

Corporate Governance Guideline

PERSOL HOLDINGS CO., LTD.

Chapter 1. Purpose of the Corporate Governance Guideline

1-1. Purpose

This Corporate Governance Guideline (hereinafter referred to as, “the Guideline”) lays out the principles and desirable state of corporate governance of PERSOL HOLDINGS CO., LTD. (hereinafter referred to as, “the Company”) and serves as the Guideline for the directors and the Group Senior Executives (collectively referring to the Representative Director, President and CEO, executive directors and executive officers, who are responsible for the management of the Company and its group companies; hereinafter referred to as, “the Group Senior Executives”) 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.

1-2. Revisions

The Guideline shall be established, revised and abolished by a resolution of the Board, taking into consideration any changes in the Company’s business and circumstances.

Chapter 2. Corporate Governance Principles

2-1. Principles

The Company 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 Company recognizes that good corporate governance is the foundation for all efforts to realize the above-mentioned corporate philosophy and will exert continued efforts for the improvement of the Company’s corporate governance in accordance with the principles listed below.

- (1) The Board focuses on the oversight of management. The Board oversees Group Senior Management effectively from an independent and objective standpoint.
 - (2) The Board delegates decision making authorities regarding operations to the CEO in an appropriate manner, enable timely and flexible decision making by management and realize speedy corporate management.
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- (3) The Board shall establish key performance indicators concerning profitability and capital efficiency for the Company, with the aim of increase of corporate value over mid- to long-term, taking into consideration of the Company's cost of capital. Based on those indicators, the Board shall review the business results of the Company and evaluate the performance of the Group Senior Executives and make decisions to appoint and dismiss members of the Group Senior Management transparently and objectively.
- (4) Recognizing that the appointment of the top management and successors represents the key decision-making that significantly affects corporate value, a voluntary Nomination and Compensation Committee, of which independent directors shall be primary members, shall be established under the Board. Appropriate involvement and advice shall be sought from the independent directors in considering particularly important matters such as CEO succession plan.

2-2. Roles as a Holding Company

As a holding company, the main roles of the Company include promotion of corporate strategies for the entire group, optimal allocation of management resources, creation of synergies between subsidiaries, and oversight of subsidiaries. Meanwhile, decision making authorities regarding operations shall be appropriately delegated to the subsidiaries' management. Group governance structures, including the board of subsidiaries, should be established based on the roles and responsibilities of the Company and its subsidiaries outlined above.

2-3. Organizational Structure of the Company

Based on the corporate governance principles stated in this Chapter, the Company 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 Company has established a Nomination and Compensation Committee and a Corporate Governance Committee as voluntary committees, to increase transparency and objectivity concerning decisions on the nomination and compensation of the directors and the Group Senior Management as well as to discuss the matters regarding the Company's corporate governance.

Chapter 3. Roles and Responsibilities of the Board

3-1. Roles of 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 Management, and secure the construction and operation of appropriate internal control systems. For the purpose of enabling management to make timely, flexible and decisive decisions, management decisions other than those

reserved for the Board by the Companies Act shall be delegated, in principle, to the CEO. Provided, however, that the decisions on the execution of important operations set forth in the Regulations for the Board shall be made by the Board.

The following matters shall be performed by the Board:

- Setting the basic management policy
 - Setting the broad direction of the group such as corporate philosophy, vision, corporate strategy, management plan, management targets, and decisions on the basic management policy, which are also used as the performance evaluation criteria for the Group Senior Management including the CEO.
- Oversight of the Group Senior Management
 - Decision on the compensation of the Group Senior Management based on the basic management policy, performance evaluation criteria, and the performance review of the CEO and executive directors
 - Appointment and dismissal of the CEO and executive directors taking into consideration the performance evaluation and succession plan etc.
- Oversight of CEO succession plan
 - Oversight of the status of preparation of succession plan, the draft of which is prepared by the CEO, and to be deliberated by the Nomination and Compensation Committee, and monitoring the status of development of candidate successors.
- Securing the construction and operation of appropriate internal control systems
 - Decision on the basic policy on the group's internal control systems, and oversight of the status of construction/operation of the internal control systems in accordance with the basic policy.

Chapter 4. Responsibilities of Directors

4-1. Responsibilities of Directors

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

4-2. Expectations of Independent Director

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

common sense.

4-3. Roles of the Lead Independent Director

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

Chapter 5. Composition of the Board

5-1. Composition of the Board

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

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

5-2. Nomination of Directors

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

[Summary of the Standards for Nomination of Directors]

- A director, as a trustee of the Company selected by shareholders, shall have the ability to contribute to the Company's sustainable growth and mid- to long-term increase of corporate value by appropriately fulfilling their duty of loyalty and duty of care concerning the performance of his/her duties.
 - An independent director shall have excellent judgment and a wealth of experience in such fields as business management, technology, finance and accounting and corporate legal affairs, and the ability to oversee the Group Senior Executives from an independent and objective standpoint, and shall satisfy the Company's criteria for independent directors.
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Chapter 6. Operation of the Board

6-1. Resolutions of the Board

Resolutions of the Board are made by a majority of the directors present at the meeting where the majority of the directors who are entitled to participate in the vote are present.

6-2. Roles of the Chairperson of the Board

The chairperson of the Board assumes the responsibility to lead the Board and ensures the effectiveness of the Board.

The chairperson of the Board gathers information regarding the status of business execution by the group executives by participating as an observer in HMC as stipulated by 8-1 of the Guideline so as to enable the Board to make sound decisions based on sufficient information, and sets the date and agenda of the Board meetings by exchanging opinions with each director on a regular basis. The chairperson of the Board also gathers opinions of each director through interviews in the evaluation of effectiveness of the Board.

6-3. Support System

The secretariat of the Board engaging in liaison and coordination with management shall be established for the purpose of providing support for the chairperson of the Board and sufficient information to the directors including independent directors.

6-4. Provision of Information

The Group Senior Executives bear the responsibility to provide the directors with sufficient information concerning the performance of duties of directors, distribute the agenda and briefing materials for matters to be deliberated at the Board meetings in advance of meetings to secure an opportunity for the directors to understand the content. In particular, training programs shall be provided to the independent directors periodically including at the assumption of the position concerning the details of the Company's business and business environment so that all necessary information is offered in addition to the agenda of the Board meetings.

6-5. Effectiveness evaluation of the Board

Board evaluates effectiveness of its performance on a regular basis for the purpose of maintaining and improving the effectiveness of the Board.

6-6. Exchange of Information between the Independent directors

Independent directors may convene a meeting only for the independent directors, as necessary, for the

purpose of performing their functions from an independent standpoint.

6-7. Advice of Outside Experts

Directors may obtain advice from outside experts at the Company's expense when it is necessary for them to perform their duties as directors.

Chapter 7. Committees

7-1. Establishment of Committees

The Company establishes the Nomination and Compensation Committee and the Corporate Governance Committee as voluntary committees, in addition to the Supervisory Committee established based on the Companies Act.

7-2. Supervisory Committee

(1) Roles of the 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 Company and shareholders while performing the following duties:

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

(2) Composition and resolution of the Supervisory Committee

The Supervisory Committee shall comprise not less than three members, and the members shall be directors who do not concurrently serve as executive officers.

The Supervisory Committee shall be composed of a majority of independent directors.

The Chairperson of the Supervisory Committee shall be appointed at a meeting of the Supervisory Committee from among the independent directors.

Resolutions of the Supervisory Committee are made by a majority of the members present where the majority of the members qualified for voting are present.

(3) Ensuring the effectiveness of audit by the Supervisory Committee

The secretariat of the Supervisory Committee shall be established for the purpose of supporting the duties of the Supervisory Committee.

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.

7-3. Nomination and Compensation Committee

(1) Roles of the Nomination and Compensation Committee

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

Matters concerning decision on candidates:

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

Matters concerning decision on compensation:

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

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

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

The Nomination and Compensation Committee shall be composed of a majority of independent directors.

The Chairperson of the Nomination and Compensation Committee shall be appointed from among the independent directors by a resolution of the Nomination and Compensation Committee.

Resolutions of the Nomination and Compensation Committee are made by a majority of the members present where the majority of the members who are entitled to exercise voting rights

are present.

(3) Nomination policy

The Nomination and Compensation Committee establishes the criteria for the appointment of directors, based on which candidates for directors to be recommended to the Board shall be decided.

In nominating a candidate for the Group Senior Executives, the appropriateness of the nomination shall be deliberated in light of the qualifications requirements.

(4) Compensation policy

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

7-4. Corporate Governance Committee

(1) Roles of the Corporate Governance Committee

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

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

(2) Composition and resolution of the Corporate Governance Committee

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

The Corporate Governance Committee shall be composed of a majority of independent directors. The Chairperson of the Corporate Governance Committee shall be appointed from among the independent directors by a resolution of the Corporate Governance Committee.

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

Chapter 8. Management Structure

8-1. Management Structure

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

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

8-2. Duties of the CEO

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

The CEO, as the chief executive officer, bears all responsibilities concerning management, and administer all businesses of the group, while particularly assuming the following duties:

- Preparation of a draft of the basic management policy
 - Chairperson of the HMC
 - Presenting items to be discussed by extracting and prioritizing issues concerning matters relating to the group's management policy and their status of implementation and progress, in addition to convening the HMC and managing the progress of proceeding of the meeting.
 - Development of the Group Senior Executives and consideration and preparation of their succession plans.
 - Development of candidates for successor to the CEO and the consideration and preparation of succession plans
 - Deliberation of the succession plans of successors to the HMC members
 - Decision of the evaluation and compensation of the executive officers based on the compensation standards
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- Preparation of the proposal of appointment and dismissal of the HMC members
- Construction and operation of appropriate internal control systems of the group
- Establishment of sound and good relationships between the Board and the management

Chapter 9. Relationships with Stakeholders including Shareholders

9-1. Securing the Rights and Equality of Shareholders

The Company shall pay careful attention to equal treatment of shareholders by appropriately implementing the following matters so that shareholders can exercise their rights effectively:

- Appropriate measures will be taken so that shareholders can effectively exercise their voting rights at the general meeting of shareholders.
- Appropriate information will be provided to help shareholders decide in exercising their voting rights.
- Sufficient explanations on capital policy which may have a significant impact on the interests of shareholders will be given.
- The Company will establish and disclose its policy concerning cross-shareholdings of listed shares, and provide appropriate explanations on the purpose of holding such shares upon verifying the mid- to long-term economic rationality and future prospects based on returns and risks of the major cross-shareholdings. Furthermore, the Company will establish and disclose the standards with respect to the voting rights as to its cross-shareholdings.

9-2. Dialogues with Shareholders

The Company shall, through dialogues with shareholders and investors (hereinafter referred to as, “shareholders, etc.”), obtain their understanding of its corporate strategies and finance condition, and endeavor to take appropriate measures based on the understanding of the standpoint of shareholders, etc. The Board shall establish and disclose policies concerning the measures and organizational structures aimed at promoting constructive dialogues with shareholders, etc.

9-3. Related Party Transactions

The Company shall set up appropriate procedures to ensure transactions with related parties such as its directors and Group Senior Executives do not harm the interests of the Company and its shareholders. In addition to their use by the board in monitoring such transactions, these procedures will be disclosed.

9-4. Appropriate Cooperation with Stakeholders Other Than Shareholders

The group’s sustainable growth and increase of its mid- to long-term corporate value are realized by

the contribution and support by the stakeholders including customers, individuals registered with the group companies to use the group's services, employees and local communities. Therefore, the Company endeavors to appropriately cooperate with each stakeholder in conducting its business.

The Company establishes "Group Vision" to set its fundamental stance to conduct its business. The Company also establishes the Code of Conduct as the criteria for judgment and behaviors of all directors and employees.

The Company establishes and operates appropriate whistleblower systems for employees, and monitor the status of their operation.

Chapter 10. Appropriate Information Disclosure

10-1. Information Disclosure Policy

The Company appropriately discloses information, to support understanding and evaluation by its stakeholders, of the Company's financial information such as financial standing and operating results, corporate strategies, and risk management, and ensures transparency of information disclosure.

From the viewpoint of securing fairness and soundness of the securities markets, the Company understands the significance of the management of undisclosed critical information which may have impacts on investment decisions, and manages it strictly.

10-2. Audit by External Auditors

Recognizing the responsibilities that external auditors owe toward shareholders and investors, the Company takes appropriate measures to secure proper execution of audits.

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