Corporate Governance Guidelines

OUTSOURCING Inc.

(Foreword)

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

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

Chapter 1. General Provisions

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

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

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

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

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

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

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

1-3 (Corporate Governance Regime): [Principle 2.2], [Supplementary Principle 2.2.1], [Principle 2.5], [Supplementary Principle 2.5.1], [Principle 4.10]

In order to enhance the audit and supervisory functions of the Board of Directors and establish a highly fair and transparent corporate governance regime, the Company has elected itself to be a company with an Audit and Supervisory Committee in compliance with the terms of institutional design under the Companies Act. This Committee consists of at least three (3) Audit and Supervisory Committee Members.

Concerning the internal control system, the directors are in charge of the general management of the Company's internal control in accordance with the "Basic Policy on Establishment of Internal Control Systems" as stipulated by the laws and regulations. Additionally, in the actual execution of business, each general manager strives to establish and enhance internal control in accordance with their specified authority. The Company has also established the Internal Audit Office, which is independent of the Group's respective business units and under direct control of the President. The Internal Audit Office not only performs audits based on the Company's Internal Audit Plan, but it also conducts inspections to ensure that the Group remains in compliance with the various laws and internal regulations, as well as to examine the status of the risk management program.

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

For the education of officers and employees, the Code of Conduct, which stipulates the behavior standards for business persons and members of the society, has been established for the entire group to ensure each officer or employee's awareness of the compliance with the laws and regulations and of their conducts' compliance with the laws and regulations, and to make sure that they understand the Company's corporate history and culture. The Board of Directors develops and periodically revises the Code of Conduct, while the directors and the executive officers verify whether or not this Code is practiced in the department of which they are in charge.

Regarding whistleblowing by its employees, the Company has set up a point of contact in an external organization. The Company's department in charge of cooperating with the external organization makes the appropriate responses and reports to the Internal Audit Office in compliance with the protection of the confidentiality of whistleblowers and the prohibition of unfair treatment.

Chapter 2. Relationship with Stakeholders, such as Shareholders

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

The Company recognizes that disclosures of detailed and comprehensible information are necessary to improve the effectiveness of corporate governance. Therefore, the Company discloses the Corporate Principles, corporate information and description of its services, as well as the financial results, securities reports, financial results materials, medium-term management plans, group reports, FACTBOOK, FACTSHEET, integrated reports, the Guidelines and other materials on its website. English versions of these documents are also disclosed when necessary. Information to be disclosed on TDnet, the Tokyo Stock Exchange's timely communication system for information disclosure (hereinafter referred to as "TDnet"), is disclosed without delay. In providing such information, the Company pays sufficient attention to the method of description and content so that the users can accurately understand the information.

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

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

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

1. The Company positions the general meeting of shareholders as its highest decision-making body and sends out a notice of the general meeting of shareholders at least two weeks prior to the date of the meeting as stipulated by the Companies Act, so as to secure sufficient time for the shareholders to review the proposals for the meeting. In addition, the notice of the general meeting of shareholders is disclosed in both Japanese and English on the website and on TDnet by the date that the notice is sent out.
2. The Company aims to disclose a wide range of information so that shareholders can properly exercise their voting rights, as described in *Chapter 2: 2-1*. The Company also aims to disclose

sufficient information in the notice of the general meeting of shareholders.
3. The Company recognizes the general meeting of shareholders as an opportunity for constructive dialogue with its shareholders and aims to secure sufficient time for questions and answers.
4. For the exercise of voting rights, the Company has developed a system where voting rights can be exercised by electric means such as the Internet.
5. Since the Company settles its accounts in December, it believes that unlike companies that settle accounts in March, it does not have the problem of convening the general meeting of shareholders on days on which other shareholders' meetings are intensively held. Nevertheless, the Company makes sure to schedule the general meeting of shareholders on days that shareholders can attend as much as possible.
6. When matters to be resolved at the general meeting of shareholders are partially delegated to the Board of Directors, the content of such matters is fully discussed at a meeting of the Board of Directors in advance, while making sure that the Board of Directors itself has a highly fair and transparent corporate governance regime. In addition, proposals on matters that may have a significant impact on shareholders, such as capital policy, are submitted on the condition that the Board of Directors sufficiently discusses the matter in advance.
7. For proposals against which not less than approximately 30% of the votes were casted in the exercise of voting rights, the result is analyzed and discussed by the Board of Directors, and proper measures will be taken if the Board finds it appropriate to do so.
8. In cases in which institutional investors and others who hold shares in the names of trust banks, etc., wish to attend a general meeting of shareholders and exercise their voting rights on behalf of the nominal shareholders, the Company allows them to attend the meeting and exercise their voting rights in accordance with the Company's internal regulations after confirming in advance that they are beneficial shareholders and that there is no duplicate exercising of voting rights between the institutional investors and the nominal shareholders, and after consulting with the trust banks, etc. Likewise, if beneficial shareholders wish to observe a general meeting of shareholders, the Company will also respond to such requests in accordance with the Company's internal regulations.

2-4 (Basic Policies Pertaining to Capital Policy and Recognition of Capital Cost): [Principle 1.3], [Principle 5.2]

The Company believes that efforts to maximize profit from limited managerial resources lead to an increase in shareholder value. Becoming shareholders of the Company means owning the shareholders' equity of the Company. The Company considers the ROE (return on equity), which shows how much profit could be made from shareholders' equity (mostly the same meaning as "equity"), as the most appropriate management index for measuring the efficiency of equity.

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

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

The ROE and the ROA, which are ratios concerning profit generated from capital, and the dividend payout ratio and the DOE, which are ratios concerning the return to shareholders, are regarded as important indexes by the Company, and are regularly compared with the corresponding ratios of all listed companies, excluding financial companies, and of its competitors in order to make use of the data in business management. The Company will continue to closely examine these management indexes and disclose the Company's indexes in the FACTBOOK, FACTSHEET, integrated report, etc.

With regard to capital cost, the Company's capital cost is calculated by the weighted-average formula based on the cost of interest-bearing liabilities and the cost of shareholders' equity. By regularly comparing the capital cost to the profit margin contributed by the Company's invested capital and to the ROE (return on equity) and checking whether business activities are generating EVA (economic value added), the Company can conduct reviews of its business portfolio and effectively allocate its business resources.

In disclosing its medium-term management plan, the Company will present numerical targets based on these important management indexes if the Company finds it appropriate to do so.

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

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

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

The Company may possess shares of other listed companies as cross-shareholdings in order to sustainably increase corporate value, expand businesses, strengthen relationships with business partners, etc. For shares held as cross-shareholdings, decisions on the holding, continuation of the holding, selling, etc., of the shares will be made after sufficient deliberation by the Board of Directors

based on a comparison of the Company's capital cost with the risks of the shareholding, how the relevant company influenced the sales and profit of the Company over the past three years and reasonable financial expectations over the medium to long term. Information on this decision will be disclosed when deemed necessary by the Board of Directors. In addition, the Board of Directors will determine the specific terms of the exercise of voting rights by the relevant company after the Board judges whether the exercise will contribute to an increase in the corporate value of the relevant company and the Company over the medium to long term.

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

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

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

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

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

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

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

Principle 5.1.2(v)], [Supplementary Principle 5.1.3]

Details on the Company's current engagement in dialogues (meetings) with shareholders, etc., are described below. During spreads of infections and other circumstances where changes in the social condition discourage in-person meetings with shareholders, etc., the Company takes alternative measures such as shifting the following engagement online.

1. Specific IR-related measures and results in Japan are disclosed on the "IR Calendar" on the website.
2. Other than the general meetings of shareholders, a results briefing for analysts and institutional investors, hosted by The Securities Analysts Association of Japan, is held twice a year in Tokyo after the announcement of the financial results for the fiscal year and after the announcement of the financial results for the second quarter. With respect to IR activities for individual investors, the Company participates in IR events hosted by the media or securities companies once or several times a year. The Company participates in such IR events for individual investors not only in Tokyo but also in regional cities.
3. In recent years, with an increasing percentage of foreign investors, the Company has also been proactively carrying out overseas IR activities in other Asian countries, the U.S., the U.K., etc., and has been holding meetings with shareholders, institutional investors and others.
4. When the Company receives requests from shareholders to engage in dialogues (meetings), the relevant departments will make arrangements and respond to them to an extent that is considered reasonable.
5. The Company aims to prepare materials for meetings and IR activities that include business results, description and direction of its business and the medium-term management plan, presented in an easy-to-read manner and in plain words. A system for periodically reviewing such materials, including their numerical values, is in place.
6. The Representative Director engages in the dialogue as much as possible. If that is not possible, persons who fully understand the Company's business conditions engage in the dialogue.
7. As a general rule, two or more persons from the Company engage in the dialogue and make sure that no insider information is leaked.
8. The persons who engaged in the dialogue will feed back to the Board of Directors the opinions received from the shareholder or the institutional investor during the dialogue.
9. To enhance IR activities, the Company assesses the shareholder composition based on the list of shareholders as of the end of every December and the end of every June.

Chapter 3. Collaboration with Stakeholders and ESG Management

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

The Company recognizes that sound and appropriate cooperation with stakeholders, excluding shareholders, such as business partners, employees, local communities and capital market participants, is essential for sustaining growth and increasing corporate value. Therefore, the Company has established the OUTSOURCING GROUP CSR Basic Policy, which clarifies its social responsibilities as a corporate citizen and clearly defines each of the following matters: “Compliance,” “Employees,” “Stakeholders” and “Contribution to Society.”

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

The Company has always been aware that invaluable human resources are developed from diverse values, and that diversity in terms of nationality, physical or mental disabilities, gender, age, etc., is a source of business innovation. In addition, the Company has developed the Action Plan for General Business Owners based on the Act on Advancement of Measures to Support Raising Next-Generation Children and the Act on Promotion of Women’s Participation and Advancement in the Workplace, and has disclosed this Action Plan.

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

The Company does not have a corporate pension plan which requires the Company to conduct stewardship activities as an asset owner. However, it has adopted a corporate-type defined contribution pension plan starting in the fiscal year 2020 to support its employees in stable asset building.

Upon starting this pension plan, the Company has begun providing training workshops to employees who are eligible to participate in the plan. Held at least once a year, the training workshops are aimed to help employees learn about making investments to realize their life plan, and relevant materials are also provided. In addition, the Company has set up a system in which inquiries, consultations, etc., related to the training may be received and answered online or by phone.

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

As part of its social responsibilities as a corporate citizen, the Company recognizes the significance of sustainability. In order to keep business in existence and continue to increase corporate value in the future, it is necessary to conduct business while paying sufficient attention to the environment, society, legal compliance, information management, and so on. The Company believes that this effort will lead to ESG management mindful of Environment, Social and Governance. Therefore, the Company

recognizes the risks related to sustainability as “risks related to management” as stated in *Chapter 1: 1-3 (Corporate Governance Regime)* and works on the control and management of such risks as major tasks of business management.

Chapter 4. Responsibilities of the Board of Directors, etc., and Information Disclosure

4-1 (Roles and Responsibilities of the Board of Directors): [Principle 1.7], [Principle 3.1(iii)], [Principle 3.1(iv)], [Principle 3.1(v)], [General Principle 4], [General Principle 4(1)], [General Principle 4(2)], [General Principle 4(3)], [Principle 4.1(1)], [Supplementary Principle 4.1.1], [Supplementary Principle 4.1.2], [Supplementary Principle 4.1.3], [Principle 4.2(2)], [Supplementary Principle 4.2.1], [Principle 4.3(3)], [Supplementary Principle 4.3.1], [Supplementary Principle 4.3.2], [Supplementary Principle 4.3.3], [Supplementary Principle 4.3.4], [Principle 4.5], [Supplementary Principle 4.10.1], [Supplementary Principle 4.11.3]

Aiming to sustain growth and increase corporate value over the medium to long term, as well as to ensure appropriate cooperation with the stakeholders, the Company’s Board of Directors engages in deliberations and decision making on important matters concerning management, including the matters described below, and conducts oversight of business management in general in fulfillment of fiduciary responsibilities and accountability to shareholders and in accordance with the Board of Directors Rules.

1. Setting the broad direction of management strategies, etc., including the medium-term management plan, based on full, constructive discussions.
2. When goals of management strategies including the medium-term management plan could not be achieved, conducting a factor analysis of the causes, measures taken by the Company, etc., and reflecting the results of the analysis in the subsequent periods’ plan and management strategies.
3. Deciding on the business operations for which each director is responsible.
4. Deciding on the extent of business conducts that is delegated to the management team including the executive officers.
5. Carrying out oversight of the management team, which includes the executive officers and the directors, from an independent and objective standpoint.
6. Recognizing the risks related to management, carrying out oversight to make sure that internal control and risk management are carried out properly, and creating an environment that enables the management team to take the appropriate risks.
7. Deciding on the election and dismissal of the members of the management team including the Chief Executive Officer (CEO) and the directors (other than the directors who are Audit and Supervisory

Committee Members) after giving the matter full deliberation, in accordance with highly fair and transparent procedures, and taking into account the opinions of the Audit and Supervisory Committee and the recommendations of the Advisory Committee.
8. Making decisions on matters pertaining to Chief Executive Officer (CEO) succession planning after giving the matter full deliberation, and while taking into account the recommendations of the Advisory Committee.
9. Making decisions on the remuneration of the management team including the directors (other than the directors who are Audit and Supervisory Committee Members) in accordance with highly fair and transparent procedures, while taking into account the opinions of the Audit and Supervisory Committee and the recommendations of the Advisory Committee. In doing so, the Board of Directors will fully deliberate on whether or not the remuneration matches business results and reflects the potential risks. If incentives that promote healthy entrepreneurship are deemed necessary, the Board will also consider, as a possible incentive, granting treasury stock as restricted stock compensation or granting phantom stock, as well as introducing a stock option plan as share-based compensation and other possibilities.
10. Giving approval to transactions with conflicts of interest between the Company and related parties such as the management team and the controlling shareholders, and carrying out oversight to make sure that the relevant director is not involved in such decision-making.
11. Conducting analysis and assessment on the effectiveness of the Board of Directors as a whole, with the self-assessment of each director as reference.
12. Other matters stipulated by the laws and regulations.
13. Other matters authorized by resolutions made at the general meeting of shareholders.
14. Other matters deemed necessary by the Board of Directors.
15. Analyzing whether a disclosure of the matters deliberated and/or decided at the meeting of the Board of Directors is necessary and making the final decision on the disclosure.

In addition, the Company has set up the Advisory Committee, which is under the direct supervision of the Board of Directors, for matters related to non-statutory nomination and remuneration. The Board of Directors decides the members of the Advisory Committee. It is stipulated that a majority of the members must be from outside the Company, such as outside directors and outside experts, and that the chairman must also be from outside the Company. The Advisory Committee deliberates and makes recommendations to the Board of Directors on important matters including the following.

1. Matters pertaining to the education and training of Chief Executive Officer (CEO) candidates as part of the Chief Executive Officer (CEO) succession planning.
2. Matters concerned with setting goals for the directors (other than the directors who are Audit and

Supervisory Committee Members) and checking their progress with regards to their goals.
3. Matters pertaining to the proposed total amount of remuneration and the proposed policy on the distribution of remuneration of the management team including the directors (other than the directors who are Audit and Supervisory Committee Members).
4. Matters related to the election or dismissal of member(s) of the management team including the directors (other than the directors who are Audit and Supervisory Committee Members).
5. Other matters deemed necessary or requested by the Board of Directors.

4-2 (Roles and Responsibilities of the Audit and Supervisory Committee): [Principle 1.7], [Principle 3.1(iii)], [Principle 3.1(iv)], [Supplementary Principle 4.1.3], [Principle 4.4], [Principle 4.5], [Principle 4.6], [Principle 4.7(ii)], [Principle 4.7(iii)], [Supplementary Principle 4.10.1]

In accordance with the Audit and Supervisory Committee Rules established by the Company, the Company's Audit and Supervisory Committee is aware of its fiduciary responsibilities, aims to ensure appropriate cooperation with stakeholders and is in charge of fulfilling roles and responsibilities including those described below. In conducting these activities, the Committee is expected to positively and proactively exercise its rights and express appropriate opinions from an independent and objective standpoint at any time.

1. Performing audits of the directors' execution of duties and preparing audit reports.
2. Making decisions on the contents of the proposals on the election, dismissal and no-confidence of the accounting auditor.
3. Preparing the Audit and Supervisory Committee's opinions on the election, dismissal and resignation of the Chief Executive Officer (CEO) and the directors (other than the directors who are Audit and Supervisory Committee Members).
4. Preparing the Audit and Supervisory Committee's opinions on the remuneration of the management team including the directors (other than the directors who are Audit and Supervisory Committee Members).
5. Giving approval to transactions with conflicts of interest where directors are involved.

4-3 (Structure of the Board of Directors and the Audit and Supervisory Committee, etc.): [Principle 4.4], [Supplementary Principle 4.4.1], [Principle 4.6], [Principle 4.7(i)], [Principle 4.7(ii)], [Principle 4.7(iii)], [Principle 4.7(iv)], [Principle 4.8], [Supplementary Principle 4.8.1], [Supplementary Principle 4.8.2], [Principle 4.9], [Principle 4.11], [Supplementary Principle 4.11.1], [Supplementary Principle 4.11.2], [Principle 4.12], [Supplementary Principle 4.12.1(i)], [Supplementary Principle 4.12.1(ii)], [Supplementary Principle 4.12.1(iii)], [Supplementary Principle 4.12.1(iv)],

[Supplementary Principle 4.12.1(v)], [Principle 4.13], [Supplementary Principle 4.13.1], [Supplementary Principle 4.13.2], [Supplementary Principle 4.13.3], [Principle 4.14], [Supplementary Principle 4.14.1], [Supplementary Principle 4.14.2]

1. The Articles of Incorporation of the Company provide that the Company shall have not more than ten (10) directors who are not Audit and Supervisory Committee Members and not more than five (5) directors who are Audit and Supervisory Committee Members. Currently, the Company has three (3) directors who are engaged in the execution of business operations, three (3) outside directors and four (4) directors who are Audit and Supervisory Committee Members (all four [4] are outside directors). The Company believes that it has established a highly efficient management system. In selecting the directors, the Company pays sufficient attention to diversity and the balance among knowledge, experience and skill. The Board of Directors welcomes free, open and constructive discussions and exchange of views, including the reporting of issues by the outside directors.
2. Currently, the Company has six (6) independent outside directors. In choosing a candidate for an outside director, the Company selects a person who complies with the Companies Act and the independence criteria set forth in the Code of Corporate Conduct of the Tokyo Stock Exchange, a financial instruments exchange; who is free of the risk of having conflicts of interest with the general shareholders; and who has the qualities and insight required to carry out objective oversight and audits based on his or her professional knowledge so as to appropriately fulfill his or her role and obligation to appropriately reflect the opinions of stakeholders, including minority shareholders, in the Board of Directors from a position independent from the management team and the controlling shareholders. In addition, the Company also takes into consideration the situation of the person, such as his or her concurrent position as an officer at another listed company and other factors, as a criterion for judging whether he or she can allot sufficient time for duties at the Company.
3. Candidates for directors are disclosed in the notice of the ordinary general meeting of shareholders, the Company's website, etc. For all directors, the positions that they concurrently serve at other companies are disclosed in the securities report every year.
4. Both the Board of Directors and the Audit and Supervisory Committee determine the annual schedule in advance, secure sufficient time for deliberations, prepare and distribute materials by a date that allows enough time for sufficient preparation and make decisions on the matters that are expected to be deliberated. The Company has a system that enables all directors including the outside directors and the Audit and Supervisory Committee Members to request the relevant departments including the Internal Audit Dept. for additional information, etc., whether before or after approval by the Board of Directors or the Audit and Supervisory Committee. Additionally, for the deliberations, all directors including the outside directors and the Audit and Supervisory Committee Members are permitted to utilize not only internal materials, but also information such as that provided by external experts at

consulting and advisory services, etc., if considered necessary, whether before or after approval by the Board of Directors or the Audit and Supervisory Committee. Relevant expenses incurred will be borne by the Company if the Board of Directors and the Audit and Supervisory Committee give approval.

5. Independent outside directors regularly hold the Independent Outside Parties' Meeting, participated by only independent outside parties, for sharing information and exchanging opinions with regard to the oversight of management, giving advice based on their knowledge and other matters. They are to make use of the opinions in fulfilling their expected roles and responsibilities as independent outside directors. The Independent Outside Parties' Meeting appoints one person from its members as a representative by mutual vote.

6. The directors, including the outside directors, must acquire the necessary knowledge on the Company's business, finances, organizations and other matters when assuming their respective positions. The relevant departments provide training for such knowledge. In addition, the Company believes that it is essential for the directors, including the outside directors, to pursue self-improvement by proactively attending internal and external training programs that would be necessary to fulfill their roles and responsibilities, and feed the results of such training back to the Company. The relevant departments offer information on trainings, etc., that should be useful to the directors and have embarked on the creation of a corporate culture where the directors would be motivated to identify their challenges and pursue self-improvement. Any action in this effort shall be disclosed on the website, briefings materials, etc., when the disclosure is considered appropriate.

7. The Company currently has two (2) female directors among the total of six (6) directors who are not Audit and Supervisory Committee Members. As stated in *Chapter 3. Collaboration with Stakeholders and ESG Management: 3-2 (Diversity)*, the Company has always believed that the diversity of values created by attributes such as gender, nationality, disabilities and age is a source of business innovation. Recognizing the importance of diversity management and expecting diversity to have substantial positive effects on the organization, the Company will continue to actively engage in this matter, including starting an outside education and training program that incorporates diversity.

4-4 (Accounting Auditor): [Principle 3.2], [Supplementary Principle 3.2.1(i)], [Supplementary Principle 3.2.1(ii)], [Supplementary Principle 3.2.2(i)], [Supplementary Principle 3.2.2(ii)], [Supplementary Principle 3.2.2(iii)], [Supplementary Principle 3.2.2(iv)]

The relationship between the accounting auditor and the Company is described below.

1. The Audit and Supervisory Committee appropriately selects accounting auditor candidates with independence and a high level of expertise in accordance with the Audit and Supervisory Committee Rules.

2. The Audit and Supervisory Committee shall evaluate whether or not the accounting audit activities

are performed properly and are sufficiently appropriate, and shall determine the dismissal, no-confidence and reappointment of the accounting auditor in accordance with the Audit and Supervisory Committee Rules.

3. The Board of Directors shall sign a contract with the accounting auditor after confirming that the accounting auditor is aware of the responsibility to stakeholders including shareholders.

4. The Company has adopted a system that enables the accounting auditor to cooperate with the Internal Audit Office and the Audit and Supervisory Committee to ensure an appropriate and high-quality auditing system and that there is sufficient time allotted to the audits.

5. The Company has built a system that, upon request from the accounting auditor, enables the accounting auditor to hold a meeting with the senior executives of the management team including the President, as well as with the officers and employees in the relevant departments, in addition to meetings with the Internal Audit Office and the Audit and Supervisory Committee.

6. The Company has created a system in which if the accounting auditor identifies any misconduct, the accounting auditor will promptly report it to the Internal Audit Office and the Audit and Supervisory Committee that are in cooperation. In response, the Internal Audit Office and the Audit and Supervisory Committee will conduct an investigation and handle the misconduct in a strict, fair and appropriate manner.

(Supplementary Provision)

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

Established: September 15, 2016
Revised: December 17, 2018
Revised: February 15, 2021

The Board of Directors, OUTSOURCING Inc.