

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 in 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 the 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 its 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 conditions 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 the directors, officers, and employees, the OUTSOURCING Group Code of Corporate Ethics and Conduct that stipulates the behavior standards for business persons and members of the society has been established for the entire Group to ensure each director, officer, and employee's awareness of 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 formulates and periodically revises the OUTSOURCING Group Code of Corporate Ethics and Conduct, while the directors and the executive officers verify whether 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 that is 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, FACTSHEET, integrated reports, the Guidelines, and other materials, on its website. English versions of these documents are also disclosed when deemed to be necessary. Information to be disclosed on the Tokyo Stock Exchange's timely communication system for information disclosure (hereinafter referred to as "TDnet") is disclosed without delay, and its English version is also disclosed when deemed to be necessary. In providing such information, the Company makes sure to be sufficiently mindful of 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. It makes efforts to create an environment that ensures the substantive equality of all shareholders including the 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 convocation of the general meeting of shareholders at least two weeks prior to the date of the meeting as stipulated by the Companies Act in order to secure sufficient time for the shareholders to review the proposals for the meeting. In addition, the notice of convocation 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 the shareholders can properly exercise their voting rights, as described in *Chapter 2: 2-1 (Information Disclosure)*. The Company also aims to disclose sufficient information in the notice of convocation 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 in which 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 as many shareholders as possible can attend.
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 the shareholders, such as the 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 are taken if the Board finds it appropriate to do so.
8. If 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 also responds to such requests in accordance with the Company's internal rules.

2-4 (Basic Policies Pertaining to Capital Policy and Management Strategy): [Principle 1.3], [Principle 5.2], [Supplementary Principle 5.2.1]

The Company believes that efforts to maximize profit from limited business resources lead to an increase in the shareholder value. When a person becomes a shareholder of the Company, he or she

also becomes an owner of 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. The DOE (dividend 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, the 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 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 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. The Company periodically compares the capital cost to the profit margin contributed by the Company's invested capital and to the ROE (return on equity), and conducts evaluations such as whether business activities are generating EVA (economic value added).

The Company reviews its business portfolio and defines the appropriate business segments accordingly. The priority measures of each business segment and the KPIs are disclosed in the medium-term management plan. Each segment's business overview, analysis of strengths, growth strategy, and more are also disclosed in the integrated reports.

Since the Company develops its business globally, such review of the business portfolio will most likely continue to be conducted. However, the above-mentioned capital policy that takes into account the capital cost will be applied in reviewing the business portfolio, investing in capital such as human, intellectual, manufacturing, financial, and social capital, and allocating business resources.

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 will also disclose 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 for purposes including sustainably increasing corporate value, expanding businesses, and strengthening relationships with business partners. Decisions on the shares held as cross-shareholdings, i.e., the holding of the shares, continuation of holding, and selling of the shares, shall be made after sufficient deliberation by the Board of Directors based on a comparison of the Company's capital cost with the risks of the shareholding, the impact of the relevant company on the sales and profit of the Company over the past three years, and economic rationality with regard to outlook over the medium to long term. Information on such decisions shall be disclosed when deemed to be necessary by the Board of Directors. In addition, the Board of Directors determines the specific terms of the exercise of voting rights by the relevant company based on the Board's judgement of whether the exercise will contribute to an increase in the corporate value of the relevant company and the Company over the medium to long term.

If a shareholder of cross-held shares of the Company offers to sell the shares, the Company will respect the shareholder's decision and will not impede with the sale of 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, under the recognition that its fiduciary responsibilities include the securing of the common interests of the Company and the shareholders.

When there is a tender offer for the 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 parties related to the Company including its officers and directors, principal shareholders, and other stakeholders, the Company shall obtain the Board of Directors' approval in accordance with the laws and regulations, the Board of Directors Rules, and the 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 in which changes in the social condition discourage in-person meetings with shareholders, etc., the Company decides whether holding actual meetings is appropriate and takes alternative measures such as shifting the following engagements online.

1. Specific IR-related measures and their results in Japan are disclosed in the "IR Calendar" on the website.
2. Other than the general meetings of shareholders, a financial results briefing for analysts and institutional investors is held twice a year in Tokyo after the announcement of the financial results for the full fiscal year and for the second quarter, in hybrid format both at a conference room in Tokyo and online, hosted by The Securities Analysts Association of Japan and others. With respect to IR activities toward 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 actively 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, etc.
4. When the Company receives requests from persons such as shareholders to hold dialogues (meetings), the relevant departments make arrangements and respond to them to an extent that is reasonably possible.
5. The Company aims to prepare materials for meetings and IR activities that include not only business results, but also the description and direction of business and the medium-term

management plan, presented in an easy-to-read manner and in plain words. A system for periodically reviewing such materials, including their numerical values, is in place.

6. The Representative Director engages in the dialogue as much as possible. In case that is not possible, persons who fully understand the Company's business conditions, including the outside directors, shall 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 give feedback to the Board of Directors on the opinions received from shareholders or institutional investors during the dialogue.
9. To enhance IR activities, the Company assesses the shareholder composition based on the list of shareholders as of the end of every December and the end of every June.

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], [Supplementary Principle 2.4.1], [Principle 4.11]

The Company has always been aware that invaluable human resources are developed from diverse values and that diversity in terms of gender, internationality, disability, work experience, age, etc., is a source of business innovation. Also, the Company has been developing its business globally under the corporate principle of "enhancing the quality of life of everyone around the world" and recognizes that ensuring diversity, such as in hiring for key roles, is an important goal in management.

The Company believes that its group's growth and increase in corporate value over the medium to long term are brought by creating "employment opportunities" and "education opportunities" for people around the world with various different backgrounds, working on the creation of work environments in which a diverse group of people can demonstrate each of their uniqueness and abilities regardless of their personal attributes (such as gender, internationality, disability, work experience, and age), and continuously providing opportunities for reskilling and recurrent education to make the most

of the values and perspectives of the diverse group of people working in the Group. The Company also of course works on promoting diversity at a global level in hiring for key roles and other related matters.

In addition, along with respecting diversity and implementing diversity management, the Company has 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 the Promotion of Female Participation and Career Advancement in the Workplace, and has disclosed this Action Plan. To realize such a society in which women can actively participate, the Company has launched the Promotion of Women's Participation and Advancement in Workplace Project and other initiatives to enhance the training for female manager candidates. Specifically, in the SDGs Declaration made in FY2021, the Company has set a goal to raise the percentage of female directors (management team members) in the Group to 30% by FY2030 as its materiality (priority issues) and KPI. The Sustainability Committee monitors the progress with this goal.

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

The Company does not have a corporate pension plan that requires the Company to conduct stewardship activities as an asset owner. However, in FY2020, it adopted a corporate-type defined contribution pension plan to support its employees in stable asset building.

Upon starting this pension plan, the Company started holding training workshops at least once a year for employees who are eligible to participate in the plan. The training workshops are aimed to help employees learn about making investments to realize their life plan. Relevant materials are also provided. In addition, the Company has set up a system to respond and answer to related inquiries, consultations, and other matters, both online and by phone.

3-4 (Sustainability): [General Principle 2], [Principle 2.3], [Supplementary Principle 2.3.1], [Supplementary Principle 3.1.3]

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 being sufficiently mindful of the environment, society, legal compliance, information management, and so on. The Company believes that this effort will lead to an ESG management that is mindful of the 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 in business management. It has also established the Sustainability Committee as

described in *Chapter 4: 4-1 (Roles and Responsibilities of the Board of Directors and Other Related Persons)*.

Also, the Company has identified its materiality (priority issues) and set KPIs in the SDGs Declaration made in FY2021, and has been monitoring the progress with the achievement of KPIs and working on initiatives to increase the effectiveness in achieving sustainability. Additionally, by becoming a signatory to the United Nations Global Compact (UNGC) in the same year to participate in the initiative and becoming a member of GCNJ (Global Compact Network Japan), the Company is promoting compliance with the Ten Principles covering the four areas (Human Rights, Labour, Environment, and Anti-Corruption) of the corporate initiatives.

Regarding the risks of climate change and their impact on the Company including its businesses, the Company has introduced KPIs in the SDGs Declaration that it will replace all vehicles used in sales activities by Japanese group companies with next-generation vehicles by FY2025 and increase the percentage of next-generation vehicles used by the entire Group (including overseas companies) to 70% by FY2030. The Company will work on collecting and analyzing the necessary data related to climate change and disclose the data which have been judged to be significant in accordance with the TCFD recommendations.

The Company's human, intellectual, manufacturing, financial, and social capital, which are crucial to its sustainable growth, are disclosed in the integrated report in terms of their consistency with the management strategy and business challenges.

Chapter 4. Responsibilities of the Board of Directors and Related Persons and Information Disclosure

4-1 (Roles and Responsibilities of the Board of Directors and Other Related Persons): [Principle 1.7], [General Principle 2], [Principle 2.3], [Supplementary Principle 2.3.1], [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], [Supplementary Principle 4.2.2], [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 the business operations for which each director is responsible.
4. Deciding the extent of business execution 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 and 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.
8. Making decisions on matters pertaining to the Chief Executive Officer (CEO) succession planning after giving the matter full deliberation, 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 the remuneration matches the 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 members 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 of the effectiveness of the Board of Directors as a whole

based on the survey on the self-assessment of matters including whether sufficient deliberations have been conducted with regard to the Board of Directors' current operation, composition, roles, and duties as well as corporate strategies.

12. Determining the basic policy regarding sustainability initiatives based on the recommendations of the Sustainability Committee.
13. Checking whether business is operated in accordance with policies including the anti-bribery and corruption policy, the human rights policy, the information security policy, the working practice policy, and the environmental policy as set forth by the Board of Directors based on the recommendations of the Sustainability Committee.
14. Other matters stipulated by the laws and regulations.
15. Other matters authorized by resolutions made at the general meeting of shareholders.
16. Other matters deemed necessary by the Board of Directors.
17. 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.

The Nomination and Remuneration Advisory Committee, a non-statutory committee, has been set up under the Board of Directors. The Board of Directors decides the members of the Advisory Committee. It is stipulated that the Committee must have at least five (5) members, the majority of which must be independent outside directors. The remainder must consist of outside persons such as outside experts and of inside directors, and the chairperson must also be a person from outside the Company, such as an independent outside director or an outside expert. 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 regard to their goals.
3. Matters pertaining to the proposed total amount of remuneration of the management team including the directors (other than the directors who are Audit and Supervisory Committee Members) and the proposed policy on the distribution of the remuneration.
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.

The Sustainability Committee with the Representative Director as chairperson has been set up under the Board of Directors. To promote engagement in initiatives for achieving the SDGs and business

management that takes sustainability into account, including greater ESG management, the Sustainability Committee conducts deliberation and makes recommendations to the Board of Directors on matters including the following.

1. Matters related to policy recommendations and plans necessary for the entire Group in making progress with sustainability management.
2. Matters related to medium- to long-term themes and directions pertaining to sustainability including its materiality (priority issues).
3. Checking progress with the long-term plan, KGIs, and KPIs related to sustainability.
4. Initiatives to share and promote activities related to sustainability to the entire Group.

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]

Recognizing its fiduciary responsibilities and aiming to ensure appropriate cooperation with the stakeholders, the Company's Audit and Supervisory Committee is tasked with fulfilling roles and responsibilities including those described below in accordance with the Audit and Supervisory Committee Rules established by the Company. In conducting these activities, the Committee is expected to proactively and assertively exercise its rights and express appropriate opinions, always from an independent and objective standpoint.

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], [Supplementary Principle 4.8.3], [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 fifteen (15) 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 four (4) 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 is mindful of diversity and the balance in 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 selecting a candidate for an outside director, the Company selects a person who satisfies the independence criteria set forth in the Companies Act and the Code of Corporate Conduct of the Tokyo Stock Exchange (the financial instruments exchange), has no risk of conflicts of interest with the general shareholders, and has the qualities and insight necessary for carrying out objective oversight and audit based on his or her professional knowledge so that he or she can appropriately fulfill his or her role and obligation to appropriately reflect the opinions of stakeholders, including the minority shareholders, in the Board of Directors from a position independent from the management team and the controlling shareholders. In addition, the Company also takes into consideration the situation of the person, such as his or her concurrent position as an officer or director 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. The Company is a listed company but does not have controlling shareholders.
3. Candidates for directors are disclosed in the notice of convocation 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. The skills matrix is also disclosed in the securities reports, integrated reports, etc.
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., 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 consultation and advisory provided by external experts, if considered necessary, before or after approval by the Board of Directors or the Audit and Supervisory Committee. Relevant expenses incurred will be paid 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, structure, 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 give feedback on the results of such training 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 three (3) female directors among the total of seven (7) 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 diversity of values created by attributes such as gender, internationality, disability, work experience, and age is a source of business innovation. Recognizing the importance of diversity management and expecting diversity to lead to substantial positive effects, the Company plans to continue to actively engage in initiatives including starting external education programs and training programs that incorporate 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 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 the 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 such that 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

Revised: January 19, 2022

The Board of Directors of OUTSOURCING Inc.