

## FY2023 Evaluation of Effectiveness of the Board

PERSOL HOLDINGS CO., LTD.

### 1. Implementation Method

In a bid to further enhance the oversight function of the board, the Company annually evaluates overall board effectiveness, and discloses the method and process of evaluation and a summary of the evaluation results.

For the evaluation of the effectiveness of the Board in FY2023, we used the insights generated from the external evaluation conducted in FY2022 using a third-party evaluator. This evaluation involved a self-evaluation questionnaire targeting all directors, individual interviews with each director conducted by the Chairman of the Board, and a questionnaire distributed to the executive officers under its oversight. The results of these processes served as a basis for two rounds of discussions within the Board, where we identified issues to be addressed and deliberated on potential solutions. Following these discussions, we compiled the final evaluation results.

### 2. Evaluation Method and Process

(1) The method and schedule of effectiveness evaluation were considered, and then reported to and deliberated by the board. (January 2024)

(2) A self-assessment questionnaire was prepared, and a survey was conducted among all directors using this questionnaire. (January and February 2024)

[Major items of the questionnaire for directors]

(i) Evaluation of overall board performance (alignment in understanding of roles and functions; KPIs, granularity, and details of monitoring)

(ii) Composition of the board (number of board members; roles of independent directors; diversity; procedure for nomination of independent directors)

(iii) Operation of board meetings (frequency of meetings; deliberation time; allocation of time; scope and volume of agenda items)

(iv) Systems supporting the board (provision of information; inquiries; training)

(v) Culture and communication within the board (culture open to discussion and opinions; communication among directors and between directors and senior executives)

(vi) Board's discussion and oversight function (strategic debate; support for risk-taking; appropriateness of the nomination; compensation of executive officers and scrutinizing the statements and actions of oneself and other Board members)

(vii) Operation of committees (roles and composition of the three board committees, i.e., the Audit and Supervisory, Nomination and Compensation, and Corporate Governance Committees)

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(viii) Relationship with investors and shareholders (provision of information on the status of dialogue; supervision of the system for promoting dialogue)

(ix) Other (optional comments)

(x) Adequacy gap between the degree of importance of agenda items and the volume of discussion dedicated to them

(3) We conducted a questionnaire survey among the executive officers under oversight. (January and February 2024)

[Major items of the questionnaire for executive officers]

(i) Board's oversight function (strategic debate; KPIs, granularity, and details of monitoring; support for risk-taking)

(4) The Chairperson of the Board conducted interview with all directors, exchanging views on the overall operational performance of the board and issues that need to be addressed. A trial was also conducted to provide feedback to individual directors based on the content of the self-assessment questionnaire. (February 2024)

(5) We reported the results of the questionnaire, interviews by the Chairperson of the Board, and key issues based on these results to the Board. The Board deliberated the evaluation of the outcome of efforts regarding the issues recognized in fiscal year 2022 and the issues subject to future consideration. (February 2024)

(6) Taking into account the deliberation results of the issues subject to future consideration, the Board deliberated the issues it recognized and the direction of responses to them. (April 2024)

(7) We put together the results of deliberations so far, reported them to the Board, and the evaluation by the Board was finalized. (May 2024)

### **3. Evaluation Results**

Based on analyses of self-evaluation questionnaire surveys and director interviews, the Board held several discussions regarding its effectiveness. The Board observed that its composition, operation, culture and communication, discussion and oversight function, support systems, operation of committees, and relationship with investors and shareholders, ensured its effectiveness, particularly by facilitating open, constructive discussions that clarified key points.

Additionally, the Board confirmed that proper efforts to address issues identified in the FY2022 effectiveness evaluation have improved its effectiveness. The Board also recognized future challenges that need to be addressed to further enhance its oversight function.

#### **(1) Progress in initiatives to address the issues identified in FY2022 board effectiveness evaluation**

(i) Setting key agenda items in line with the direction of medium to long-term management strategies

By setting the agenda around medium to long-term management strategy themes, including long-term

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growth strategy, technology strategy, human capital investment, and "career well-being," we facilitated discussion about future-oriented management strategies during the meeting. Further, we observed a potential for more improvement in the materialization of our business portfolio based on medium to long-term management strategy themes in the future.

(ii) Monitoring business execution in a way conducive to corporate value

Progress on the vision, materiality, and management direction set forth in the medium-term management plan was reviewed on a quarterly basis amongst the directors, and also between the Board and the management team. Through these periodic progress checks, we recognized the opportunity for further improvements in ensuring the linkage between the overall direction of the medium-term management plan, short-term business performance, and enhanced corporate value.

(iii) Securing sufficient communication opportunities between the Board and executive officers

In principle, all executive officers attended every Board meeting as observers. This allowed them not only to fully understand the outcomes of the Board's deliberations, but also grasp the intensity and process of discussions leading to key decisions. Looking towards the future, we understand that it is crucial to create opportunities for both formal and informal dialogue, going beyond mere participation in Board meetings to further enhance communication.

(iv) Further enhancing the management of Board meetings to stimulate discussion

The combined use of preliminary briefings and Board meetings have achieved both more in-depth discussions and more efficient meeting operations, as explanations were minimized at the Board meetings and more deliberation time was allocated to discussion. We have acknowledged that ongoing improvement are necessary for the Board to hold more efficient discussions within a limited timeframe, aimed at enhancing corporate value. These improvements include developing clear and concise meeting materials around the issues at hand and continually striving to enhance the sophistication of our meeting operations.

**(2) Issues recognized in the FY2023 effectiveness evaluation of the Board and direction of future efforts**

(i) Clarification of growth strategies that contribute to improving corporate value and constructive dialogue with shareholders and investors

We recognized the need to present the solutions to the issues discussed by our Board toward improving our corporate value to our shareholders and investors using our growth story, concrete paths, and the nature of our business portfolio. Moreover, it was stated that it is necessary for the directors and the management team to engage in constructive dialogues with investors of various backgrounds, explain our growth story, outline the progress in developing and managing our business portfolio management system, and form a positive cycle leading to further sophistication of management by receiving feedback.

(ii) Appropriate oversight of business strategy (oversight for risks and opportunities)

We recognized the need to establish appropriate supervisory methods for the maintenance and

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operation of future business portfolio management system, after forming a common understanding of the roles expected mutually by the Board and the management team. It was deemed necessary to strengthen risk management and optimize risk management, investment evaluation, and reporting frequency to the Board to contribute to risk-taking and opportunity-focused oversight.

(iii) Continuous improvement of the Board's operation

We recognized the need for the preparation of meeting materials and continuous improvement activities of meeting management that help achieve substantive discussions aimed at enhancing corporate value. Additionally, it was deemed necessary to ensure formal and informal communication opportunities amongst the directors, and between the Board members and the management team, which may stimulate further discussions.

Based on these evaluation results, the Company's board will continue to promote the PDCA cycle to improve its effectiveness and drive governance reform, so as to enable the PERSOL Group to realize sustainable growth and enhance corporate value.

End

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