

Last Update: March 27, 2025

JAC Recruitment Co., Ltd.

Hiromi Tazaki, Co-Founder, Executive Director, Chairman & CEO

Contact: Toshihiko Okino, Executive Director, Head of Administration & CFO

Securities code: 2124

<https://corp.jac-recruitment.jp/en>

The corporate governance of JAC Recruitment Co., Ltd. (the “Company”) is described below.

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

1. Basic Views

The Company believes that its mission in corporate management is to meet the trust and expectations of all stakeholders who support its corporate activities, to achieve sustainable growth and to increase corporate value over the medium to long term. The Company considers it important to pursue transparency, soundness, and efficiency in management, disclose timely and accurate management information, comply with laws and regulations, and maintain and develop good relationships with stakeholders, including shareholders, client companies, registered candidates, and employees, for the company's lasting development, and therefore will strengthen its corporate governance system.

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

The company has complied with all the principles of the Corporate Governance Code.

Disclosure Based on each Principle of the Corporate Governance Code

The Company discloses the compliance with each principle as the “Basic Policies on Corporate Governance, JAC Recruitment Co., Ltd.” and posts it on the Company's website.

The URL of the website is:

(Japanese) <https://ir.jac-recruitment.jp/ja/investors/management/governance.html>

(English) <https://ir.jac-recruitment.jp/en/investors/management/governance.html>

respectively.

(Measures to achieve cost of capital and share price conscious management) (English-language disclosure available)

(Updated on March 27, 2025)

The Company discloses the compliance with "Measures to achieve cost of capital and share price conscious management." (Corporate Governance Code Principle 5-2) in the " Basic Policies on Corporate Governance, JAC Recruitment Co., Ltd " which is published on the company's website.

The URL of the website is:

(Japanese) <https://ir.jac-recruitment.jp/ja/investors/management/governance.html>

(English) <https://ir.jac-recruitment.jp/en/investors/management/governance.html>

respectively.

(Response for promoting dialogue with shareholders and disclosure) (English-language disclosure available)

(Updated on March 27, 2025)

The Company discloses the compliance with " Response for promoting dialogue with shareholders and disclosure " (Corporate Governance Code Principle 5-1) in the " Basic Policies on Corporate Governance, JAC Recruitment Co., Ltd " which is published on the company's website.

The URL of the website is:

(Japanese) <https://ir.jac-recruitment.jp/ja/investors/management/governance.html>

(English) <https://ir.jac-recruitment.jp/en/investors/management/governance.html>

respectively.

2. Capital Structure

Foreign Shareholding Ratio

10% or more but less than 20%

Status of Major Shareholders

| Name or Company Name | Number of Shares Owned | Percentage (%) |
|--|------------------------|----------------|
| Tadayoshi Tazaki | 34,020,400 | 21.31 |
| Hiromi Tazaki | 20,718,400 | 12.98 |
| Shingo Kanaoya | 16,454,800 | 10.31 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 11,636,200 | 7.29 |
| The Tazaki Foundation | 8,800,000 | 5.51 |
| JAC Environmental & Animal Protection Foundation | 8,000,000 | 5.01 |
| Japan Post Insurance Co., Ltd. | 6,340,000 | 3.97 |
| Custody Bank of Japan, Ltd. (trust account) | 5,073,700 | 3.18 |
| STATE STREET BANK AND TRUST COMPANY 505103 | 1,535,244 | 0.96 |
| The Master Trust Bank of Japan, Ltd. (equity-linked ESOP trust account, 75825 account) | 1,527,538 | 0.96 |

Name of Controlling Shareholder, if applicable
(excluding Parent Companies)

Name of Parent Company, if applicable

None

1 . The status of major shareholders is as at 31 December 2024.

2 . The number of shares held by Mr. Tadayoshi Tazaki above includes the number of shares (6,000,000 shares as of 31 December 2024) held by Custody Bank of Japan, Ltd. under a management trust agreement concluded on 18 December 2023 and that amended on 18 December 2024.

3 . The shareholding ratio is calculated by deducting treasury shares (5,896,190 shares) held by the Company, excluding treasury shares held by the ESOP trust (1,527,538 shares), from treasury shares (7,423,728 shares).

3. Corporate Attributes

| | |
|---|--|
| Listed Stock Exchange and Market Segment | Prime Market |
| Fiscal Year-End | December |
| Business Sector | Services |
| Number of Employees (Consolidated) as of the End of the Previous Fiscal Year | 1,000 or more |
| Net Sales (Consolidated) for the Previous Fiscal Year | ¥10 billion or more but less than ¥100 billion |
| Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year | 10 or more but fewer than 50 |

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

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

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

1. Organizational Composition and Operation

| | |
|-----------------------------|------------------------------------|
| Corporate Governance System | Company with Supervisory Committee |
|-----------------------------|------------------------------------|

Directors

| | |
|---|------------------|
| Number of Directors Stipulated in Articles of Incorporation | 14 |
| Directors' Term of Office Stipulated in Articles of Incorporation | 1 year |
| Chairperson of the Board | Outside Director |
| Number of Directors | 12 |
| Election of Outside Directors | Elected |
| Number of Outside Directors | 7 |
| Number of Independent Directors | 7 |

Outside Directors' Relationship with the Company (1)

| Name | Attributes | Relationship with the Company* | | | | | | | | | | |
|--------------------|----------------------|--------------------------------|---|---|---|---|---|---|---|---|---|---|
| | | a | b | c | d | e | f | g | h | i | j | k |
| Yutaka Kase | From another company | | | | | | | | | | | |
| Günter Zorn | From another company | | | | | | | | | | | |
| Nobuhide Nakaido | From another company | | | | | | | | | | | |
| Toshiaki Mukaiyama | From another company | | | | | | | | | | | |
| Naoto Yokoi | CPA | | | | | | | | | | | |
| Nodoka Nakamura | Lawyer | | | | | | | | | | | |
| Akiko Toyoda | From another company | | | | | | | | | | | |

*Categories for "Relationship with the Company".

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditor ships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2)

| Name | Membership of Supervisory Committee | Designation as Independent Director | Supplementary Explanation of the Relationship | Reasons for Appointment |
|--------------------|-------------------------------------|-------------------------------------|---|--|
| Yutaka Kase | | * | N/A | Mr. Yutaka Kase has been appointed mainly because he will participate in management from a broad perspective to ensure adequacy and fairness based on his extensive experience as business manager. It was further determined that the Company can expect him to provide supervision and advice on corporate management as an Outside Director by taking the larger picture into account as he possesses sufficient insight into company management from his many years of experience in corporate management. |
| Günter Zorn | | * | N/A | Mr. Günter Zorn has been appointed mainly because he will participate in management from a broad perspective to ensure adequacy and fairness based on his extensive experience as business manager. It was further determined that the Company can expect him to provide supervision and advice on corporate management as an Outside Director by taking the larger picture into account as he possesses sufficient insight into company management from his many years of global experience in corporate management. |
| Nobuhide Nakaido | | * | N/A | Mr. Nobuhide Nakaido has been appointed mainly because he will participate in management from a broad perspective to ensure adequacy and fairness based on his extensive experience as business manager. It was further determined that the Company can expect him to provide supervision and advice on corporate management as an Outside Director by taking the larger picture into account as he possesses sufficient insight into company management from his many years of experience in corporate management. |
| Toshiaki Mukaiyama | * | * | N/A | Mr. Toshiaki Mukaiyama has been appointed for Outside Director who is an Audit & Supervisory Committee Member mainly because he will give advice and recommendations to ensure adequacy and fairness based on his extensive experience in administrative operations in general, including business planning, accounting/finance and the management of overseas subsidiaries. It was further determined that the Company can expect Mr. Toshiaki Mukaiyama to apply his expertise and experience to corporate management as an Outside Director as he possesses sufficient insight into company auditing operations from his many years of experience in administrative operations. |
| Naoto Yokoi | * | * | N/A | Mr. Naoto Yokoi has been appointed for Outside Director who is an Audit & Supervisory Committee Member mainly because he will provide advice and recommendations to ensure adequacy and fairness from his professional viewpoint as a certified public accountant. It was further determined that the Company can expect Mr. Naoto Yokoi to apply his expertise and experience to corporate management as an |

| | | | | |
|-----------------|---|---|-----|---|
| | | | | Outside Director as he possesses sufficient insight into the auditing operations of companies from the accounting knowledge and experience he has gained over many years as a certified public accountant, although he has not participated in corporate management in the past other than as an Outside Director or an External Audit & Supervisory Board Member. |
| Nodoka Nakamura | * | * | N/A | Ms. Nodoka Nakamura has been appointed for Outside Director who is an Audit & Supervisory Committee Member mainly because she will provide advice and recommendations to ensure adequacy and fairness from her professional viewpoint as a lawyer. It was further determined that the Company can expect Ms. Nodoka Nakamura to apply her expertise and experience to corporate management as an Outside Director as she possesses sufficient insight into the auditing operations of companies from the legal knowledge and experience she has gained as a lawyer, although she has not participated in corporate management in the past other than as an Outside Director or an Outside Audit & Supervisory Board Member. |
| Akiko Toyoda | | * | N/A | Ms. Akiko Toyoda has been appointed mainly because she will participate in management from a broad perspective to ensure adequacy and fairness based on her extensive experience as business manager. It was further determined that the Company can expect her to provide supervision and advice on corporate management as an Outside Director by taking the larger picture into account as she possesses sufficient insight into company management from her many years of experience in corporate management. |

Supervisory Committee

Composition of Supervisory Committee and Attributes of the Chairperson

| | All Committee Members | Full-time Members | Inside Directors | Outside Directors | Committee Chair |
|-----------------------|-----------------------|-------------------|------------------|-------------------|------------------|
| Supervisory Committee | 3 | 1 | 0 | 3 | Outside Director |

Appointment of Directors and/or Staff to Support the Supervisory Committee

Appointed

Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The Internal Audit Office has been established as an organisation reporting directly to the Supervisory Committee and is responsible for conducting audit work under the direction of the Supervisory Committee. Decisions on the transfer of employees belonging to the Internal Audit Office are subject to the consent of the Supervisory Committee, ensuring independence from the executive directors and the effectiveness of the Supervisory Committee's instructions.

Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

The director (the Full-time Supervisory Committee member) and the Internal Audit Office exchange opinions on auditing on a regular basis, including monthly, to ensure mutual cooperation. Information is provided to the Accounting Auditors on notable events relating to internal control identified by the internal audit. The advices and opinions are exchanged as necessary among them to ensure mutual cooperation.

Voluntary Established Committee(s)

| | |
|--|----|
| Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee | No |
|--|----|

Matters Concerning Independent Directors

| | |
|---------------------------------|---|
| Number of Independent Directors | 7 |
|---------------------------------|---|

Other Matters Concerning Independent Directors

Incentives

| | |
|--|--|
| Implementation Status of Measures related to Incentives Granted to Directors | Introduction of Performance-linked Remuneration Scheme |
|--|--|

Supplementary Explanation for Applicable Items

The Company has introduced performance-linked remuneration (monetary remuneration) for the Company's directors (excluding outside directors and directors who are members of the Supervisory Board) from FY2024.

| | |
|------------------------------------|------|
| Persons Eligible for Stock Options | None |
|------------------------------------|------|

Supplementary Explanation for Applicable Items

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The disclosure is limited to those whose total amount of consolidated remuneration, etc. is 100 million yen or more, and the subject of such disclosure for fiscal 2024 are two persons.

*Hiromi Tazaki, Co-Founder, Executive Director, Chairman & CEO; Total consolidated remuneration: 165 million yen (fixed remuneration of 122 million yen for the Company and performance-linked remuneration of 42 million yen).

*Hiroki Yamada, Executive Director, Head of Sales; Total consolidated remuneration: 124 million yen (fixed remuneration of 96 million yen for the Company and performance-linked remuneration of 27 million yen).

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Policy on the determination of the method of calculating the remuneration of executive directors (hereinafter called 'eligible directors') for FY2024

In order to increase the proportion of the share portion of remuneration for eligible directors, the 37th Ordinary General Meeting of Shareholders on 27 March 2024 resolved that the total amount of restricted share remuneration (granted each term) be increased from "up to 40 million yen per year" to "up to 200 million yen per year" and the limit of shares to be issued or disposed of be increased from "up to 20,000 shares per year" to "up to 186,000 shares per year", taking into consideration the 4-for-1 split of the Company's common shares on 1 January 2024, the medium-term increase in share price and other factors.

At the same General Meeting of Shareholders, a resolution was also passed to establish a limit of non-monetary remuneration of up to 50 million yen per year for full-time directors, with the aim of facilitating the speedy and smooth execution of business operations. It is envisaged that the non-monetary remuneration will be allocated to company housing, which is generally a standard property. The number of directors covered by the resolution is six.

(1) Basic policy

The basic policy is that the remuneration of eligible directors should be linked to the company's performance and be based on a highly transparent and objective system.

(2) Remuneration system

(a) Remuneration standards

In accordance with the above basic policy, the remuneration of the eligible directors will be set at a standard that each of them will find attractive according to his or her responsibilities. In setting such standards, consideration will be given to other companies in the same industry and third-party surveys of management remuneration in listed companies in Japan. The Company will also revise the remuneration policy from time to time in response to changes in the external environment.

(b) Remuneration structure

The remuneration for FY 2024 for eligible directors will comprise basic remuneration, performance-linked remuneration, restricted share remuneration (granted every fiscal year) and restricted share remuneration (granted in lump sum), as follows.

- Basic remuneration (fixed remuneration): monetary remuneration determined for each position according to task responsibilities.
- Performance-linked remuneration: monetary remuneration linked to company performance in a single year
- Restricted share-based remuneration (annual grant type): share-based remuneration in which shares of the company's

common stock are granted annually with restrictions on transfer for the purpose of providing incentives for the creation of shareholder value.

- Restricted share remuneration (lump-sum grant): share remuneration with restricted transfers and a lump-sum grant of the company's common shares, with the aim of providing incentives to create shareholder value.

(c) Remuneration ratio

- Base remuneration: 51% to 100%.
- Performance-linked remuneration: 0% (Note 1) ~ 44%.
- Restricted share-based remuneration (annual grant type): 0% (Note 2) ~ 13%
- Restricted share-based remuneration (lump-sum grant type): - (Note 3)

(Note 1) Performance-linked remuneration is paid to eligible Directors excluding Director and Chief Advisor.

(Note 2) Restricted share remuneration (granted every fiscal year) is paid to eligible directors excluding major shareholders.

(Note 3) Lump-sum payments are made to the applicable persons (there are also periods when no payments are made).

(d) Timing of payment of remuneration

- Basic remuneration (fixed remuneration): Divided into 12 equal parts and paid monthly
- Performance-linked remuneration: Paid out once a year at a fixed time
- Restricted share-based remuneration (annual grant type): Paid out once a year at a fixed time
- Restricted share remuneration (lump-sum grant type): Paid out in a lump-sum when there are the applicable persons (there are also periods when no payment is made)

(3) Method of determining remuneration

The remuneration of eligible directors for FY2024 shall be determined in the following manner.

(a) Basic remuneration (fixed remuneration)

Basic remuneration (fixed remuneration) is a monthly payment of one-twelfth of the basic remuneration determined for each position in accordance with the responsibilities of the position.

(b) Performance compensation

Performance remuneration shall be determined as monetary remuneration linked to the company's performance in a single fiscal year, based on the amount of profit before taxation for the 2024 consolidated financial year, in the following manner. However, no payment shall be made if the amount of such profit falls below 3,249 million yen.

- Managing Director: profit before taxation for FY2024 x 0.50%
- Director and Chief Advisor: Same as above x 0% * See (2)(c) Note 1
- Executive Director: Same as above x 0.33%
- Director, Head of Administration : Same as above x 0.20%
- Director (in charge of overseas): Same as above x 0.15%

(c) Restricted share-based remuneration (annual grant type)

Restricted share-based remuneration (annual grant type) is determined as share-based remuneration as an incentive to create shareholder value, considering the amounts paid under (a) and (b) above.

(d) Restricted share awards (lump-sum grant)

Restricted share remuneration (lump-sum grant type) is intended as share remuneration as an incentive to create shareholder value, in principle as a lump-sum grant of an amount equivalent to the compensation for the performance of duties over 10 financial years and will not be granted if the Board of Directors determines that no one is applicable.

(4) Forfeiture of remuneration, etc.

Serious errors in the consolidated financial statements of previous years, serious accounting scandals such as window-dressing in the Company and its consolidated subsidiaries, huge losses resulting from such accounting scandals, as well as any incident that is recognised or is likely to be recognised as a serious fraud or breach of the duty of care shall be reported to the Board of Directors and the Supervisory Committee. If the Board of Directors so acknowledges, it consults the Independent Board of Directors with a proposal for the return of remuneration and, with the results of the consultation, the Board of Directors decides on the return of remuneration in accordance with the seriousness of the matter.

(5) Remuneration governance

The method of calculating remuneration for each year and the amount of remuneration for each individual eligible director shall be decided by the Board of Directors after consulting the Independent Board of Directors for each such year.

2. Policy on the determination of the method of calculating the remuneration of directors excluding Audit and Supervisory Committee Members for FY2025

For FY2025, at a meeting of the Board of Directors held on 12 February 2025, the proposal of the Executive Director, Chairman & CEO regarding the amount of such remuneration was determined after consulting with the Independent Directors Committee. The Board of Directors has determined that the details of such decisions are in line with the following remuneration policies.

In addition, the Board of Directors submitted a proposal to the 38th Ordinary General Meeting of Shareholders held on 27 March 2025, regarding the introduction of performance-linked stock remuneration as a new remuneration plan for eligible directors, and the adoption of a total of 200 million yen per year (excluding employee salaries for directors who also serve as employees) and received a resolution at the General Meeting of Shareholders. The number of directors subject to such resolution is 5. Akiko Toyoda, an outside director who is not an Audit and Supervisory Committee member, was elected at the 38th Ordinary General Meeting of Shareholders held on 27 March 2025. At the meeting of the Board of Directors held on the same day after the close of the General Meeting of Shareholders, the proposal of the Executive Director, Chairman & CEO regarding the amount of such remuneration was determined after consultation with the Independent Directors Committee.

The following is a summary of the Company's policy for determining the methods of calculating the remuneration of eligible directors in FY2025.

A. Basic Policy

The remuneration for the Company's Directors who are not Audit & Supervisory Committee Members shall be structured as a remuneration system that effectively serves as an incentive for the sustainable enhancement of corporate value, with the determination of individual Directors' remuneration set at an appropriate level based on their respective responsibilities as a basic policy. Specifically, the remuneration for Executive Directors (hereinafter referred to as "Eligible Directors") shall consist of monetary remuneration (basic remuneration, performance-linked remuneration) and non-monetary remuneration (restricted stock compensation, performance-linked share-based remuneration, and leased housing), with monetary remuneration being the primary component and non-monetary remuneration set at an appropriate ratio to contribute to medium- to long-term enhancement of corporate value.

For Eligible Directors:

(I) In the short term, the performance-linked remuneration system offers incentives to enhance the Company's performance in each fiscal year; and

(II) In the medium- to long-term, alongside restricted stock compensation (annual installment-type), the newly introduced performance-linked share-based remuneration system seeks to contribute to the sustainable enhancement of corporate value by vigorously promoting shareholder value creation.

This will result in a remuneration system that contributes to achieving "JAC as No. 1."

The remuneration for Non-executive Directors shall consist solely of basic remuneration (monetary remuneration).

B. Details of Remuneration

(1) Remuneration Levels

In accordance with the above basic policy, the remuneration for Directors who are not Audit & Supervisory Committee Members shall be set at levels that are considered attractive according to each Director's responsibilities. The Company considers remuneration surveys of Japanese listed companies conducted by industry peers and third parties when setting these levels. The levels will be reviewed as appropriate in response to changes in the external environment.

(2) Remuneration Structure

(i) Monetary Remuneration

(a) Basic Remuneration (Fixed Remuneration)

The basic remuneration for Directors who are not Audit & Supervisory Committee Members shall be determined according to position based on their responsibilities.

(b) Performance-linked Remuneration

Performance-linked remuneration shall be monetary remuneration linked to single-year company performance, determined according to the method below based on the actual amount of profit before income taxes (hereinafter referred to as "PBT") for the consolidated fiscal year. PBT was chosen as the indicator to reflect performance for the entire Group, including consolidated subsidiaries, in remuneration. Directors who resign during the fiscal year shall receive payment in proportion to their period of service.

- Executive Director (Chairman & CEO): 0.50% of profit before income taxes for the consolidated fiscal year
- Director and Chief Advisor: 0% of above *See Note 1 under B. (3)
- Executive Director (Head of Sales): 0.33% of above
- Executive Director (Head of Administration): 0.20% of above
- Executive Director (Head of Global Business Headquarters): 0.15% of above

If the actual PBT exceeds 200% of the published target PBT amount approved by the Board of Directors, 200% shall be used as the upper limit for calculation. Conversely, if it falls below 30%, no performance-linked remuneration shall be paid.

(ii) Non-monetary Remuneration

(c) Restricted Stock Compensation

Regarding share-based remuneration for the Company's Directors who are not Audit & Supervisory Committee Members, remuneration paid for granting restricted stock to Eligible Directors shall be monetary claims, with total amounts of 200 million yen or less per year as "annual installment-type stock compensation" and 200 million yen or less per year as "lump sum-type stock compensation" (excluding employee salaries of Directors who also serve as employees). However, the "lump sum-type stock compensation" remuneration framework is generally intended for lump sum payment of amounts equivalent to the remuneration for duties performed over 10 fiscal years, effectively equivalent to payment of 20 million yen or less per fiscal year.

Furthermore, Eligible Directors shall receive the issuance or disposal of the Company's common shares by paying in all monetary claims paid as property contributed in kind, pursuant to a resolution of the Company's Board of Directors. The total number of the Company's common shares to be issued or disposed of in this manner shall be 186,000 shares or less per year as "annual installment-type stock compensation" and shall be 400,000 shares or less per year as "lump sum-type stock compensation," totaling 586,000 shares or less per year. However, as mentioned above, the monetary claims for "lump sum-type stock compensation" are generally intended for lump sum payment of amounts equivalent to the remuneration for duties performed over 10 fiscal years, effectively equivalent to grants of 40,000 shares or less per fiscal year.

The amount to be paid in per share shall be determined by the Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution (if no trading is executed on the said date, the closing price on the most recent trading day preceding the said date), within a range that is not preferentially advantageous to the Eligible Directors receiving the common shares. The issuance or disposal of the Company's common shares and the related payment of monetary claims as property contributed in kind shall be conditional upon concluding a restricted stock allotment agreement between the Company and each Eligible Director that includes the terms outlined below. The upper limits of remuneration amounts, the total number of the Company's common shares to be issued or disposed of, and other conditions for granting restricted stock shall be determined considering the aforementioned objectives, the Company's business conditions, and various other circumstances.

(d) Performance-linked Share-based Remuneration

For this remuneration, a baseline number of stock units shall be set according to each Eligible Director's position and role. After a three-year performance evaluation period (from the start of each fiscal year to the end of the second subsequent fiscal year; hereinafter referred to as the "Performance Evaluation Period"), common shares of the Company and cash will be delivered to Eligible Directors based on the number of stock units to be granted calculated according to the evaluation using total shareholder return (TSR) and the level of the achievement of targets for indicators related to environment, society, and governance (ESG) and other performance metrics (including non-financial indicators). The remuneration to be paid to Eligible Directors as performance-linked share-based remuneration shall be monetary compensation claims and cash, with the total amount of 200 million yen or less per year (excluding employee salaries of Directors who also serve as employees). Furthermore, Eligible Directors shall receive the issuance or disposal of the Company's common shares by paying in monetary compensation claims paid under this proposal as property contributed in kind, pursuant to a resolution of the Company's Board of Directors. The total number of the Company's common shares to be issued or disposed of in this manner shall be 600,000 shares or less per year. The amount to be paid per share shall be determined by the Company's Board of Directors based on the closing price of the Company's common shares on the Tokyo Stock Exchange on the business day preceding the date of each Board of Directors resolution (if no trading is executed on the said date, the closing price on the most recent trading day preceding the said date), within a range that is not preferentially advantageous to the Eligible Directors receiving the common shares. The specific timing of payment and allocation to each Eligible Director shall be determined by the Company's Board of Directors after consultation with the board of independent directors.

The above-mentioned details and other matters shall be stipulated in the "Performance-linked Share-based Remuneration Regulations."

The method for calculating the number and total amount of the Company's Shares to be delivered to the Eligible Directors is as follows.

The number of the Company's common shares and the amount of cash to be delivered based on the number of stock units to be granted (referred to in (II) below), which is determined according to the TSR Evaluation and achievement of targets for ESG Indicators, etc. during the Performance Evaluation Period, shall be calculated based on the overview and the formulas given below, using the baseline number of stock units (referred to in (I) below) predetermined according to each Eligible Director's position and role as the basis for calculation. Note that what will be provided to Eligible Directors is monetary compensation claims equivalent to the amount calculated by multiplying the number of the Company's common shares in (i) below by the when-delivered share price (referred to in (III) below), which will be paid in as property contributed in kind for the delivery of the Company's common shares.

(i) Number of the Company's common shares to be delivered to each Eligible Director

Number of stock units to be granted (referred to in (II) below) \times 50% (any fraction less than 100 shall be rounded up)

(ii) Amount of cash to be delivered to each Eligible Director

(Number of stock units to be granted (referred to in (II) below) – Number calculated in (I) above) \times When-delivered share price (referred to in (III) below)

(I) Baseline Number of Stock Units

The baseline number of stock units shall be calculated by dividing the standard remuneration amount predetermined according to each Eligible Director's position and role (hereinafter referred to as "Position/Role-based Standard Amount") by the standard stock price (any fraction less than 1 shall be rounded down).

The Position/Role-based Standard Amount shall be determined annually at the beginning of each period by the Company's Board of Directors after consultation with the board of independent directors. The standard stock price shall be the closing price of the Company's shares on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors annual resolution that determines the Position/Role-based Standard Amount and baseline number of stock units (if no trading is executed on the said date, the closing price on the most recent trading day preceding the said

date).

(II) Number of Stock Units to be Granted

The number of stock units to be granted shall be calculated by multiplying the number equivalent to 80% of the baseline number of stock units by the payment rate corresponding to the TSR Evaluation for the Performance Evaluation Period (hereinafter referred to as "TSR Evaluation Coefficient") and multiplying the number equivalent to 20% of the baseline number of stock units by the payment rate corresponding to the achievement of targets for ESG Indicators, etc. for the Performance Evaluation Period (hereinafter referred to as "ESG, etc. Evaluation Coefficient").

The TSR Evaluation Coefficient shall be determined based on the Company's TSR Evaluation using the dividend-inclusive TOPIX (Tokyo Stock Price Index) growth rate as a benchmark, according to the formula below. It shall be calculated within a range of 0% to 200%. If the calculation result is less than 50%, the TSR Evaluation Coefficient shall be 0%, and if it exceeds 200%, the TSR Evaluation Coefficient shall be 200%.

TSR Evaluation Coefficient = Company's TSR/TOPIX Growth Rate = $((B + C) \div A) / (E \div D)$

A: Simple average of the Company's stock closing prices on the Tokyo Stock Exchange in the month preceding the first fiscal year of the Performance Evaluation Period

B: Simple average of the Company's stock closing prices on the Tokyo Stock Exchange in the final month of the final fiscal year of the Performance Evaluation Period

C: Total amount of dividends per share of the Company's stock related to dividends of surplus during the Performance Evaluation Period

D: Simple average of the dividend-inclusive TOPIX closing prices in the month preceding the first fiscal year of the Performance Evaluation Period

E: Simple average of the dividend-inclusive TOPIX closing prices in the final month of the final fiscal year of the Performance Evaluation Period

The ESG, etc. Evaluation Coefficient shall be determined by calculating the coefficient for each KPI set for ESG Indicators, etc., by multiplying the KPI's weight (evaluation ratio) by the coefficient corresponding to the degree of target achievement and then summing the coefficient for each KPI. It shall be calculated within a range of 0% to 150%. The content of KPIs, the evaluation ratio for each KPI, and the target value for each KPI for calculating the ESG, etc. Evaluation Coefficient shall be determined annually at the beginning of each period by the Company's Board of Directors after consultation with the board of independent directors.

For this Performance-linked Share-based Remuneration for fiscal year 2025, the upper limit of the total amount of shares to be delivered, the number of shares to be delivered, and the monetary delivery will be as follows.

* TSR Evaluation

Executive Director (Chairman & CEO)

Maximum total amount of shares: -(Note 1),

Maximum number of shares to be delivered:-(Note 1)

Maximum amount of money to be delivered:-(Note 1)

Director and Chief Advisor

Maximum total amount of shares: -(Note 1),

Maximum number of shares to be delivered:-(Note 1)

Maximum amount of money to be delivered:-(Note 1)

Executive Director (Head of Sales)

Maximum total amount of shares: 28.00 million yen

Maximum number of shares to be delivered: 17,500 shares (Note 2)

Maximum amount of money to be delivered: 14.00 million yen

Executive Director (Head of Administration)

Maximum total amount of shares: 19.84 million yen

Maximum number of shares to be delivered: 12,400 shares (Note 2)

Maximum amount of money to be delivered: 9.92 million yen

Executive Director (Head of Global Business Headquarters)

Maximum total amount of shares: 17.34 million yen

Maximum number of shares to be delivered: 10,800 shares (Note 2)

Maximum amount of money to be delivered: 8.67 million yen

* ESG, etc. Evaluation

Executive Director (Chairman & CEO)

Maximum total amount of shares: -(Note 1),

Maximum number of shares to be delivered:-(Note 1)

Maximum amount of money to be delivered:-(Note 1)

Director and Chief Advisor

Maximum total amount of shares: -(Note 1),

Maximum number of shares to be delivered:-(Note 1)

Maximum amount of money to be delivered:-(Note 1)

Executive Director (Head of Sales)

Maximum total amount of shares: 5.25 million yen
Maximum number of shares to be delivered: 3,200 shares (Note 2)
Maximum amount of money to be delivered: 2.63 million yen

Executive Director (Head of Administration)

Maximum total amount of shares: 3.72 million yen
Maximum number of shares to be delivered: 2,300 shares (Note 2)
Maximum amount of money to be delivered: 1.86 million yen

Executive Director (Head of Global Business Headquarters)

Maximum total amount of shares: 3.29 million yen
Maximum number of shares to be delivered: 2,000 shares (Note 2)
Maximum amount of money to be delivered: 1.65 million yen

(Note 1) This remuneration will be delivered to directors excluding major shareholders.

(Note 2) The upper limit of the number of shares to be granted was determined by the disposal price that is the closing price of the Company's common stock on the Tokyo Stock Exchange Prime Market on the business day (26 March 2025) preceding the 38th Ordinary General Meeting of Shareholders (held on 27 March 2025) at which the introduction of this remuneration is approved.

(Note 3) Directors who resign for justifiable reasons (expiration of term of office, death, etc.) as set forth in advance by the Company during the current fiscal year shall be delivered according to the business performance period.

(Note 4) This remuneration shall be delivered in money at 50% of the total amount to secure funds for tax payment.

If the total number of the Company's issued shares increases or decreases due to a consolidation of shares or a split of shares (including gratis allotment of shares; hereinafter the same shall apply to references to a split of shares) before the delivery of Company Shares, etc., the number of stock units to be granted after adjustment shall be calculated by multiplying the number of stock units to be granted before adjustment by the ratio of such consolidation or split.

(III) When-Delivered Share Price

The when-delivered share price shall be an amount determined by the Company's Board of Directors within a range that is not preferentially advantageous to the Eligible Directors receiving the Company's common shares, based on the closing price of the Company's shares on the Tokyo Stock Exchange on the business day preceding the date of the Board of Directors resolution for the delivery of Company Shares, etc. under the Plan as specified in 3 below (if no trading is executed on the said date, the closing price on the most recent trading day preceding the said date).

If an Eligible Director is newly appointed during the first fiscal year of the Performance Evaluation Period or in other cases that the Company's Board of Directors deems necessary, the number of stock units to be granted, calculated according to the above calculation method, may be adjusted within reasonable bounds, considering factors such as the Eligible Director's period of service during the Performance Evaluation Period.

Furthermore, if the total number of the Company's shares or the total amount of monetary compensation claims or cash to be delivered to Eligible Directors as calculated by the above calculation method would exceed the upper limit approved by resolution of the Company's General Meeting of Shareholders, the number of shares or the amount of monetary compensation claims or cash to be delivered shall be reasonably adjusted using a reasonable method determined by the Company's Board of Directors, such as pro-rata allocation based on the number of stock units to be granted to each Eligible Director, so as not to exceed that upper limit.

(e) Leased Company Housing

This remuneration shall be provided as housing (hereinafter referred to as "Leased Company Housing") under the following conditions to Eligible Directors who need to relocate from overseas and their family members who will live with them. Leased Company Housing refers to residential facilities for which the Company enters into a lease agreement with the lessor or lessor's agent, with the Eligible Director as the occupant.

The total of monthly rent and common service fees together shall be considered as house rent, with a maximum monthly house rent of 2 million yen, of which the Eligible Director shall bear 50%. The house rent to be borne by the Eligible Director shall, in principle, be deducted from their monthly officer remuneration.

The above details and other matters shall be stipulated in the "Officer Housing Management Regulations."

(3) Remuneration Ratio *Excluding (ii)-(e) leased housing above

- Base remuneration: 43% to 100%.
- Performance-linked remuneration: 0% (Note 1) to 36%.
- Restricted share-based remuneration (annual grant type): 0% (Note 1) to 12%
- Restricted share-based remuneration (lump-sum grant type): - (Note 2)
- Performance-linked Share-based Remuneration: 0% (Note 1) to 17%

(Note 1) Paid to Eligible Directors excluding Non-executive Directors

(Note 2) Paid in a lump sum when there are eligible recipients; not paid when there are none

(4) Timing of Remuneration Payment *Excluding (ii)-(e) leased housing above

- Basic Remuneration (Fixed Remuneration): Paid monthly in 12 equal installments
- Performance-linked Remuneration: Paid once annually at a specified time

- Restricted Stock Compensation (Annual Installment-type): Paid once annually at a specified time
- Restricted Stock Compensation (Lump Sum-type): Paid in a lump sum when there are eligible recipients
- Performance-linked Share-based Remuneration: Paid at a specified time after the completion of the Performance Evaluation Period (3 fiscal years)

C. Remuneration Claw back, etc.

Material errors in prior fiscal years' consolidated financial statements, significant accounting misconduct such as window dressing settlement of accounts at the Company and its consolidated subsidiaries, huge losses resulting from the aforementioned incidents, and cases that are recognized as or potentially constitute significant misconduct or breach of duty of care shall be reported to the Board of Directors and the Audit & Supervisory Committee. If the Board of Directors acknowledges such cases, it shall consult with the board of independent directors regarding a proposal for remuneration claw back and determine the remuneration claw back claim according to the severity based on the consultation results.

D. Remuneration Governance

The remuneration calculation method for each fiscal year and the individual remuneration amounts for Directors who are not Audit & Supervisory Committee Members shall be resolved by the Board of Directors after consultation with the board of independent directors for the respective fiscal year.

Support System for Outside Directors

Outside directors are provided with the same information as internal directors by a permanent board secretariat.

Status of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

| Name | Job title/ position | Responsibilities | Terms and Conditions of Employment (Full/part time, with/without remuneration, etc.) | Date when former role as president/ CEO ended | Term |
|------|---------------------|------------------|--|---|------|
| N/A | | | | | |

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc. 0

Other Related Matters

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

At the 35th Annual General Meeting of Shareholders held on 24 March 2022, the Company's transition from a company with auditors and a board of auditors to a company with an audit and supervisory committee was approved to further strengthen the auditing and supervisory functions and corporate governance system regarding the legality and appropriateness of business execution.

(a) Supervisory Committee

The Supervisory Committee consists of three members, one full-time Director and two part-time Directors, who audit the business execution of the executive Directors and monitor the legality and appropriateness of the

management to maintain good corporate governance. The three directors who are members of the Supervisory Board are all outside directors.

(b) Board of Directors

The Board of Directors consists of eight non-audit directors (three of whom are outside directors) and three Supervisory Committee member directors, and holds a regular monthly Board of Directors meeting and, when necessary, an extraordinary Board of Directors meeting, which is in principle attended by all directors. The Board of Directors operates as an organ to deliberate and decide on matters stipulated in the Companies Act and other important management matters, as well as to supervise the execution of business operations.

(c) Management Strategy MTG, Group Company Board Meetings, Group Company Management Report Meetings

Weekly Management Strategy MTGs consisting of the Company's directors and Associate Directors, and monthly Group Company Board of Directors meetings or Management Report meetings consisting of the Company's directors and Group Company directors are held under the supervision of the Company's Chairman and Managing Director, to discuss and decide on various measures concerning important management matters of the Group.

(d) Internal Audit Office

The Internal Audit Office, an organisation reporting directly to the Supervisory Committee of the Company, carries out internal audits in accordance with the annual internal audit schedule and monitors the effectiveness of the internal checks functions.

(e) Accounting Auditors

The Company was audited by Deloitte Touche Tohmatsu LLC in the year ended 31 December 2023, and the names of the certified public accountants who performed the accounting audit work are as follows.

Certified public accountants who performed auditing services: Tsutomu Hirose, Designated limited liability partner and executive member, and Naoko Nose, Designated limited liability partner and executive member.

The number of years of continuous auditing services has been omitted as all of them have been with the company for less than seven years.

(f) Internal Control Division

The Internal Control Division, which is a part of the Administration Headquarters, is responsible for establishing a control environment for operations, finances, compliance, asset protection, etc., including J-Sox evaluation, in cooperation with relevant departments of JAC Group.

3. Reasons for Adoption of Current Corporate Governance System

At the 35th Annual General Meeting of Shareholders held on 24 March 2022, the Company's transition from a company with auditors and a board of auditors to a company with an audit and supervisory committee was approved to further strengthen the auditing and supervisory functions and corporate governance system regarding the legality and appropriateness of business execution.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

| | Supplementary Explanation |
|---|--|
| Early Posting of Notice of the General Meeting of Shareholders | The company sends out early notices of the General Meeting of Shareholders. |
| Scheduling of the General Meeting of Shareholders on a Non-Peak Day | The Company's Annual General Meeting of Shareholders is usually held on a date that avoids the peak days. |
| Electronic Exercise of Voting Rights | The Company exercises its voting rights by electromagnetic means. |
| Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights | The company participates in the electronic voting platform. |
| Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English | The Company provides the English text of the Notice of Meeting (Summary) on its electronic voting platform and on the Company's English website. The URL for this site is: https://ir.jac-recruitment.jp/en/investors/stock/meeting.html |
| Other | The Company publishes the Notice of the General Meeting of Shareholders on the Company's IR website. The URL of this website is: https://ir.jac-recruitment.jp/en/investors/stock/meeting.html |

2. Status of IR-related Activities

| | Supplementary Explanation | Explanation by a representative director or a representative executive officer |
|--|--|--|
| Formulation and Publication of Disclosure Policies | The information disclosure policy is posted on the company's Investor Relations website. The URL of the said website is: https://ir.jac-recruitment.jp/en/investors/disclosure.html | |
| Regular Investor Briefings held for Individual Investors | The company participates in information sessions for individual investors organised by major securities firms. | |
| Regular Investor Briefings held for Analysts and Institutional Investors | Briefings for analysts and institutional investors are held twice a year after the announcement of results (second quarter and year-end) to explain performance and prospects. | Held |
| Regular Investor Briefings held for Overseas Investors | Online international roadshow is conducted. | Held |

| | |
|---|---|
| Online Disclosure of IR Information | <p>Financial statements and timely disclosure documents are available on the company's IR website.</p> <p>The IR website's URL is: https://ir.jac-recruitment.jp/en/investors/news.html</p> |
| Establishment of Department and/or Placement of a Manager in Charge of IR | <p>A department responsible for investor relations (IR Team) has been set up in the Administration Headquarters.</p> |
| Other | <p>_____</p> |

3. Status of Measures to Ensure Due Respect for Stakeholders

| | Supplementary Explanation |
|---|---|
| <p>Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders</p> | <p>The Company will promote its business based on the following basic company management policies.</p> <p>The Group's main business is recruitment consultancy. The Group has been connecting people, businesses, the economy and society and contributing to their growth by linking (introducing) professionals who play an important role in the development of companies around the world.</p> <p>The success of these professionals leads to the progress of companies and, eventually, to the development of the economy. As the economy develops, it, in turn, leads to the development of society. Moreover, these contribute to the preservation of the global environment. It is our mission to continue sustainably promoting this cycle.</p> <p>Based on our mission, we always aspire to company management with the following corporate goals.</p> <ol style="list-style-type: none"> 1. Respect high quality and work with a high level of awareness. 2. Work to the highest level of satisfaction of both companies and job seekers. 3. Be a company that always makes speedy improvements and reforms. 4. Always aspire to be professional, continue to grow as an excellent company in profitability and profit growth rate, and aim to be an attractive company that can satisfy shareholders, customers, and employees. |
| <p>Implementation of Environmental Preservation Activities and CSR Activities, etc.</p> | <p>The Group began an initiative in fiscal 2008 called the PPP Project, "One Placement Creates One Plant to Save the Planet," planting one tree in designated areas of Indonesia and other countries for every person it places into a new job. This is calculated to absorb just under 500 tons of greenhouse gases per year, and the Group has already achieved net-zero carbon emissions for Scope 1 and Scope 2. In July 2024, we launched the "JAC Moringa Forest" project, which aims to achieve Scope 3 carbon net zero and is working to further struggle with global warming by planting moringa trees, which have 10 times the CO2 absorption capacity of cedar trees, to regenerate forests. In 2024, we planted 1,000 moringa trees in Miyakojima City, Okinawa Prefecture, and plan to expand this number from 2025 onwards.</p> <p>In addition to this, the company has been promoting the 3Rs (Reduce, Reuse,</p> |

| | |
|--|---|
| | <p>Recycle), such as switching the material used for business cards from recycled paper containing used paper to LIMEX, a material with less environmental impact since June 2019; removing products in plastic PET bottles with a high environmental impact from the vending machines installed in our offices; and switching the material for clear files used within and outside the company to recycled PP.</p> |
| <p>Formulation of Policies, etc. on Provision of Information to Stakeholders</p> | <p>The information disclosure policy is posted on the company's Investor Relations website.</p> <p>The URL of the said website is: https://ir.jac-recruitment.jp/en/investors/disclosure.html</p> |
| <p>Other</p> | <p>_____</p> |

IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

In accordance with the Companies Act and the Enforcement Regulations of the Companies Act, the Board of Directors resolved the following Basic Policy for Establishing and Organizing an Internal Control System, as well as matters necessary for the development of the system.

We strive to build an excellent internal control system by continuously monitoring and constantly reviewing the operation of our internal controls.

1.A system to ensure that the execution of duties by the directors and employees of the Company, as well as the directors, executive officers, members who execute the business, persons who are to perform the duties set forth in Article 598 Paragraph 1 of the Companies Act, and other persons equivalent thereto (hereinafter referred to as "Directors, etc.") and employees of the Company's subsidiaries comply with laws and regulations and the articles of incorporation

(1) The Code of Ethics shall be established to ensure that directors, officers and employees of the Company and its subsidiaries (hereinafter referred to as the "Company Group") are fully aware of their corporate social responsibilities, comply with laws and regulations and the articles of incorporation in the performance of their day-to-day management and business activities, and conduct themselves in conformity with social ethics.

Directors, officers and employees who serve in management duties of the Company Group are aware that their role is to realize the spirit of the Code of Ethics, and are committed to taking the initiative in putting this code in mind and ensuring that all concerned parties are fully aware of it.

(2) The Company shall establish policies and plans for the development of the internal control system as a company with an audit and supervisory committee.

(3) The Company shall establish the board of independent officers as an advisory body to the board of directors from an independent and objective standpoint.

(4) In the event a director of the Company Group discovers a violation or an act that is likely to become a violation of the laws and regulations or the articles of incorporation by another director, such director shall immediately report such violation to the audit and supervisory committee member appointed by the audit and supervisory committee (hereinafter referred to as "appointed committee member") and the board of directors.

(5) The Company's department in charge of compliance shall endeavour to establish the management of the Company Group's compliance system. In addition, each of the Company Group's companies shall manage its system.

(6) The Company shall establish an internal audit office, under the direct control of the audit and supervisory committee, which verifies, evaluates and advice whether the internal controls are effectively and efficiently functioned and operated. The appointed committee member and the internal audit office shall conduct audits on a regular basis or as the situation requires.

(7) The Company Group shall work with lawyers and police to respond systematically, and in a resolute manner, to anti-social forces and organizations that pose a threat to the order and safety of civil society.

(8) In accordance with the Whistleblower Protection Act, the Company Group shall establish the

whistleblower protection system to establish a mechanism for the proper handling of reports and consultations concerning systematic or personal violations of laws and regulations from our and domestic subsidiaries' officers, employees (permanent employees, contract employees, part-time employees, dispatched employees, etc.) and retirees.

In addition, as a person engaged in Whistleblower Response Services, the Company shall designate persons engaged in Whistleblower Response Services, including a full-time member who is appointed committee member. Foreign subsidiaries shall comply with the Rules for Internal Reporting in accordance with the laws and regulations of each country.

(9) The Company Group shall establish an internal system to ensure compliance with accounting standards and other relevant laws and regulations and to ensure the legality and appropriateness of financial reporting.

2. System for the preservation and management of information related to the execution of duties by the Company's directors

The Company shall establish document management regulations that provide for the preservation and management, etc. of information pertaining to the execution of duties by directors, such as records pertaining to decision-making at important meetings including the board of directors meeting and documents approved by each director in accordance with the administrative authority regulations and shall organize an appropriate system for the preservation and management of information.

3. Regulations and other systems for managing the risk of loss for the Company Group

(1) The Company Group recognizes that the identification, assessment, and management of risks that may have a significant impact on corporate management and business continuity are important issues, and to properly manage these issues, each executive director shall establish and organize systems to manage risks, and establish regulations, rules and guidelines, etc. in accordance with the content of the risks.

(2) The Company Group conducts training and enlightenment for directors, officers and employees on risks that have a significant impact on corporate management and business continuity (information security management, protection of personal information, etc.), and spread awareness about and promotes mindset for matters related to risk management.

(3) In order to appropriately manage the risk of loss to subsidiaries, the Company shall establish the subsidiary management regulations and conduct risk management of subsidiaries in accordance with said regulations.

(4) In order to understand the actual status of the Company Group's operations and assets, as well as the envisaged risks and their management, and to ensure management efficiency, and based on the audit plan of the audit and supervisory committee's and the established internal audit regulations, the internal audit office shall audit the status of risk management and evaluate the effectiveness of each of the Company Group's companies, report to the audit and supervisory committee and the board of directors. The Company Group shall organize a system for taking improvement measures.

4. System to ensure the efficient execution of duties by the directors of the Company and the Directors, etc. of the Company's subsidiaries

(1) Each company in the Company Group shall establish organizational rules, administrative authority rules, and a list of administrative authority to clarify the execution of duties and administrative authority of the boards of directors, etc. of each company and to ensure the efficiency of execution.

(2) In order to ensure the efficient execution of duties by directors, the Company Group shall hold the Board of Directors meetings and the management report meetings in each company once a month in principle, and extraordinary meetings shall be held whenever necessary.

In addition, progress toward annual targets, etc. will be periodically verified through performance reports at the Board of Directors meeting.

(3) The Company shall regularly hold executive meetings with the members composed of each director in charge of operations and associate directors for the purposes of disseminating management strategies as well as timely and appropriately reporting the status of each department.

5. System for reporting to the Company any matters related to the execution of duties by Directors, etc. of the Company's subsidiaries and other systems for ensuring the appropriateness of the business operations of the Company Group.

(1) In order to ensure the appropriateness of the Company Group business operations, the Code of Ethics shall be established, which applies to all companies of the Company Group, and each company shall stipulate its regulations.

(2) In order to ensure the proper and efficient operation of the Company's subsidiaries, the Company shall establish the subsidiary management regulations and manage subsidiaries in accordance with said regulations.

(3) The Company Group shall hold regular liaison meetings to share information, communicate with each other, and unify the group management policies among the group. At the same time, we dispatch officers to our subsidiaries as necessary.

(4) Internal Audit Office shall conduct internal audits of subsidiaries in cooperation with the Audit & Supervisory Board Member(s) of subsidiaries as appropriate and reports the results of such audits to the Audit & Supervisory Committee.

6. Matters related to directors and employees who assist the audit and supervisory committee (hereinafter referred to as "Duty Assisting Employees, etc.")

In the event that the audit and supervisory committee requests that Duty Assisting Employees, etc. be appointed to assist in the performance of its duties, the Duty Assisting Employees, etc. shall, upon discussion with the board of directors, be appointed to assist the audit and supervisory committee in the performance of its duties.

7. Matters ensuring the independence of Assisting Employees, etc. from the Company's other directors (excluding directors who are audit and supervisory committee members) and the practicability of instructions given to Duty Assisting Employees, etc. by the Company's audit and supervisory committee

(1) Duty Assisting Employees, etc. shall not concurrently serve as an employee of another department nor shall be directed or ordered by a person other than the directors who are audit and supervisory committee members (hereinafter referred to as an "audit and supervisory committee member").

(2) During the period of assistance designated by the audit and supervisory committee, the authority of direction and supervision, personnel transfer, personnel evaluation, etc. towards Duty Assisting Employees, etc. shall be transferred to appointed committee member designated by the audit and supervisory committee, and the Duty Assisting Employees, etc. shall not be subject to the instructions and orders of directors who are not audit and supervisory committee members, thereby ensuring the independence of, and the practicability of instructions towards, Duty Assisting Employees, etc.

8. System for the directors (excluding directors who are audit and supervisory committee members) and employees of the Company as well as Directors, etc. and other persons equivalent thereto and employees of the Company's subsidiaries, or persons receiving reports from such persons, to report to the audit and supervisory committee of the Company, as well as other systems related to reports to the audit and supervisory committee of the Company

(1) The Company Group's directors (excluding directors who are the Company's audit and supervisory committee member) and directors in charge of business execution shall, from time to time, report on the status of the business execution for which they are in charge at important meetings such as the board of directors meeting attended by the audit and supervisory committee member.

If requested by the audit and supervisory committee, they shall attend the committee and report the matters which the committee requests, etc.

(2) All employees of the Company Group shall immediately report to the appointed committee member upon discovering any other fact that may cause serious damage to the Company Group such as any violation of laws and regulations.

(3) The status of whistleblowing under the whistleblowing system shall be reported promptly to the appointed committee member.

(4) The Company Group shall prohibit any employees of the Company Group who has reported to the audit and supervisory committee from being treated disadvantageously on the grounds of making such report, and shall ensure that all employees of the Company Group are fully aware of such prohibition.

9. Matters concerning the procedures for advance payment or reimbursement of expenses or any other policy concerning the disposal of expenses or liabilities arising from the execution of the duties of our Audit and Supervisory Committee Members (limited to those relating to the execution of the duties of the Audit and Supervisory Committee)

Where an Audit and Supervisory Committee Member demands prepayment of expenses or reimbursement of

expenses from the Company for the performance of their duties, the Company may not promptly dispose of such expenses or liabilities or refuse such reimbursement, except in cases where it is found that the expenses relating to such demand are not necessary for the performance of the duties of the Audit and Supervisory Committee Member.

10. Other systems to ensure effective audits by the Company's audit and supervisory committee

(1) Directors (excluding directors who are the Company's audit and supervisory committee member) and employees of the Company Group shall cooperate in the implementation of audits based on the audit plan prepared by the audit and supervisory committee every fiscal year.

(2) The Company's representative director shall meet and exchange opinions with the appointed committee member or audit and supervisory committee on a regular basis or at the request of the audit and supervisory committee.

(3) In order to improve the effectiveness of audits by the Audit and Supervisory Committee and to conduct audits efficiently and smoothly, Internal Audit Office shall perform auditing operations in accordance with the instructions and orders of the Audit and Supervisory Committee. The Internal Audit Office personnel shall be subject to Section 7 above.

(4) Internal Audit Office shall report the results of the audit to the Audit and Supervisory Committee. The Audit and Supervisory Committee shall report the results of audits by the Internal Audit Office to the Board of Directors.

(5) Decisions on the appointment or transfer of Internal Audit Office personnel shall be subject to the consent of the Audit and Supervisory Committee.

(6) The Audit and Supervisory Committee shall regularly hold exchanges of opinions with accounting auditors to strengthen cooperation. Audit and supervisory committee shall seek the opinions of outside experts as necessary.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

• Basic approach to eliminating Anti-Social Forces

In accordance with the 'Code of Ethics' and the Basic Policy for Establishing and Organizing an Internal Control System, the Company is deeply aware of its corporate social responsibility and has a basic policy of complying with relevant laws and regulations and practicing behaviour in conformity with social ethics in its daily management and execution of business activities. The company is also working to eliminate relations with anti-social forces and groups that threaten the order and safety of civil society by taking a resolute and systematic approach in cooperation with lawyers, police, and other authorities.

• Status of measures to eliminate Anti-Social Forces

Regarding the elimination of relations with Anti-Social Forces, from the viewpoint that it is important to raise employee awareness in accordance with laws, regulations and corporate ethics, internal training is provided on the above-mentioned 'Code of Ethics' and 'Transaction Guidelines' formulated in accordance with the 'Basic Policy for the Establishment of Internal Control Systems', and efforts are made to eliminate relations

with Anti-Social Forces. In addition, regarding business partners, the Company conducts examinations in cooperation with public interest incorporated associations and the Special Anti-Violence Prevention and Countermeasures Federation within the jurisdiction of the Metropolitan Police Department, etc. In actual transactions, contracts, application forms and memoranda containing the elimination of Anti-Social Forces are exchanged and immediate termination is possible in the event of any violation.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

■ Overview of the timely disclosure system

• Basic approach to timely disclosure

The company discloses information in an appropriate and timely manner in accordance with the "Timely Disclosure Rules" established by the Tokyo Stock Exchange, the provisions of the Companies Act, the Financial Instruments and Exchange Act and other relevant laws and statutory regulations. We also act pro-actively to disclose material information that may impact the investment decisions of our investors in a prompt and impartial manner.

• Status of internal systems for timely disclosure

(1) Aggregation of information

A system has been established whereby the aggregation of information that corresponds or may correspond to corporate information that must be disclosed under the Timely Disclosure Rules is promptly communicated directly from each department to the Chairman and Managing Director and the director in charge of information disclosure.

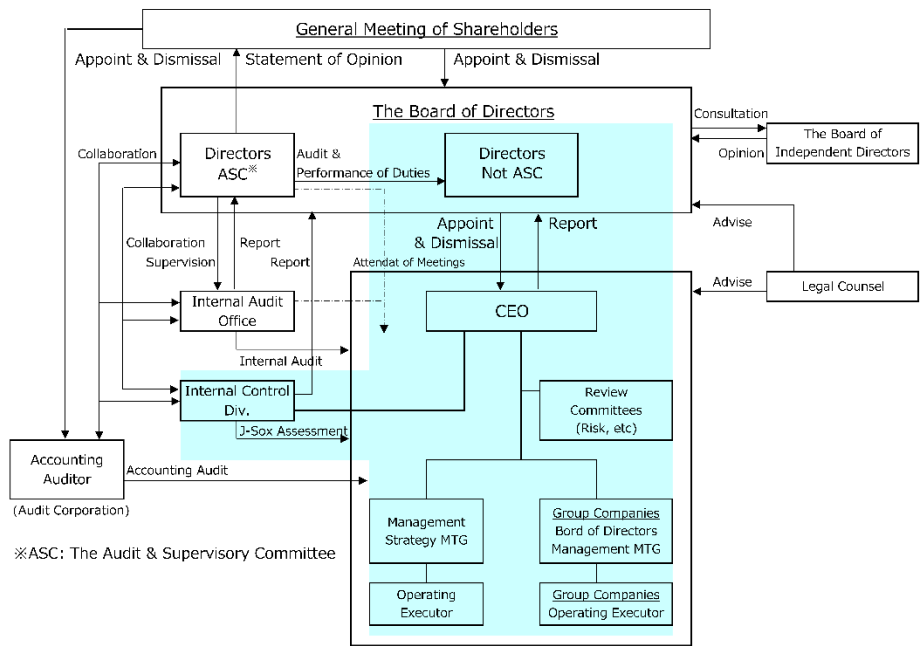
(2) Determination and implementation of information disclosure

• Timely disclosure information is disclosed in accordance with the Timely Disclosure Rules of the Tokyo Stock Exchange.

• Information on decision-making facts and information on financial results is promptly disclosed by the director in charge of information disclosure after a resolution by the Board of Directors.

• The Chairman and Managing Director and the director in charge of information disclosure will decide whether or not timely disclosure is necessary and will promptly disclose the information concerning the occurrence.

• Timely disclosure information determined in accordance with the above methods is disclosed as quickly and extensively as possible by IR staff under the direction of the director in charge of information disclosure. If there are any enquiries from outside the company regarding such information, we will respond to them in good faith to the extent that timeliness and fairness are not compromised. After the announcement, the disclosure material will be disclosed on the company's website without delay.



END