



# Integrated Report 2020

PERSOL Group

<https://www.persol-group.co.jp/>



Group Vision

# Work, and Smile

Working life is a journey of growth and creation.

We all have big dreams,

and there are many different paths to success.

Thus, we need to make our own choices from a range of diversified work opportunities.

Our vision is to enrich society so that all work leads to lives of happiness.



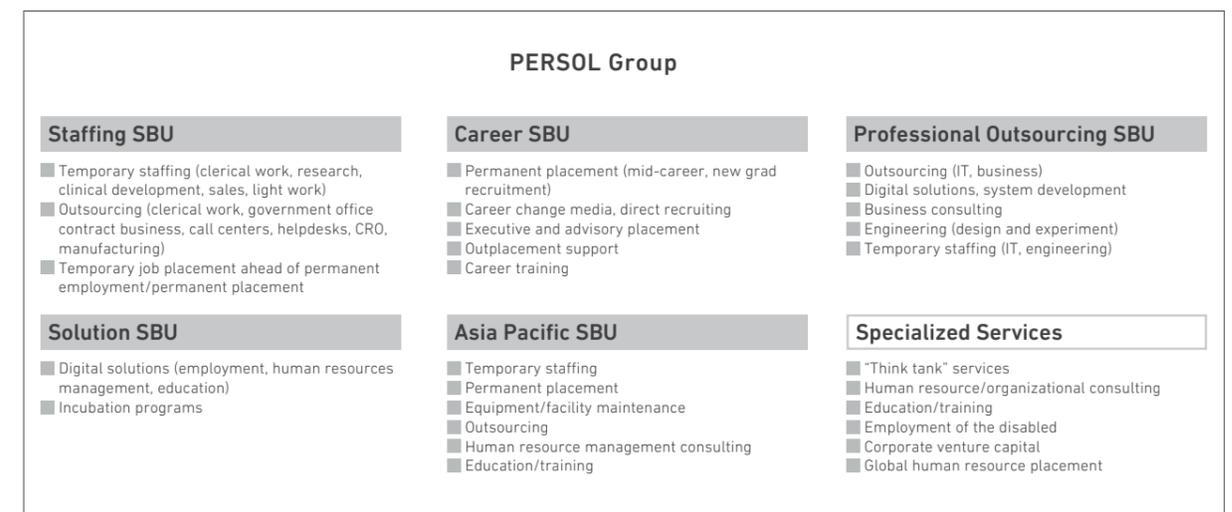
Group Vision Structure

Group vision structure for realizing “Work, and Smile”



Management Structure

We will realize “Work, and Smile” for any individuals in Japan and the Asia-Pacific region.



CONTENTS

<p><b>Introduction</b></p> <ul style="list-style-type: none"> <li>1 Group Vision</li> <li>2 Group Vision Structure, Management Structure</li> <li>3 History of the PERSOL Group</li> <li>5 Top Message</li> </ul>	<p><b>Value Story</b></p> <ul style="list-style-type: none"> <li>9 Value Creation Story</li> <li>11 Three Group Key Strategies to Deal With Changes in the Work Environment</li> <li>13 Sustainability Policy</li> <li>14 CHRO Interview</li> <li>15 Examples of Value Creation</li> </ul>	<p><b>Value Strategy</b></p> <ul style="list-style-type: none"> <li>21 CFO Interview</li> <li>23 At a Glance</li> <li>25 Business Overview by SBU                             <ul style="list-style-type: none"> <li>25 Staffing SBU</li> <li>26 Career SBU</li> <li>27 Professional Outsourcing SBU</li> <li>28 Solution SBU</li> <li>29 Asia Pacific SBU</li> </ul> </li> </ul>	<p><b>Governance</b></p> <ul style="list-style-type: none"> <li>30 History of and Basic Policy on Governance at the PERSOL Group</li> <li>31 Independent Director Interview</li> <li>33 Governance Structure</li> <li>35 Director and Officer Compensation and Succession of CEO, etc.</li> <li>37 Directors and Executive Officers</li> <li>39 CLO Interview</li> <li>41 Compliance, Internal Control and Risk Management</li> <li>43 Financial and Non-Financial Data</li> <li>45 Corporate Profile/Stock Information</li> </ul>
---	--	---	--

# History of the PERSOL Group

The roots of the PERSOL Group go back to Tempstaff Co., Ltd., which was founded in 1973. The company was born at a time when the concept of temporary staffing had not arrived in Japan, and we have led the industry by providing our services as a new work style to a large number of people. Since then, we have worked together with many companies, and have expanded our businesses as comprehensive human resource services provider in line with the wishes of working individuals and the needs of the times.

## May 1973

- Tempstaff Co., Ltd. (currently PERSOL TEMPSTAFF CO., LTD.) is established



Carrying on the aspirations of Yoshiko Shinohara, we at the PERSOL Group aim to realize a society in which all people can continue to work enthusiastically and live happily.

When our founder Shinohara graduated from high school and began working, there were still few women joining the workforce. Shinohara founded Tempstaff Co., Ltd. in 1973 with the aim of creating a society in which every woman who wanted to work could play an active role. Since then, we have contributed to society by providing many people with opportunities to play an active role in line with the times.

In addition, the growth of our temporary staff is essential for them to have further opportunities to work. Our employees and temporary staff have grown synergistically based on the idea that the growth of our temporary staff must be supported by the growth of our employees. We believe that the purpose of our existence is to expand our business to benefit society through the growth of our employees and temporary staff.

## 1986

- Tempstaff Co., Ltd. starts a temporary staffing business

## January 1989

- Launch DODA (currently doda), a career change information magazine



## June 1989

- Intelligence, Ltd. (currently PERSOL CAREER CO., LTD.) is founded

## March 1997

- Intelligence, Ltd. starts a permanent placement business

## 1993

- Tempstaff Co., Ltd. starts global expansion

## May 1996

- Tempstaff Co., Ltd. announces its Corporate Philosophy of "Providing Opportunity, Individual Growth and Social Contribution"

## March 2006

- Tempstaff Co., Ltd. is listed on the First Section of the Tokyo Stock Exchange

## July 2017

- Renew the Tempstaff Brand logo

**TEMPSTAFF**

## October 2018

- Renew the doda Brand logo

**doda**

## July 2016

- Announce the new Group brand, "PERSOL"
- Announce the brand tag line, "Work, and Smile"



## October 2019

- Change the Group Vision to "Work, and Smile"

## April 2020

- Shifted to a five SBU (Strategic Business Unit) structure

Staffing SBU	Career SBU	Professional Outsourcing SBU
Solution SBU	Asia Pacific SBU	Specialized Services

## January 2019

- Avanti Staff Corporation becomes a consolidated subsidiary of PERSOL TEMPSTAFF CO., LTD.

## July 2019

- FUJI XEROX LEARNING INSTITUTE INC. becomes a wholly owned subsidiary and changes its name to PERSOL LEARNING INSTITUTE CO., LTD.

## December 2019

- Establish PERSOL Professional Outsourcing Co., Ltd.
- Establish PERSOL Asia Pacific Pte. Ltd.

## December 2018

- Establish PERSOL INNOVATION CO., LTD.

## April 2017

- JAPAN TECSEED CO., LTD. and DRD CO., LTD. merge to become PERSOL RESEARCH & DEVELOPMENT CO., LTD.

## July 2017

- Temp Holdings Co., Ltd. changes to PERSOL HOLDINGS CO., LTD., and several of our core Group companies undergo a name change

## October 2017

- Programmed Maintenance Services Limited becomes a consolidated subsidiary

## July 2015

- Corporate Philosophy, Group Vision "Create social infrastructure for people and organizations that catalyzes growth and innovation" and Five Core Principles are announced

## April 2013

- Intelligence Holdings, Ltd. becomes a consolidated subsidiary

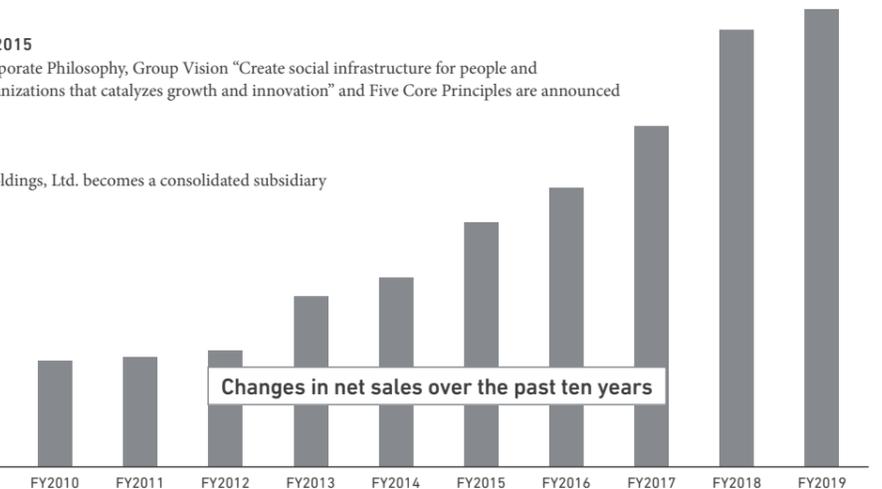
## May 2010

- Share of Kelly Services Ltd. is acquired

## October 2008

- Tempstaff Co., Ltd. and Tempstaff People Co., Ltd. merge and jointly establish Temp Holdings Co., Ltd.

Net sales  
**970.5**  
billion yen



1970

1980

1990

2000

FY2010

FY2011

FY2012

FY2013

FY2014

FY2015

FY2016

FY2017

FY2018

FY2019

## 1970s to 1980s

### Infancy of temporary staffing services

- 1972**
  - Industrial Safety and Health Act enacted
- 1973**
  - First oil crisis
- 1979**
  - Convention on the Elimination of All Forms of Discrimination against Women adopted by the United Nations General Assembly
- 1985**
  - The Worker Dispatching Act enacted, enabling worker dispatching for only 13 specialized businesses
- 1987**
  - Amendments to the Labor Standards Act enacted major reforms to the working hour system, including the gradual implementation of a 40-hour workweek, and the establishment of flextime

## 1990s to 2000s

### Period of expansion of workers' rights and temporary staffing services

- 1993**
  - The central government ministries designated Wednesdays as a day for leaving the office at the scheduled time in response to the widespread use of a weekly no-overtime day
- 1996**
  - The Worker Dispatching Act revised to expand target businesses eligible for worker dispatching to 26 specialized businesses
- 1997**
  - Ordinance for Enforcement of the Employment Security Act revised to expand the scope of charged employment placement businesses
- 1998**
  - Labor Standards Act revised to establish a discretionary working system for managing-related work
- 1999**
  - The Worker Dispatching Act revised to liberalize the target business in principle

## 2010s onward

### Era of diversification of work styles

- 2018**
  - Act on the Arrangement of Related Acts to Promote Work Style Reform enacted, came into effect gradually from April 1, 2019
- 2019**
  - Act on Promotion of Women's Participation and Advancement in the Workplace and the Act on Comprehensive Promotion of Labor Policies, Stability of Employment of Workers and Enhancement of Occupational Life revised to strengthen measures to prevent power harassment and sexual harassment
- 2020**
  - Act on Improvement of Personnel Management and Conversion of Employment Status for Part-Time Workers and Fixed-Term Workers (Part-Time and Fixed-Term Employment Act)\* and the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Protection of Dispatched Workers (The Worker Dispatching Act) revised to prohibit the establishment of unreasonable differences in treatment between regular and temporary workers in the same company with respect to all aspects of treatment, including basic wages and bonuses (equal pay for equal work).

\*From April 1, 2021 for small and medium enterprises



**Masamichi Mizuta**  
Representative Director,  
President and CEO

Make your own job choice and work the way you like.  
We aim to realize “Work, and Smile”  
for everyone by 2030.

Enforcement of “equal pay for equal work” is a tailwind.  
We will continue to support employment as a pillar of social infrastructure.

Under Japan’s revised Worker Dispatching Act, “equal pay for equal work” applies to the temporary staffing market, effective April 2020.\* This revision is intended to eliminate unreasonable discrepancies in treatment, such as those for wages, allowances, benefits and training opportunities, between full-time employees and employees on fixed-term contracts. Looking ahead to this legal amendment going into force, we have negotiated many times with our clients regarding fee increases for temporary staffing services. As the result, the majority of our corporate clients understood the situation and accepted our requests. I am certain this is because we have always put considerable effort into developing business relationships built on trust.

In addition to contributing to the improvement of the working conditions of our temporary staff, the amendment to the law, “equal pay for equal work,” has begun to generate new demand, such as a growing number of inquiries from government agencies and other outsourced contracting businesses, which we expect will lead to an improvement in our profit margin.

However, the risk from COVID-19 will remain longer and it will take some time for the economy as a whole to get back on its feet. If we look at society as a whole, there may be a temporary shift in the tide from the labor shortage that has been occurring.

Nevertheless, in the expansion of COVID-19, I have reaffirmed the fact that our businesses are indispensable and have high social value because our businesses secure employment and protect the livelihoods of working people, and we support, through our people, jobs in essential sectors such as communications, energy, food, and logistics that cannot stop, even in times of emergency.

We will continue to work together as a group to create a safe and secure work environment and systems for working individuals and contribute to the protection of both society and the economy.

\*Application to small- and medium-sized companies will commence on April 1, 2021.

The fiscal year ended March 2020 was marked by brisk demand for our domestic business and rebuilding for our overseas business.

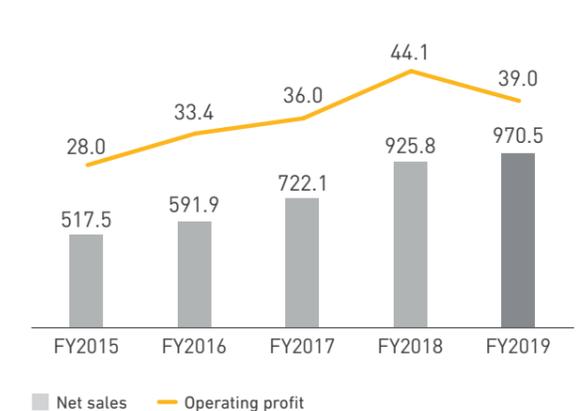
Trade friction between the United States and China impacted business activities in the fiscal year ended March 2020, and signs of reduced hiring appeared in some sectors. In addition, the business environment was made more challenging from the fourth quarter due to the spread of COVID-19. Against this backdrop, demand for permanent placement services weakened but demand for temporary staffing services—our core business—was brisk, driven by Japan’s chronic labor shortage.

For the fiscal year, the PERSOL Group recorded consolidated net sales of 970.5 billion yen and operating profit of 39.0 billion yen. In our overseas businesses, which have been struggling, we will work to strengthen our governance and revenue base, focusing first of all on rebuilding our existing businesses going forward. Also of note, as the information media for part-time jobs shifts from paper to the Internet, we have terminated our “an” business, which provided Japan’s oldest part-time job information service, but we will continue our recruitment and employment support business by accelerating the growth of “doda.”

#### Performance Highlights

Net sales 970.5 billion yen Up 4.8% year on year	Operating profit 39.0 billion yen Down 11.4% year on year
Net profit attributable to owners of parent company 7.6 billion yen Down 68.8% year on year	Annual dividend per share 30 yen Up 5 yen year on year

#### Net Sales/Operating Profit (billions of yen)





# People × Technology × Education

## We propose a new way of work in the era of 100-year lifespan.

### To realize “Work, and Smile,” we formulated a Value Creation Story for 2030.

To realize the Group Vision of “Work, and Smile,” we turned the cycle of corporate activity and social contribution into a Value Creation Story for 2030. We make a promise to society, which is always evolving, constantly refine the sources of value creation that we have cultivated to date, and apply the resulting improvements to grow our businesses. We also contribute to the achievement of the SDGs (Sustainable Development Goals), adopted by the United Nations.

In order to realize “Work, and Smile,” the first thing you need is to be able to choose your own job and work style. You can feel rewarded and responsible because you decided to do it yourself, not because people told you to. In order to live more positively, it is very important to choose your own work.

Secondly, you should be able to feel that you are helping the world or someone else. Being needed by others gives you energy to work, and by being relied upon, you will be able to continue that job for a long time.

Lastly, work with colleagues you can trust. Having good colleagues with whom you can talk openly will allow you to work transparently, and that trust will be the key to your success as telework becomes the new way of work.

There are three things that the PERSOL Group must do to promote realization of the Group Vision.

The first is to thoroughly pursue the value of people in our core businesses, such as temporary staffing services and job change support. While digitalization is accelerating, we believe that it is important to maximize the value of people.

Secondly, it is important to combine technology and people. For example, combining AI with experienced seniors should increase the job options for the seniors that are currently limited and

also improve their quality of work. We believe that mastery of technology is the source of our future and will help us to increase our social value.

Third, we must emphasize more opportunities for learning. Unfortunately, the culture of lifelong learning is not as pervasive in Japan as it is in other developed countries. However, amid the increasingly fierce transformation of the employment landscape, education and training will become essential to effectively match people to jobs. Our role will be to support individuals who continue their learning to enhance personal value.

In addition, we formulated the Mid-term Management Plan 2023—the first three-year step on the journey toward realizing the Group Vision, which we aim to achieve by 2030. The new mid-term plan will be a blueprint for establishing a platform for growth through enhanced business activities and a stronger management structure. Under this plan, we will emphasize five strategies: increase social value, increase economic value, shift to a strategic business unit (SBU) structure, identify growth areas and strengthen business with technology.

COVID-19 has changed our world and will likely continue to have an impact. The path ahead is uncertain and thus requires flexibility in how we respond to emerging situations. In line with the overall policy, we aim to restore profitability and achieve record operating profit (44.1 billion yen) in the fiscal year ending March 2023. Over the next three years, we will build a management base that will provide the resources for growth investment toward 2030 and sound management after investment, and from 2024 onward, we will aim to invest for exponential growth.

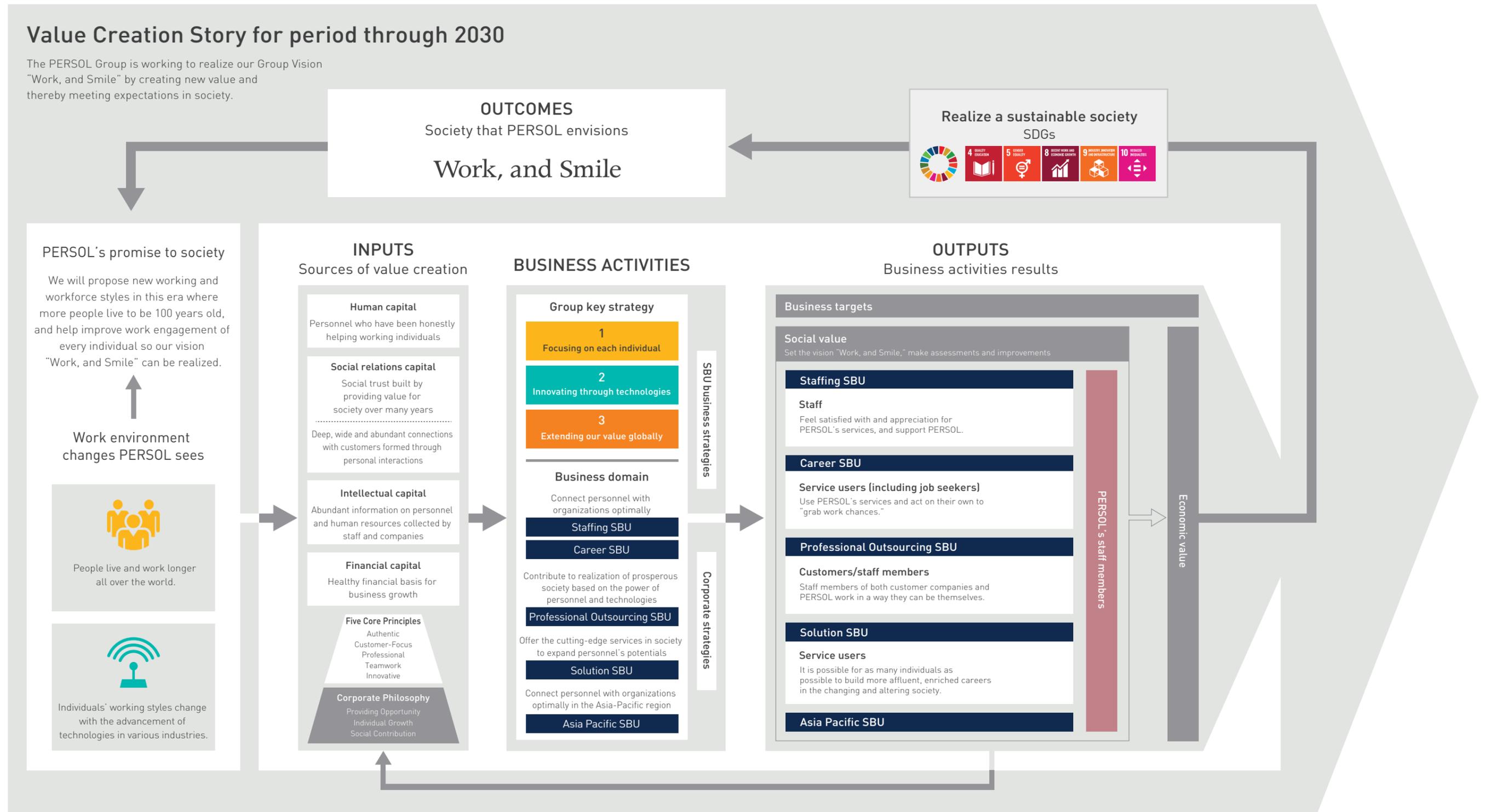
The PERSOL Group promises to realize “Work, and Smile” by proposing new ways of working and employment in the era of 100-year lifespan and contributing to the improvement of individual work engagement.

#### Overall Strategies in Mid-term Management Plan 2023

<b>Increase social value</b>	<ul style="list-style-type: none"> <li>Create “Work, and Smile” index and implement measures that will contribute to improvement of component indicators to achieve the Group Vision</li> </ul>
<b>Increase economic value</b>	<ul style="list-style-type: none"> <li>Introduce ROIC and other indicators of return on capital to improve the corporate value of the entire Group</li> </ul>
<b>Shift to a strategic business unit (SBU) structure</b>	<ul style="list-style-type: none"> <li>Position Professional Outsourcing SBU as third pillar of operations while continuing to strengthen Staffing SBU and Career SBU, which underpin the PERSOL Group profitability</li> <li>Consolidate management under Asia Pacific SBU and improve profitability through enhanced cost synergy</li> </ul>
<b>Identify growth areas</b>	<ul style="list-style-type: none"> <li>Actively pursue investment opportunities, including M&amp;A, to cement Professional Outsourcing SBU as the PERSOL Group’s third pillar of operations</li> <li>Actively promote creation of new business in Solution SBU</li> </ul>
<b>Strengthen business with technology</b>	<ul style="list-style-type: none"> <li>Boost productivity and customer satisfaction through investments in digital transformation (DX)</li> </ul>

# Value Creation Story

Imagining the kind of world we hope will exist in 2030, we formulated a Value Creation Story. We are focusing on five SDGs to help achieve a sustainable society and are actively working with diverse stakeholders to find solutions to social issues.



## Three Group Key Strategies to Deal With Changes in the Work Environment

The work environment is changing, spurred by such factors as technological progress. The PERSOL Group will fully mobilize accumulated human capital, social relations capital, intellectual capital and financial capital and, in line with the newly formulated Group key strategies, strive to realize the Group Vision “Work, and Smile.”

### Changes in the work environment perceived by PERSOL

#### Era of 100-year lifespan



As healthy life expectancy increases, we constantly review values in relation to work, such as rewarding jobs, responses to diverse work styles and reeducation. By supporting all working individuals throughout their lives, we will create a society where everyone can live a fulfilling life through work.

#### Advancing technologies and AI



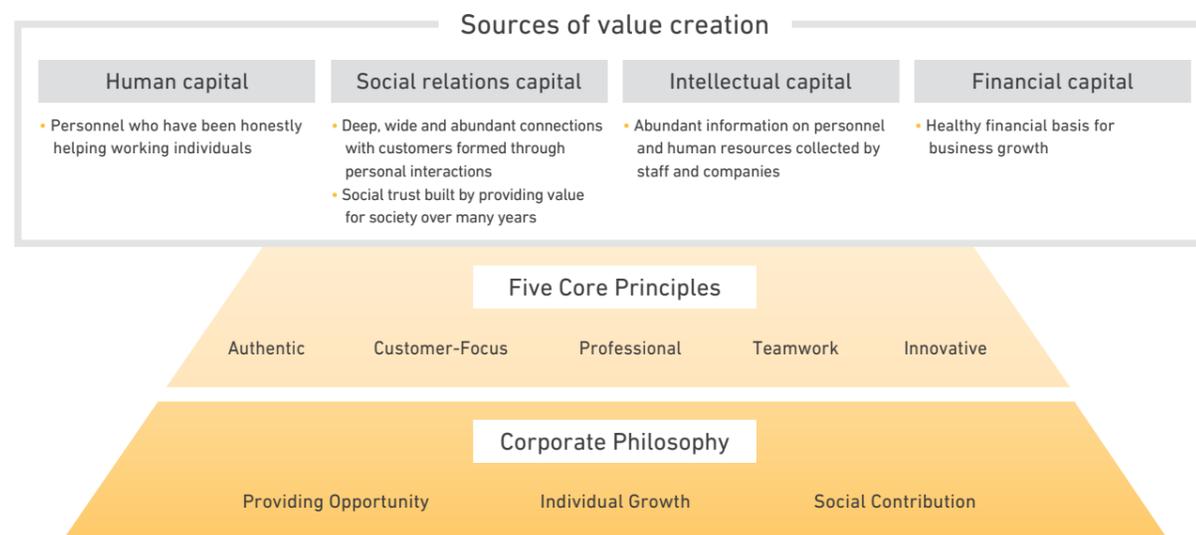
We contribute to the improvement of productivity of individuals, organizations and society by actively investing in areas where robots or AI can replace the human workforce. At the same time, to create a society where individuals live happily through work, we identify and provide jobs in which value can be created only through human skills.

### Our promise to society

We propose new styles of work and employment in an era when many people live to be 100 and contribute to the improvement of work engagement for all individuals, thereby realizing “Work, and Smile.”

### Sources of PERSOL's value creation

Sources of value creation that PERSOL draws on to expand its business activities include people who are sincerely committed to be working individuals, people-oriented client contacts and the trust of society.

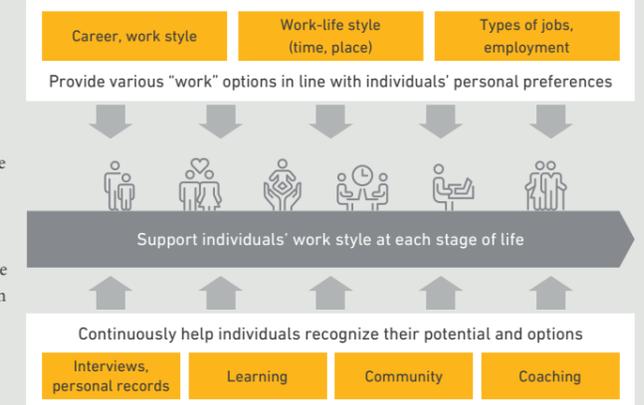


Management formulated Group key strategies to support realization of the PERSOL view of future society.

The employment future that PERSOL envisions will embody the idea “Work, and Smile.” Toward this end, management formulated three key strategies for Groupwide implementation. The first is to focus on the individual and help improve work engagement for everyone. The second is to turn technology into a strategic tool that facilitates new work styles and constructive employment formats. The third is to utilize the insights and know-how that we have accumulated in Japan and spread the “Work, and Smile” concept from the Asia-Pacific region.

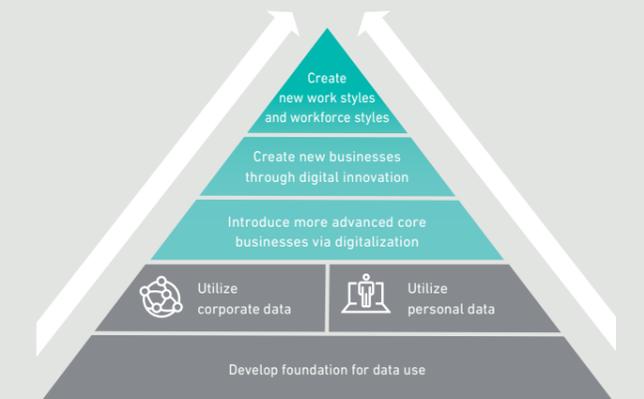
### 1 Focusing on each individual

We make priority investments in activities that contribute to increased work engagement for all working individuals supported by PERSOL. By asking “What is a better job?,” “What is a better work style?” and “What is a better life?” from the viewpoint of a “working individual,” we create and support diverse work that will shape our future. More specifically, we provide work opportunities and insights best suited to respective life stages, aptitude and ability of individuals. We serve as a partner that helps working individuals not only when they are seeking a job but for their lifelong careers, additionally supporting them in matters besides work. We also provide individuals with learning opportunities to continuously give them enough career options to choose from at all stages of life.



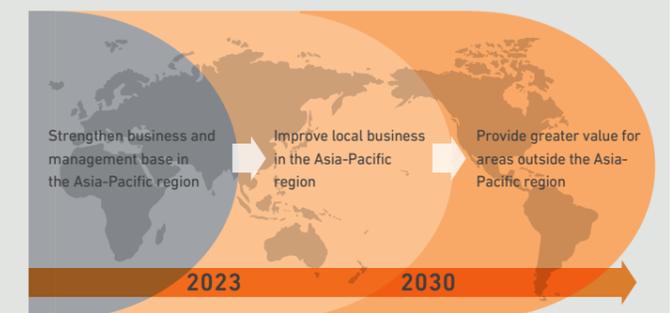
### 2 Innovating through technologies

By making the best use of technologies and promoting digital transformation, we propose new styles of work and employment. We are building an infrastructure for analyzing and utilizing the enormous personal and corporate data we accumulated in the past, and promoting digitalization of platform businesses including temporary staffing and job placement to further upgrade those businesses. In addition, we create new businesses for the future by reconsidering the conventional values we have been providing from the perspective of utilizing cutting-edge technologies.



### 3 Extending our value globally

We will establish a management system to provide the Asia-Pacific region with values from Japan, which, ahead of other nations, is already facing many work-related challenges. We will contribute to meeting social challenges around the world to realize our Group Vision “Work, and Smile.”



## Sustainability Policy

### SDGs that PERSOL can contribute to achieve and underlying sustainability policy

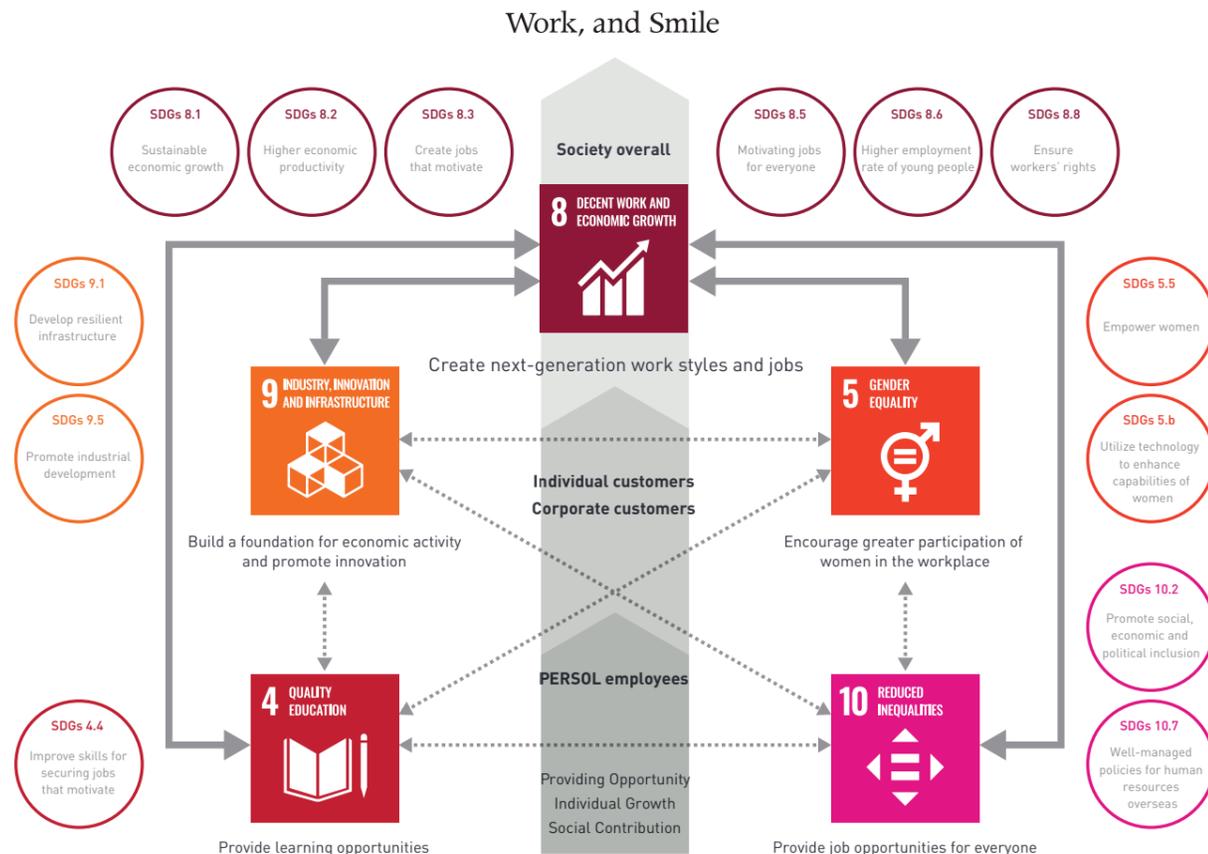
We will contribute to achieving SDGs through business activities designed to realize the Group Vision “Work, and Smile.”

**Sustainability Policy**

Seeking to underpin the development of a sustainable society reinforced by its corporate philosophy that highlights “Providing Opportunity, Individual Growth and Social Contribution,” the PERSOL Group connects with diverse stakeholders and actively addresses social issues. With 2030 as our destination year, we are promoting business activities designed to realize the Group Vision “Work, and Smile” and contribute to achieving SDGs.

**Five priority issues identified by PERSOL**

We emphasize five SDGs as priority issues, and we also contribute to achieving all 17 SDGs through supporting the growth of people and creating jobs.



### INTERVIEW



We will contribute to achieving SDGs by creating a society in which everyone can work safely and securely.

**Hirotaka Mino**  
Executive Officer CHRO,  
Responsible for Corporate Strategy and  
Human Resources

### The “Value Creation Story,” a road map for the entire PERSOL Group

In 2015, the PERSOL Group made a major shift to “integrated group management” going in the same direction for the entire Group. Today, the Group is moving steadily forward to realize “Work, and Smile” by 2030. The entire Group supports a concerted effort to contribute to developing a society in which all working people can enjoy working. For us, as a corporate group, the recently developed “Value Creation Story” functions as a road map that keeps us on track toward our destination. We believe that with this clear road map, the entire Group will move forward as one.

### Contributing to achieving SDGs through business activities and working toward a sustainable society

From the 17 goals decided by the United Nations, we have selected five priority goals that we can contribute to achieve directly through our business activities, and we have incorporated them into our “Value Creation Story.”

Also, the PERSOL Group supports clients across a wide range of industries through its people, so it’s not an exaggeration to say that we are indirectly involved in all 17 of the SDGs and 169 specific targets to achieve them, by providing the companies with the talent they need. Using our ties with diverse stakeholders, we will leverage business activities geared toward realizing the Group Vision “Work, and Smile” and raise both social value and economic value, while doing our utmost to contribute to achieving the SDGs.

### In each SBU and in the world, we began measuring the realization of “Work, and Smile.”

Keen to realize the Group Vision, the PERSOL Group teamed up with Gallup, Inc.\* in the fiscal year ending March 2021 and began measuring the level of “Work, and Smile” worldwide. The Gallup World Poll data is highly trusted, often quoted by international organizations, including the United Nations, and used in research pursuits around the world. Going forward, we want “Work, and Smile” to take root not only in Japan but also globally, through utilizing data from this survey to study the value brought to society by “Work, and Smile” and raising the awareness and perception of such value worldwide.

In addition, the PERSOL Group introduced new indicators for each SBU to promote greater progress on “Work, and Smile” for individuals and corporate clients, which utilize every type of service. These indicators not only enable us to visualize progress but also reinforce the idea that steady improvement toward goals fuels growth at the SBU level. In the same way, we will start measuring the level of “Work, and Smile” for PERSOL employees from the fiscal year ending March 2021, in order to build a company in which each employee can continue to work with enthusiasm, and to promote the realization of “Work, and Smile” internally and externally.

\* Gallup, Inc.: the U.S.-based company that conducts opinion polls and offers strategic consulting services worldwide through co-creation with a huge pool of experts



The PERSOL Group supports the Sustainable Development Goals (SDGs).

# Examples of Value Creation

## Diversity, Inclusion & Equality

Turning all kinds of differences into future potential



### Building the PERSOL DI&E SPIRAL from perspectives of attributes, a sense of values and capabilities

To create a society in which everyone fully embraces the "Work, and Smile" concept, we ourselves must accept and acknowledge diversity in our own actions and know that employees' activities brimming with diversity are indispensable to our future.

To draw on the strengths of employees with all their diversity, we looked at diversity from three perspectives—attributes, a sense of values and capabilities—and launched DI&E actions to promote progress in "Work, and Smile." This basic concept is expressed as "PERSOL DI&E SPIRAL" and we intend to create a corporate culture that generates a positive cycle.

### Implementing literacy training to instill idea of DI&E

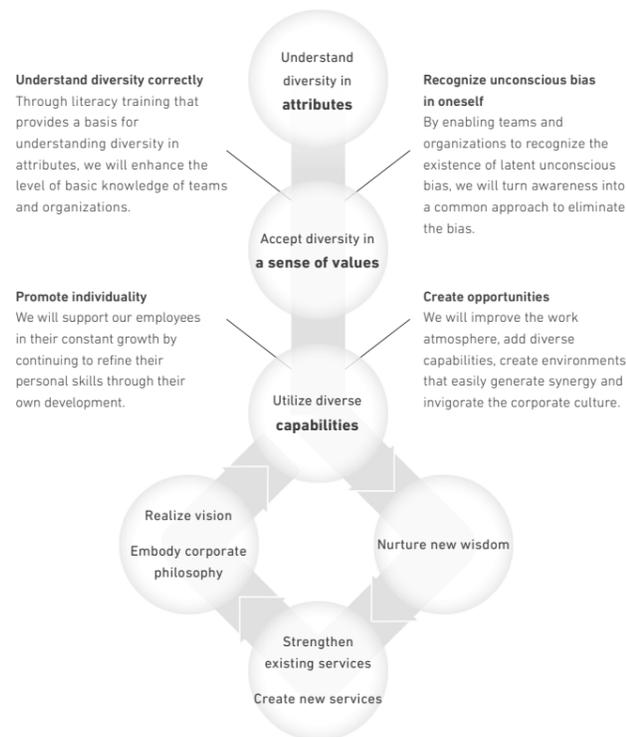
All employees who work within the PERSOL Group need to understand the concept and possess basic knowledge about DI&E, and we conduct literacy training that hinges on the four points described below. In the fiscal year ending March 2021, we used an e-learning program to offer literacy training involving 25,000 employees at 30 Group companies in Japan. Employee satisfaction, understanding and resonance with the Company's stance on the DI&E concept exceeded 85% when the e-learning program was completed.

#### Four key points in training

- Understand the concept of PERSOL Group's DI&E
- Understand diverse attributes and diverse values
- Understand unconscious bias\* and be aware of possible personal unconscious bias
- Using the above, develop skills—notably, communication and leadership—to facilitate cooperation with diverse people

\*Unconscious bias is an underlying prejudice or belief that an individual unknowingly has.

### PERSOL DI&E SPIRAL



Note: DI&E: Diversity, Inclusion & Equality

### Case study

## Expand employment for disabled through alliances with local governments

Keen to develop the market for employment opportunities geared toward people with disabilities, the PERSOL Group has achieved the highest number of job placements for the disabled in Japan. Of particular note, we are unique in the approach to local issues and labor shortages through employment growth within the PERSOL Group. For example, in Tomioka, Gunma Prefecture, we opened the Tomioka Mayu Kobo—a silkworm workshop—to revitalize the sericulture industry, which had been in decline due to the advancing age of silk producers. We also support agricultural sectors, specifically, on the Miura Peninsula, Kanagawa Prefecture, and in Tondabayashi, Osaka Prefecture, which have suffered from labor shortages, and run the Yokosuka-Miura Misaki Kobo as well as farms that employ people with disabilities. In addition, we team up with local governments, mainly in metropolitan areas, on work transfer support projects that provide training to the disabled to help them find jobs. The PERSOL Group is keen to help more disabled people enter the workforce.

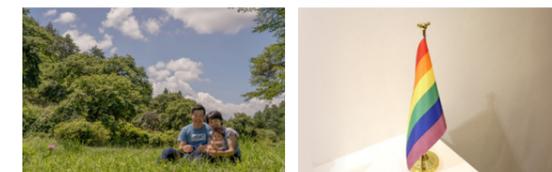


### Case study

## Measures to ensure correct understanding of diversity and develop diverse capabilities

Within the PERSOL Group, we have put in place various measures that underpin respect for different attributes and different values, promote mutual understanding and develop strengths. For example, across the Group, we run training programs to provide information on sexual minorities and are involved in Ally initiatives to support and encourage understanding of members of the LGBT community. In addition, some Group companies have implemented the FLASH system, which allows employees to choose the number of days and hours worked, the work location and time off, and introduced flexible personnel programs such as lifting the ban on side jobs, eliminating the dress code and promoting various work options.

### Outline of FLASH system



FLASH is a system allowing the freedom to choose the number of days and hours worked, the location and time off.

Rainbow-colored flag at the reception desk symbolizing Ally initiatives

### Case study

## Overseas activities

We are involved in various activities in the Asia-Pacific.

PERSOLKELLY provides career counseling in Bangalore, India, to high-school students from families with limited financial resources. In Singapore, we hire disabled people to work as customer service staffs.

Programmed is also involved in various activities, including providing job opportunities for Aborigines, Torres Strait Islanders and other indigenous peoples of Australia, and being an official supporter of FlexAgility, which promotes flexible and agile work styles for employees.



### Diversity, Inclusion & Equality in the PERSOL Group

Dating back to its earliest days, the PERSOL Group, including its founder, has been a portal for empowering women in the workplace. To date, the Company has spearheaded many opportunities for training related to DI&E as well as opportunities for dialogue. However, activities must be repeated and executed widely, inside and outside the Company, with an understanding of DI&E. In addition, I look forward to seeing a higher ratio of women in management positions. As of June 2020, most of the directors on the Board at PERSOL were composed of Independent Directors, and I appreciate the Board's effectiveness in participating in deliberations and decisions from an independent standpoint based on diverse perspectives and backgrounds, as well as the management's openness to different ideas.

I plan to be involved in helping each and every employee gain a deep awareness of the Group Vision "Work, and Smile" and the Group's policy on DI&E, and I will help PERSOL contribute to realizing a sustainable society.

### INTERVIEW



Chisa Enomoto

Independent Director  
(Member of Supervisory Committee)

# Technology

## Solving social issues using information technology

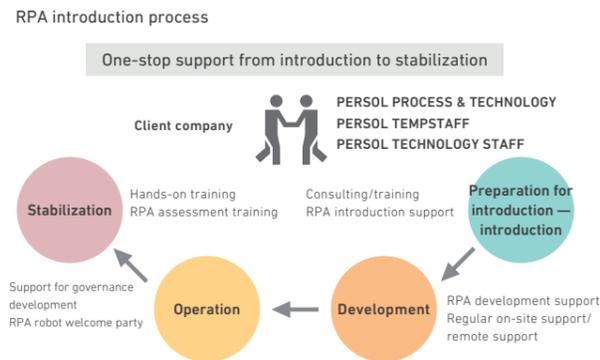


### Case study

#### RPA initiative to solve labor shortages

Robotic Process Automation (RPA) has been gaining attention against a backdrop of hiring difficulties caused by labor shortages, as well as a heightened awareness of improving productivity. Although a variety of RPA tools are employed in Europe and the United States, there has not been much progress in the development and introduction of these systems suited to Japanese companies despite the strong need for RPA in Japan, due to a lack of expert engineers. PERSOL PROCESS & TECHNOLOGY responded to this situation by establishing a dedicated RPA organization in 2017. In 2019, three Group companies (PERSOL PROCESS & TECHNOLOGY, PERSOL TEMPSTAFF and PERSOL TECHNOLOGY STAFF) launched PERSOL's RPA introduction support service as an RPA service brand.

We have formed business alliances with a wide range of partners working on RPA tools to offer one-stop total solutions from consulting to development, introduction and operations support.



#### Conducting RPA introduction training online

PERSOL PROCESS & TECHNOLOGY provides WinActor® and UiPath RPA introduction training as part of its RPA introduction support. The COVID-19 pandemic has raised interest among many companies in teleworking and methods of non-face-to-face communication. PERSOL PROCESS & TECHNOLOGY responded by launching online training so that this training can be taken anywhere, whether from home or at remote sites.

In order to ensure that the quality of support does not fall in the online setting, we have renewed our service delivery methods and content with an emphasis on on-site availability and enhanced follow-up to participants.

\* WinActor® is a registered trademark of NTT Advanced Technology Corporation. UiPath is a registered trademark of UiPath Inc.

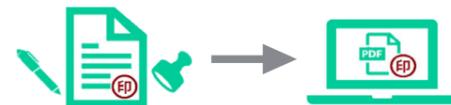
#### Using RPA to approach a variety of issues

In order to enable diverse work styles, including teleworking and working from home, companies face the challenge of building out a remote-work environment and transforming their operations to use the cloud.

Even companies that had already been digitalizing their operations have an increased need to change to RPA tools that allow robots to operate in a remote environment, electronic stamping, and cloud tools that can convert paper information into data without scanning.

PERSOL PROCESS & TECHNOLOGY has launched introduction and stabilization support for digital contracts\*<sup>1</sup> and AI-OCR\*<sup>2</sup>. They ease the physical limitations of paper and stamping, which are expected to result in the optimization of operations.

Combining these services with RPA is expected to enable further automation of operations, accelerating the diversification of work styles and improvements to productivity.



\*1 A mechanism to guarantee who agreed to what, and when, through electronic data by replacing the traditional method of stamping on paper and timestamps (a technology to prove that a particular piece of electronic data existed at a particular time and the data has not been tampered with since).

\*2 Optical Character Reader/Recognition. It is a process for recognizing the text portions of a digital image and converting them into text data. The technology involves scanning paper documents and digitizing the words on the documents using character recognition. Combining OCR with AI technology improves the accuracy of character recognition through machine learning and enables items to be extracted without designing a form format.

### Case study

#### Designing for utilization of drone technology to solve social issues

As the accelerating shrinkage of the labor force heightens the need for utilization of drones by companies and local governments, PERSOL PROCESS & TECHNOLOGY offers services to support the utilization of drones, ranging from process design to operational support.



#### Establishing a consortium to solve community issues

PERSOL PROCESS & TECHNOLOGY has established a drone consortium jointly with drone companies and a dedicated disaster-prevention agency in Jinsekikogen-cho, Hiroshima Prefecture, with the goal of disaster prevention and mitigation.

The purpose of the consortium is to contribute to the local community by using drones to solve issues faced by Jinsekikogen-cho, such as taking disaster countermeasures and delivering materials, with prospects for local residents to create a sustainably secure community with their own hands.

The consortium's demonstration experiments, which began in the fiscal year ended March 2020, are scheduled to continue beyond 2020 with activities aimed at bringing drones into practical use in Jinsekikogen-cho. We will work to solve social issues throughout Japan, including disaster prevention

and mitigation, support for residents of rural areas and rural revitalization, by expanding the expertise obtained through the demonstration experiments into other regions and prefectures facing similar issues.



Drone used by local leaders in the demonstration experiment

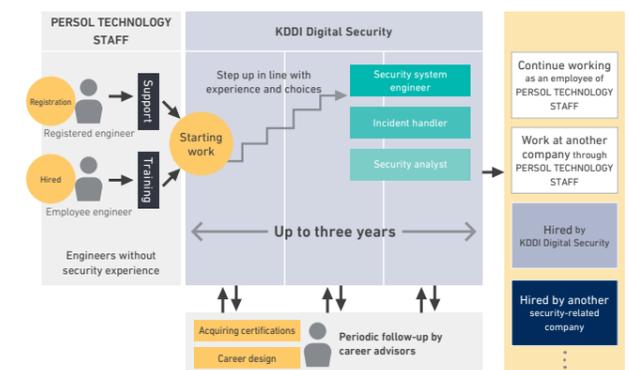
### Case study

#### Building an environment for the hiring and cultivating of high-level security engineers

The acceleration of digital transformation is increasing the need for security engineers, against a backdrop of expanded use of IT in various businesses and concerns over information security risks that may threaten even the continuity of companies and businesses. Under these circumstances, KDDI Digital Security Inc. has supported a diverse array of companies in the KDDI Group with security measures ranging from consulting to operations support, but has had difficulties finding security engineers.

To solve this issue, KDDI Digital Security began building an environment for the hiring and cultivating together with PERSOL TECHNOLOGY STAFF, which works in engineer staffing. We began cultivating high-level security engineers. PERSOL TECHNOLOGY STAFF not only provided hiring support, but also built a nurturing environment enabling noticeable skill improvements through comprehensive support that includes mid-term personnel planning, post-assignment training, and support for skill improvement and career advancement based on periodic goal management after starting operations.

As a result, we have succeeded at producing a large number of engineers involved in security.



## Community Vitalization/Rural Revitalization

Creating local employment and solving labor shortages



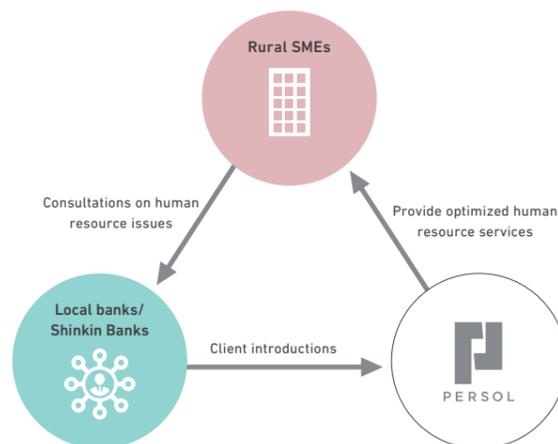
Case study

### Supporting recruitment by SMEs through partnerships with local banks and credit associations

The decline in the number of young people in Japan and the flow of the population into the cities are making labor shortages an increasingly severe problem for small and medium enterprises (SMEs) in rural areas. In addition, many SMEs do not have dedicated hiring departments, making it difficult for them to express their appeal effectively.

The PERSOL Group is partnering with local banks and credit associations (Shinkin Banks) that finance rural SMEs to develop a scheme to solve the hiring problems of their SME clients.

The PERSOL Group is helping SMEs throughout Japan to secure human resources in response to hiring issues passed on through financial institutions, by providing a comprehensive and optimized service tailored to each client's issue, such as permanent placement, direct recruiting and utilization of advisors. We help to resolve the management issues and support business growth of SMEs.



Case study

### Participation in Professional Human Resource Project by Cabinet Office, Government of Japan

In 2016, the Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan, Cabinet Secretariat, launched the Professional Human Resource Project, with the aim of rural revitalization.

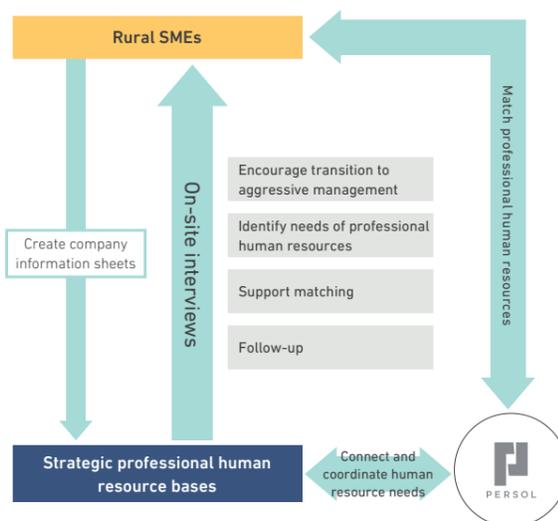
This project set up strategic human resource bases in 45 prefectures, and the managers are former executives of local financial institutions, people with experience in the commercial and industrial sectors of prefecture office, and other people with a knowledge of the local industry. There is a significant number of people around the country who want to contribute to rural communities, people who want to return to rural communities after living in a city, and people who want to move to a rural community for caregiving and other reasons, if there is a job that allows them to use their skills.

Each base proposes growth strategies to companies, such as starting new businesses and developing new sales channels, and provides support including defining the requirements for the professional human resources the companies need.

The PERSOL Group has been working with each base to introduce talented professionals who want to work in rural communities.

The number of consultations and contracts in this effort is about 50,000 and 10,000, respectively, and a large number of professionals are active in rural companies.

\*Numbers of consultations and contracts are for the project as a whole (as of August 2020).



## Surveys and Research

Seeking to promote work style reform and improve the happiness of working people



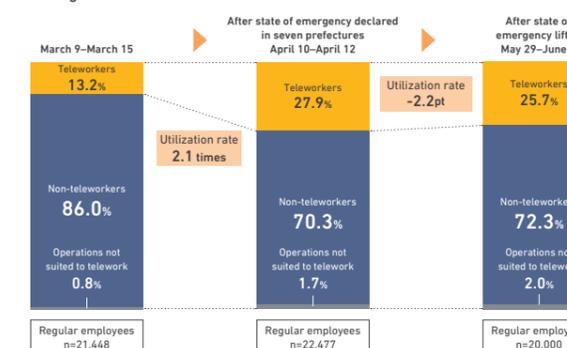
Case study

### Data reveals the realities, challenges and solutions of telework

Telework has swiftly permeated corporate consciousness since the spread of COVID-19. PERSOL RESEARCH AND CONSULTING, which functions as a think tank for the PERSOL Group, has conducted large-scale surveys on telework three times on the premise that access to the latest data would support work benefiting corporate management, society and individuals to a higher degree. The telework utilization rate (national average) for regular employees after the state of emergency was declared in mid-April 2020, reached 27.9%, up 2.1 times from mid-March. However, in late-May, when the state of emergency was lifted, the utilization rate dropped 2.2 points, to 25.7%, indicating that people were already distancing themselves from that work style.

However, telework has major benefits for companies and individuals, not only to prevent the spread of COVID-19 infection, but also to increase labor productivity and ensure diversity in work style by eliminating unnecessary office attendance. Through numerous media exposures, including quantitative data on the actual conditions and challenges of telework, and analysis and solutions by highly knowledgeable researchers, we have provided society with information useful for the establishment of telework.

Changes in telework utilization rate



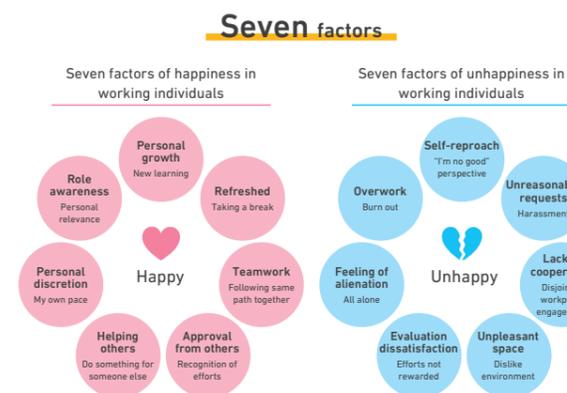
Case study

### Joint research project on happiness of working individuals

PERSOL RESEARCH AND CONSULTING teamed up with the research lab run by Takashi Maeno, a professor at Graduate School, Keio University, on a project to measure the happiness of working individuals. The study focused on the happiness of working individuals and explored new management indicators and ways of organizational management. Assuming that happiness and unhappiness in working situations are independent concepts, we identified seven factors of "happy people" and "unhappy people" and developed a diagnostic tool to measure them.

A tangible feeling of happiness that people gain through working can affect not only individual performance, but also overall performance of an organization and year-on-year improvement in sales. The researchers obtained statistical evidence that would support the validity of such efforts by companies to improve the subjective happiness of employees. Going forward, diagnostic tools will be applied extensively to help make working individuals feel happier while also boosting corporate value.

Seven factors that bring about happiness/unhappiness in working individuals



## CFO Interview

## INTERVIEW



Kiyoshi Seki  
Executive Officer CFO

With strict financial discipline based on a solid financial base, we will work toward sustainable growth.

### Considered responses to changing environment and sustainability of business in formulating financial strategies for new Mid-term Management Plan

As a core of our new Mid-term Management Plan, we formulated the Value Creation Story for 2030, built upon the idea of a deeper sense of work engagement for individuals through proposing new work styles and employment to realize the Group Vision "Work, and Smile." To date, we have been focused on single-year profits and profit-and-loss status. However, to achieve the Group Vision, we must emphasize social and economic value over the mid- to long-term, and shift to management practices that make this possible. Currently, COVID-19 is having a huge impact on our business activities not only in Japan but also in the Asia-Pacific region. Consequently, we must ensure the employment and safety of employees such as Group personnel and staffs while laying a foundation for providing stable services to many corporate clients. Our efforts emphasize stabilizing our financial base and raising liquidity on hand to implement measures that would support business continuity even during the COVID-19 pandemic.

Core points from discussions on Mid-term Management Plan 2023, a three-year plan running to the fiscal year ending March 2023, with a view to 2030, targeted

responses to the changing business environment. As social and economic trends are unclear, we have decided that it is necessary to take a more flexible view of the timeline for implementing planned measures in order to respond appropriately and quickly to changes. We came up with a scenario where necessary investment continues over the three years while building a management platform to support stable and constant growth aiming to achieve exponential growth from the fiscal year ending March 2024 onward. In addition, to prepare for possible uncertainty in economic and business conditions, we took out 20.0 billion yen in bank loans in March 2020 and maintain cash and deposits of approximately 72.0 billion yen as of September 30, 2020. We are drafting a backup strategy as well that includes fund procurement and we believe that our financial base remains healthy with an equity ratio of approximately 40%.

### Switch to financial policy emphasizing return on capital and establish stronger, highly agile financial base

Mid-term Management Plan 2023 highlights a shift to financial policy emphasizing return on capital to raise corporate value. We made ROIC\* a key indicator and set the minimum level of 10% as of the end of the fiscal year

ending March 2023, which is the final year of Mid-term Management Plan 2023. We also plan to apply International Financial Reporting Standards (IFRS), effective from the fiscal year ending March 2024, reflecting the fact that approximately 30% of sales come from overseas operations already and more than 40% of our shareholders are overseas investors. IFRS-based information disclosure is regarded as beneficial for stakeholders and, by applying IFRS groupwide including our overseas subsidiaries, there is the merit of coordinated benchmarks and timing for gauging financial status on a consolidated basis.

In regard to return to shareholders, our policy had emphasized a stable dividend, but going forward, has been shifted to pay a dividend based on payout ratio. Specifically, with a view to future IFRS disclosure, we set the payout ratio at 25% of adjusted EPS, which is similar to profits, as booked under IFRS. Adjusted EPS excludes the temporary impact of extraordinary income/losses on net profit before amortization of goodwill, so we can raise the payout ratio and maintain stable dividends. Our historical payout ratio based on adjusted EPS was between 15% and 20%. We will enhance return to shareholders with an increase in payout ratio.

To increase corporate value, it is important to make effective use of groupwide resources and manage the business portfolio continuously and optimally. The allocation of management resources hinges on a trade-off—finding the right balance between mature markets, like Japan's labor market, and ASEAN markets with outstanding growth potential, or, deciding if businesses that deliver short-term profits should be prioritized over businesses that create long-term value. We must always keep balance in mind while pursuing investment in growth areas. With regard to the balance sheet management, we must seek a streamlined and efficient balance sheet on a groupwide basis. In our business pursuits, we will take a robust approach to prior investment for growth while investing in existing businesses. We will, however, strive to keep the assets light, mainly by taking assets off the balance sheet. Also, we recognize that a solid, highly agile financial base is one of the PERSOL Group's strong points, so even from the perspective of responding to changes in the operating

\* Anticipating introduction of IFRS in the future, the PERSOL Group calculates ROIC as "net operating profit after tax before amortization of goodwill / invested capital (= interest-bearing liabilities + equity capital)"

environment and ensuring health and stability, we will aim to maintain overall asset efficiency and linkage with an equity ratio of at least 35%.

### Rigorous discussion by new Investment Committee, robust investment for organizational growth

We have established an SBU structure, effective from the fiscal year ending March 2021. We are centralizing departments previously active in different areas and looking to reveal synergies from the new structure. Investment in training and carving out a career path are vital to enhance organizational capabilities under the new management structure. Deepening existing business areas is also important, and investment in digital transformation (DX) is key. The PERSOL Group's DX investment will be directed along two routes. First, the existing human resources service model is straightforward, so we can use IT to enhance simplification and speed to boost efficiency. We will actively promote capital investment and increase productivity. Second, each SBU will pursue DX investment to provide optimum solutions to corporate clients as well as markets and thereby raise client satisfaction.

In investment activities, in a sense, strict financial discipline will be essential for sound decision-making. We newly set up the Investment Committee to act in an advisory body to the HMC (Headquarters Management Committee; equivalent to the management committee), effective from the fiscal year ending March 2021. This committee includes outside experts, discusses M&As of a certain scale and put them on the agenda to the HMC. Already, M&A deals in the past were reviewed and evaluated for performance, and new M&A deals are discussed. The Investment Committee will look beyond financials, organizing know-how on investments and capital efficiency to each business unit. Over the three years, we will appropriately apply capital efficiency and other measures not as concepts but as judgment tools to consider our actions in each business domain. Going forward, we will continue to monitor management to ensure proper governance and promote growth prospects under strict financial management.

# At a Glance

The PERSOL Group is engaged in a wide range of services aimed at realizing "Work, and Smile" in various business domains, by sincerely and closely assisting working individuals and with the customer contacts and trust that have been created with our people as the starting point.

## Shifted a business segment structure to an SBU structure

The PERSOL Group shifted its business segment structure to an SBU (Strategic Business Unit) structure in April 2020. Under the new SBU structure, we have delegated decision-making authority over business execution to each SBU to speed up the execution. Furthermore, we have integrated our businesses and newly established the Professional Outsourcing SBU to strengthen our specialized areas. We are also integrating our management structure in overseas businesses to create Group synergies.

## Specialized Services

### Providing high-level human resource and organizational consulting as well as education and training

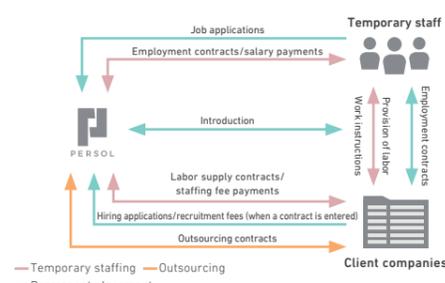
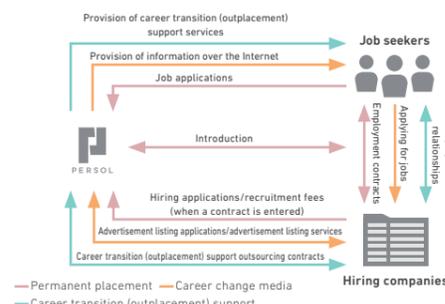
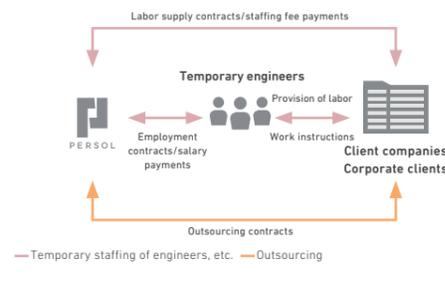
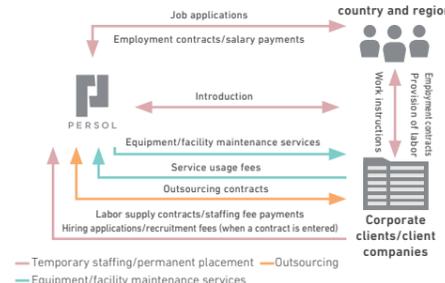
We offer highly specialized services that are unique to the PERSOL Group, including PERSOL RESEARCH AND CONSULTING, which conducts surveys and research related to organizations and human resources; PERSOL LEARNING INSTITUTE, which provides consulting and training services centered on the development of people, organizations and management; and PERSOL CHALLENGE and PERSOL THANKS, which provide employment services for the disabled.

#### Services

- "Think tank" services
- Human resource/organizational consulting
- Education/training
- Employment of the disabled
- Corporate venture capital
- Global human resource placement

#### Core Company/Representative Companies

PERSOL RESEARCH AND CONSULTING, PERSOL LEARNING INSTITUTE, PERSOL CHALLENGE, PERSOL THANKS, PERSOL FACILITY MANAGEMENT, PERSOL INNOVATION FUND, PERSOL Global Workforce

	SBU Core Company/Representative Companies/ Examples of Handled Brands	Features/Business Models
<h3>Staffing SBU</h3> <ul style="list-style-type: none"> <li>■ Temporary staffing (clerical work, research, clinical development, sales, light work)</li> <li>■ Outsourcing (clerical work, government office contract business, call centers, helpdesks, CRO, manufacturing)</li> <li>■ Temporary job placement ahead of permanent employment/permanent placement</li> </ul>	<ul style="list-style-type: none"> <li>• PERSOL TEMPSTAFF</li> <li>• PERSOL Panasonic HR PARTNERS</li> <li>• PERSOL Panasonic FACTORY PARTNERS</li> <li>• PERSOL MARKETING</li> <li>• PERSOL WORKS DESIGN</li> </ul> 	<p>The Staffing SBU optimally connects people and organizations mainly through temporary staffing and outsourcing services. With PERSOL TEMPSTAFF at its core, the Staffing SBU provides comprehensive temporary staffing services that encompass a wide range of fields from clerical work to specialized fields, as well as outsourcing, sales support services and temporary job placement ahead of permanent employment/permanent placement businesses.</p> 
<h3>Career SBU</h3> <ul style="list-style-type: none"> <li>■ Permanent placement (mid-career, new grad recruitment)</li> <li>■ Career change media, direct recruiting</li> <li>■ Executive and advisory placement</li> <li>■ Outplacement support</li> <li>■ Career training</li> </ul>	<ul style="list-style-type: none"> <li>• PERSOL CAREER</li> </ul> 	<p>The Career SBU optimally connects people and organizations through permanent placement and career change media. The Career SBU provides a wide range of recruiting services centered on PERSOL CAREER, including permanent placement services, recruiting media operations, career change and employment support, government office employment support, and recruitment and management support.</p> 
<h3>Professional Outsourcing SBU</h3> <ul style="list-style-type: none"> <li>■ Outsourcing (IT, business)</li> <li>■ Digital solutions, system development</li> <li>■ Business consulting</li> <li>■ Engineering (design and experiment)</li> <li>■ Temporary staffing (IT, engineering)</li> </ul>	<ul style="list-style-type: none"> <li>• PERSOL Professional Outsourcing</li> <li>• PERSOL PROCESS &amp; TECHNOLOGY</li> <li>• PERSOL RESEARCH &amp; DEVELOPMENT</li> <li>• PERSOL TECHNOLOGY STAFF</li> </ul> 	<p>The Professional Outsourcing SBU contributes to the creation of a prosperous society through the power of people and technology. With PERSOL Professional Outsourcing at its core, the Professional Outsourcing SBU is engaged in businesses that includes not only temporary staffing in IT and engineering, but also the highly specialized areas of design, development and experiment of hardware and software, as well as business consulting.</p> 
<h3>Solution SBU</h3> <ul style="list-style-type: none"> <li>■ Digital solutions (employment, human resources management, education)</li> <li>■ Incubation programs</li> </ul>	<ul style="list-style-type: none"> <li>• PERSOL INNOVATION</li> </ul> 	<p>The Solution SBU expands the potential of people by transforming cutting-edge technologies into services with solutions premised on the utilization of digital technology, including a career change app and a Cloud POS system. The core company, PERSOL INNOVATION, promotes the creation of new businesses and open innovation from a wide perspective that is not bound by existing business domains.</p> 
<h3>Asia Pacific SBU</h3> <ul style="list-style-type: none"> <li>■ Temporary staffing</li> <li>■ Permanent placement</li> <li>■ Equipment/facility maintenance</li> <li>■ Outsourcing</li> <li>■ Human resource management consulting</li> <li>■ Education/training</li> </ul>	<ul style="list-style-type: none"> <li>• PERSOL Asia Pacific</li> <li>• PERSOLKELLY</li> <li>• Programmed Maintenance Services</li> </ul> 	<p>The Asia Pacific SBU optimally connects people and organizations in the Asia-Pacific region by fully leveraging the business resources of PERSOLKELLY and Programmed. In addition to temporary staffing and permanent placement, the Asia Pacific SBU offers a wide range of equipment/facility maintenance services, outsourcing services and HR management consulting services.</p> 

## Business Overview by SBU

### Staffing SBU

**Takao Wada**

Director, Deputy President and Executive Officer,  
Staffing SBU Lead



#### Competitive Advantage and Strategic Direction

Utilize solid business foundation to promote enhanced work engagement for individuals

The Staffing SBU (formerly, the Temporary Staffing/BPO Segment), with PERSOL TEMPSTAFF as its core company, aims to be the No. 1 group chosen by temporary staff by forming a close relationship with working individuals to continuously provide opportunities, awareness and diverse options.

We will establish a management model that supports the growth and development of our temporary staff, including skills development and career support, and strengthen our ability and structure to solve corporate issues through an understanding of business and operations of our customers.

Also, for our part in fulfilling the PERSOL Group's promise to society, we will strive for sustainable growth as an SBU that optimally connects people and organizations and further reinforce our business foundation.

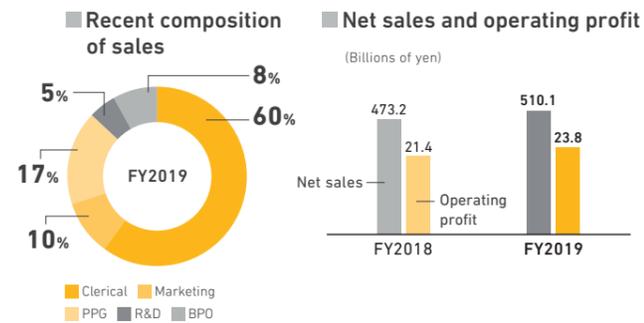
#### Opportunities and risks

##### Opportunities

- Creating diverse employment opportunities, expanding corresponding job types and strengthening permanent placement business
- Strengthening solution-style approaches, such as outsourcing business

##### Risks

- Due to COVID-19, a reduction in orders and a lower operating rate, a dramatic and rapid increase in contract terminations, and the appearance of absence compensation



#### Initiatives in Fiscal Years Ending March 2021 and 2022

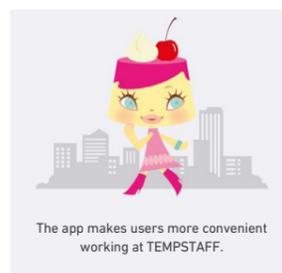
##### Implement growth initiatives that maximize technology

Responding to equal-pay-for-equal-work legislation, we will propose new schemes for utilizing human resources, while also maximizing strengths, namely, a reputation for high-quality, high-value-added services based on accumulated outsourcing know-how and the ability to achieve quick delivery of staff to execute large projects. Taking advantage of these strengths, we will reinforce our management structure through the use of technologies. By selecting and maximizing the use of evolving technologies, we will increase the value of people and improve the productivity of our operations.

#### TOPICS

##### Launched service for Temp App, official smartphone app for temporary staff

PERSOL TEMPSTAFF launched Temp App, an official smartphone app available to people with a PERSOL TEMPSTAFF staff number, on July 1, 2020. This work support app was created to make users more convenient working at TEMPSTAFF. It provides access to frequently accessed menu items, such as salary details or requests for paid time off, as well as a feature called SKD—a name derived from the Japanese phrase *saikin do desuka?*, which means “how have things been going lately?”—which enables users to convey their work situations and thoughts.



### Career SBU

**Taro Mineo**

Executive Officer,  
Career SBU Lead



#### Competitive Advantage and Strategic Direction

Emphasis on career change services for regular employees and efforts to raise profitability

The core company of the Career SBU (formerly, the Recruiting Segment) is PERSOL CAREER, and the business emphasis is on optimized connection of people and organizations. The Career SBU handles permanent placement, career change media, direct recruiting, executive and advisory placement and outplacement support businesses. Drawing on the PERSOL Group's solid corporate client base as well as the brand power of “doda,” which marks its 32nd year of services this year, the Career SBU has maintained high profitability. However, our business performance for the fiscal year ending March 2021 is temporarily impacted by COVID-19. We will take our labor-intensive approach to increasing customer value and improving business processes to a level of competitive advantage through a “human resources × data” hybrid approach that thoroughly utilizes data.

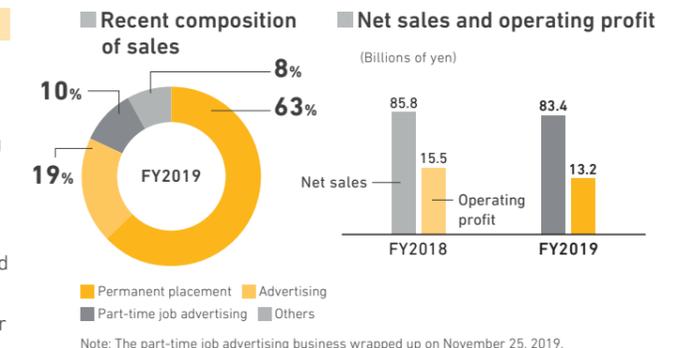
#### Opportunities and risks

##### Opportunities

- Structural labor shortage in Japan
- Emerging new needs to address online hiring and online matching of jobs and job seekers
- Growing need for work styles, including freelance and side jobs, independent of formal employment

##### Risks

- Possibility that hiring demand will stall temporarily due to COVID-19
- Rapid change in existing business models due to digital transformation and technology trends



Note: The part-time job advertising business wrapped up on November 25, 2019.

#### Initiatives in Fiscal Years Ending March 2021 and 2022

##### Reduce costs at the moment and accelerate digitization of business for when the COVID-19 pandemic ends

Given the impact of COVID-19 on operations, we will optimize and improve the efficiency of marketing costs for the time being. In the first half of the fiscal year ending March 2021, we held marketing costs to 80% of the first half of the previous year's level, but by implementing effective measures, we were able to maintain job-seeker attraction above 90% of the previous year's level.

At the same time, we will invest in technology to facilitate non-face-to-face meetings, such as online counselling and online career fair services in the permanent placement business, and to increase matching opportunities through advancement of our original matching technology that connect job seekers with jobs. We will evolve existing services and create new services that are suitable for the new normal.

#### TOPICS

##### Constantly launch new non-face-to-face services connecting people and organizations

The Career SBU began a new service, attuned to today's new normal, that does not adhere to the conventional face-to-face services for placement and career change. The new service debuted in May 2020 as “doda Campus Live,” an online corporate information meeting run by Benesse i-Career Co., Ltd., to help connect students and companies. Also, in July 2020, “doda,” the career change service, ran its first online career fair. Another July activity was the career change support event “doda Career Change Online Prep Class” that enabled participants to attend the online class without leaving home.



# Professional Outsourcing SBU

**Shinji Masaki**

Executive Officer,  
Professional Outsourcing SBU Lead



## Competitive Advantage and Strategic Direction

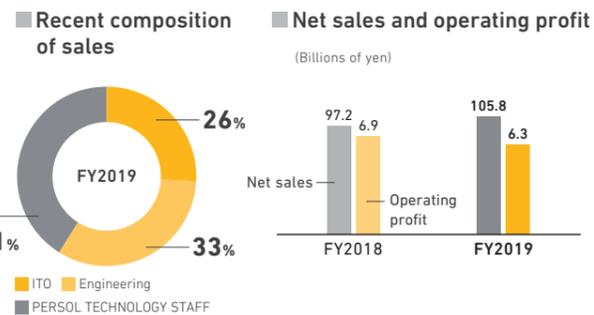
Seek to be the third pillar of the business domain in the Group, built on new value creation, including IoT area, and growth in existing businesses

The Professional Outsourcing SBU was formed through the integration of the old ITO and engineering segments. This SBU develops business activities in a wide range of sectors, going beyond IT and engineering to hardware/software and consulting services. Drawing on a reservoir of diverse expertise and technical capabilities, the Professional Outsourcing SBU will expand services, particularly in the IoT area, and take a vigorous approach to possible M&As to acquire more extensive capabilities and thereby underpin the foundation for new value creation into the future.

In addition, we will accelerate growth of existing businesses by working with Group companies and other SBUs to strengthen marketing and recruitment. We seek to be the third pillar of the business domain in the Group, helping to build a prosperous society through the power of people and technology.

## Opportunities and risks

Opportunities	Risks
<ul style="list-style-type: none"> <li>Increasing demand for outsourcing services paralleling heightened corporate awareness of need to reinforce risk structure</li> <li>Rising demand for outsourcing services through collaboration between people and IT/machines</li> </ul>	<ul style="list-style-type: none"> <li>Lower design and development costs paralleling downturn among core clients (automakers, machinery and power industries)</li> <li>Fewer orders and lower operating rate due to COVID-19</li> <li>Growth power diminished due to shortage of IT engineers</li> </ul>



## Initiatives in Fiscal Years Ending March 2021 and 2022

Discover synergy built on strengths unique to the PERSOL Group, from manufacturing to IT

Through various measures that cut across PERSOL Group companies and SBUs, we will plan and propose new services in the IoT and other areas, cultivate the existing client base and attract new clients. We are developing our business from manufacturing to system development, operation and management as well as consultations, and we will maximize strengths unique to the PERSOL Group to generate synergies.

## TOPICS

### Began joint development of VR driving simulator

We are working with IROC Co., Ltd. to develop a new virtual reality driving simulator for truck driving training that enables people to gain real driving experience without getting into an actual truck. By combining IROC's technology with PERSOL RESEARCH & DEVELOPMENT's expertise in commercial vehicle development, we can recreate various scenes of truck driving. We are committed to improving the quality of safe driving education for the truck drivers who support Japan's logistics and contribute to improving their driving skills.



Prototype of VR truck driving simulator

# Solution SBU

**Hirotohi Takahashi**

Director, Deputy President and Executive Officer,  
Solution SBU Lead



## Competitive Advantage and Strategic Direction

Actively invest in aspirations that create the future to build new value provided for work

The Solution SBU's strength comes from employees who have directly supported working individuals. The aspirations of each person will be harnessed to create new businesses under the incubation program named "Drit." "MIIDAS," the career change app, captures market feedback, and the number of companies, mainly small and mid-sized companies, that have registered as of September 2020 grew 272% year on year to more than 170,000. In addition, while we continue to invest, we aim to turn a profit within the next three years, and going forward, we will continue to promote a culture that generates business through investment in aspirations that create a society-centered future and build value that only the PERSOL Group can provide. Furthermore, we will boldly pursue activities in new areas in cooperation with diverse stakeholders through M&As and business alliances to enable as many people as possible to experience the "Work, and Smile" concept.

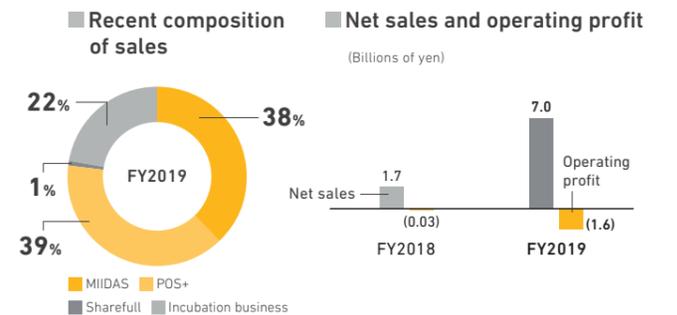
## Opportunities and risks

Opportunities	Risks
<ul style="list-style-type: none"> <li>Diversifying work styles and needs across wide range of sectors</li> <li>Organizations becoming more complex and more high-tech</li> </ul>	<ul style="list-style-type: none"> <li>Appearance of new technology players</li> </ul>

## TOPICS

### Propose new workforce that integrates people and technology (Digital Workforce)

Digital Workforce supports digital transformation to streamline businesses and reduce the physical burden on working individuals so that they can apply their efforts to creative pursuits. This business provides solutions, hinging on "POS+," a cloud-based mobile POS cash register, to retailers, restaurants, barbers and hair salons, and other sectors. Recently, as a first step toward full-scale development across business domains, we acquired Dot Homes Inc., which provides data-driven digital solutions for small-scale accommodation facilities, and will offer new value to the accommodation industry.



## Initiatives in Fiscal Years Ending March 2021 and 2022

Create contact points for as many working individuals as possible and extend value provided

Most of our services are used by small and mid-sized companies and stores, so we will expand the corporate client base across the PERSOL Group and extend our reach to working individuals. In addition, in response to the rapid emergence of "working" issues due to the impact of COVID-19, we will seek to realize our vision from every angle, updating our own working methods and focusing on providing value for a life career that is not limited to labor and employment, as a showcase.

# Asia Pacific SBU

**Takayuki Yamazaki**

Executive Officer,  
Asia Pacific SBU Lead



## Competitive Advantage and Strategic Direction

Aim to be the largest workforce solution provider in the Asia-Pacific, offering PERM/TEMP Staffing, HR consulting and outsourcing

PERSOL Asia Pacific Pte. Ltd. was established as the core company of a new SBU and this company acts as a holding company. We aim to create a structure that facilitates implementation of strategies cutting across the overseas business of the PERSOL Group and unify management. This will not only develop synergies in the markets of the Asia-Pacific, but also focus on building a stronger revenue base for core businesses, PERSOLKELLY and Programmed. In addition, we will emphasize suitable growth investments to reinforce technology. Leveraging our strong client base, we will cement PERSOL Asia-Pacific's position as a leading workforce solution company that provides services from PERM/TEMP Staffing to outsourcing throughout the 13 markets of the Asia-Pacific.



## Strategies by Business



# History of and Basic Policy on Governance at the PERSOL Group

## Principles

The PERSOL Group establishes the basic management policy and the corporate strategies of the entire Group with the aim of realizing its corporate philosophy of "Providing Opportunity, Individual Growth and Social Contribution." Each of the Group companies shall promote sustainable corporate growth and the increase of corporate value over the mid-to long-term and solve social issues through its

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

The PERSOL Group recognizes that strong corporate governance is the foundation for all efforts to realize the above-mentioned corporate philosophy and will exert continued efforts for the improvement of its corporate governance.

## History of strengthening corporate governance

2015	<ul style="list-style-type: none"> <li>Introduced an executive officer system</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened the decision-making and oversight functions of the Board</li> </ul>
2016	<ul style="list-style-type: none"> <li>Shifted to a Company with the Supervisory Committee</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened the auditing and oversight functions of the Board</li> </ul>
2017	<ul style="list-style-type: none"> <li>Established the Nomination and Compensation Committee</li> <li>Introduced a share-based compensation scheme for senior executives</li> <li>Implemented a Board effectiveness evaluation</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened the oversight function and improved the transparency of the Board</li> <li>Provided incentives for the mid- to long-term increase of corporate value</li> </ul>
2018	<ul style="list-style-type: none"> <li>Improved the diversity of Independent Directors</li> </ul>	
2019	<ul style="list-style-type: none"> <li>Established the Independence Criteria for External Directors</li> <li>Established the Corporate Governance Guideline</li> </ul>	<ul style="list-style-type: none"> <li>Shifted to a monitoring-focused Board</li> <li>Substantially delegated the decision-making authority on business execution to management</li> </ul>
2020	<ul style="list-style-type: none"> <li>Strengthened the monitoring function of the Board</li> <li>Accelerated management decision-making</li> <li>Newly established the HMC and internal committees</li> </ul>	<ul style="list-style-type: none"> <li>Made the ratio of Independent Directors at least half in principle</li> <li>Delegated the decision-making on business to the CEO</li> <li>Established the HMC to assist the CEO in decision-making. The CEO decides on the execution of important operations delegated by the Board, subject to an affirmative resolution by the HMC.</li> <li>Established the Investment Committee under the HMC to deliberate from a specialist viewpoint on significant business investments in order to assist the HMC's decision-making</li> </ul>

Note: HMC=Headquarters Management Committee

The Corporate Governance Guideline lays out the principles and desirable state of corporate governance of the PERSOL Group and serves as the Guideline for the directors and the Group Senior Executives (collectively referring to the Representative Director, President and CEO, executive directors and executive officers, who are

responsible for the management of the PERSOL Group) towards the realization thereof. We will take actions in line with the Guideline and revise it as necessary in response to changes in the times and circumstances and consistently strive for better corporate governance.

## Basic policy on corporate governance

1. Securing the Rights and Equality of Shareholders	The PERSOL Group shall pay careful attention to equal treatment of shareholders by appropriately implementing matters so that shareholders can exercise their rights effectively.
2. Appropriate Cooperation with Stakeholders Other Than Shareholders	The PERSOL Group establishes "Group Vision" to set its fundamental stance to conduct its business, as well as the Code of Conduct as the criteria for judgment and behaviors of all directors and employees, and endeavors to appropriately cooperate with each stakeholder in conducting its business.
3. Securing Appropriate Disclosure of Information and Transparency	The PERSOL Group appropriately discloses its financial information such as financial standing and operating results, corporate strategies, and risk management, and ensures transparency of information disclosure. The PERSOL Group strictly manages undisclosed critical information which may have impacts on investment decisions.
4. Obligations of the Board	The Board is responsible for the oversight of management, sets the basic management policy, oversees the Group Senior Executives, and secures the construction and operation of appropriate internal control systems.
5. Dialogues with Shareholders	The PERSOL Group shall, through dialogues with shareholders, obtain their understanding of its corporate strategies, and endeavor to take appropriate measures based on the understanding of the standpoint of shareholders. The Board shall establish and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogues with shareholders.

Details of the Corporate Governance Guideline are available on our website.

[https://www.persol-group.co.jp/en/corporate/governance/corporate\\_governance/index.html](https://www.persol-group.co.jp/en/corporate/governance/corporate_governance/index.html)

## Independent Director Interview

INTERVIEW



### Toward higher corporate value of the PERSOL Group

**Ryosuke Tamakoshi**  
Independent Director  
Chairperson of Nomination and Compensation Committee

#### My goal is to provide balance to help the PERSOL Group achieve sustainable growth from a long-term perspective

Since I assumed the position of an Independent Audit & Supervisory Board Member in 2010, I have audited and supervised the activities of the Board at the PERSOL Group for ten years. I have seen the Group build a much better corporate governance structure, highlighted by the introduction of the executive officer system, the shift to a Company with Supervisory Committee and the achievement of an Independent Director ratio exceeding 50%. What's more, the Board has become more efficient year after year, I believe, mainly because of its emphasis on free and open discussion and a concerted effort to suitably reflect the insights of Independent Directors in the basic management policy.

I believe the role of Independent Directors is to provide balance. Today's PERSOL Group traces its history back 40-some years to the establishment of Tempstaff, but it is a company where young people thrive and where business content is rapidly expanding and business results are growing at a fast pace, and I feel tremendous energy. I recognize our job is to ensure that the Board and other in-house meetings take a balanced approach in considering issues so that management and the Group as a whole do not lean too far in either an aggressive or defensive direction. Recently, the PERSOL Group developed a new Mid-term Management Plan, which was unveiled in August 2020, and the Group has spent a considerable amount of time and discussion on the business plan. The new Mid-term Management Plan charts a course over three years, but the strategies laid out in the plan have actually been formulated through backcasting from a longer-

term perspective defined by the Value Creation Story that envisions the PERSOL Group in 2030. In developing the new Mid-term Management Plan, risks and opportunities were scrutinized, and because specialized information, such as industry conditions, was well explained in-house, we, Independent Directors, had the resources to be able to voice various opinions from a mid- to long-term view.

The PERSOL Group began evaluating the effectiveness of its Board in 2017, and issues identified through this process are being properly dealt with at the Board. Not all issues are easily addressed, and responses take time and unfold gradually. To improve the effectiveness of the Board still further, as an example, I would suggest a new approach where Independent Directors delve into problem points on their own and then present a summary of opinions to top management.

#### My duty as committee chairperson is to ensure objectivity and transparency in nominations and compensation

The role of the Nomination and Compensation Committee, especially in the U.S., is expected to curb the too high compensation of management, but our management compensation has historically been appropriate for a Japanese company. However, thinking about future growth and business expansion, the PERSOL Group needs excellent human resources, and discussion on a suitable level of compensation to attract and keep such people is important. It should be easier for Independent Directors than for Internal Directors to consider both maintaining corporate competitiveness and determining fair compensation. I feel it is my duty as the chairperson of the Nomination and Compensation Committee to ensure

#### Themes discussed by the Board

Themes	Mid- to long-term strategies		
	Value Creation Story (Mid- to long-term strategic policy)	Mid-term Management Plan	Ideal Group governance structure
Key discussion points	<ul style="list-style-type: none"> <li>Changes in business environment</li> <li>PERSOL Group's thoughts</li> <li>PERSOL Group strengths</li> <li>PERSOL Group vision</li> <li>Business domains                             <ul style="list-style-type: none"> <li>Value provided</li> <li>Means of realization/business model</li> <li>Areas and regions for expansion</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Reflections on the previous Mid-term Management Plan</li> <li>Group key strategies/strategies by SBU</li> <li>Management goal</li> <li>Financial policy</li> <li>Investment plan</li> <li>Sustainability/SDGs</li> <li>Monitoring policy/items</li> <li>COVID-19 impact</li> </ul>	<ul style="list-style-type: none"> <li>Change governance structure to achieve mid- to long-term strategies                             <ul style="list-style-type: none"> <li>Enhance governance system</li> <li>Accelerate management decision-making</li> </ul> </li> <li>Streamline matters for resolution by the Board</li> <li>Formulate Corporate Governance Guideline</li> </ul>

that the level of objectivity and transparency in procedures applicable to compensation for the senior executives and directors is acceptable and credible from both internal and external perspectives.

The share-based compensation scheme for officers introduced in 2017 was revised in June 2020, with the major change being the addition of non-financial measures as criteria for evaluation. Return to shareholders is, of course, important for corporate management these days, but an awareness of ESG issues as well as proactive efforts to achieve SDGs are also important. Therefore, it is essential to include non-financial measures to improve corporate value as criteria for evaluation.

Another vital role of the Nomination and Compensation Committee is to identify appropriate human resources, based on an objective and transparent selection process, who should be appointed to key executive positions in the future and others who would become next-generation leaders. The leader in demand in the PERSOL Group is one that is common in companies of a certain size and above, such as persistence in achieving goals, leadership, and high ethical standards, but most importantly, how she or he influences the employees who work with her or him every day. Therefore, we believe that the selection of a successor should provide an opportunity for the members of the Nomination and Compensation Committee to evaluate the candidate directly, as well as collect the opinions of those around the candidate, and we are currently working on a 360-degree evaluation with outside help.

#### Governance framework must evolve in line with changes in society

Efforts to promote diversity are vital in the pursuit of higher corporate value. Looking at empowerment of women at the PERSOL Group, my impression is that the appointment of women to management positions is still small. That said, I am struck by the number of female employees who present various messages and are recognized at the general meeting of employees, which is held nationwide. Since many women are active in the field, I believe that promoting women to the executive level will be a major challenge in the future.

In terms of corporate governance, I feel that public awareness has changed over the past few years, and we have been learning and improving internally as we have learned to change with it. However, I do not see any goals in corporate governance. In order to further improve corporate value, we need to continue to change ourselves in response to social changes and demands, and we believe it is important to constantly evolve our governance framework and to move forward while also repeatedly evaluating its effectiveness. I will also support the evolution of the PERSOL Group's corporate governance as an Independent Director, making various suggestions and recommendations on a daily basis.

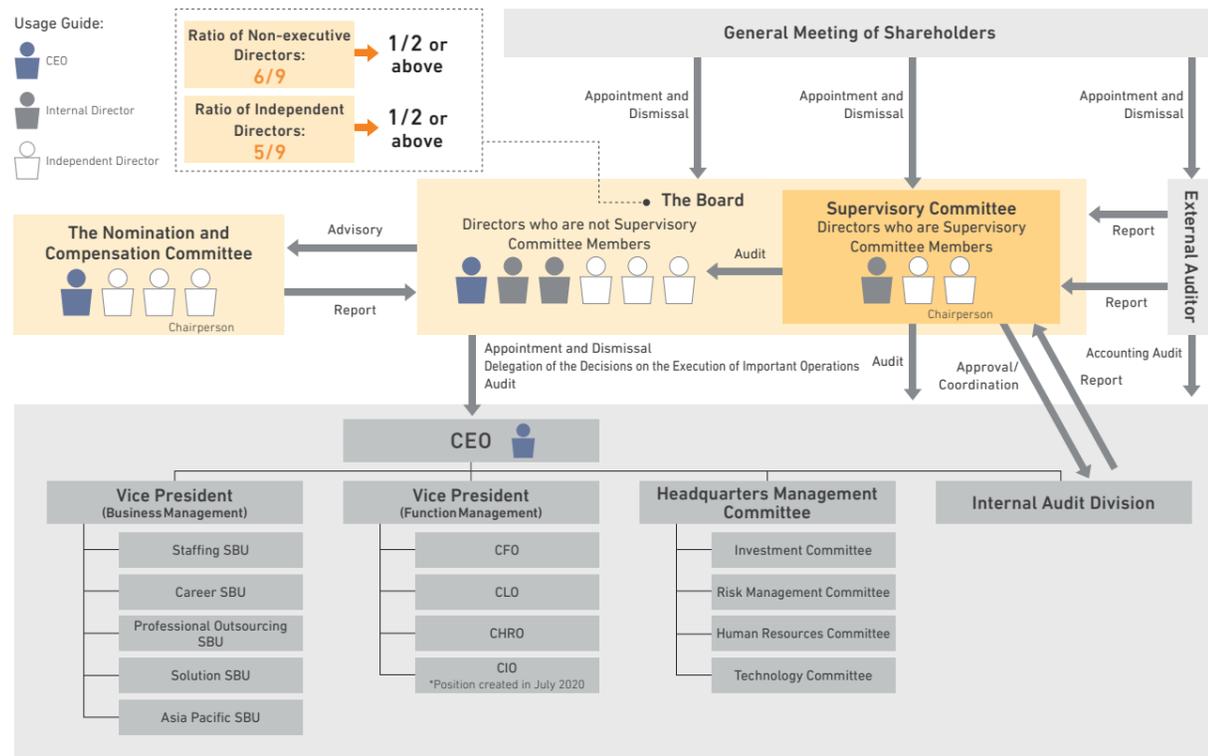
# Governance Structure

## Overview of governance structure

Based on the corporate governance principles, the PERSOL Group has adopted the form of organizational structure of "Company with Supervisory Committee" under the Japanese Companies Act. Furthermore, for the purpose of

complementing the function of the Board, the Group has established a voluntary Nomination and Compensation Committee to enhance transparency and objectivity concerning decisions on the nomination and compensation of the directors and the Group Senior Executives.

As of June 24, 2020



## The Board

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

## Supervisory Committee

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

- Oversight of the execution of duties of the directors and the preparation of audit reports
- Decision on the details of the agenda concerning appointment, dismissal and refusal of reappointment of an external auditor

- Decision on the opinion of the Supervisory Committee concerning appointment, dismissal, resignation or compensation of the directors (excluding directors who are the Supervisory Committee Members)

The Supervisory Committee may give specific instructions to the internal audit division, as necessary, for the purpose of effective audit. The Supervisory Committee shall appropriately share information with the internal audit division for the purpose of ensuring mutual cooperative systems. Important personnel affairs of the internal audit division shall be decided with the consent of the Supervisory Committee to ensure the effectiveness of audit by the Supervisory Committee.

## The Nomination and Compensation Committee

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

report and recommendations to the Board:

### Matters concerning decision on candidates:

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

### Matters concerning decision on compensation:

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

## Headquarters Management Committee (HMC)

The PERSOL Group adopts the executive officer system with the purpose of separating the oversight and management and clarifying where management responsibility lies. In addition, HMC is established to assist the CEO in making decisions on the Group's basic management policy and important operations. The decisions on the execution of important operations delegated to the CEO by the Board shall be decided by the CEO on the condition that the HMC has

made an affirmative resolution. Based on the concept that the members of the HMC (hereinafter, "the HMC members") shall be the persons who assume the significant decisions on the execution of important operations delegated by the Board and comprehensive roles as members of the senior management of the PERSOL Group, a proposal for the nomination of a HMC member shall be prepared by the CEO from among the executive officers, and shall be approved at the Board upon deliberation at the Nomination and Compensation Committee.

The Company has also established four committees (Investment Committee, Risk Management Committee, Human Resources Committee, and Technology Committee) under HMC to improve the effectiveness of the Group's internal control system.

The Investment Committee deliberates on important matters related to the Group's overall investment and aims to raise the Group's organizational knowledge of a series of knowledge related to investment promotion. The Risk Management Committee deliberates on the overall risk management of the PERSOL Group. The Human Resources Committee deliberates on the PERSOL Group's human resources strategy and succession planning for key talent. The Technology Committee deliberates on key issues concerning the PERSOL Group's technology strategy and related management resources.

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

## Results of the Board effectiveness evaluation and responses to the issues

To further improve the functioning of the Board, the PERSOL Group annually evaluates the effectiveness of the Board as a whole, and discloses a summary of its methods and results.

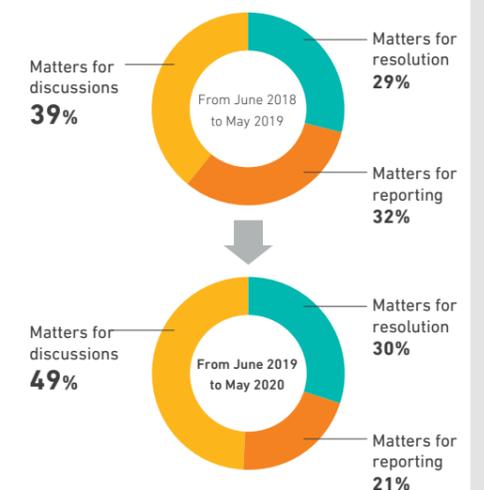
In the fiscal year ended March 2020, the Group conducted a questionnaire survey of all directors and discussed twice at the Board the issues identified based on the results of the survey and each director's self-assessment, referring to the opinions of an external third-party advisor.

### Results summary of the analysis and evaluation of effectiveness

- (1) The Board fulfills its roles and responsibilities, including discussing corporate strategy and other major directions, creating an environment that supports appropriate risk-taking by the Group Senior Executives, providing effective oversight of management and directors from an independent and objective perspective, and establishing appropriate internal control and risk management system.
- (2) In fulfilling its roles and responsibilities under (1) above, the Board materials are distributed well in advance of the meeting dates. In addition, the issues and objections discussed at the HMC are shared at the Board. These ensure for clear, free, vigorous and constructive discussions to take place.
- (3) On the other hand, the Board recognizes that it is necessary to monitor progress based on specific management goals (including management indicators) and scenarios/ implementation plans for achieving management goals, as a precondition for oversight, in order to enhance the effectiveness of the Board's oversight of management. The Board also recognizes that it is necessary to secure sufficient time for discussion of important agenda items to enhance the deliberations of the Board by providing pre-briefings of agenda items and building an information base that enables the Board to obtain sufficient background information prior to the discussion.

The Board will continue to improve its effectiveness based on the results of the evaluation.

## Hours of meetings of the Board by agenda category



The number of hours spent on matters for discussions increased in the period from June 2019 to May 2020 compared to the same period of the previous year. More time was spent discussing corporate strategies toward the Company's sustainable growth from a wide variety of perspectives over the mid- to long-term, and Independent Directors were more effectively involved.

## Director and Officer Compensation and Succession of CEO, etc.

### Basic policy for Director and officer Compensation

The Compensation for Director and officer (hereinafter, "Executive Compensation") of the PERSOL Group is positioned as an incentive to achieve sustainable growth over the mid- to long-term. Following discussions by the Nomination and Compensation Committee, the Board resolved on a compensation policy for the fiscal year ending March 2021 and beyond at a meeting held on May 19, 2020, including a new policy on the forfeiture of Executive Compensation (clawback and malus clause). The PERSOL Group's basic policy for Executive Compensation is embodied in the following three perspectives.

#### 1. Linked to the short-term, and mid- and long-term financial performance and the corporate value of the PERSOL Group

- A scheme that is linked not only to short-term financial performance but also to mid- to long-term financial performance and corporate value

#### 2. Linked with shareholder value

- Aligns profit awareness with that of shareholders and raises awareness of shareholder-oriented management
- Ensures transparency and objectivity of the compensation determination process

#### 3. Sets competitive level of compensation

- Makes compensation levels competitive with domestic companies of the same size and in the same industry, and is instrumental in securing high-quality human resources
- Provides a stronger incentive to directors and officers with regard to improving financial performance and corporate value

### Determination process for compensation

The amount of Executive Compensation, etc., of the PERSOL Group, their determination process, and the policy for determining details of compensation for each director and officer shall be decided by the Board, following thorough deliberations at the Nomination and Compensation Committee, which is an independent advisory body to the Board.

The amount of compensation, etc., for directors who are Supervisory Committee Members shall be decided through consultations among the Supervisory Committee Members.

Executive Compensation, etc., shall be paid within the maximum amount of compensation, etc., resolved at an Ordinary General Meeting of Shareholders.

#### Executive Compensation for the fiscal year ended March 2020

(Million yen)

	Basic compensation	Bonus (Short-term incentive)	Share-based compensation (Mid- to long-term incentive)	Total amount of compensation, etc.
Directors (Excluding Supervisory Committee Members) (Excluding Independent Directors)	195	57	52	305
Representative Director and President	66	19	15	102
Directors (Supervisory Committee Members) (Excluding Independent Directors)	47	-	-	47
Independent Directors	39	-	-	39

Notes: 1. The above includes one director who retired from the position of a director who is not a Supervisory Committee Member and was appointed as a director who is a Supervisory Committee Member during the fiscal year under review.

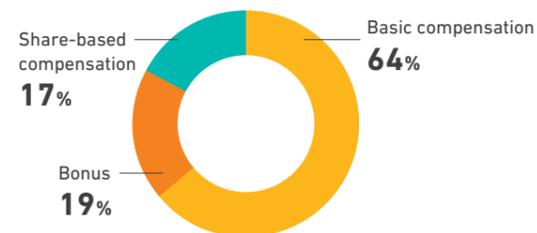
2. One Independent Director is not included in the number of officers noted above as he receives no compensation.

### Level of compensation

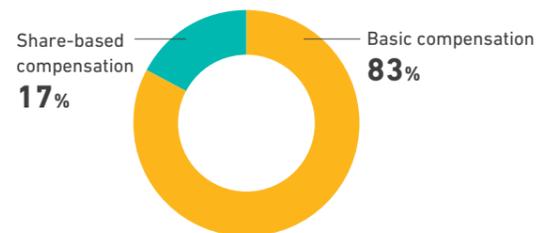
Executive Compensation is determined at a level deemed reasonable and fair based on the basic policy for Director and officer Compensation stated at the left. More specifically, we determine the level of Executive Compensation by studying and analyzing the compensation levels of a group of benchmark companies (20-30 companies) selected utilizing an external database, etc., and based on the business circumstances for the Group. In determining Executive Compensation for the fiscal year ending March 2021, we selected 22 companies, as a group of benchmark companies, out of peer companies (in the personnel service industry) and other major companies of comparable size.

#### Standard compensation composition model

■ Directors who are not Supervisory Committee Members (excluding Independent Directors) and executive officers (assuming that each of the measures is largely fully achieved)



■ Non-executive directors



Note: The value of share-based compensation for non-executive directors is fixed at 2 million yen per director; as the amount of basic compensation varies among non-executive directors depending on their roles, the actual compensation composition may not be identical with that shown above.

### Overview of the Executive Compensation system

Positioning	Basic compensation	Bonus	Share-based compensation	
	Fixed compensation	Short-term incentive compensation	Performance-linked mid- to long-term incentive compensation	Fixed mid- to long-term incentive compensation
Eligible director	<ul style="list-style-type: none"> <li>Directors who are not Supervisory Committee Members (excluding Independent Directors)</li> <li>Independent Directors who are not Supervisory Committee Members</li> <li>Directors who are Supervisory Committee Members</li> </ul>	<ul style="list-style-type: none"> <li>Directors who are not Supervisory Committee Members (excluding Independent Directors)</li> </ul>	<ul style="list-style-type: none"> <li>Directors who are not Supervisory Committee Members (excluding Independent Directors)</li> </ul>	<ul style="list-style-type: none"> <li>Directors who are not Supervisory Committee Members (excluding Independent Directors)</li> <li>Independent Directors who are not Supervisory Committee Members</li> <li>Directors who are Supervisory Committee Members</li> </ul>
Evaluation measures		<p>■ <b>Financial measures</b> Evaluated in accordance with the levels of achievement of (1) net sales and (2) operating profit by the entire Company and each SBU, as well as the comparison of growth rates with competitors</p> <p>■ <b>Non-financial measures</b> Evaluated in accordance with the levels of achievement of (1) the employee engagement index and (2) the percentage of women in managerial positions for the entire Company and each SBU</p> <p>■ <b>Theme-based evaluation</b> Evaluated based on how they have worked on the themes set with the aim of improving operating performance and corporate value, and through interviews with evaluators (evaluation of directors who are not Supervisory Committee Members (excluding Independent Directors) lies with the Nomination and Compensation Committee)</p>	<p>■ <b>Financial measures</b></p> <ul style="list-style-type: none"> <li>Consolidated net sales</li> <li>Consolidated operating profit</li> <li>TSR</li> <li>ROIC</li> </ul> <p>■ <b>Non-financial measures</b></p> <ul style="list-style-type: none"> <li>Employee engagement index</li> <li>Percentage of women in managerial positions</li> <li>Ratio of investment in technology</li> <li>ESG rating</li> </ul>	
Provision method	Payment of fixed monthly compensation set by position	A short-term incentive paid depending on the level of performance milestone achieved towards the Mid-term Management Plan  Varies between 0% and 200%	Designed to vary depending on the level of achievement of financial targets in the Mid-term Management Plan towards the fiscal year ending March 2023, as well as non-financial measures  Varies between 0% and 200%	A fixed number of shares is delivered as share-based compensation to further increase linkage with shareholder value

### Forfeit of compensation, etc. (Clawback/Malus)

In the event significant restatements of financial statements due to material accounting errors or accounting fraud has been resolved by the Board, or the Board has deemed that there was a significant breach of executive service and/or other agreements by officers during their term of office, the Nomination and Compensation Committee shall deliberate, at the request of the Board, whether or not to confiscate the whole or part of their rights to receive bonus and/or share-based compensation or confiscate the whole of part of the bonus and/or share-based compensation they had received, and provide the Board opinions and suggestions based on the results of the deliberation.

### Succession plan

While the Human Resources Division had previously led

the PERSOL Group in examining and implementing the development of the Group's senior executive candidates and reported to the Board and the Nomination and Compensation Committee, the Nomination and Compensation Committee started full-scale discussions on the succession plan in January 2019.

Specifically, the Committee is discussing and verbalizing the image of leadership required in the PERSOL Group, while at the same time increasing the frequency of contacts with key executives and creating an environment and opportunities for multifaceted evaluation. Meanwhile, in formulating the Mid-term Management Plan, the Group has established financial and non-financial indicators as well as measures to achieve them, and the Board monitors their progress to evaluate key executives while maintaining objectivity and transparency.

# Directors and Executive Officers (as of November 10, 2020)

## Director

◎: Chairperson

### Directors who are not Supervisory Committee Members

**Masamichi Mizuta**  
 Representative Director, President and CEO  
 Important concurrent posts  
 Director (part-time) of PERSOL TEMPSTAFF CO., LTD.  
 Director (part-time) of PERSOL CAREER CO., LTD.  
 Director (part-time) of PERSOL Professional Outsourcing Co., Ltd.  
 Tenure in the Group  
 32 years

**Career record**

Apr. 1984 Joined Recruit Co., Ltd.  
 Jul. 1988 Joined Tempstaff Co., Ltd. (currently PERSOL TEMPSTAFF CO., LTD.)  
 Jun. 1995 Director of Tempstaff Co., Ltd.  
 Oct. 2008 Executive Managing Director of the Company  
 Jun. 2010 Vice President & Director of the Company  
 Jun. 2013 President & Representative Director of the Company  
 Jun. 2016 Representative Director, President and CEO of the Company (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	◎ 100%(13/13)		○ 100%(10/10)
Fiscal year ending March 2021	◎		○

**Takao Wada**  
 Director, Deputy President and Executive Officer  
 Business Control Officer, Staffing SBU Lead  
 Important concurrent posts  
 President and Representative Director of PERSOL TEMPSTAFF CO., LTD.  
 Director (part-time) of PERSOL CAREER CO., LTD.  
 Non-executive Director of PERSOL Asia Pacific Pte. Ltd.  
 Tenure in the Group  
 29 years

**Career record**

Feb. 1988 Joined Sparrow Japan  
 Sep. 1991 Joined Tempstaff Co., Ltd. (currently PERSOL TEMPSTAFF CO., LTD.)  
 Jun. 2006 Director of Tempstaff Co., Ltd.  
 Oct. 2008 Director of the Company  
 Apr. 2015 Director, Executive Officer of the Company  
 Jun. 2016 Director, Senior Executive Officer of the Company/President & Representative Director of Tempstaff Co., Ltd. (currently PERSOL TEMPSTAFF CO., LTD.) (current position)  
 Apr. 2020 Director, Deputy President and Executive Officer of the Company (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	○ 100%(13/13)		
Fiscal year ending March 2021	○		

**Hirotohi Takahashi**  
 Director, Deputy President and Executive Officer  
 Function Control Officer, Solution SBU Lead  
 Important concurrent posts  
 President and Representative Director of PERSOL INNOVATION CO., LTD.  
 Tenure in the Group  
 25 years

**Career record**

Apr. 1995 Joined Intelligence, Ltd. (currently PERSOL CAREER CO., LTD.)  
 Apr. 1999 Director of Intelligence, Ltd.  
 Dec. 2008 Representative Director & Chief Executive Officer of Intelligence, Ltd. (Apr. 2012 Intelligence Holdings, Ltd.)  
 Jun. 2013 Vice President & Director of the Company  
 Apr. 2015 Vice President and Executive Officer of the Company  
 Jun. 2016 Vice President, COO & Director of the Company  
 Dec. 2018 President and Representative Director of PERSOL INNOVATION CO., LTD. (current position)  
 Apr. 2020 Director, Deputy President and Executive Officer of the Company (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	○ 100%(13/13)		○ 100%(10/10)
Fiscal year ending March 2021	○		○

**Ryosuke Tamakoshi** Independent  
 Independent Director  
 Important concurrent posts  
 Senior Advisor of MUFG Bank, Ltd.  
 Tenure in the Group  
 10 years

**Career record**

May 1970 Joined The Sanwa Bank, Limited (currently MUFG Bank, Ltd.)  
 Jun. 1997 Director of The Sanwa Bank, Limited  
 Jun. 2002 Deputy President, Representative Director, and Executive Officer of UFJ Bank Limited (currently MUFG Bank, Ltd.)  
 Jun. 2004 President and Representative Director of UFJ Holdings, Inc. (currently Mitsubishi UFJ Financial Group, Inc.)  
 Oct. 2005 Chairman and Representative Director of Mitsubishi UFJ Financial Group, Inc.  
 Jun. 2010 External Audit & Supervisory Board Member of the Company  
 Jul. 2011 Director of Morgan Stanley  
 Jun. 2016 External Director of the Company (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	○ 100%(13/13)		○ 100%(10/10)
Fiscal year ending March 2021	○		○

**Naohiro Nishiguchi** Independent  
 Independent Director  
 Important concurrent posts  
 CEO of Japan Innovation Network  
 Senior Advisor on Innovation of United Nations Development Programme (UNDP)  
 Specially-appointed professor, Sophia University  
 President of Japan Bosai Platform  
 Tenure in the Group  
 4 years

**Career record**

Apr. 1986 Joined The Long-Term Credit Bank of Japan, Limited  
 Mar. 1998 Joined The World Bank Group  
 Nov. 2001 Joined Mercer Japan Ltd. Representative Managing Director of Mercer Japan Ltd.  
 Nov. 2009 Joined Innovation Network Corporation of Japan Executive officer of Innovation Network Corporation of Japan  
 Jan. 2014 Established Japan Innovation Network Executive Managing Director of Japan Innovation Network  
 Jun. 2016 External Director of the Company (current position)  
 Jan. 2018 Senior Advisor on Innovation of United Nations Development Programme (UNDP) (current position)  
 Oct. 2019 CEO of Japan Innovation Network (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	○ 92%(12/13)	○ 92%(12/13)	○ 100%(10/10)
Fiscal year ending March 2021	○		○

**Masaki Yamauchi** Independent  
 Independent Director  
 Important concurrent posts  
 Chairperson of the Board of Yamato Holdings Co., Ltd.  
 Tenure in the Group  
 Newly appointed

**Career record**

Apr. 1984 Joined Yamato Transport Co., Ltd.  
 Apr. 2005 Executive Officer of Yamato Transport Co., Ltd.  
 Mar. 2007 Executive Officer of Yamato Holdings Co., Ltd.  
 Jun. 2011 Director and Executive Officer of Yamato Holdings Co., Ltd., and Representative Director, President and Chief Executive Officer of Yamato Transport Co., Ltd.  
 Apr. 2015 Representative Director, Executive Officer and President of Yamato Holdings Co., Ltd.  
 Apr. 2019 Chairperson of the Board of Yamato Holdings Co., Ltd. (current position)  
 Jun. 2020 External Director of the Company (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ending March 2021	○ Newly appointed		○ Newly appointed

### Directors who are Supervisory Committee Members

**Toshihiro Ozawa**  
 Director (Member of Supervisory Committee)  
 Important concurrent posts  
 External Director of Sun\* Inc. (Member of Audit and Supervisory Committee)  
 Tenure in the Group  
 12 years

**Career record**

Apr. 1990 Joined NTT Data Communications Systems Corporation (currently NTT Data Corporation)  
 Jun. 2000 Director of Nippon Outsourcing Corporation  
 Apr. 2005 Joined Sony Global Solutions Inc. (Division Manager, Technical Solution Division)  
 Oct. 2005 Joined Sanjo Electric Co., Ltd. (General Manager, IT Systems Business Division)  
 Jan. 2008 Joined Intelligence, Ltd. (currently PERSOL CAREER CO., LTD.)  
 Apr. 2012 Director and Senior Managing Executive Officer of Intelligence, Ltd.  
 Apr. 2015 Executive Officer of the Company  
 Jun. 2016 Director, Executive Officer of the Company  
 Jun. 2019 Director, Member of Supervisory Committee of the Company (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	○ 100%(13/13)	○ 100%(10/10)	
Fiscal year ending March 2021	○	○	

**Chisa Enomoto** Independent  
 Independent Director  
 (Member of Supervisory Committee)  
 Important concurrent posts  
 Executive Communication Strategist of Hitachi, Ltd.  
 A member of Communication Strategy Committee of Meiji University  
 Tenure in the Group  
 2 years

**Career record**

Apr. 1984 Joined Recruit Co., Ltd.  
 Nov. 2005 Joined Philips Electronics Japan, Ltd. (currently Philips Japan, Ltd.) (General Manager, Public Relations Department)  
 Jul. 2012 Joined Janssen Pharmaceutical K.K. (General Manager, Communication and Public Affairs Department)  
 Jan. 2014 Joined Tokyo Electric Power Company Executive Officer of Tokyo Electric Power Company (currently Tokyo Electric Power Company Holdings, Inc.)  
 Apr. 2018 Joined Hitachi, Ltd. Executive Communication Strategist of Hitachi, Ltd. (current position)  
 Jun. 2018 External Director of the Company (current position)  
 Sep. 2018 External Director of JOYFUL HONDA CO., LTD.  
 Apr. 2019 A member of Communication Strategy Committee of Meiji University (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ended March 2020	○ 92%(12/13)	○ 92%(12/13)	○ 100%(10/10)
Fiscal year ending March 2021	○	○	

**Kazuhiko Tomoda** Independent  
 Independent Director  
 (Member of Supervisory Committee)  
 Important concurrent posts  
 President of Tomoda Certified Public Accountant Office  
 Outside Auditor of Hakuholdo DY Holdings Inc.  
 Outside Auditor of Daiko Advertising Inc.  
 Outside Auditor of INES Corporation  
 Tenure in the Group  
 Newly appointed

**Career record**

Mar. 1979 Joined Price Waterhouse Accounting Office  
 Jul. 1997 Representative Partner of Aoyama Audit Corporation (former Price Waterhouse Accounting Office)  
 Sep. 2006 Representative Partner of Arata Audit Corporation (currently PricewaterhouseCoopers Aarata LLC)  
 Jul. 2012 Executive Officer of Arata Audit Corporation  
 Jul. 2019 President of Tomoda Certified Public Accountant Office (current position)  
 Jun. 2020 External Director of the Company (current position)  
 Outside Auditor of Hakuholdo DY Holdings Inc. (current position)/Outside Auditor of Daiko Advertising Inc. (current position)/Outside Auditor of INES Corporation (current position)

**Composition of and attendance at each committee (number of meetings attended/number of meetings held)**

	The Board	Supervisory Committee	Nomination and Compensation Committee
Fiscal year ending March 2021	○ Newly appointed	○ Newly appointed	

## Executive Officer

**Masamichi Mizuta**  
 Representative Director, President and CEO

**Daisuke Hayashi**  
 Executive Officer CLO

**Shinji Masaki**  
 Executive Officer  
 Professional Outsourcing SBU Lead

**Takao Wada**  
 Director, Deputy President and Executive Officer  
 Business Control Officer, Staffing SBU Lead

**Hiroataka Mino**  
 Executive Officer CHRO

**Takayuki Yamazaki**  
 Executive Officer  
 Asia Pacific SBU Lead

**Hirotohi Takahashi**  
 Director, Deputy President and Executive Officer  
 Function Control Officer, Solution SBU Lead

**Masayuki Furukawa**  
 Executive Officer CIO

**Kiyoshi Seki**  
 Executive Officer CFO

**Taro Mineo**  
 Executive Officer  
 Career SBU Lead

## CLO Interview

### INTERVIEW



We will implement risk management to facilitate flexible responses to changes in the business environment and strive to improve corporate value.

Daisuke Hayashi  
Executive Officer CLO

#### Risk management that contributes to improved corporate value

The PERSOL Group implements enterprise risk management on a groupwide basis to fulfill its responsibility to stakeholders, including customers, business partners, employees and shareholders, and to maintain and improve corporate value.

The risk management structure is built on three lines of defense. The first line of defense—operating companies—promotes risk management in business activities and daily activities. The second line of defense—functions that oversee risk—supports and monitors operating companies. The third line of defense—the internal audit division—audits the effectiveness of risk management on the first and second lines of defense.

#### Material risks for the PERSOL Group

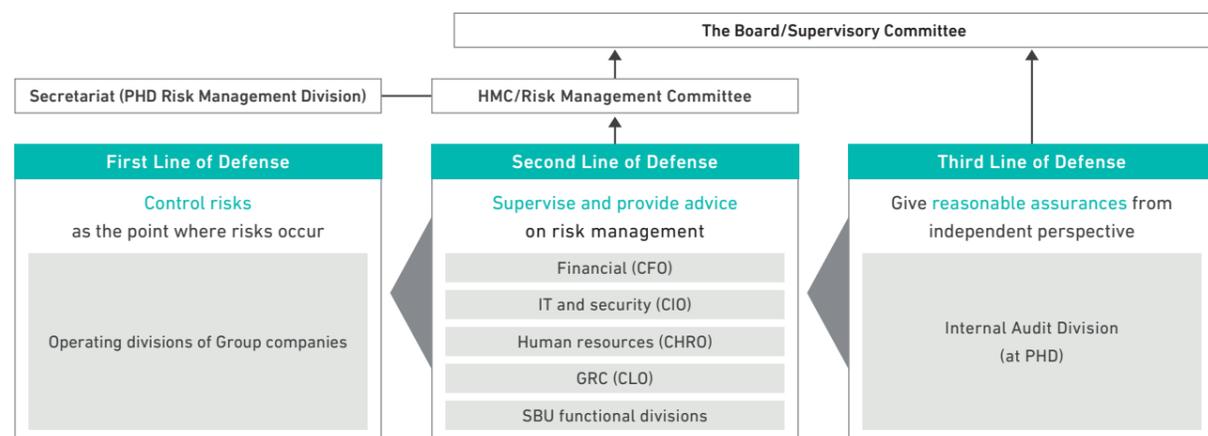
The PERSOL Group identifies material risks from a groupwide perspective, and the Board and senior

executives monitor them.

Of these, risks related to personal information are extremely important since Group companies handle large volumes of personal information from many sources, including temporary staff, job seekers, corporate clients and employees. Information security department set up within PERSOL HOLDINGS work with operating companies on various fronts, including efforts to put information security measures into practice to prevent personal information leaks, ensure compliance with laws and regulations on the protection of personal information and prevent invasion of privacy, and thereby underpin appropriate handling of personal information.

We also recognize a heightened need to address disaster risk, given the spread of COVID-19 as well as increased damage from natural disasters in Japan in recent years. We had already formulated and operated a BCP (Business Continuity Plan) with natural disasters in mind, but we assume a situation like the COVID-19

#### Overview of the PERSOL Group risk management structure



Note: PHD = PERSOL HOLDINGS, HMC = Headquarters Management Committee, CFO = Chief Financial Officer, CIO = Chief Information Officer, CHRO = Chief Human Resources Officer, CLO = Chief Legal Officer, GRC = Governance, risk and compliance

pandemic, which will occur on a global scale and have a long-lasting impact, and we are thus reviewing our BCP.

In addition, the spread of COVID-19 triggered swift changes in work styles, including a rapid spread of working from home and other forms of telework. Such conditions heightened the importance of addressing issues, such as adherence to labor laws and approaches to train and retain human resources.

#### Issues related to risk management

The Board and the Management Committee at PERSOL HOLDINGS have monitored efforts to address risk on a groupwide basis. Through initiatives by the second line of defense—PERSOL HOLDINGS' functions that oversee risk—we have steadily addressed risks common to all Group companies, such as information security risk and labor risk. On the other hand, risk management along the first line of defense that addresses risk specific to an operating company is handled by that operating company only. Therefore, perceptions and monitoring of risk on a groupwide basis were not thoroughly implemented. With the transition to the SBU structure in April 2020 and the significant delegation of decision-making authority for business execution to the SBUs, we see it as an important task to promote risk management by the SBUs and increase the effectiveness of risk management in the entire Group.

#### Promoting risk management by SBU

From the fiscal year ending March 2021, we are reinforcing the risk management structure of SBU to ensure risk management by the first line of defense. Specifically, each SBU set up a risk management committee, assigned a

person responsible for risk management, established a risk management organization and promoted the identification and response of material risks that take into account business and geographical factors unique to each SBU.

Going forward, each SBU will pursue business activities and risk management as if they are two sides of the same coin to promote risk management that contributes to the maintenance and improvement of corporate value.

#### Strengthening enterprise risk management in the entire Group

PERSOL HOLDINGS monitors risk management initiatives, including material risks in each SBU, across the Group, and promotes risk management activities from a groupwide perspective to address risks in cooperation with its Group companies.

To facilitate this process, we established the Risk Management Committee in the fiscal year ending March 2021 under the HMC (Headquarters Management Committee).

In the Risk Management Committee, members of PERSOL HOLDINGS' senior executives, including top management, and the head of risk management in each SBU, discuss the material risks identified by PERSOL HOLDINGS and each SBU, and promote enterprise risk management across the Group. Also, the activities of the Risk Management Committee are regularly reported to the Board at PERSOL HOLDINGS.

Given the ever-changing social and business environment, we must not overlook material risks and must strive to reinforce our risk management structure to ensure timely and suitable responses.

### INTERVIEW



Masayuki Furukawa  
Executive Officer CIO

#### Promoting data governance for digital transformation

Efforts to maximize technology will be essential to future expansion of business activities. Of note, analysis and use of vast amounts of data collected on individuals and companies over the years is the fuel for creating value, so we are getting fully engaged in the configuration and operation of a data governance system that will lead to safe and secure use of data. We have established the Technology Committee and will promote the use of data governance across the Group.

As a first step, we will focus on individual and corporate data, define guidelines and ensure widespread awareness of them. We will also review existing services and new services, using a checklist for each. Through monitoring, we should be able to boost the effectiveness of data governance in a comprehensive and multifaceted way. Once we have set up privacy and data protection systems, we will expand the scope to data usage governance and work toward a sharper competitive edge.

# Compliance, Internal Control and Risk Management

## Basic approach to compliance

The PERSOL Group views compliance as meeting the demands and expectations of society and conducting business activities with integrity.

Based on this view, the PERSOL Group established the PERSOL Group Code of Conduct in November 2019.

This Code of Conduct sets out the basic behaviors based on compliance required of all officers and employees of the PERSOL Group, both in Japan and abroad.

We will act with high ethical standards and integrity based on the PERSOL Group Code of Conduct in order to continue to be trusted by our customers and society.

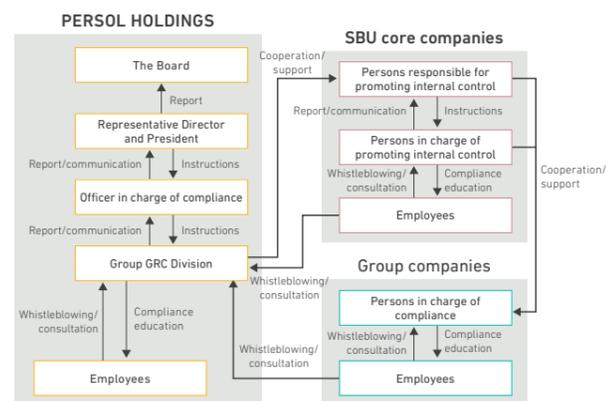
### PERSOL Group Code of Conduct

[https://www.persol-group.co.jp/en/corporate/governance/code\\_of\\_conduct.html](https://www.persol-group.co.jp/en/corporate/governance/code_of_conduct.html)

## Compliance promotion structure

The PERSOL Group has established the Group GRC Division within PERSOL HOLDINGS to formulate basic compliance policies for the Group as a whole and to promote compliance at Group companies.

In addition, the SBU Internal Control Promotion Officers, who are designated at core companies of each SBU, support the promotion of compliance and the implementation of compliance measures at Group companies.



## Efforts to raise employee awareness toward compliance

### Publication of the Compliance Handbook

We have prepared a Compliance Handbook for employees in Japan as a guide to clarify how they should behave from the perspective of corporate ethics and compliance, and we utilize the Handbook to educate our employees about compliance.

## Compliance training

In addition to providing annual compliance training to all Group employees in Japan, we also conduct education and training programs at each Group company tailored to each business and region to raise awareness of compliance across the Group.

Compliance training for all employees in the fiscal year ended March 2020 focused on topics such as abuse of power, raising awareness of information security and responding to cyberattacks. The completion rate within the three-month training period was 97.1%. In addition, the training for newly appointed managers included a discussion on compliance management, and the legal newsletter provided explanations on copyright, brand management and trademarks, and insider trading.

### PERSOL Group compliance training

Name	Details	Scope	Results for fiscal year ended March 2020
Compliance training for all employees	Training for all employees of the PERSOL Group (once a year)	Entire Group	Number of people who completed training during the period: 25,811
Legal newsletter	Dissemination of legal knowledge related to the business through the intranet	Entire Group	Number of times distributed: 3
New graduate training	Training for new graduates when they join the Group	Entire Group	Number of participants in the joint company joining ceremony: 978
Mid-career hire training	Training for mid-career hires when they join the Group	Entire Group	Conducted at each Group company as necessary
Newly appointed manager training	Training for managers (section manager level) upon promotion	Entire Group	Number of participants: 227 Number of times conducted: 2

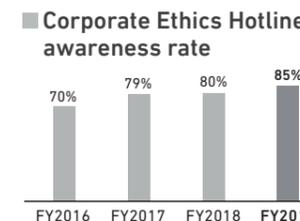
### Conducting a compliance awareness survey

We conduct an annual compliance awareness survey on all Group employees in Japan in order to continuously monitor the instilling and establishment of compliance activities.

The results of the survey are analyzed and evaluated by the Risk Management and Compliance Department of PERSOL HOLDINGS, and then reported to management and the Human Resources Planning Division, where they are used as a reference for promoting compliance management by considering the introduction of new compliance promotion measures for items that need to be improved, and aiming to further improve items that are outstanding. In the survey conducted in the fiscal year ended March 2020, improvements were seen in almost all of the items including compliance conditions and results of compliance activities. On the other hand, the scores regarding occurrences of harassment were same as the previous year, we are working on to raise awareness toward harassment and improve our systems based on the abuse of power prevention guideline.

## Whistleblowing system

The PERSOL Group has established a Corporate Ethics Hotline contact point at a specialized organization outside the PERSOL Group to receive whistleblowing and consultations from



employees regarding activities that may constitute a violation of laws and regulations. Recognition rate of the Corporate Ethics Hotline has improved and it is being used by Group employees in Japan. The number of consultations was 130 in the fiscal year ended March 2020.

In June 2019, the Corporate Ethics Hotline was registered in the Whistleblowing Compliance Management System (self-adaptation declaration registration system) under the jurisdiction of the Consumer Affairs Agency.



## Crisis management

The PERSOL Group has established the Group Crisis Management Regulations and have been strengthening our crisis management system in order to respond properly to crises, such as natural disasters, pandemics and other, which could have significant negative impacts on our Group's management and business activities.

In the event of a crisis, the Group responds promptly and appropriately in accordance with the following four basic policies in order to minimize the impact.

### 1. Basic policies

- 1. Ensuring safety
- 2. Protection of customer assets
- 3. Protection of corporate assets
- 4. Business continuity

### 2. Initiatives during normal times

The PERSOL Group has formulated initial response manuals and a business continuity plan in preparation for crises, and we have been improving their effectiveness such as by regularly conducting



trainings to identify issues in the manuals and make improvements.

In addition, we have a safety confirmation system in place for all employees and staffs so that we can confirm their safety promptly in the event of a crisis and provide them necessary support.

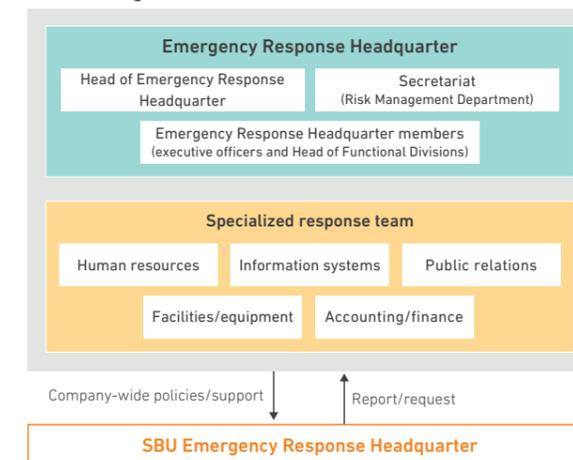
## 3. Emergency response structure

An Emergency Response Headquarter, headed by the Representative Director and President of PERSOL HOLDINGS, is established in the event of a serious crisis.

Based on the aforementioned four basic policies, the Emergency Response Headquarter is responsible for the prompt collection and dissemination of information across the Group, as well as the prompt determination and implementation of response policies for the Group.

The Emergency Response Headquarter also provides support necessary for crisis response by the SBUs and Group companies in cooperation with the Emergency Response Headquarter of the SBUs.

### Crisis management structure of PERSOL HOLDINGS



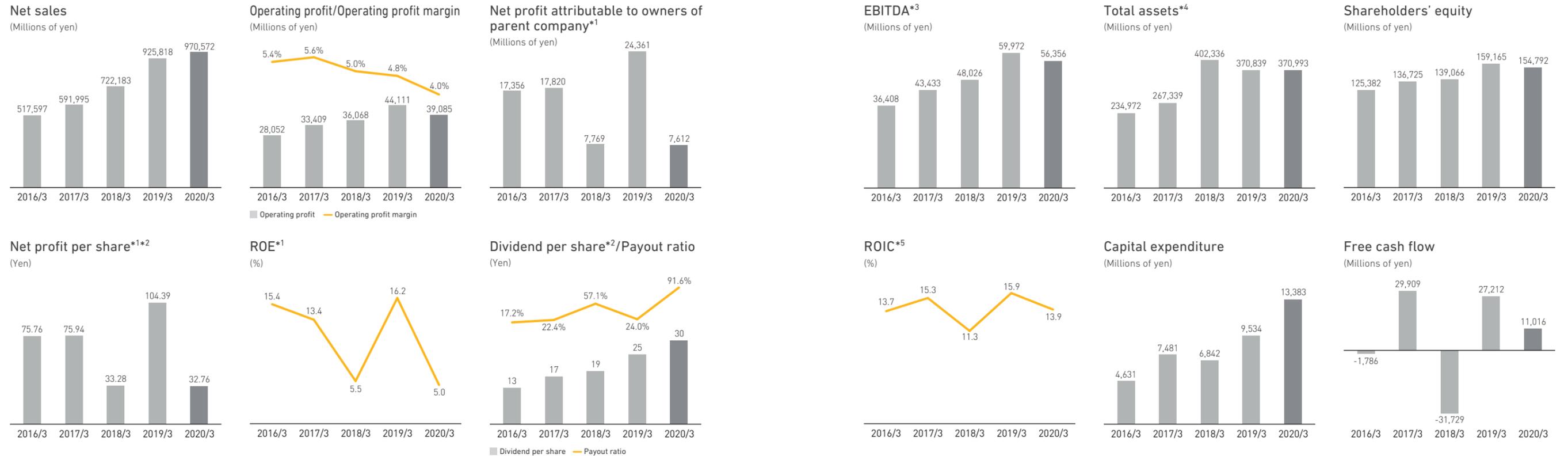
### 4. Response to COVID-19

In response to the COVID-19 pandemic, we established an Emergency Response Headquarter at PERSOL HOLDINGS in February 2020 and continued our business activities under the basic policy of giving top priority to the safety and health of all our stakeholders. We have taken preventive measures such as encouraging teleworking and staggered work hours, encouraging holding internal and external events and meetings with large numbers of participants online, and thoroughly implementing infection prevention measures in order to create a safe and secure work environment.

In the event that an employee of the PERSOL Group is confirmed to have been infected, we work with the local health department to quickly implement the necessary measures to prevent the spread of the infection in order to prioritize the safety of our employees and others involved and minimize the impact on our business.

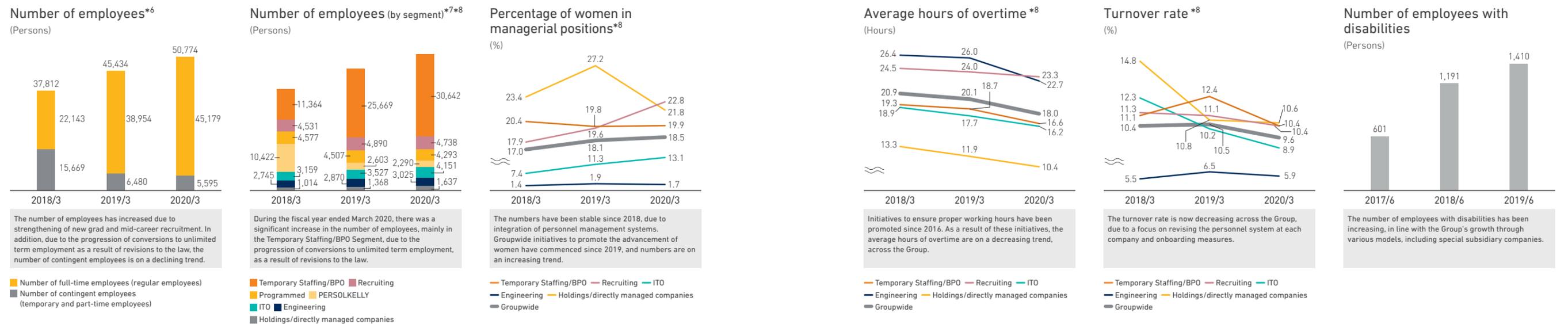
# Financial and Non-Financial Data

## Financial data



\*1 During the fiscal year ended March 2018, an impairment loss on goodwill, etc., of 14.2 billion yen was recorded, because progress had not been made as initially anticipated at some subsidiaries engaged in developing business in the Asia-Pacific region under the PERSOLKELLY brand, as well as at the part-time job media business, "an." In addition, during the fiscal year ended March 2020, extraordinary losses of 19.3 billion yen were recorded, including a restructuring loss of 3.1 billion yen related to termination of the part-time job media business, "an," and an impairment loss on goodwill of 12.6 billion yen related to the staffing business of the Programmed segment.  
 \*2 The Company conducted a stock split at a ratio of 1:3 of common shares on October 29, 2015. Net profit per share and dividend per share have been calculated on the basis that the stock split was effective at the beginning of the fiscal year ended March 2016.  
 \*3 EBITDA = operating profit + depreciation + amortization of goodwill  
 \*4 "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018), etc., have been applied since the beginning of the fiscal year ended March 2019. Total assets prior to the fiscal year ended March 2019 represent figures to which the said accounting standards have been retroactively applied.  
 \*5 ROIC = net operating profit after tax before amortization of goodwill / invested capital (= interest-bearing liabilities + equity capital)

## Non-financial data



\*6 The number of employees includes employees of overseas operations. The number of employees represents the total of the number of full-time employees (includes employees working at PERSOL Group companies; employees assigned to work at non-PERSOL Group companies not included) and the annual average number of contingent employees (including temporary and part-time employees).  
 \*7 The number of employees includes employees of overseas operations.  
 \*8 Although the PERSOL Group shifted its business to an SBU structure in April 2020, in the preparation of these graphs, figures for the segments prior to that shift have been used.

## Corporate Profile/Stock Information

Corporate Profile	
Company Name	PERSOL HOLDINGS CO., LTD.
Established	October 1, 2008
Head Office	1-15-5 Minami-Aoyama, Minato-ku, Tokyo 107-0062, Japan
Registered Office	2-1-1 Yoyogi, Shibuya-ku, Tokyo 151-0053, Japan
URL	<a href="https://www.persol-group.co.jp">https://www.persol-group.co.jp</a>
Consolidated Employees	50,774 (As of March 31, 2020) * Full-time employees—45,179 (includes employees working at group companies. Employees assigned to work at non-group companies not included.) Contingent employees (including temporary and part-time employees)—5,595 annual average.
Number of Group Companies	136 (41 domestic, 95 overseas) (As of November 1, 2020)
Number of Group Bases	680 (492 domestic, 188 overseas) (As of April 1, 2020)
Capital	17,479 million yen (As of March 31, 2020)
Stock Information	
Stock Code	2181
Stock Exchange	Tokyo Stock Exchange, First Section
Fiscal Year-End	March 31
Base Dates	Shareholders' Meeting date: March 31 Year-end dividend record date: March 31 Interim dividend record date: September 30
Trading Unit	100
General Meeting of Shareholders	June
Shareholder Register Administrator Special Account Management Institution	Mitsubishi UFJ Trust and Banking Corporation
Public Notice Method	Electronic public notice Notification URL: <a href="https://www.persol-group.co.jp">https://www.persol-group.co.jp</a> (In case electronic notification is unavailable due to technical difficulties or other problems, the company will notify via The Nihon Keizai Shimbun.)

### Editorial Policy

This integrated report is a tool for communicating comprehensive information, integrating financial and non-financial information about the PERSOL Group, including its business activities, IR activities and sustainability/SDGs initiatives. The purpose of this report is to deepen the understanding of our Value Creation Story toward achieving the Group Vision of "Work, and Smile" by a wide range of stakeholders, including our shareholders and investors.

This report extracts the basic information, financial data, corporate strategies, sustainability information and other information particularly needed by the readers, based on major guidelines.

In addition to this report, more detailed information for some topics may be found on the PERSOL Group website (<https://www.persol-group.co.jp/en/>). Please refer to the website in conjunction with this report.

### Reporting Period

This report covers the fiscal year ended March 2020 (April 1, 2019 to March 31, 2020). However, it also mentions periods before and after this period when necessary.

### Referenced Guidelines

In editing this report, we referred to the Sustainability Reporting Standard of the Global Reporting Initiative (GRI), the International Integrated Reporting Framework of the International Integrated Reporting Council (IIRC) and the Guidance for Collaborative Value Creation, among others.

### About Guidance for Collaborative Value Creation

Guidance for Collaborative Value Creation is a lingua franca between companies and investors. It serves as a guide to improving the quality of information disclosure and dialogue with investors by providing companies (company executives) with a systematic and integrated view of the information that they should communicate to investors (corporate philosophy, business model, strategy, governance, etc.). Companies are not expected to take this guidance as a rigid set of formal rules; rather, each company is expected to choose the parts that are important for its own business model and strategy, and position them within its own value creation story.



### Notes on Forward-Looking Statements

The information published in this report includes current plans, strategies and forward-looking statements of the PERSOL Group. These statements are based on currently available information, and are deemed by the PERSOL Group to be rational at the present time. However, these statements include inherent risks and uncertain factors, including economic trends, fierce competition in the industry, market demand, foreign exchange rates, taxes and regulations.

Although performance results announced in the future may vary greatly from these statements due to these various factors, the PERSOL Group is not liable for any losses incurred through the use of the information in this report.

In addition, the purpose of this report is to deepen the understanding of the PERSOL Group's management policies, plans, financial status and other information by our shareholders, investors and other stakeholders. This report is not intended for solicitation for investment in securities issued by the PERSOL Group.

### Artwork Used on the Cover

The PERSOL Group is a sponsor of Paralympic Art World Cup 2020, an art world cup for people with disabilities from around the world, aimed at creating opportunities for disabled artists all over the world to be active in society regardless of race, disability, gender or age.

The cover art, which is based on the 2020 theme of Peace, was created by Shigeo Tanno, who is active as a Paralympic Art artist while working at PERSOL THANKS, a special subsidiary company of the PERSOL Group.



### What is Paralympic Art?

Paralympic Art is a program by SHOUGAISHA JIRITSU SUISHIN KIKOU ASSOCIATION. It provides works of art by persons with disabilities to companies and individuals, and compensates the artists. Its main objective is to support the autonomy of persons with disabilities who cannot participate in society and are struggling economically. Through art, the program promotes participation in society and economic independence by people with disabilities, without relying on social security benefits. Artist registration is free, and as of August 2020, approximately 570 artists have registered with the program.