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Insource Co., Ltd.

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<https://www.insource.co.jp/en/ir/index.html>

The corporate governance of Insource Co., Ltd. (the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

1. Basic Approach

As our basic approach to corporate governance, we place emphasis on ensuring the transparency and soundness of management and prompt and appropriate disclosure of information in order to achieve sustainable growth of the Company and increase corporate value over the medium to long term. In addition to securing the rights and substantive equity of our shareholders, we respect the rights of all of our stakeholders, including client, employees, and local communities, and aim to realize our society where all people can enjoy working and feel fulfilled. To this end, we will (1) streamline our management system to ensure speedy decision-making and business execution, (2) build a corporate governance system with the aim of conducting corporate activities based on a sound ethical sense in harmony with society, and (3) work to build an optimal management control system that will revitalize the Board of Directors and provide highly effective supervision of Directors.

(1) Reasons for Non-compliance with the Principles of the Code

We implement all of the principles of the Corporate Governance Code.

(2) Disclosure Based on each Principle of the Code

[Principle 1-4] (Strategic stockholdings)

We consider strategic stockholdings to be listed stocks that are invested on the assumption that they are held for a long period of time in order to maintain and strengthen comprehensive business relationships with issuers, etc.

Our basic policy is not to hold strategic stockholdings. When holding strategic stockholdings, the Board of

Directors will annually examine whether the strategic stockholdings are appropriate for the purpose of holding them and whether the benefits and risks associated with holding them are commensurate with the cost of capital, and provide a specific explanation. The exercise of voting rights in this stock requires qualitative and comprehensive judgment according to the individual shares. Therefore, the Company has not established any criteria at this time.

[Principle 1-7] (Transactions between Related Parties)

We monitor and approve transactions with related parties, noting that such transactions do not impair the soundness of our management, are valid in light of reasonable judgment, and the terms of transactions are fair compared with other external transactions. However, significant transactions are subject to the Board of Directors approval. In addition, every fiscal year we require all Directors, corporate auditors, Executive Officers and subsidiary Directors to respond to the Response Sheet on Related Party Transactions, and we share the results with our auditing firm to confirm the details.

[Supplementary Principles 2.4.1] (Ensuring Diversity in the Promotion of Core Human Resources)

Our management philosophy is to "create a society in which all people can enjoy working and feel fulfilled," and we incorporate the idea of diversity into our management policies and guidelines for organizational development. Approximately half of the Group's employees are women. Among the items that we emphasize in the disclosure of human capital are the ratio of women in managerial positions and the number of women in managerial positions. Regardless of gender, nationality, age, new graduates, or mid-career recruitment, the Company promotes human resources to managerial positions where it is fully expected to satisfy the Rules on Administrative Authority. Therefore, we do not provide measurable targets for the promotion of "women," "foreigners," and "mid-career professionals" to managerial positions. We believe that promoting the creation of an organization in which diverse human resources work together will lead to the stable securing of diverse human resources and, in turn, to our sustainable growth. For further information, please refer to the section entitled "III. Implementation of Measures for Shareholders and Other Stakeholders, 3. Status of Measures to Ensure Due Respect for Stakeholders"

(Management Policies and Organizational Development Policies) <https://www.insource.co.jp/en/company/vision.html>

(Concept and Status of Diversity) https://www.insource.co.jp/en/ir/ir_sustainable_diversity.html

(Financial Results for FY24 and Three-year Business Plan "Road to Next 2028")
<https://www.insource.co.jp/resource/pdf/ir/25110408.pdf>

[Principle 2-6] (Roles of Corporate Pension Funds as Asset Owners)

We have a defined contribution plan as part of our employee benefits program. As a result, the Company is not involved in the management of corporate pension plans as an asset owner.

[Principle 3-1] (Full Disclosure)

- (i) Company's goals (management philosophy, etc.), Management Strategies, and Management Plans
Our management philosophy is to "create a society where all people can enjoy working and feel fulfilled," which is disclosed in our website (<https://www.insource.co.jp/en/company/vision.html>). In addition, our website discloses management strategies and management plans as a Three-year Business Plan "Road to Next 2028" and an explanation of the results for FY24 (<https://www.insource.co.jp/resource/pdf/ir/25110408.pdf>).
- (ii) Basic Approach to Corporate Governance and Basic Policies Based on the Principles of the Code
The Company's basic philosophy and policy on corporate governance are described in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information, 1. Basic Approach" of this report.
- (iii) Board policies and procedures in determining the remuneration of the senior management and Directors
Director's basic compensation policy and procedures are described in this report under the caption "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight, 1. Organizational Composition and Operation, (6) Director Compensation."
- (iv) Policies and Procedures for the Board of Directors to Appoint and Remove Senior Management and Nominate Candidates for Directors and Auditors

In order that the Directors can ensure the appropriateness and suitability of management, and that the Auditors can conduct accurate and fair audits, the Company has a policy of selecting candidates who have abundant experience and high insight, who can fulfill the duties and responsibilities of Directors and Auditors, and who are also excellent in terms of personality. Candidates for Directors are reviewed by Nomination and Compensation Committee at the discretion of the Board of Directors and reported to the Board of Directors, and the candidates for corporate Auditors are to be decided at the Board of Directors meeting after obtaining the consent of the Board of Auditors in advance. In addition, the Company believes that the following are grounds for dismissal: if there is any misconduct in the execution of duties, or any serious violation of laws or the articles of incorporation, or if the Director is unable to fulfill their responsibilities due to their own fault or other reasons.

- (v) Explanation of Individual Appointments and Dismissals and Nominations when the Board of Directors Appoints and Dismisses Senior Management based on the above (iv) and Nominates Candidates for Directors and Auditors

Outside Directors and Outside Auditors are stated in the Annual Securities Report (in Japanese) and "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight" later in this report. For other Directors and Corporate Auditors, the Company's annual financial report and Notice of Annual General Meeting of Shareholders (https://www.insource.co.jp/resource/pdf/ir/Notice_of_Convocation_Annual_General_Meeting_2025.pdf) contains a personal background. In addition, in the event of a dismissal event, we believe it is appropriate to explain and resolve the specific reasons for the dismissal at the General Meeting of Shareholders after substantive

discussions at the Board of Directors meeting.

[Supplementary Principles 3.1.3] (Initiatives for Sustainability)

<Initiatives for sustainability>

Based on our management philosophy of creating a society in which all people can enjoy working and feel fulfilled, we are working to resolve social issues related to working people through our business activities. In addition, with ESG + P (business results and Performance) management, we will expand our commitment to sustainability with the aim of sustaining growth and enhancing corporate value over the medium to long term. To promote sustainability, we established Sustainability Committee chaired by Director, Managing Executive Officer in July 2022. For more information on ESG and sustainability initiatives, see Sustainability (https://www.insource.co.jp/en/ir/ir_sustainability.html) on our website.

<Initiatives for Climate Change>

We regard large-scale natural disasters caused by climate change as an important management risk in the provision of services, and believe that consideration for the environment leads to coexistence with local communities and securing the trust of stakeholders. In February 2021, we announced that we endorsed the recommendations of TCFD (Task Force on Climate-Related Financial Disclosures). At the same time, we established the CO2 Reduction Subcommittee, chaired by Director, Managing Executive Officer, to promote company-wide efforts to reduce CO2. Detailed information is available on our website based on TCFD Recommendations (https://www.insource.co.jp/en/ir/ir_sustainable_tcf.html).

<Investment in human capital and intellectual property, etc.>

Since our founding, we have promoted standardization of work through the use of information and IT to efficiently provide high-quality services to clients. In order to achieve further business growth, increase the added value of the services we provide, and improve the efficiency of the processes we use, we are implementing IT skill improvement and digital human resources development training for all employees, depending on their position, department, and job content. For more information, see our website, Human Capital (S) “Employee Training” (https://www.insource.co.jp/en/ir/ir_sustainable_employee.html).

The enhancement of intellectual property is the cornerstone of our business strategy, with training services as our core business. We believe that continuing to revitalize our intellectual property activities will enhance the competitiveness of our services, contribute to the retention and expansion of our clients, and ensure our competitive advantage. To this end, in order to actively create, protect, and utilize intellectual property, we will provide all employees with compliance education on information security, copyright laws, and other matters when necessary. We will also promote operations in close cooperation between our business departments and the legal department and the Internal Audit Office.

[Supplementary Principles 4.1.1] (Clarification of Scope of Delegation to Management and Disclosure of Outline)

The Company has established criteria for matters to be discussed at Board of Directors meetings in its Board of Directors Meeting Regulations, and has also established important matters that require resolutions at Board of Directors meetings, and is properly implementing procedures based on these regulations. In addition, the monetary criteria for matters to be resolved at the Board of Directors are set each year based on the non-consolidated total assets for the previous fiscal year.

[Principle 4-9] (Independence Standards aimed at Securing Effective Independence of Independent Directors)

The Company strives to select candidates for independent Outside Directors who satisfy the independence standards stipulated in the Companies Act and by the Tokyo Stock Exchange, and who are expected to contribute to frank, active and constructive discussions at Board of Directors meetings.

[Supplementary Principles 4.10.1] (Authority, Roles of the Nominating and Compensation Committee)

We have established a voluntary Nomination and Compensation Committee to ensure objectivity and fairness in the process of determining Director nominations and compensation, and to strengthen the supervisory function of the Board of Directors. The Nomination and Compensation Committee is composed of at least 3 Director members selected by a resolution of the Board of Directors, the majority of whom are independent Outside Directors. The chair is selected from the committee members who are independent Outside Directors. In response to the inquiries of the Board of Directors, the Committee deliberates on matters related to the selection, dismissal, and compensation of Directors and those of Group companies, as well as succession plans, and reports its findings to the Board of Directors. The details are described in "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight, 1. Matters Related to Organizational Structure and Organizational Operations, (2) Directors, ⑥Existence of any voluntary committee equivalent to the Nomination or Compensation Committee."

[Supplementary Principles 4.11.1] (Approach to the Balance, Diversity and Scale of the Entire the Board of Directors)

Our Board of Directors consists of seven people, including two women. The Board of Directors has a balanced structure with diverse knowledge and expertise, and in order to enable substantial discussions, the number of Director members is limited to 10 in the Articles of Incorporation, which we believe is appropriate for the current size of the Company. The election and dismissal of Directors is as described in [Principle 3-1 (iv)] in this report. In addition, the Notice of Annual General Meeting of Shareholders(in Japanese) includes a Director Skills Matrix on pages 14-15

[https://www.insource.co.jp/resource/pdf/ir/251125Notice_of_Convocation_General_Meeting_of_Shareholders\(jpn\).pdf](https://www.insource.co.jp/resource/pdf/ir/251125Notice_of_Convocation_General_Meeting_of_Shareholders(jpn).pdf)).

[Supplementary Principles 4.11.2] (Status of Concurrent Positions as Directors and Auditors)

From the perspective that Directors and Auditors should devote the time and effort necessary to appropriately fulfill their roles and responsibilities to their duties, the number of Directors and Auditors who concurrently serve as Executives of other companies is limited to a reasonable extent. The status of Directors and Auditors serving concurrently at other companies is disclosed annually in the notice of convocation of the General Meeting of Shareholders and the Annual Securities Report (in Japanese).

[Supplementary Principles 4.11.3] (Analysis and Evaluation of the Overall Effectiveness of the Board of Directors)

We conduct a questionnaire survey on the effectiveness of the Board of Directors for Directors and Auditors, analyze the results of the questionnaire, and discuss self-evaluation at the Board of Directors. The latest survey results and an overview of the results to date can be found on our website

(https://www.insource.co.jp/en/ir/ir_sustainable_governance.html#effectiveness).

[Supplementary Principles 4.14.2] (Director and Auditor Training)

In order to fulfill their responsibilities, our Directors and Auditors are making daily efforts to improve themselves by attending internal study sessions and social gatherings with related organizations in order to acquire the necessary knowledge. We provide the newly appointed Directors with the opportunity to acquire the knowledge necessary for fulfilling the roles and responsibilities required of Directors, including information on corporate law and related laws and regulations, as well as corporate governance. We also provide opportunities for each Director as needed after their appointment. Furthermore, the persons in charge of business operations provide explanations to Outside Directors on an ongoing basis upon their appointment and after their appointment, so that they can deepen their understanding of our business, finances, and organizational structure.

[Principle 5-1] (Policy for Constructive Dialogue with Shareholders)

We believe that active dialogue with shareholders is essential to contribute to the sustainable growth of the Company and the enhancement of corporate value over the medium to long term. In order to respond quickly to inquiries from shareholders, we have established an IR system centered on the CEO Office, as the department in charge, with the Director in charge of IR, and we are working to actively engage in IR activities in order to gain an understanding of our management strategies and plans. We meet domestic and overseas institutional investors on an ongoing basis both face-to-face and online, and are basically handled by Representative Director, President and Chief Executive Officer, and Director in charge of IR. In addition, as an initiative to promote opportunities for dialogue, we will endeavor to enhance opportunities for interactive communication between the Company and our shareholders at General Meetings of Shareholders and other meetings.

[Status of Dialogue with Shareholders]

Disclosures regarding the status of dialogue with shareholders are as follows.

■Main Persons in Charge of Dialogue

- Representative Director, President and Chief Executive Officer
- Director, Executive Officer, CFO
- Executive Officer of Group Corporate Management and Accounting Department
- Outside Directors

■The Style of Dialogue and an Overview of the Shareholders

Style	Intended for	Number of Dialogues
Financial Results Briefing	Institutional investors, analysts and the media	2
Domestic small meetings	Institutional investors and analysts	8
Individual meetings (domestic)	Institutional investors and analysts	134
Individual meetings (overseas)	Institutional investors	48
Dialogue between Outside Directors and Institutional Investors	Institutional investors and analysts	1

■Main Topics of Dialogue

Management Strategy and Growth Potential	<ul style="list-style-type: none"> • Business Performance during the Period • IP Utilization and Development Status • Utilization of Generative AI and Status of Developments • Plans for Opening New Business Locations and Offices • Recruitment Strategy and Concept of Human Resource Recruitment and Training
Financial Strategy	<ul style="list-style-type: none"> • Shareholder Return Policy • Dividend Policy
Each Business	<ul style="list-style-type: none"> • Order Status by Client Segment • Orders Status by Service Domain • Implementation Status of Competitiveness Enhancement Measures • Changes in the Competitive Environment and Countermeasures
Governance and Others	<ul style="list-style-type: none"> • Check the Implementation of Succession Plan • Status of Sustainability Activities

■ Items incorporated into management (items in progress)

- Diversification of Disclosure Information
- Addition of Web Disclosures
- Specific Disclosure of Sustainability Activities

For further information, please refer to the section entitled "III. Implementation of Measures for Shareholders and Other Stakeholders, 2. Status of IR-related Activities."

(3) Initiatives to achieve management that prioritizes capital cost awareness and stock performance

	Supplementary Explanation
① Description	Disclosure of Initiatives (Update)
② Presence of English disclosure	Yes
③ Update date	June 4, 2025
④ Explanation on applicable items	Please refer to our HP "Integrated Report" and "Frequently Asked Questions" for information on Initiatives to achieve management that prioritizes capital cost awareness and stock performance. Integrated Report 2024 (https://www.insource.co.jp/resource/pdf/ir/integratedreport2024_eng.pdf), Frequently Asked Questions (https://www.insource.co.jp/en/ir/ir_faq/index.html)

2. Capital Structure

(1) Foreign shareholding ratio

Foreign shareholding ratio	20% to less than 30%
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(2) Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Lepus Co., Ltd.	25,359,500	30.20
The Master Trust Bank of Japan, Ltd.(Trust Account)	7,295,500	8.69
The Custody Bank of Japan, Ltd. (Trust Account)	7,027,100	8.37
Takayuki Funahashi	5,336,420	6.35
Kumiko Kawabata	3,009,100	3.58
MSIP CLIENT SECURITIES	1,703,316	2.03
Break Co., Ltd.	1,600,000	1.91
STATE STREET BANK AND TRUST COMPANY 505301	1,220,500	1.45

BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	1,198,814	1.43
NORTHERN TRUST CO. (AVFC) RE UKAI AIF CLIENTS NON LENDING 10PCT TREATY ACCOUNT	1,170,000	1.39

(3) Existence of controlling shareholders (excluding parent company)

Name of Controlling Shareholder, if applicable	None
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(4) Parent Company

Name of Parent Company, if applicable	None
Parent Company's Stock Exchange	-

(5) Supplementary Explanation

<p>1. In the amendment report to the large shareholding report made available for public inspection on February 28, 2023, it is stated that Coupland Cardiff Asset Management LLP owns the following shares as of February 20, 2023, but the Company has not been able to confirm the number of shares beneficially owned as of September 30, 2025, and are therefore not included in the above-mentioned status of major shareholder.</p> <p>Coupland Cardiff Asset Management LLP (4,167,600 shares, 4.89%)</p>
<p>2. Although BNY Mellon Investment Management Japan Limited owned the following shares as of March 13, 2023 in the report on change of large shareholding, which was made available for public inspection on March 17, 2023, we are unable to confirm the actual number of shares owned as of September 30, 2025, and are therefore not included in the above list of major shareholders.</p> <p>BNY Mellon Investment Management Japan Limited (3,677,800 thousand shares, 4.31%)</p>
<p>3. Although Nomura Securities Co., Ltd. and its joint holders, NOMURA INTERNATIONAL PLC and Nomura Asset Management Co., Ltd., stated in their reports on changes to the large shareholding report, which was made available to the public on August 7, 2024, the following shares were owned as of July 31, 2024. However, as we are unable to confirm the actual number of shares held as of September 30, 2025, they are not included in the above-mentioned status of major shareholders.</p> <p>Nomura Securities Co., Ltd. (295,604 shares, 0.35%), NOMURA INTERNATIONAL PLC (361,194 shares, 0.42%), and Nomura Asset Management Co., Ltd. (3,787,700 shares, 4.44%)</p>
<p>4. Although the amended report of the report of large-scale shareholding, which was made available to the public on March 24, 2025, stated that Asset Management One Co., Ltd. owned the following shares as of March 14, 2025, we are unable to confirm the actual number of shares held as of September 30, 2025, and are therefore not included in the above-mentioned status of major shareholder.</p>

Asset Management One Co., Ltd. (3,662,500 shares, 4.30%)

3. Company Attributes

(1) Market classification to be listed	Prime Market (Tokyo)
(2) Fiscal Year-End	September
(3) Business Sector	Service industry
(4) Number of employees (consolidated) at the end of the previous fiscal year	500 to less than 1000
(5) Net Sales (Consolidated) for the Previous Fiscal Year	Less than 10 billion yen and less than 100 billion yen
(6) Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10 companies

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances which may have Material Impact on Corporate Governance

Not applicable.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight

1. Organizational Composition and Operation

(1) Corporate Governance System

Corporate Governance System	Company with Audit and Supervisory Board
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(2) Directors

①Number of Directors Stipulated in Articles of Incorporation	10
②Directors' Term of Office Stipulated in Articles of Incorporation	1 year
③Chairperson of the Board of Directors	Representative Director, President and Chief Executive Officer
④Number of Directors	7
⑤Appointment of Outside Directors	Appointed
1. Number of Outside Directors	3

2. Number of Outside Directors Designated as Independent Directors/Auditors	3
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3. Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
Yoshiko Niwamoto	Academic											
Kohei Habara	From other company											
Takashi Yuri	From other company											

*1 Categories for “Relationship with the Company”

- a. Person who executes business for a listed company or its subsidiary
- b. Executive or non-executive Director of the parent company of a listed company
- c. Person who executes business for a fellow subsidiary of a listed company
- d. Person whose main business partner is a listed company or the person who executes the business thereof
- e. Major clients of listed companies or their business executives
- f. Consultants, accounting professionals and legal professionals who receive substantial sums of money and other property in addition to executive compensation from listed companies
- g. Major shareholders of listed companies (in cases where the relevant major shareholder is a corporation, the business executive of the said corporation)
- h. Business executives of listed companies' business partners (those who do not fall under any of d, e, or f) (for the individual only)
- i. Executive Officer who is mutually appointed as an Outside Officer (for the individual only)
- j. Executor who is donated by listed companies (for the individual only)
- k. Others

4. Relationship with Companies (2)

Name	Designation as Independent Director	Supplementary Explanation Concerning Relationship with the Company	Reason for Appointment
Yoshiko Niwamoto	○	—	<p>She is an Associate Professor at The Graduate School of Business Administration of Kobe University and has extensive knowledge as a researcher in areas such as human resource management and human resources and labor management. From a specialist perspective, the Company has determined that she will be able to supervise and advise the execution of Director's duties.</p> <p>In addition, the Company did not violate the standards for</p>

			<p>independence stipulated by the Tokyo Stock Exchange, and there was no special interest between the Company and Ms. Niwamoto, and it is judged that there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated her as an independent Director.</p>
Kohei Habara	○	—	<p>He was a new entrepreneur who has succeeded in numerous M&A deals. He has abundant knowledge and experience as a certified public accountant. We hope that he will utilize his wealth of business experience and outstanding insight to provide advice that will contribute to the expansion of our business, and that he will be involved in, and supervise, the selection of candidates for our Executives and the determination of Executive compensation, etc. from an objective and neutral standpoint.</p> <p>In addition, the Company did not violate the standards for independence stipulated by the Tokyo Stock Exchange, and there was no special interest between the Company and Mr. Habara, and it is judged that there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated him as an independent Director.</p>
Takashi Yuri	○	—	<p>He owned a wealth of management experience, including acquisitions and business restructuring, in challenging conditions such as IT bubble and the collapse of Lehman Brothers (the 2008 financial crisis), as well as deep knowledge in IT and telecommunications fields. We hope that he would provide advice from a wide range of perspectives that would contribute to our business expansion.</p> <p>In addition, the Company did not violate the standards for independence stipulated by the Tokyo Stock Exchange, and there was no special interest between the Company and Mr. Yuri, and it is judged that there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated him as an independent Director.</p>

⑥ Existence of any voluntary committee equivalent to the Nomination or Compensation Committee

⑥ Existence of any voluntary committee equivalent to the Nomination or Compensation Committee	Yes (Nomination and Compensation Committee)
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1. Status of establishment of voluntary committees, composition of committee members, and attributes of the chair	Nomination and Compensation Committee (4 members, including 3 Outside Directors; chaired by an Outside Director)
2. Supplementary Explanation	<ul style="list-style-type: none"> • Number of meetings in FY24: 11 • Attendance rate: 100% • Principal issues discussed <p>(1) Executive Compensation: Deliberation on the process of determining bonuses, which are performance-linked compensation, and amount of restricted stock compensation granted and the percentage of compensation</p> <p>(2) CEO Succession Plan: Discussion and optimization criteria for selecting successor candidates (required skills and experience), and shares and deliberation on the status of development of skills and experience for candidates</p> <p>(3) Appointment and dismissal of our Directors and Executive Officers: Deliberation on the reasons and processes for the appointment, taking governance-related considerations into account.</p> <p>For an outline, please refer to "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information (2)Disclosure Based on each Principle of the Corporate Governance Code [Supplementary Principles 4.10.1]"</p>

(3) Corporate Auditors

① Adoption of an Auditor System	Established
② Number of Auditors in the Articles of Incorporation	5
③ Number of Auditors	4

④ Cooperation among the Supervisory Committee, Accounting Auditors and Internal Audit Department

Our Auditors, accounting Auditors, and internal Auditors exchange opinions and information as needed to strengthen cooperation in order to enhance the effectiveness and efficiency of our auditing functions.

⑤Appointment of Outside Auditors and Supervisory Board Members	Appointed
1. Number of Outside Auditors	3
2. Number of Outside Auditors appointed as independent Directors	3

3. Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Kunihiro Nakahara	Certified Public Accountant													
Masayuki Murata	From other company													
Toshihiro Oritate	From other company										△			

*1 Relationship with the Company

- Person who executes business for a listed company or its subsidiary
- Non-executive Director or accounting advisors of a listed company or its subsidiaries
- Executive or non-Executive Director of the parent company of a listed company
- Corporate Auditors of the parent company of a listed company
- Person who executes business for a fellow subsidiary of a listed company
- A person whose main business partner is a listed company or the person who executes the business thereof
- Major client of a listed company or their business executives
- Consultants, accounting professionals and legal professionals who receive substantial sums of money and other property in addition to executive compensation from a listed company
- Major shareholder of a listed company (in cases where the relevant major shareholder is a corporation, the business executive of the said corporation)
- Executor of a listed company's trading partners (who do not fall under any of f, g, or h) (for the individual only)
- Executive Officers who are mutually appointed as outside officers (for the individual only)
- Executor who is donated by listed companies (for the individual only)
- Others

4. Relationship with Companies (2)

Name	Designation as Independent Director	Supplementary Explanation Concerning Relationship with the Company	Reason for Appointment
Kunihiro Nakahara	○	-	<p>As a certified public accountant and a system audit engineer, he has specialized knowledge and practical experience, and we have judged that he will appropriately perform his duties as an Outside Auditor.</p> <p>In addition, the Company did not violate the standards for independence stipulated by the Tokyo Stock Exchange, and there was no special interest between the Company and Mr. Nakahara, and it is judged that there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated him as an independent Director.</p>
Masayuki Murata	○	-	<p>Based on his work experience at the Osaka Securities Exchange and the Tokyo Stock Exchange, he was familiar with the governance and business management systems required by the capital markets. We have judged that he would be able to audit the status of our management execution from an independent standpoint.</p> <p>In addition, the Company did not violate the standards for independence stipulated by the Tokyo Stock Exchange, and there was no special interest between the Company and Mr. Murata, and it is judged that there is no risk of conflict of interest with general shareholders. Accordingly, the Company has designated him as an independent Director.</p>
Toshihiro Oritate	○	He is from JSF Trust and Banking Co.,Ltd., our	He has held key positions at several companies, including Director, and has extensive knowledge and practical experience in corporate management and the financial and capital markets. By conducting audits

		<p>business partner. From June 2018 to June 2025: President of the said company. From June 2025 to present: Special Advisor (Part-Time, advisory role, no executive authority). Our sales ratio to the said company is less than our independence criteria, and does not fall under the category of a major supplier.</p>	<p>from diverse perspectives, we believe that he will contribute to sustainable growth and the establishment of a sound management system.</p> <p>In addition, there is no relationship between the Company and Mr. Oritate, which falls under our independence standards, and although he is from a business partner as shown on the left, he is not a major business partner and his current position is advisory and does not involve any executive responsibilities. Therefore, we have determined that there is no risk of conflict of interest with general shareholders. Therefore, we have designated him as an independent director.</p>
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(4) Independent Directors/Auditors

Number of Independent Directors/Auditors	6
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Other matters concerning independent Directors/Auditors

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(5) Incentives

① Implementation Status of Measures related to Incentives Granted to Directors	<p>Introduction of stock option plan</p> <p>Introduction of performance-linked remuneration system</p> <p>Introduction of restricted stock system</p>
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Supplementary Explanation

In order to further increase corporate value, the Company has introduced a stock option plan, a performance-
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linked compensation plan and a restricted stock plan for the purpose of promoting management that is conscious of enhancing medium-to long-term shareholder value, and to increase motivation and morale for improving business performance. Performance-based compensation and restricted stock plans are described in the following section of this report: "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight 1. Organizational Composition and Operation, (6) Director Compensation."

② Persons Eligible for Stock Options	Internal Directors and Employees, Subsidiaries' Directors, Subsidiaries' Employees
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Supplementary Explanation

In addition to raising the motivation and morale of Insource Group to improve its business performance, not only Internal Directors and employees, but also the Directors and employees of our subsidiaries, are eligible for grants with the aim of raising awareness of participation in management with an eye to improving shareholder value.

(6) Director Compensation

① Disclosure Status	No Disclosure for any Directors
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Supplementary Explanation

In FY24, the total compensation of 9 Directors was 142,627 thousand yen.
 Individual compensation is not disclosed because there is no person whose total remuneration is 100 million yen or more.

② Policy on Determining Compensation Amounts and Calculation Methods	Yes
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Disclosure of the policy for determining the amount of compensation or the method of calculating compensation

At the Board of Directors held on January 12, 2022, we resolved the Policy for Determining the Individual Compensation of Director's.

1. Basic Policy'

Our basic policy on Directors' compensation is to maintain a compensation system linked to corporate performance so that it functions sufficiently as an incentive to achieve sustained increases in corporate value, and to establish an appropriate level based on individual responsibilities when determining individual Director's compensation. Specifically, compensation for Directors (excluding Outside Directors) consists of basic fixed salary and bonuses as performance-linked compensation, etc., and while Outside Directors, who are responsible for the supervisory function, are paid only a basic fixed salary in consideration of their duties.

2. Policy for determining the amount of remuneration, etc. for individual basic remuneration

The basic remuneration of our Directors is fixed monthly and is determined by comprehensively considering the position, responsibilities, and our performance.

3. Policy on determining the content and amount or number of performance-linked remuneration, etc. and the calculation method

The performance-linked remuneration, etc. of our Directors shall be cash remuneration (bonus) reflecting performance indicators (KPI) in order to raise awareness of the improvement of business performance for each fiscal year, and the amount calculated according to the degree of achievement of the targets of consolidated net sales and consolidated operating profit for each fiscal year shall be paid at a certain time every year. Target performance indicators and their values shall be set at the time of planning to be consistent with Three-year Business Plan and reviewed as appropriate in response to environmental changes.

4. Policies for determining the nature and amount of non-monetary remuneration and the method for calculating such amount or number

Non-monetary compensation of our Director (excluding Director and outside Director living abroad) will be granted restricted shares with the aim of sharing greater value with stockholders and effectively providing incentives to improve medium-to long-term performance. The amount to be paid shall be determined in accordance with the standards established for each position within the scope of the total monetary compensation receivable to be paid as restricted stock compensation approved at the General Meeting of Shareholders.

5. Policy on Determining the Amount of Base Remuneration or the Amount of Performance-Linked Remuneration, etc. for Individual Remuneration of Directors

As for the percentage of remuneration by type for Directors (excluding Outside Directors), the weighting of performance-linked remuneration, etc. will increase with the rank of the upper rank. Representative Director entrusted by the Board of Directors shall determine the content of Director's individual remuneration within the scope of the percentage of remuneration by type. The ratio of remuneration is as follows (if KPI is 100%).

Position	Basic remuneration	Performance-linked remuneration (Directors' bonuses)	Stock-based compensation
Representative Director	30%	50%	20%
Director (excluding Outside Directors)	60-70%	20-30%	10%
Outside Directors	100%	-	-
<Reference> Executive Officers/ Representative Directors of Subsidiary	60-80%	15-35%	5%

6. Matters concerning decisions on the details of compensation, etc. for individual Director

- a. With regard to individual remuneration, the Representative Director shall be delegated the authority to determine the specific details based on a resolution of the Board of Directors, and the content of this

authority shall be the amount of each Director's basic remuneration, the amount of performance-linked remuneration, and the amount of non-monetary remuneration. The Board of Directors shall consult with the Nomination and Compensation Committee to ensure that the Representative Director exercises such authority appropriately, and the Representative Director who has been delegated the authority above shall make the above decision in accordance with the content of the report and in line with the standard composition ratio of remuneration..

- b. The Representative Director delegated by b. the Board of Directors will be determined in accordance with the policies from (a) to (e) above. The reason for delegating this responsibility to the Representative Director is that we judged that the Representative Director would be best suited to evaluate the responsibilities of each Director while considering the overall performance of the Company.

The maximum amount of remuneration for Directors was resolved at the 19th Ordinary General Meeting of Shareholders held on December 17, 2021, to be within ¥200 million per year (including ¥20 million for Outside Directors). At the same general meeting of shareholders, a resolution was passed to introduce a restricted stock remuneration plan for the Company's Directors (excluding Outside Directors) with the aim of providing an incentive to continuously improve the Company's corporate value and further promote the sharing of value between Directors and shareholders. The resolution also set the total amount of monetary remuneration claims to be paid as remuneration under the plan at 40 million yen per year within the above-mentioned limit.

(7) Support System for Outside Directors (and/or Outside Auditors)

CEO Office, Group Human Resources and General Affairs Department, and Group Corporate Management and Accounting Department and the Internal Audit Office share the required communications and internal data with the Outside Directors and Outside Auditors. When attending major meetings such as the Board of Directors, Group Corporate Management and Accounting Department supports them by distributing the agenda and materials of the meetings and providing explanations in advance.

(8) Status of individuals who have resigned as Representative Director and President

Not applicable.

2. Matters related to Functions such as Business Execution, Auditing and Supervision, Nomination, and Compensation Determination (Overview of Current Corporate Governance System)

(1) Business execution

Our Board of Directors consists of seven Directors, three of whom are Outside Directors, as of the date of this report. In addition to regular monthly Director meetings, extraordinary Director meetings are held as needed. At the Board of Directors, as a decision-making body for management, we resolve important matters in accordance with the regulations of the Board of Directors and the Operational Authority Regulations, and Outside Directors

advise and supervise the Board of Directors from an external third-party perspective.

We have introduced the Executive Officer System to strengthen business execution functions and improve management efficiency. Executive Officers were elected by the Board of Directors, and as of the date of this report, there are 10 members, 4 of whom concurrently serve as Directors.

(2) Auditing and Supervision

Outside Directors advise and supervise the Board of Directors from an external third-party perspective.

The Board of Auditors consists of 1 Full-time Auditor and 3 part-time Auditors, 3 of whom are Outside Auditors. The Board of Auditors holds regular monthly meetings of the Board of Auditors and extraordinary meetings as necessary to review the status of audits, audit results and other matters, and to share information with the Board of Auditors members. The Board of Auditors exercises legal authority by attending the General Meeting of Shareholders and the Board of Directors, receiving reports from Directors, Executive Officers, the independent Auditors, and the Internal Audit Office. In addition, the Board of Auditors engages in effective monitoring. The Board of Auditors attends major meetings and conducts visits to business locations and other sites. The Board of Auditors members regularly conduct audits in accordance with the auditing policies and plans for the fiscal year stipulated by the Board of Auditor. The Board of Auditor members also attend the Board of Directors and Management Policy Committee meetings and hear from Chiefs and other officers of each department regarding the status of their execution of duties, and audit the execution of duties. In addition, the Company monitors the independence of the Accounting Auditor and works with the Accounting Auditor by explaining the audit plan and reporting the audit results from the Accounting Auditor.

In order to promote risk management and compliance, we have established the Risk and Compliance Committee, which is chaired by the Representative Director, President and Chief Executive Officer, and is composed of Directors, Auditors and persons appointed by the Chair. The Committee meets at least once a quarter to review the risks we and our group face and determine the direction of responses, monitor the status of responses, and strive to develop, maintain and improve our risk management system.

We have established the Sustainability Committee as a cross-organizational business execution body with the aim of promoting sustainability, contributing to society and the global environment, and enhancing corporate value over the medium to long term. This Committee is chaired by Director, Managing Executive Officer. This Committee meets once a quarter to select themes and set targets for sustainability-related activities, check the progress of the Task Force, which is a cross-divisional team subordinated to the Committee, and promote the disclosure of information on sustainability. These activities are reported to the Board of Directors on a regular basis, and the effectiveness and effectiveness of sustainability measures are ensured by requesting attendance of the person in charge of the business department and Outside Directors as necessary.

The Company has established a voluntary Nomination and Compensation Committee to ensure objectivity and fairness in the process of determining Director's nomination and compensation, and to strengthen the supervisory function of the Board of Directors. The Nomination and Compensation Committee is composed of at least 3 Director members selected by a resolution of the Board of Directors, the majority of whom are independent Outside

Directors. The Chair is selected from the committee members who are independent Outside Directors. In response to the Board of Directors' inquiry, the Committee deliberates on matters related to the selection, dismissal, and compensation for Directors of the Company and Group companies, as well as succession plans, and reports to the Board of Directors.

We have established the Health and Productivity Management Committee as an organization that carries out cross-departmental operations to maintain and improve the mental and physical health of employees. This Committee is chaired by Director, Managing Executive Officer. This Committee meets once a quarter to promote the disclosure of information on health and productivity management, including the selection of themes and targets for health and productivity management, plans for individual activities, and project progress checks. These activities are reported regularly to the Board of Directors and, efficacy of health management measures is ensured by requesting the attendance of project members and Outside Directors as necessary.

Our internal audit is conducted by the Internal Audit Office (1 person) under the jurisdiction of the Representative Director who prepares an audit plan every fiscal year and conducts operational audits in accordance with the audit plan. The results of internal audits are promptly reported to the Representative Director and to the Board of Auditors after the audit is conducted. Personnel in charge of the Internal Audit Office participate in the Board of Directors and the Board of Auditors meetings that are held at least once a month and report directly to them. The Board of Audit members also exchange opinions and respond as necessary. In addition, the Internal Audit Office and the Board of Audit members regularly exchange opinions with auditing firms, and seek reports and respond to matters detected in the course of accounting audits in order to ensure the effectiveness of audits.

We have an audit contract with Ernst & Young ShinNihon LLC for our accounting audits.

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Outside Directors and Auditors have concluded an agreement with us to limit our liability for damages as set forth in Article 423, Paragraph 1 of the same Act. The maximum amount of liability for damages under these contracts is determined by laws and regulations for both Outside Directors and Auditors. The applicable limitation of liability shall be granted only when the performance of duties caused by the applicable Outside Directors or Auditors is in good faith and is not grossly negligent.

3. Reasons for Adoption of Current Corporate Governance System

The Board of Directors and the Board of Auditors work closely together to strengthen management oversight while effectively utilizing the functions of Auditors. In this way, we believe that we can maintain a highly transparent governance system, and we have adopted a present system.

The Board of Directors meets regularly every month and whenever needed to respond quickly to changes in the business climate. In addition to the regular Board of Auditors meetings held once a month, extraordinary Board of Auditors meetings are held as necessary to review the status of audits, audit results, and to share information

among the Auditors. The Management Policy Committee, which is composed of full-time Directors, Full-time Auditors, Executive Officers, and Executives, meets once a month to discuss key management issues.

In addition, the Company has established a voluntary Nomination and Compensation Committee to ensure transparency and objectivity in Director nomination and compensation decision-making process and to strengthen the supervisory function of the Board of Directors. The said Committee is composed of a majority of Outside Directors. The Board of Directors obtains appropriate advice and involvement from the said Committee when considering important matters related to the nomination and remuneration of Directors.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	With regard to the early posting of Notice of the General Meeting of Shareholders, we will endeavor to work to speed up our closing process and send convocation notices as early as possible. The contents of the notice of the General Meeting of Shareholders are posted on our website before the notice is sent out. https://www.insource.co.jp/resource/pdf/ir/Notice_of_Convocation_Annual_General_Meeting_2025.pdf
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company's fiscal year ends in September, which is the same as other companies and we avoid the day when most companies hold their General Meetings of Shareholders.
Electronic Exercise of Voting Rights	Voting via the Internet is possible.
Participation in a platform for the electronic exercise of voting rights and other initiatives to enhance environment for institutional investors to exercise voting rights	The Company participates in the voting platform operated by ICJ, Inc.
Provision of the	We provide English translations of parts of the convocation notice on our website.

convocation notice
(summary) in English

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by CEO
Formulation and Publication of Disclosure Policies	Posted on our website https://www.insource.co.jp/en/ir/ir_disclosure_policy.html	
Regular Investor Briefings held for Individual Investors	We are considering holding company information sessions and financial results briefings.	
Regular Investor Briefings held for Analysts and Institutional Investors	We hold a financial results briefing for institutional investors and the press, and the Representative Director explains our business performance and management strategies in his own words. In FY24, the meetings were held online on May 9 and November 6, 2025. We also hold individual meetings with domestic and overseas institutional investors on an ongoing basis through face-to-face and ZOOM, and other means to explain our performance and business direction (Number of companies that held individual meetings: 160 companies; number of meetings conducted: 193 times). In addition, we are responding to interviews and questions by telephone.	Yes
Holding Regular Briefings for Overseas Investors	We are considering holding company information sessions and financial results briefings.	
IR Materials Posted on the Company's Website	We have an IR information section on our website, where we post various financial and IR materials, including financial results (financial reports and quarterly financial reports), other timely disclosure materials, securities reports, and quarterly reports. https://www.insource.co.jp/en/ir/index.html Financial and IR materials such as Financial Reports, Annual Securities	

	Report, and quarterly reports are prepared and disclosed in English. (https://www.insource.co.jp/en/ir/index.html)	
Establishment of Department and/or Placement of a Manager in Charge of IR	The department in charge of IR and the person in charge of IR administration are designated as Group Corporate Management and Accounting Department (PIC: Kebukawa, Shimoji, and Nakamura), and the Director in charge of IR is the person in charge of information handling (Director, Executive Officer, CFO: Fujimoto). Contact for IR in Japanese: By telephone (+81-3-5577-2283) and Web inquiry form (https://www.insource.co.jp/contact/index.html). Please refer to Frequently Asked Questions (https://www.insource.co.jp/en/ir/ir_faq/index.html). As for an inquiry in English, please contact us at info_ir@insource.co.jp . In addition, we have prepared a dedicated IR section and are updating the methods gradually. (https://www.insource.co.jp/en/ir/index.html)	

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Internal Rules and Regulations that stipulate respect for the position of stakeholders	We recognize that building good relationships with stakeholders, including our shareholders, is essential to the survival of the Company. We have published on our website (https://www.insource.co.jp/en/ir/ir_sustainable_diversity.html) that each and every one of our Executives and employees will act with consideration for respecting the position of all stakeholders.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	With regard to environmental conservation activities, we have established the Sustainability Committee and the CO ₂ Reduction Committee as its subordinate body, and both are chaired by the Director and Managing Executive Officer, and the entire company is working together to save electricity and use LED lighting while carrying out activities with the minimum amount of energy. In addition, in order to promote paperless operations from the perspective of reducing CO ₂ emissions, we launched an “electronic textbook service” in April 2022. Details are available on our website on “Environment” (https://www.insource.co.jp/en/ir/ir_sustainable_environment.html). We actively develop diversity-related training programs to support the creation of a society where human resources with various values and circumstances, such as women, seniors, persons with disabilities, and foreigners, can play an active role. As part of this initiative, we are supporting organizations that support people with disabilities, such as by sponsoring the Japan Blind Football Association and launching the online store “mon champ” in October 2021 to sell products made by welfare

	<p>organizations that employ people with disabilities. The profits generated by “mon champ” are returned to the welfare organizations that manufacture the products.</p> <p>In March 2021, we took the opportunity of relocating our Tokyo Headquarters to Arakawa Ward to conclude a comprehensive partnership agreement with Arakawa Ward to provide sustained support for local issues, supporting the independence of single-parent households and the advancement of women in society. Furthermore, we launched the “Efforts to Eliminate Period Poverty Project”, and are using our relationships with our business partners, which include over 49,000 private companies and over 1,200 local government partners (cities, towns and villages), to recruit corporate sponsors who agree to donate sanitary products, and we are providing sanitary products to local governments and social welfare councils nationwide. For more information, please refer to “CSR Initiatives” on our website (https://www.insource.co.jp/en/ir/ir_sustainable_period-poverty.html).</p> <p>In 2023, we established Insource Group Basic Policy on Human Rights, which was revised in 2025.</p> <p>(https://www.insource.co.jp/en/ir/ir_sustainable_diversity.html)</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders	<p>We recognize the importance of providing our corporate information to our stakeholders in a timely and appropriate manner. Our basic policy is to provide information in a timely and appropriate manner through our website and corporate briefings scheduled for timely meetings. For the provision of information, we use various media, including our website, to actively disclose non-financial information on a monthly basis, and to make appropriate revisions to our financial forecasts, report on management activities, and explain our policies so that our stakeholders can make the right decisions about the Company in an ever-changing environment.</p>
Others	<p>Our management philosophy is “to create a society where all people can enjoy working and feel fulfilled”, and one of our management policies is to realize diversity with the aim of creating a society where anyone can play an active role. We are implementing work style reforms while promoting the active participation of women, seniors, and people with disabilities by continuing to recruit diversity and diversifying working styles. In May 2023, we acquired “Kurumin” certification as a company actively working to support employees in balancing work and childcare with the goal of becoming a company where employees can work comfortably and for a long time..</p> <p>The ratio of female employees is 55.6% (-1.4pt YoY) and the ratio of female managers is 39.9% (-0.4pt YoY), showing that many women are taking the leading role in the workplace.</p> <p>(Reference: Percentage of women in managerial positions in 2022: 15.3%. Source: The</p>

	<p>White Paper on Gender Equality 2025 (Cabinet Office))</p> <p>We will continue to develop and promote motivated women.</p> <p>[Our Diversity Status (as of the end of September 2025, consolidated)]</p> <ul style="list-style-type: none"> • Ratio of female employees: 55.6%*1 • Female Directors: 2 (2 out of 7 Director, 0 out of 4 Auditors) • Female Manager Ratio: 39.9% • From foreign countries: 5 *2 • Senior (over 60 years old): 64 • LGBT: 4 • People with disabilities: 12 (percentage of employees with disabilities: 2.89%) *3 <p>*1 Employees do not include Directors, Auditors, or Executive Officers</p> <p>*2 A person who is a foreign national. Including those who acquired Japanese nationality from foreign nationality</p> <p>*3 Non-consolidated</p>
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IV. Matters Concerning the Internal Control System

1. Basic Views on Internal Control System and Status of Development

1. System to ensure that the execution of duties by Director and employees complies with laws and regulations and the articles of incorporation (Article 362, Paragraph 4, Item 6 of the Companies Act, Article 100, Paragraph 1, Item 4 of the Enforcement Regulations of the Companies Act)
 - (1) The Compliance Policy shall be established and posted both inside and outside the Company as a code of conduct for Directors, Executive Officers, and employees to comply with laws, regulations, and the Articles of Incorporation.
 - (2) In order to establish, maintain and improve the system for compliance with laws and regulations, the Articles of Incorporation, and other rules, we will establish rules regarding compliance and establish the Risk and Compliance Committee.
 - (3) In addition to providing compliance training to Directors, Executive Officers and employees, the Company shall disseminate the laws and regulations to be complied with and the Articles of Incorporation and other laws., through various meetings, the company intranet, e-mails, and other means to alert employees.
 - (4) The internal audit department shall audit the status of compliance with laws and regulations and the Articles of Incorporation, and report the findings to the Representative Director, President and Chief Executive Officer.
 - (5) An internal reporting system with an external expert as the contact point will be established so that employees can report any violations of laws, regulations, the Articles of Incorporation, or other such rules that they discover.
 - (6) Policies and regulations regarding the handling of anti-social forces will be established, and close cooperation will be maintained with external specialist organizations such as the police and lawyers, in order to ensure and improve the organizational structure and other systems for eliminating all relationships with antisocial forces.
 - (7) In order to ensure the reliability of financial reporting, the Company shall develop and operate a system for evaluating and reporting the effectiveness of internal control over financial reporting in accordance with generally accepted evaluation standards for internal control over financial reporting.
2. System for storing and managing information relating to the execution of duties by Directors (Article 100, Paragraph 1, Item 1 of the Enforcement Regulations of the Companies Act)
 - (1) Information related to the execution of duties by Directors shall be properly created, stored, and disposed of in accordance with the Document Management Regulations, Information Security Management Regulations, and other relevant regulations.
 - (2) The period and location of storage of information and documents and responsible Departments shall be governed by the provisions of the Internal Rules.
 - (3) Directors and Auditors shall have full access to such information and documents.

3. Regulations and other systems concerning the management of risk of loss (Article 100, Paragraph 1, Item 2 of the Enforcement Regulations of the Companies Act)
 - (1) In order to establish, maintain and improve a risk management system, regulations concerning risk management shall be established and the Risk Compliance Committee shall be established.
 - (2) The Risk and Compliance Committee regularly identifies and evaluates potential risks, determines the Departments responsible for implementing countermeasures for each risk, and comprehensively and systematically manages risks across the entire company.
 - (3) In the event of an emergency, we will consider and decide on countermeasures in accordance with risk management regulations, and take prompt and appropriate action.
 - (4) The internal audit office shall audit the risk management system and report the findings to the Representative Director, President and Chief Executive Officer.
4. System to ensure the efficient execution of duties by Directors (Article 100, Paragraph 1, Item 3 of the Enforcement Regulations of the Companies Act)
 - (1) In order to strengthen operational execution functions and improve management efficiency, we will introduce an executive officer system.
 - (2) The Board of Directors meets once a month, as a rule, and extraordinary meetings are held as needed. In addition to matters stipulated by law, the Board of Directors determines important matters, and in accordance with this, Executive Officers and the Board of Directors execute their duties appropriately and efficiently, and the Board of Directors will supervise them.
 - (3) In order to ensure that management decisions are made efficiently at Board of Directors meetings, the Company holds regular meetings of the Management Policy Committee, which deliberates on matters to be submitted to the Board of Directors, and the Risk and Compliance Committee, which deliberates and reports on matters related to risk and compliance.
 - (4) The Board of Directors shall establish rules for the Board of Directors, organizational rules, rules for the division of duties, rules for the delegation of authority, or other rules, and clarify the authority and responsibilities of Directors, Executive Officers, and employees.
 - (5) The Company will continue to promote systemization of operations and paperless operations in information management and communication in order to carry out our duties appropriately and efficiently.
5. System to ensure the appropriateness of business operations in the corporate group (Article 100, Article 1, Item 5 (a)-(d) of the Enforcement Regulations of the Companies Act)
 - (1) The administrative department of the subsidiary is the Group Corporate Management Department, and for certain duties, approval from or reporting to the Company is required based on the Affiliate Company Management Regulations, to ensure the appropriateness of the Company's Group's operations. The

Company's Auditors and the internal audit department conduct audits of the overall operations of the subsidiary and provide guidance for improvements as necessary.

- (2) Subsidiaries regularly report to the Company on their performance and other matters, and Directors of subsidiaries attend our key meetings as required.
 - (3) We have the Risk Management and Compliance Committee function to comprehensively manage risks in the corporate group consisting of the Company and our subsidiaries.
 - (4) The subsidiary will establish a system for the efficient execution of duties by establishing organizational regulations, division of duties regulations, and job authority regulations equivalent to those of the Company under the guidance of the Group Corporate Planning Department.
 - (5) The Company will establish a common compliance policy for our group, post it both inside and outside the Company, and make it possible for our Executives and employees of the group to report to our internal reporting system, in which external experts are the contact point, and build a legal compliance system for our group as a whole.
6. Matters concerning employees in cases where Auditors request that employees be assigned to assist them in their duties (Article 100, paragraph (3), Item 1., Item 2., Item 3. of the Ordinance for Enforcement of the Companies Act)

In the event that employees are required to assist the duties of the Auditors, the Representative Director, President and Chief Executive Officer shall appoint full-time employees who will be subject to the direction and supervision of the Auditors. The personnel evaluation, transfer, and disciplinary action of the appointed employees shall require the approval of the Auditors.

7. System related to reporting to Auditors (Article 100, Paragraph 3, Item 4 (a) and (b), Item 5 of the Enforcement Regulations of the Companies Act)
- (1) In addition to the matters stipulated in laws and regulations, the Directors, Executive Officers and employees of the Company and its subsidiaries shall promptly report to the Auditors and the Board of Auditors on any matters that are requested to be reported by the Auditors.
 - (2) Auditors attend important meetings such as Board of Directors meetings, and also inspect important documents related to business execution such as approval documents, and when necessary, request explanations from Directors, Executive Officers and employees of the Company and its subsidiaries.
 - (3) The Company will not treat Directors, Executive Officers and employees of the Company and its subsidiaries unfavorably due to the fact that reports have been made to the Auditors.
8. Other systems to ensure effective auditing by Auditors (Article 100, Paragraph 3, Item 6, Item 7 of the Ordinance for Enforcement of the Companies Act)
- (1) Auditors shall hold regular and extraordinary meetings of the Board of Auditors to exchange information and

discuss matters.

- (2) In addition to regularly exchanging information and opinions with the Representative Director, President and Chief Executive Officer, the Auditors also maintain close cooperation with the accounting Auditors and internal audit department to ensure the effectiveness of audits
- (3) Auditors shall comply with any request for payment of reasonable expenses for the execution of their duties.

2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

1. Basic Approach

We have established policies and regulations regarding our response to anti-social forces, and we work closely with external specialist organizations such as the police and lawyers, and we are working to ensure and improve our organizational structure and other systems for dealing with anti-social forces in order to eliminate all relationships with them.

2. Development Status

(1) Development status of internal regulations

In order to eliminate anti-social forces, we have established the Anti-Social Force Elimination Rules and a response and investigation manual for anti-social forces.

(2) Department and Person in Charge of Preventing Unjust Requests

The Group Corporate Planning Department Manager has been appointed as the person in charge of overseeing anti-social forces, and the Group Corporate Planning Department has been designated as the department in charge of handling such forces. A system has been established to ensure that any improper demands made by anti-social forces are immediately reported to and discussed with the department in charge of handling such forces.

(3) How to Deal with the Elimination of Anti-social Forces

In principle, we use private databases to investigate whether or not new clients, business partners, and trainers have any connections with anti-social forces, and we also conclude contracts with partners that clearly state that they guarantee that they have no connections with anti-social forces and that they will terminate the contract if they do have any connections. For existing partners, we regularly use private databases to investigate whether or not they have any connections with anti-social forces. If it is discovered that an existing partner is an anti-social force, or if there is any suspicion that they are, we have a system in place to promptly terminate the business relationship.

(4) Cooperation with External Expert Organizations

We have established a system of cooperation with external organizations such as the police, Anti-Organized Crime Campaign Center of Tokyo, and corporate lawyers.

(5) Information Collection and Management for Anti-social Forces

Information on anti-social forces is collected and managed centrally by the Group Corporate Planning Department, which is the department in charge of coordinating responses.

(6) Implementation of Training Activities

We regularly conduct e-Learning-based training and reminders to all Executive Officers and employees on compliance in an effort to eliminate anti-social forces.

V. Others

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not applied
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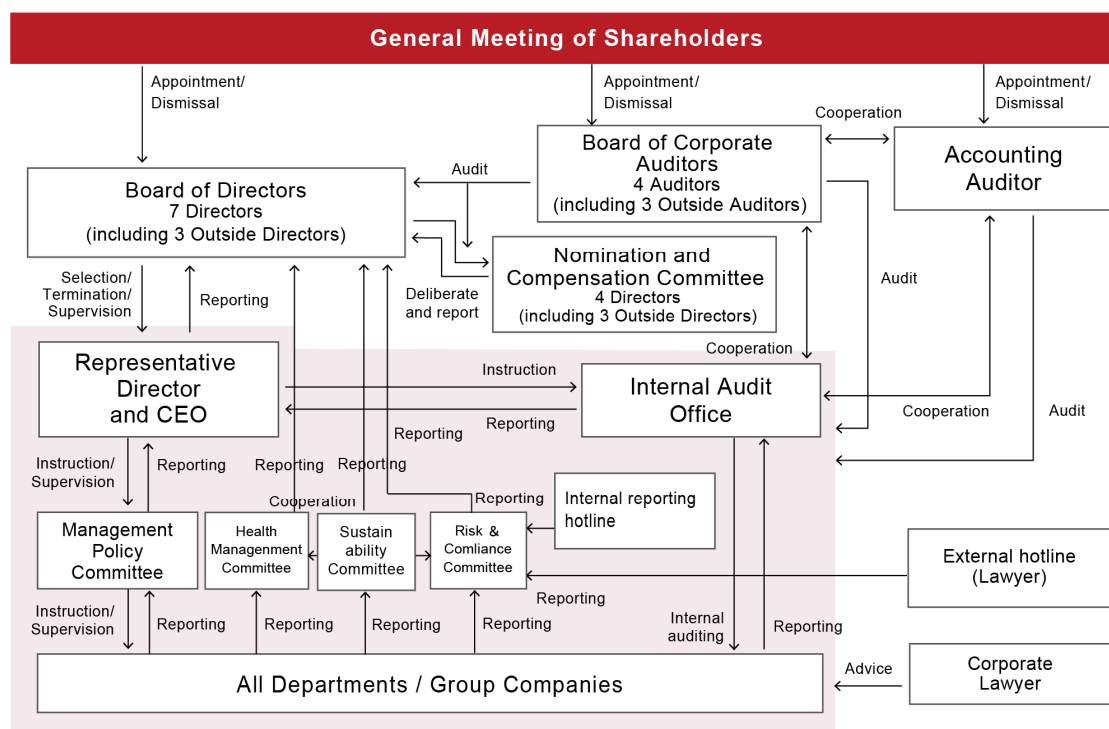
Supplementary Explanation

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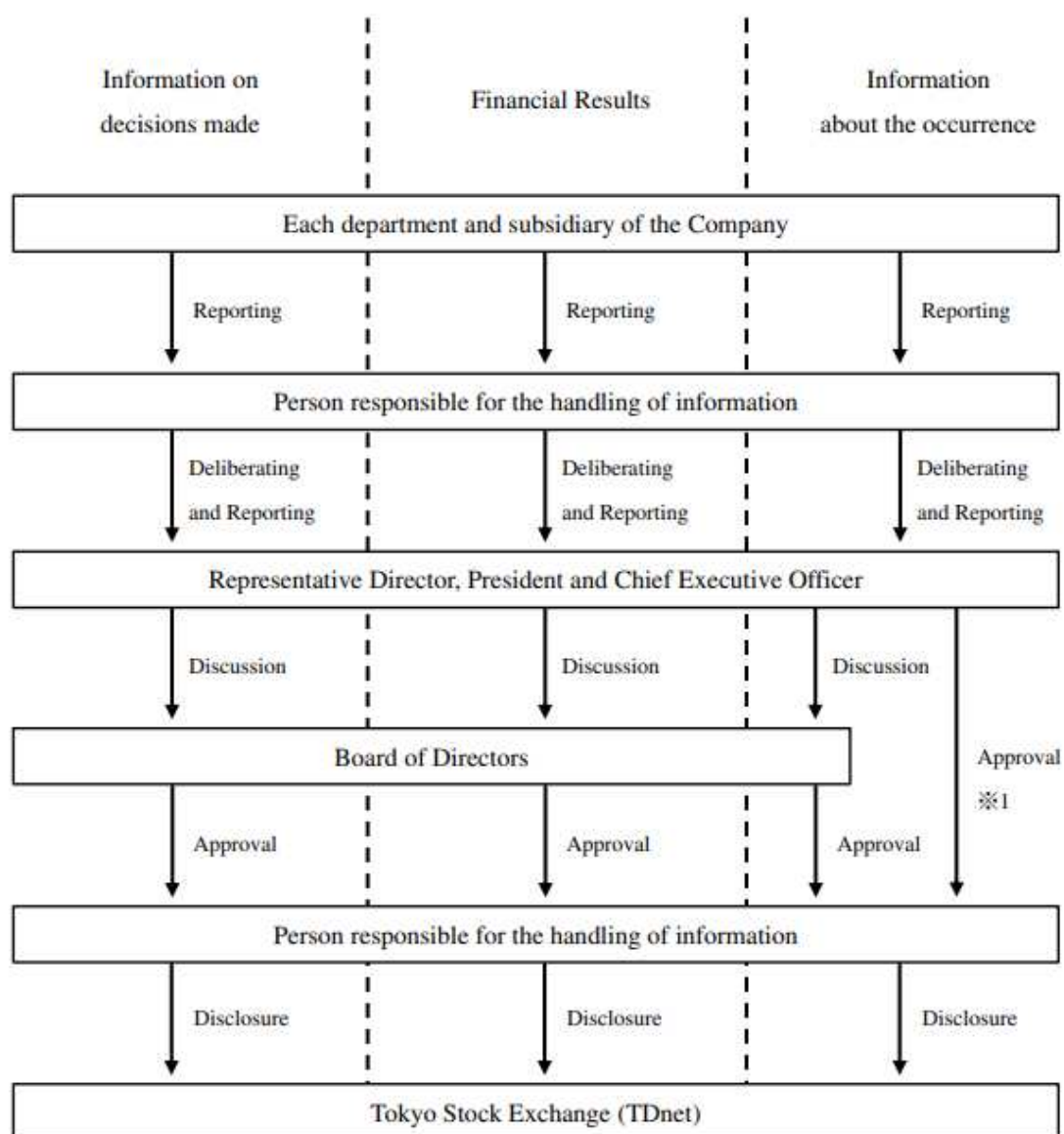
2. Other Matters Concerning the Corporate Governance System

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[Schematic Diagram (Reference)]



[Outline of the Timely Disclosure System (Diagram)]



After disclosure, the information will be promptly posted on the IR site of the Company's website.

※1 In the case of an urgent occurrence. In this case, the Board of Directors will be informed after the disclosure.

END