directors | Chairperson of the Board |
| Number of Directors | 9 |
| Appointment status of External Directors | Appointed |
| Number of External Directors | 6 |
| Number of designated independent executives amongst the External Directors | 6 |

Relationship with the company (1)

| Name | Affiliation | Relationship with the company (*1) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | J | k |
| Ryosuke Tamakoshi | Originates from another company | | | | | △ | | | | | | |
| Masaki Yamauchi | Originates from another company | | | | | | | | | | | |
| Kazuhiro Yoshizawa | Originates from another company | | | | | | | | | | | |
| Debra A. Hazelton | Originates from another company | | | | | △ | | | | | | |
| Chisa Enomoto | Originates from another company | | | | | | | | | | | |
| Kazuhiko Tomoda | Originates from another company | | | | | | | | | | | |

※1 Items selected relating to relationship with the company

a. Executive officer at listed company or subsidiary

b. Executive officer or non-executive Director at parent company of listed company

c. Executive officer at fellow subsidiary of listed company

d. Person or executive officer of the listed company as its main customer

e. Main customer or executive officer of the listed company

f. Consultants, accounting specialists, and legal specialists who have obtained substantial monetary sums or other assets other than executive compensation from the listed company.

g. Major shareholders of the listed company (if the major shareholder is a corporation, then an executive officer of this corporation)

h. Executive officer (the individual themselves) of the client of the listed company (a client where either d, e, or f do not apply)

i. Executive officer at a company where appointment correlates with the appointment of an External Director (only the

individual themselves)

j. Executive officer at a company to which the listed company makes donations (only the individual themselves)

k. Other

Relationship with the company (2)

| Name | Audit and Supervisory Committee Member | Independent Director | Supplementary remarks relating to compliance items | Reason for appointment |
|---|---|---|---|---|
| Ryosuke Tamakoshi | | ○ | MUFG Bank, Ltd., where he holds the post of honorary advisor, extends loans to and engages in other transactions with the Company. However, the role of honorary advisor at the bank is not a role that is involved in the management, and he has not engaged in the execution of business for more than ten years. He therefore satisfies the requirements for an Independent Director stipulated by the Tokyo Stock Exchange and the standards of independence set forth by the Company, and thus, we believe his independence has been maintained. | The Company deems that Mr. Tamakoshi can apply his extensive insight and experience in corporate management, business strategy, internationality, and finance and accounting among others from serving as a top executive of a global financial institution. As the Lead Independent Director, the Chairperson of the Nomination and Compensation Committee, and a member of the Corporate Governance Committee, Mr. Tamakoshi has actively provided opinions and proposals at the Board of Directors' meetings and other important meetings. The Company therefore deems that his supervision of the Company's management as an Independent Director will contribute to its sustainable growth and medium- to long-term improvement of its corporate value. Mr. Tamakoshi has also been designated as an independent officer as he |

| | | | | |
|---|---|---|---|---|
| | | | | satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company (as stated on the left-hand side). |
| Masaki Yamauchi | | ○ | ——— | The Company deems that Mr.Yamauchi can apply his extensive insight and experience in corporate management and business strategy, innovation, and human resource and organizational development among others from serving as a top executive of a listed company representing the transportation industry. As an Independent Director, a member of the Nomination and Compensation Committee, and the Chairperson of the Corporate Governance Committee, Mr. Yamauchi has actively provided opinions and proposals at the Board of Directors' meetings and other important meetings. The Company therefore deems that his supervision of the Company's management as an Independent Director will contribute to its sustainable growth and medium- to long-term improvement of its corporate value. Mr.Yamauchi has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the |

| | | | | |
|---|---|---|---|---|
| | | | | Independence Criteria stipulated by the Company. |
| Kazuhiro Yoshizawa | | ○ | ——— | The Company deems that Mr.Yoshizawa can apply his extensive experience and insight in corporate management and business strategy, technology, and human resource and organizational development among others from serving as a top executive of a listed company representing the telecommunication industry. As an Independent Director, and a member of the Nomination and Compensation Committee, Mr. Yoshizawa has actively provided opinions and proposals at the Board of Directors' meetings and other important meetings. The Company therefore deems that his supervision of the Company's management as an Independent Director will contribute to its sustainable growth and medium- to long-term improvement of its corporate value. Mr.Yoshizawa has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company. |
| Debra A. Hazelton | | ○ | Mizuho Bank, Ltd., for which Ms. Hazelton was an executive director, provides loans to the | The Company deems that Debra A. Hazelton can apply her extensive insight and experience |

| | | | | |
|---|---|---|---|---|
| | | | Company and has regular banking transactions with the Company. However, Ms. Hazelton has not been an executive director of the bank or its parent company, Mizuho Financial Group, Inc. for more than four years. She therefore satisfies the requirements for an Independent Director stipulated by the Tokyo Stock Exchange and the standards of independence set forth by the Company, and thus, we believe her independence has been maintained. | in human resource and organizational development, internationality, finance and accounting among others from serving as a director and an officer of leading Japanese and Australian companies. The Company therefore deems that applying her extensive insight and experience, her supervision of the Company's management as an Independent Director will contribute to its sustainable growth and medium- to long-term improvement of its corporate value.<br>Debra A. Hazelton has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company (as stated on the left-hand side). |
| Chisa Enomoto | ○ | ○ | ——— | The Company deems that Ms.Enomoto can apply her extensive insight and experience in internationality, risk management, sustainability, ESG and others, which she has garnered as a specialist in communication strategy in domestic and international corporations. As an Independent Director, and a member of the Audit and Supervisory Committee, Ms. Enomoto has |

| | | | | |
|---|---|---|---|---|
| | | | | actively provided opinions and proposals at the Board of Directors' meetings and other important meetings. The Company therefore deems that her supervision of the Company's management as an Independent Director will contribute to its sustainable growth and medium- to long-term improvement of its corporate value.<br>Ms.Enomoto has also been designated as an independent officer as she satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company. |
| Kazuhiko Tomoda | ○ | ○ | | The Company deems that Mr.Tomoda can apply his extensive insight and experience in corporate management, risk management, finance and accounting, and others as a certified public accountant and a representative partner of a major auditing firm. As an Independent Director, the Chairperson of the Audit and Supervisory Committee, and a member of the Corporate Governance Committee, Mr. Tomoda has actively provided opinions and proposals at the Board of Directors' meetings and other important meetings. The Company therefore deems that |

| | | | | |
|---|---|---|---|---|
| | | | | his supervision of the Company's management as an Independent Director will contribute to its sustainable growth and medium- to long-term improvement of its corporate value. Mr. Tomoda has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company. |

[Audit and Supervisory Committee]

Committee structure and affiliation of Chairman

| | All members (persons) | Full-time member (persons) | Internal Director (persons) | External Director (persons) | Committee Chairman (Chairman) |
|---|---|---|---|---|---|
| Audit and Supervisory Committee | 3 | 1 | 1 | 2 | External Director |

| | |
|---|---|
| Are there Directors and employees who will support the duties of the Audit and Supervisory Committee? Yes/No | Yes |

Matters pertaining to the independent status of these Directors and employees from executive directors

The Company has assigned employees to exclusively support the work of the Audit and Supervisory Committee. The authority to supervise these employees on a daily basis rests with the Audit and Supervisory Committee. Support employees do not take orders from anyone other than Directors who are members of the Audit and Supervisory Committee. Furthermore, it is stipulated that reassignment, performance reviews, and disciplinary punishment etc. of said employees shall take place only with the consent of the Audit and Supervisory Committee.

Status of coordination between the Audit and Supervisory Committee, external auditors, and internal audit departments

The internal audit department formulates the audit plan for the fiscal year after obtaining the approval of the Audit and Supervisory Committee, while the Audit and Supervisory Committee

receives audit reports regularly from the internal audit department and gives specific instructions to the internal audit department as required. The Audit and Supervisory Committee and external auditors hold regular meetings and closely cooperate in confirming the respective annual audit plans, reporting audit results of quarterly and full-year financial results, sharing important audit information, and important matters to be considered upon carrying out audits. The internal audit department and the external auditor regularly share information and exchange opinions regarding the establishment, operation, and evaluation of internal control of financial reports, and strive to cooperate for ensuring appropriate internal control audit, etc. Further, the Audit and Supervisory Committee, external auditor, and internal audit department hold a three-way audit council every quarter for information sharing, exchange of opinions, and other purposes.

[Discretionary Committees]

| | |
|---|---|
| Are there discretionary committees equivalent to a Nomination Committee or a Compensation Committee? Yes/No | Yes |

Status of discretionary committees, structure & Chairman affiliations

Discretionary committee equivalent to nomination committee

| Name of committee | | | Nomination/Compensation Committee | | | |
|---|---|---|---|---|---|---|
| All committee members (persons) | Full-time member (persons) | Internal Director (persons) | External Director (persons) | Internal knowledgeable person (persons) | Other (persons) | Committee Chairman (Chairman) |
| 4 | 0 | 1 | 3 | 0 | 0 | External Director |

Discretionary committee equivalent to compensation committee

| Name of the committee | | | Nomination/Compensation Committee | | | |
|---|---|---|---|---|---|---|
| All committee members (persons) | Full-time member (persons) | Internal Director (persons) | External Director (persons) | Internal knowledgeable person (persons) | Other (persons) | Committee Chairman (Chairman) |
| 4 | 0 | 1 | 3 | 0 | 0 | External Director |

Supplementary Remarks

Details of discretionary committees are outlined in "Chapter 7. Committees (7.3. Nomination and Compensation Committee)" of the Corporate Governance Guideline.
For details, please refer to Matters relating to functions: performance of tasks, audits/supervision,

| |
|---|
| nominations, and compensation decision-making etc. (overview of existing corporate governance system) |

[Independent Directors]

| | |
|---|---|
| Number of Independent Directors | 6 |

Other matters related to Independent Directors

| |
|---|
| — |

[Incentives]

| | |
|---|---|
| Implementation of measures to provide Directors with incentives | Introduction of a performance-based compensation system |

Supplementary remarks relating to this item

| |
|---|
| For details, please refer to "Disclosure of policy for determining compensation amounts and calculation methods." |

| | |
|---|---|
| Target granted with stock option | — |

Supplementary explanations relating to applicable items

| |
|---|
| — |

[Director Compensation]

| | |
|---|---|
| Disclosure Status | Some information is disclosed individually. |

Supplementary remarks relating to this item

1. Total executive compensation by executive category and type of compensation and the number of executive officers paid are as shown below:

| Type of executive | Total amount of compensation, etc. (JPY million) | Total amount of compensation, etc. by compensation type (JPY million) | | | | Number of eligible executives |
|---|---|---|---|---|---|---|
| | | Basic Compensation | Bonus (Short term Incentive compensation | Share-based Compensation | | |
| | | | | Performance-linked type Medium to long term Incentive compensation | Fixed type Medium to long term Incentive compensation | |
| Directors who are not Audit and Supervisory Committee Members (The amount of External Directors) | 306<br>(54) | 187<br>(44) | 39<br>(–) | 44<br>(–) | 35<br>(9) | 7<br>(4) |
| Directors who are Audit and Supervisory Committee Members (The amount of External Directors) | 67<br>(27) | 59<br>(22) | –<br>(–) | –<br>(–) | 7<br>(5) | 3<br>(2) |

| | | | | | | |
|---|---|---|---|---|---|---|
| Total (The amount of External Directors) | 374<br>(82) | 246<br>(67) | 39<br>(－) | 44<br>(－) | 43<br>(14) | 10<br>(6) |

Notes:

1) The information provided above includes one former director (non-member of the Audit and Supervisory Committee) who retired during the fiscal year.

2) The performance bonus targets set for directors who are not members of the Audit and Supervisory Committee (excluding external directors) and actual performance results in the reporting fiscal year are based on the targets and results of the fiscal year ending in March 2023, and the specific results are as follows. As for financial performance measures, the target for consolidated net sales was 1,165.0 billion yen with an actual result of 1,223.9 billion yen, while the operating profit target was 52.0 billion yen with an actual figure of 53.0 billion yen. As for non-financial performance measures, The Company set the targets for employee engagement and the percentage of women in managerial positions, we achieved both goals and significantly exceeded the second target. The Company also identified and worked on specific areas that need to be addressed to improve business performance and corporate value. Based on these performance results, the coefficient for calculating the amounts of bonuses payable to the directors who are not members of the Audit and Supervisory Committee (excluding external directors) was set at approximately 112% against the baseline of 100%. For one former director (non-member of the Audit and Supervisory Committee) who retired during the fiscal year, the amount corresponding to the period from April to June 2023 is shown. (Amounts corresponding to July 2023 through March 2024, to be paid for the current fiscal year's targets and performance, are not included.)

3) Of the share-based compensation, performance-linked medium- to long-term incentive compensation (performance share) corresponding to the period from April to June 2023 is based on the targets and results of the Mid-term Management Plan for the fiscal year ending March 31, 2023, and the specific results are as follows. As for financial performance measures, the target for consolidated net sales was 1,000.0 billion yen with an actual result of 1,223.9 billion yen, while the operating profit target was 45.0 billion yen with an actual figure of 53.0 billion yen. The target for ROIC was over 10%, with an actual result of 15.3%. TSR does not have a target due to the relative evaluation using TOPIX, but it achieved the highest relative rating. As for non-financial metrics, targets were set for employee engagement, the percentage of women in managerial positions, technology investment ratio, and ESG rating. The goals for employee engagement and ESG ratings were achieved, the target for the ratio of women in managerial positions was significantly exceeded, but the target for the technology investment ratio was not met. Based on these performance results, the share-based incentive compensation (performance-linked type medium to long term Incentive compensation) payable to the directors who are not members of the Audit and Supervisory Committee (excluding external directors) was calculated to be 165% based on a standard distribution rate of 100%. For the performance-based share-based compensation (performance-linked type medium to long term Incentive compensation) corresponding to the period from July 2023 to March 2024,

no results are present for this fiscal year as it is based on the targets set for the Mid-term Management Plan 2026.

4) Share-based compensation is derived from the total allowance for share awards booked for officers in the current fiscal year.

5) Share-based compensation for one former director (non-member of the Audit and Supervisory Committee) who retired during the fiscal year is denoted as the amount corresponding to the period from April to June of 2023.

6) Share-based compensation for one director (non-member of the Audit and Supervisory Committee) who resides overseas is denoted as the amount equivalent to the monetary compensation that corresponds to the amount of share-based compensation (virtual share-based compensation).

7) Compensation and other awards for individual directors are subject to deliberation by the Nomination and Compensation Committee, whose Chairperson and majority of members are served by Independent Directors and determined by a resolution of the Board.

The Company's Board of Directors, at its meeting held in April 2023, approved a policy for determining the content of compensation for individual directors, including an increase in the ratio of share-based compensation and a change in the incentive compensation index, subject to approval of each compensation proposal at the 15th Ordinary General Meeting of Shareholders. As each proposal was approved at the said Ordinary General Meeting of Shareholders, the policy was changed at the conclusion of the said meeting. The details of the policy are as described above. For details of the policy before the change, please refer to the Business Report of the 15th Ordinary General Meeting of Shareholders.

The Nomination and Compensation Committee presented to the Board its recommendations on the compensation for individual directors before and after the change for the reporting fiscal year, after detailed deliberations on the rationality of the process applied to determine compensation for individual directors and other related matters. Specifically, the committee examined its compensation proposals for their consistency with the Company’s policy on the determination of compensation for external directors, applied the evaluation results to the calculation formula after considering their reasonableness on an item-by-item basis, and confirmed the values calculated by the formula. After reviewing the process of deliberation and recommendations by the Nomination and Compensation Committee, the Board concluded that the recommended compensation for individual directors is consistent with the Company’s policy on compensation for directors and executive officers stated above, as it properly reflects the performance in the corresponding fiscal year.

2. Total consolidated compensation of internal directors who are not Audit and Supervisory committee members, etc.

| Name | Total amount of compensation, etc. (JPY million) | Position | Total amount of compensation, etc. by compensation type (JPY million) | | | |
|---|---|---|---|---|---|---|
| | | | Basic Compensation | Bonus (Short term Incentive compensation | Share-based Compensation | |
| | | | | | Performance-linked type Medium to long term Incentive compensation | Fixed type Medium to long term Incentive compensation |
| Masamichi Mizuta | 68 | Chairperson of the Board | 55 | – | – | 13 |
| Takao Wada | 149 | Representative Director, President and CEO | 72 | 32 | 33 | 10 |

Notes:

1) Share-based compensation is derived from the total allowance for share awards booked for officers in the current fiscal year.

2) The above addresses directors who are not members of the Audit and Supervisory Committee (excluding external directors) and are in office as of March 31, 2024.

| | |
|---|---|
| Is there a policy for determining compensation amounts and calculation methods? Yes/No | Yes |

Disclosure of policy for determining compensation amounts and calculation methods

Matters pertaining to the policy for determining the amount of executive compensation, etc. and its calculation method are disclosed in the Notice of Convocation of the General Meeting of Shareholders and the Annual Securities Report.

[Support System for External Directors (External Auditors)]

As stated in "Chapter 6. Operation of the Board (6-3. Support System, 6-4. Provision of Information)" of the Corporate Governance Guideline, all External Directors are provided with important Board of Directors meeting materials and information on important matters in advance. In addition, External Directors who are Audit and Supervisory Committee members will be provided with information without delay about important management-related matters which will contribute to accurate decision-making by External Directors. A Secretariat is in place to support the duties of the Audit and Supervisory Committee, and an information reporting system has been established to provide information required to fulfill their tasks such as auditing etc.

[Status of persons resigning as President and Representative Director etc. ]

| Name | Role/Rank | Job Description | Work arrangement/conditions | Resignation date: | Term of office |
|---|---|---|---|---|---|
| Yoshiko | Chairman | No | Non- | 17 Jun 2016 | Not stipulated |

| | | | | | |
|---|---|---|---|---|---|
| Shinohara | Emeritus | | executive/uncompensated | | |
| Former Presidents and Representative Directors etc., counsel/advisors etc. total headcount: | | | 1 individual | | |

Other matters

The founder Ms. Yoshiko Shinohara serves as "Chairman Emeritus", an emeritus rank. Ms. Shinohara no longer participate in the management of the Company.

**2. Matters relating to functions: performance of tasks, audits/supervision, nominations, and compensation decision-making etc. (Overview of existing corporate governance system)**

1. Overview of corporate governance system

Based on the corporate governance principles stated in this Chapter, the Company has adopted the form of organizational structure of “Company with Audit and Supervisory Committee” under the Japanese Companies Act. Furthermore, for the purpose of complementing the function of the Board, the Company has established a voluntary Nomination and Compensation committee and Corporate Governance Committee to enhance transparency and objectivity concerning decisions on the nomination and compensation of the directors and the Group Senior Executives.

2. Overview of systems to perform tasks and operational status

< Board >

The Board is responsible for the oversight of management and its main roles and responsibilities are to set the basic management policy, oversee the Group Senior Executives, and secure the establishment and operation of appropriate internal control systems. For the purpose of enabling management to make timely, flexible and decisive decisions, management decisions other than those reserved for the Board by the Companies Act shall be delegated, in principle, to the CEO. Provided, however, that the decisions on the execution of important operations set forth in the Regulations for the Board shall be made by the Board.

Based on a governance policy of separating oversight and management, and further strengthening the oversight function of the Board of Directors, as well as accelerating decision-making, the Board has been composed of six Directors who are not Audit and Supervisory Committee Members (four of whom are Independent Directors) and three Directors who are Audit and Supervisory Committee Members (two of whom are Independent Directors), and the ratio of Independent Directors is at least one-half of the total following the Ordinary General Meeting of Shareholders held on June 20, 2023.

< Audit and Supervisory Committee>

The roles of the Audit and Supervisory Committee include securing the soundness of companies toward the increase of sustainable corporate value, acting for the common interests of the Company and shareholders while performing the following duties:

- Oversight of the execution of duties of the directors and the preparation of audit reports
- Decision on the details of the agenda concerning appointment, dismissal and refusal of reappointment of an external auditor
- Decision on the opinion of the Audit and Supervisory Committee concerning appointment, dismissal, resignation or compensation of the directors (excluding directors who are the

Audit and Supervisory Committee members)

The Audit and Supervisory Committee may give specific instructions to the internal audit division, as necessary, for the purpose of effective audit.

The Audit and Supervisory Committee shall appropriately share information with the internal audit division for the purpose of ensuring mutual cooperative systems.

Important personnel affairs of the internal audit division shall be decided with the consent of the Audit and Supervisory Committee to ensure the effectiveness of audit by the Audit and Supervisory Committee.

Audit and Supervisory Committee consists of one internal director (Daisuke Hayashi), who is a full-time member of the Audit and Supervisory Committee, and two Independent Directors (Chisa Enomoto and Kazuhiko Tomoda). The chairperson of the committee is Kazuhiko Tomoda, an Independent Directors.

Kazuhiko Tomoda is qualified as a certified public accountant and has considerable financial and accounting knowledge.

<Nomination and Compensation Committee>

The purposes of the Nomination and Compensation Committee include increasing the transparency and objectivity of the decisions on candidates for directors and the Group Senior Executives as well as decisions on compensation while enhancing the managerial and supervisory functions of the Board. Upon receiving requests from the Board, the Nomination and Compensation Committee shall perform the following duties, and submit a report and recommendations to the Board:

Matters concerning decision on candidates:

- Decision on a recommendation of the appointment and dismissal of the directors for discussion at the general meeting of shareholders
- Decision on a recommendation of the appointment and dismissal of the CEO (authority of representation and the position)
- Approval of a CEO succession plan

Matters concerning decision on compensation:

- Setting the compensation standards for directors and the Group Senior Executives
- Decision on a recommendation of the amount of compensation for the directors (excluding directors who are the Audit and Supervisory Committee members)

The Nomination and Compensation Committee consists of a majority of Independent Directors, one internal director (Masamichi Mizuta) and three Independent Directors (Ryosuke Tamakoshi, Masaki Yamauchi and Kazuhiro Yoshizawa). The chairperson of the committee is Kazuhiro Yoshizawa, an Independent Director.

<Corporate Governance Committee>

The purpose of the Corporate Governance Committee is to enhance the supervisory functions of the Board by discussing the matters regarding the Company's corporate governance. Upon receiving requests from the Board, the Corporate Governance Committee shall perform the following duties, and submit a report and recommendations to the Board:

- Basic policy regarding corporate governance
- Composition of the Board and committees under the Board
- Measures to improve the effectiveness of the Board
- Basic policy regarding effectiveness evaluation of the Board and the committees under the Board

The Corporate Governance Committee consists of a majority of Independent Directors, two internal directors (Masamichi Mizuta and Daisuke Hayashi) and four Independent Directors (Masaki Yamauchi, Kazuhiro Yoshizawa, Debra A. Hazelton and Kazuhiko Tomoda). The chairperson of the committee is Masaki Yamauchi, an Independent Director.

<Headquarters Management Committee>

The Company adopts the Executive Officer system with the purpose of separating the oversight and management and clarifying where management responsibility lies.

In addition, Headquarters Management Committee (hereinafter referred to as "HMC") is established to assist the CEO in making decisions on the group's basic management policy and important operations. The decisions on the execution of important operations delegated to the CEO by the Board shall be decided by the CEO on the condition that the HMC has made an affirmative resolution. Based on the concept that the members of the HMC (hereinafter referred to as "the HMC members") shall be the persons who assume the significant decisions on the execution of important operations delegated by the Board and comprehensive roles as members of the senior management of the group, a proposal for the nomination of a HMC members shall be prepared by the CEO from among the executive officers, and shall be approved at the Board upon deliberation at the Nomination and Compensation Committee.

The Company has also established seven committees (Sustainability Committee, Investment Committee, Risk Management Committee, Technology Committee, Human Resources Committee, Gender Diversity Committee, and Staff Well-being Committee) under HMC to improve the effectiveness of the Group's internal control system.

The Sustainability Committee deliberates on sustainability and related management agenda and promotes sustainability management. The Investment Committee deliberates on important matters related to the Group's overall investment and aims to raise the Group's organizational

knowledge of a series of knowledge related to investment promotion. The Risk Management Committee deliberates on the overall risk management of the Group. The Technology Committee deliberates on key issues concerning the Group's technology strategy and related management resources. The Human Resources Committee deliberates on the Group's human resources strategy and succession planning for key talent. The Gender Diversity Committee deliberates on the Group's strategies to promote the advancement of women and related key strategies. The Staff Well-being Committee deliberates on human capital management of the Group’s temporary staff.

Each of the seven committees is accountable to HMC and is positioned to supplement and strengthen its functions.

**3. Reasons for selecting the existing corporate governance system**

As stated in “Chapter 2. Corporate Governance Principles (2.1. Principles, 2.2. Roles as a Holding Company, 2.3. Organizational Structure of the Company)” of the Corporate Governance Guideline.

## III. Implementation status of measures for shareholders and other stakeholders

### 1. Initiatives to revitalize the General Meeting of Shareholders and facilitate the exercising of voting rights

| | Supplementary Remarks |
|---|---|
| Early delivery of General Meeting of Shareholders convocation notice | Efforts are being made to deliver the General Meeting of Shareholders convocation notice early and to make early web releases.<br>■ Actions relating to the 16th General Meeting of Shareholders for the fiscal year ended March 2024<br>1. Convocation notice dispatch date: May 30<br>2. Web release date: May 21 |
| Set the General Meeting of Shareholders date on a day that avoids days crowded with other shareholders meetings | Efforts are being made to convene the General Meeting of Shareholders on a day which as far as possible avoids days crowded with other firms` shareholders meetings.<br>■ Actions relating to the 16th General Meeting of Shareholders for the fiscal year ended March 2024<br>Convocation date: June 18 |
| Exercise of voting rights by electronic means | Efforts are being made to make it more convenient for shareholders to exercise their voting rights (e.g. enabling online voting, explaining voting methods in the convocation notice). |
| Other initiatives to improve the voting environment for institutional investors, and participation via online voting platforms etc. | The Company is participating in a platform for exercising voting rights and are making efforts to improve the environment in which institutional investors exercise voting rights. |
| Provide convocation notice in English (summary) | The convocation notice (summary) is prepared in English and released on the Company's website and via the Tokyo Stock Exchange. |
| Other | Financial data is released on the Company's website. |

## 2. Status of Investor Relations (IR) Activity

| | Supplementary Remarks | Explanation given by the CEO? Yes/No |
|---|---|---|
| Disclosure policy created/announced | The Company's website discloses the aims of IR, basic policy, basic stance, method of information disclosure, and IR policy with respect to results forecasts and future outlook etc. | — |
| Hold regular briefing sessions for analysts & institutional investors | Briefings for analysts & institutional investors are held every 3 months, fourth a year. | Yes |
| IR materials released on corporate website | IR documents (financial reports, timely disclosure material, financial results briefing slides, and shareholder correspondence etc.) including English versions are posted on the Company's website. | — |
| IR department (representative) set in place | An IR representative is in place within the Group Finance Division. | — |
| Other | Holding individual meetings with analysts, institutional investors and overseas investors and participating in conferences sponsored by securities companies as appropriate. | — |

## 3. Initiatives that respect stakeholders

| | Supplementary Remarks |
|---|---|
| Environmental conservation activities, CSR activities, etc. | Under the slogan of "Work and Smile", PERSOL Group supports development through work experience to realize a future where all working people and organizations can shine. PERSOL Group endeavors to realize working arrangements that match the lifestyles of individuals who are raising children/careers, as well as to support the employment of disabled individuals and young and senior people and regional revitalization. |
| Formulation of policy etc. regarding information provision to stakeholders | The Company disclosure policy is posted on the Company's website. the Company's basic policy is to provide information in an easy-to-understand way and in an impartial, accurate, and timely manner. |

## IV. Internal controls systems etc.

### 1. Internal control systems: basic approach and status

On 18 December 2020, we amended our basic policy regarding the system to ensure the properness of the business of the Group the Board meeting. Additionally, minor revisions were made on 1 April 2023, in line with changes to the management structure. The specifics of these changes are shown below. We constantly evaluate the implementation and operation of the internal control system based on this policy, taking necessary steps for improvement. Additionally, we regularly review this policy to adapt to changes in the business environment, striving for even more effective development and operation of our internal control system.

1. System to ensure the properness of the business of the Group

(1) The Company shall stipulate the Corporate Philosophy, Group Vision, and Five Core Principles in order to ensure the properness of the business of the Company and its subsidiaries (the “Group”).

(2) The Company shall appropriately exercise the voting rights with respect to its affiliates from the perspective of maximizing the Group’s corporate value.

(3) The Company, in addition to stipulating the various Group basic policies for the Group’s internal control and notifying them in the Group, shall establish a system in accordance with those policies.

(4) With the aim of responding swiftly to changes in the business environment, the Company, in addition to adopting the Strategic Business Unit (each referred to as the “SBU” and collectively, “SBUs”) system, shall dispatch directors to the Boards of core companies within the SBUs and the Function Unit (the “FU”) and oversee their management so as to ensure the effectiveness of the business management at the Group.

(5) The internal audit departments shall audit the effectiveness of the compliance structure of the laws and ordinances, the Articles of Incorporation and internal rules of the Group. Furthermore, if corrections or improvements are necessary, it shall offer appropriate advice, recommendations, and support so that such measures are taken swiftly.

(Overview of operational status)

- The Company properly oversees the management of SBUs and FU by having established the rules and organization of the SBUs and dispatching directors to core SBU and FU companies.
- With seven group-wide committees (Sustainability, Investment, Risk Management, Technology, Human Resources, Gender Diversity, and Staff Well-being) established under the Headquarters Management Committee (“HMC”), the we seek to achieve two goals at the same time: enabling more sophisticated decision-making and ensuring group governance.
- As for internal auditing, we perform internal audits in line with the audit plan, and regularly report a summary of the audit results, matters pointed out, and other reportable findings to the Board, the

Audit and Supervisory Committee, and the HMC.

2. Framework to ensure that the directors, executive officers, and employees perform their duties in compliance with laws and ordinances and the Articles of Incorporation

(1) The Group establishes a code of conduct and basic rules regarding compliance and strives to develop a compliance system at the Group and practice compliance.

(2) The Company establishes a department to oversee group-wide compliance, which continually implements various compliance measures and reports on the status of these activities to the Board.

(3) The Group continuously provides education and training on compliance to its directors, executive officers, and employees.

(4) The Group establishes a group-wide whistleblower system to prevent and detect early any violations of laws and ordinances as well as the Articles of Incorporation.

(5) The Group takes a resolute attitude against antisocial forces and rejects any kind of relationship with them.

(6) The Group assigns a department primarily responsible for preparing for contingencies by gathering related information from the police in the respective jurisdiction and regional councils, etc. related to preventing violence by antisocial forces, and when circumstances arise, the department takes the lead and systematically responds in collaboration with external agencies.

(Overview of operational status)

- We developed a Compliance Handbook, which is part of PERSOL's commitment to materiality, to respect human rights and protect privacy, and which complies with the Whistleblower Protection Law, revised in June 2022. We distributed this Handbook to all officers and employees of our domestic group companies. We conducted training on the duties and responsibilities of directors and auditors for all executives of the domestic group companies. In our overseas group companies, we conducted compliance awareness and promotion activities based on unique training content developed to align with laws and regulations in each country.
- Upon establishing our whistleblower system, we strived to raise awareness of the system through means including our intranet. Within our domestic group companies, we assessed the awareness level of our "Whistleblower Hotline" and, with the goal of further increasing awareness, we explained the overview of the whistleblower system in a "compliance training" session targeted at all our officers and employees. Additionally, we held "Whistleblower Hotline study sessions" as needed, targeted at the representatives of each company whose system development and operation were not sufficient. For our overseas group companies, we posted the contact information and system overview related to the whistleblower system on the Group intranet and corporate website, striving to promote the system's prevalence.

3. Regulations and other systems to control the risk of financial losses

(1) The Company establishes rules regarding risk management of the Group and develops risk management system for the Group.

(2) The Company establishes a department primarily responsible for risk management of the Group within the Company to manage risks at the Group in an integrated manner. The department periodically reports the risk management system regarding material risks and its operation status to the Board.

(3) The Group establishes crisis management rules to prepare for the occurrence of crises such as large-scale natural disasters and pandemics and develops an appropriate framework, which includes an emergency management system for the Group, contact systems in the event of a crisis, and periodic implementation of training.

(Overview of operational status)

- The Risk Management Committee under HMC identifies the material risks faced by the Group and monitors the risk management situation.
- In a bid to better prepare for the possibility of a large-scale disaster, we set up an alternative emergency response headquarter in the event of a large-scale earthquake or any other devastating disaster in the Tokyo metropolitan area and have been providing training to all officers and employees of all Group companies, including practicing the procedure for safety inquiries. Crisis management training was conducted for the management team on the assumption of an earthquake directly under Tokyo metropolitan area to verify the effectiveness of the existing crisis management system and its operation and to identify issues. Issues identified in this training will be addressed by the first half of FY 2024.

4. Systems to ensure efficient performance of duties by directors and executive officers

(1) The Company separates oversight and execution of management, and the Board oversees the execution of operations at the Group from an independent and objective standpoint.

(2) The Company implements an executive officer system that aims to clarify the roles and responsibilities and delegates decision-making authority regarding operations, in principle, to the Representative Director, President and CEO.

(3) The Company establishes the Headquarters Management Committee (the “HMC”) as an organization that assists the Representative Director, President and CEO to deliberate on matters regarding important business execution of the Group.

(4) The Company formulates a Group’s Mid-term Management Plan and stipulates key management objectives and budget allocations for the entire Group for each business year as a means to give

concrete shape to the Group's Mid-term Management Plan.
(5) The Company sets forth a set of group-wide rules regarding the division of duties, chain of command, authority, decision-making, and other organization-related standards. The Group companies create their own systems according to these standards.
(6) The Company stipulates rules regarding IT of the Group, establishes a department responsible for it, and develops the IT governance system of the Group.

(Overview of operational status)
- The Board, in accordance with the Articles of Incorporation, Corporate Governance Guideline, and Board of Directors Rules, appropriately carries out management oversight of the Group's execution of operations.
- Discussions are carried out at the HMC which is established to assist the CEO who has been delegated approval authority by the directors regarding matters related to the execution of importation operations of the Group.
- In accordance with the Group IT Governance Rules, at the IT Committee, we have been conducting deliberations and monitoring in compliance with each set of rules and basic policies pertaining to IT governance and IT management.

5. Systems to ensure the properness and reliability of financial reports
(1) The Company stipulates basic policy of internal control over financial reporting by the Group to ensure properness and reliability of financial reporting.
(2) The Company establishes a department primarily responsible for internal control over financial reporting and another department in charge of evaluating it to ensure effectiveness of internal control over financial reporting.
(3) The department that evaluates internal control over financial reporting periodically reports the evaluation results of the internal control over financial reporting to the Board, etc.

(Overview of operational status)
- The Company determines the scope of internal control evaluation, updates relevant documents, evaluates the design and implementation of internal control, corrects any inadequacies identified, and reports the results to the Board.

6. Storage and management systems of information related to performance of duties by directors and executive officers
The Company stipulates rules regarding the storage of documents, etc., in accordance with which it appropriately stores and manages important documents, etc. that contain information regarding

performance of duties by the directors and executive officers such as minutes of important meetings. Furthermore, these documents etc. readily available for timely inspection when requested by directors or the Audit and Supervisory Committee.

(Overview of operational status)

- In accordance with the Document Management Rules, storage periods for important documents have been specified, and proper storage and management are being conducted.
- Through the information infrastructure for directors, the company has created an environment in which independent directors can access documents and minutes of the Board meetings, HMC and Investment Committee meetings whenever they need them.

7. Systems regarding performance of duties of the Audit and Supervisory Committee

7–1. Matters regarding assigning employees to support the duties of the Audit and Supervisory Committee

Based on a request from the Audit and Supervisory Committee, the Company assigns dedicated employees as required to support its duties. Support employees receive daily instructions from the Audit and Supervisory Committee, but not from directors who are not Audit and Supervisory Committee members or executive officers.

Furthermore, personnel changes, performance reviews, disciplinary actions, etc. of support employees shall take place with the consent of the Audit and Supervisory Committee.

7–2. Systems for making reports to the Audit and Supervisory Committee

(1) Directors, executive officers, and employees of the Group report on the status of business and internal controls as requested by the Audit and Supervisory Committee or a person who was instructed by the Audit and Supervisory Committee. The Internal Audit Division report on the results, etc. of internal audits.

(2) Directors, executive officers, and employees of the Group shall promptly notify the Audit and Supervisory Committee if they notice major infringements of laws and ordinances, the Articles of Incorporation, illicit conduct, or facts that will cause significant damage to the Company or may put the Company at such risk.

(3) When directors, executive officers, and employees of the Group notice facts that will cause significant damage to the Company or may put the Company at such risk, said facts should be promptly reported to the department in charge as stipulated by the Group. When the department in charge receives a report from directors, executive officers, and employees, a report should be promptly made to the Audit and Supervisory Committee.

(4) The Company ensures that the scope of the whistleblower system includes the Group. An

appropriate system should be firmly established to report major compliance issues to the Audit and Supervisory Committee including violations of laws and ordinances, the Articles of Incorporation, and internal rules of the Group.
(5) The Group explicitly states in its internal rules that directors, executive officers, and employees shall not be treated disadvantageously in performance reviews or be subject to disciplinary actions or other disadvantageous treatment due to reports made to the Audit and Supervisory Committee or to the internal whistleblower hotline.

7–3. Other systems to ensure that Audit and Supervisory Committee audits are performed effectively
(1) When it deems necessary, the Audit and Supervisory Committee may request directors (except directors who are Audit and Supervisory Committee members), executive officers, and important employees to report to the committee. The Audit and Supervisory Committee may also request periodic exchange of opinions with the Representative Director, President and CEO, the Internal Audit Division, and external auditors.
(2) When the Audit and Supervisory Committee or a person who was instructed by the committee requests for prepayment or reimbursement of expenses, etc. which occur in the course of performing the duties, the Company shall comply with the request except in cases where it can be demonstrated that said expenses etc. did not occur in the course of performing the duties of the Audit and Supervisory Committee.

(Overview of operational status)
- As a framework to support the duties of the Audit and Supervisory Committee and Audit and Supervisory Committee members, the Company has assigned a dedicated employee independent of the management division. The said employee is placed under the Audit and Supervisory Committee and personnel transfer, appraisal, and disciplinary actions, etc. regarding the employee are carried out upon obtaining the consent of the Supervisory Committee.
- The Audit and Supervisory Committee receives reports from directors, executive officers, and employees on the status of business operations, internal control, and other reportable matters.
- Full-time member of the Audit and Supervisory Committee regularly exchange information with all of the company auditors of core SBU and FU companies.
- The contents of the matters reported to the whistleblower consultation desk by officers and employees of the Group companies are reported to the Audit and Supervisory Committee.
- In order to protect employees from ill treatment as a result of reporting to the Audit and Supervisory Committee or the whistleblower hotline, the Company has included an explicit provision to that effect in the Whistleblower Hotline Rules and put in place a system for checking to ensure that

whistleblowers are not made subject to any ill treatment after reporting or blowing the whistle.
- In accordance with the basic policy, we have adopted an expense settlement system for the Audit and Supervisory Committee that is similar to that of our internal departments. In response to the Audit and Supervisory Committee's requests, we have appropriately implemented expense coverage.

**2. Basic approach to elimination of antisocial forces and status of preparations**

The Company has set forth the following system to eliminate antisocial forces.

(1) PERSOL Group adopts a firm attitude toward antisocial forces and severs any relations.

(2) PERSOL Group has designated a department primarily responsible for the elimination of anti-social forces that prepares for contingencies by gathering information from the police in respective jurisdictions and from regional committees on special violence prevention etc. When situations arise, this department will play a central role in collaborating with external agencies to coordinate countermeasures.

## V. Other

### 1. Have anti-takeover measures been introduced? Yes/No

| | |
|---|---|
| Introduction of anti-takeover measures | No |

Supplementary remarks relating to this item

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### 2. Other matters relating to the corporate governance system etc.

In principle, the Company releases expeditiously and equitably information that seriously affects decision making of investors and establishes a system to disclose information in a timely manner.

1. Decision Factors:

"Decision factors" are pieces information that the officer responsible for information handling instructs the PERSOL Group Finance Division to release expeditiously and equitably after approval is given by the Board.

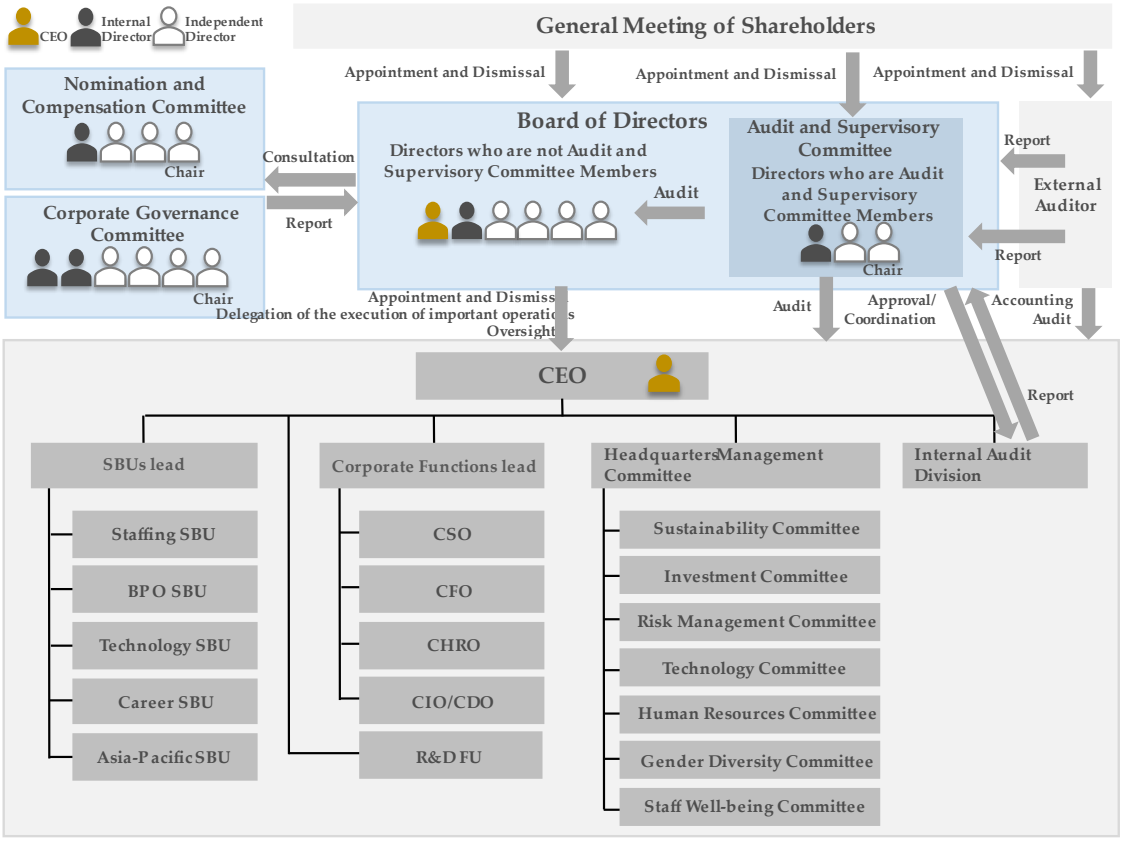
2. Event Facts:

"Event facts" (including risk information) are events that are expeditiously brought to the attention of the President & CEO at the point in time when a relevant department or subsidiary becomes aware such events have occurred. The events are examined, and a decision made whether to disclose details. If disclosure of event facts is deemed necessary, a system allows the officer responsible for information handling to instruct the PERSOL Group Finance Division to release expeditiously.

3. Financial Statement Related Information:

"Financial statement related information" includes details of the quarterly financial statements and information about amendments of business results/anticipated dividends etc. which are drawn up in draft form by the PERSOL Group Finance Division, then deliberated over by the Board, and after approval by the Board. The Company has established a system that the officer responsible for information handling instructs the PERSOL Group Finance Division to release expeditiously.

# Corporate Governance

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