

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of PERSOL HOLDINGS CO., LTD. which has been reported to the Tokyo Stock Exchange. PERSOL HOLDINGS CO., LTD. provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Last updated: June 26, 2020

PERSOL HOLDINGS CO., LTD.

Representative Director, President and CEO Masamichi Mizuta

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03-3375-2220 (Switch)

Securities code: 2181

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

The status of corporate governance at PERSOL HOLDINGS (PHD) is as follows:

### I. Basic approach to corporate governance, capital structure, corporate attributes, and other basic information

#### 1. Basic Approach

Basic approach to corporate governance and basic policies according to the respective principles of this code (disclosure based on Corporate Governance Code 3-1 (ii))

##### [Basic Approach]

The Company's basic approach to corporate governance is outlined in "Chapter 2. Corporate Governance Principles (2-1. Principles, 2-2. Roles as a Holding Company)" of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)) set forth by PHD.

##### [Basic Policy]

[https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)

##### (1) Securing the Rights and Equal Treatment of Shareholders

As stated in "Chapter 9. Relationships with Stakeholders including Shareholders (9-1. Securing the Rights and Equality of Shareholders)" of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

(2) Appropriate Cooperation With Stakeholders Other Than Shareholders

As stated in “Chapter 9. Relationships with Stakeholders including Shareholders (9-4. Appropriate Cooperation with Stakeholders Other Than Shareholders)” of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

(3) Securing Appropriate Disclosure of Information and Transparency

As stated in “Chapter 10. Appropriate Information Disclosure (10-1. Information Disclosure Policy)” of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

(4) Obligations of the Board

As stated in “Chapter 3. Roles and Responsibilities of the Board (3-1. Roles of the Board)” of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

(5) Dialogues with Shareholders

As stated in “Chapter 9. Relationships with Stakeholders including Shareholders (9-2. Dialogues with Shareholders)” of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

[Reasons for not putting each principle of the Corporate Governance Code into practice]

The Company has applied each of the basic principles of the Corporate Governance Code.

[Releases based on Corporate Governance Code principles]

● Principle 1-4 (Cross-Shareholdings)

1. Basic Policy Regarding Cross-Shareholdings

The Company deems that maintaining/developing transactional relationships is strategically important for PERSOL Group. Cross-shareholdings of listed companies are retained when it is judged that the shares will enhance the mid -to long-term value of the Company.

2. Basic Policy/Standards of Verification

The Board periodically verifies the appropriateness of holding individual cross-shareholdings. Following consideration of the business advantages and strategic significance in maintaining relationships, expanding transactions and creating synergies, and the general verification of whether the benefits and risks pertaining to such shareholdings correspond to the Company's cost of capital, cross-held shares judged as unnecessary to hold will be prepared for sale after taking into consideration the status of the cross-shareholders, etc.

As a result of verification, some cross-held shares deemed as unnecessary to hold has been sold.

### 3. Basic Policy on Exercising Voting Rights

The Company will make appropriate decisions regarding the exercise of voting rights in corporations forming cross-shareholdings by comprehensively considering whether or not the details of resolution items contribute to enhancing the value of said corporation in which shares are held, as well as the status of said corporation's corporate governance structures, and compliance systems etc.

#### ● Principle 1-7 (Related Party Transactions)

- Competitive transactions or conflict of interest transactions by directors: to prevent a loss of profit by the Company, in accordance with Japan's Companies Act, such matters are resolved by the Board as stipulated in the Board of Regulations. Also, the regulations stipulate that the Board must be promptly notified after said transactions based on Board resolutions take place.
- Based on the guidelines of the appropriate corporate accounting standards, the Company justifies the importance of transactions with related parties and confirms the existence of such transactions, notifies the Board, then describes in the annual securities report.

#### ● Principle 2-6 (Functions as the Asset Owner of Company Pension Fund)

While the Company has no company pension fund system, it has introduced an enterprise type defined contribution pension system for asset formation of employees. Educational training concerning the system and asset formation is offered to qualified employees.

#### ● Principle 3-1 (Fullness of Information Disclosures)

##### 1. PERSOL Group 's aims (corporate philosophy etc.), business strategy, & business plans

We recognize the increasing social expectations and responsibilities for our Group

in a rapidly changing work environment associated with 'prolonging one's career due to extending life expectancy' and 'work style changes with advances in technology'.

In Oct 2019, we announced our new Group Vision "Work, and Smile," whereas our Corporate Philosophy and Five Core Principles remained unchanged.

In addition, in May 2020, we designed the 'Value Creation Story' which indicates how we create values and, in order to realize our vision, contribute to a sustainable society from a mid- to long-term perspective.

Through our corporate activities, we aim to create a society where all people can "Work, and Smile" regardless of their sexuality, age, nationality or any other boundary.

(For details of the "Value creation story", please visit our website.

<https://www.persol-group.co.jp/en/ir/strategy/index.html>)

(1) PERSOL Group Corporate Philosophy

Job creation, Individual growth, Social contribution

(2) PERSOL Group Vision

Work, and Smile

(3) PERSOL Group Five Principles of Action

- Authentic: Respond every issue sincerely
- Customer-Focused : Always be a reliable partner and strive to go beyond our customer's expectations
- Professional: Have high spirit and keep on shining
- Teamwork: Respect the diversity and maximize the achievement of organizations
- Innovative: Think, Act and Joy in changing

2. Fundamental approach to corporate governance and basic policies according to each of the respective principles of this code

Described in "1. Basic Approach" in "I. Basic approach to corporate governance, capital structure, corporate attributes, and other basic information" at the opening of this report.

3. Policy and procedure related to decisions regarding compensation of the Group Senior Management/Directors made by the Board

Described in "II. Status of corporate management structures that relate to the exercise and control of the Company management decision making authorities, and

other corporate governance systems. Of "1. Matters relating to organizational configuration/organizational management etc." under "II. Corporate management structures and other corporate governance systems related to management decision-making, execution, and supervision, described in "Disclosure of decision-making policy on compensation amounts and calculation methods" under "Director Compensation."

4. Policies and procedures when appointing/dismissing the Group Senior Management members and in nominations of Director candidates by the Board.

As stated in "Chapter 5. Composition of the Board (5-2. Nomination of Directors)" of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

With respect to dismissal, in the event that a fraudulent act, breach of trust and other acts that may cause doubts corresponding to them in the execution of duty of a Director, the Nomination and Compensation Committee, the Supervisory Committee, and the Board will deliberate the appropriateness of submitting an agenda item concerning the dismissal of the relevant Director to the General Meeting of Shareholders.

5. The Board approaches to appointing/dismissing the Group Senior Management members and nominating Director candidates

As stated in Chapter 4. Responsibilities of Directors (4-1. Responsibilities of Directors, 4-2. Expectations of Independent Director)" and "Chapter 5. Composition of the Board (5-1. Composition of the Board, 5-2. Nomination of Directors)" of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

The reasons for nominating all Director candidates are outlined in the General Meeting of Shareholders convocation notice.

- Supplementary Principle 4-1-1 (Scope of delegation of authority to executive management)

As stated in "Chapter 3 (3-1. Roles of the Board)" and "Chapter 8. Management Structure (8-1. Management Structure, 8-2. Duties of the CEO)" of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

- Supplementary Principle 4-1-3 (Plan for Cultivating a Successor to CEO)

The Company discusses CEO succession plan at the Nomination and Compensation Committee, a majority of which is composed of Independent Directors, and the Board oversees progress by receiving reports from the Nomination and Compensation Committee. At the same time, the Company has set up the Nomination and Compensation Committees at the core companies of Strategic Business Unit (SBU) to discuss CEO succession plan of each company. In the Nomination and Compensation Committee, the Company oversees the implementation of the succession planning for these executives, including the succession planning for executive officer in the administrative function. Based on the above, we have constructed a system to systematically train personnel who will be responsible for future management execution in order to continuously develop our corporate value.

- Supplementary Principle 4-3-2 (Selection of CEO)

Other than “Chapter 5 (5-2. Nomination of Directors)” of the Corporate Governance Guideline([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)), the Company sets the following qualifications for CEO. The Board appoints CEO by a resolution of the Board following the advice/recommendations of the Nomination and Compensation Committee.

- (1) Possesses wide-ranging knowledge and insight for providing guidance for multiple businesses and functions;
- (2) Is capable of acting in good faith and maintaining a good balance with all stakeholders; and
- (3) Is capable of bringing about innovations through excellent leadership towards the realization of the PERSOL Group vision.

- Supplementary Principle 4-3-3 (Dismissal of CEO)

With respect to dismissal of CEO, in the event that there is an act which may cause doubts of falling under any of the following items of dismissal criteria, the Nomination/Compensation and the Board shall conduct deliberations immediately.

- (1) There is an act which may cause suspicion of fraudulent and unjust act or breach of trust;
- (2) Decided as unqualified as CEO by violations of the Companies Act and other

related laws and ordinances; or

(3) Judged that execution of duties or achievements are insufficient, and that keeping the person in the position of CEO is inappropriate.

- Principle 4-9 (Standards for judging independence and qualifications of Independent Director)

The Company has established the Independence Criteria for External Directors. In cases where outside directors do not fall under any of the following, the Company believes that such outside directors have independence from the Company. The criteria for the independence of outside directors is disclosed in the Notice of Convocation of the General Meeting of Shareholders and the Annual Securities Report.

- Supplementary Principle 4-11-1 (Overall approach to the Board)

As stated in “Chapter 5. Composition of the Board (5-1. Composition of the Board)” of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

- Supplementary Principle 4-11-2 (Disclosure of Directors concurrently serving in positions at other companies)

The status of PHD Directors and candidates who concurrently serve in other important positions is disclosed every year in the General Meeting of Shareholders convocation notice and the financial statements.

- Supplementary Principle 4-11-3 (Board Effectiveness Evaluation)

1. Details of implementation

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

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

2. Results Summary of the Analysis and Evaluation of Effectiveness

(1) The Board fulfills its roles and responsibilities, including discussing corporate strategy and other major directions, creating an environment that supports appropriate risk-taking by senior management, providing effective oversight of

management and directors from an independent and objective perspective, and establishing appropriate internal control and risk management system.

(2) In fulfilling its roles and responsibilities under (1) above, the Board materials are distributed well in advance of the meeting dates. In addition, the issues and objections discussed at the Management Committee are shared at the Board. These ensure for clear, free, vigorous and constructive discussions to take place.

(3) On the other hand, the Board recognizes that it is necessary to monitor progress based on specific management goals (including management indicators) and scenarios/implementation plans for the achieving management goals, as a precondition for oversight, in order to enhance the effectiveness of the Board's oversight of management. The Board also recognizes that it is necessary to secure sufficient time for discussion of important agenda items to enhance the deliberations of the Board by providing pre-briefings of agenda items and building an information base that enables the Board to obtain sufficient background information prior to the discussion.

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

- Supplementary principle 4-14-2 (Training policy for Directors)

Directors are selected from amongst individuals who possess a broad knowledge of business/finance/organizations etc. Basic information (company outline, management strategy, financial strategy, priority audit items etc.) is shared with Directors when a Director is appointed. Furthermore, opportunities are provided to Directors to deepen their views by inviting external lecturers to talk on corporate governance etc.

This will continue to occur in future.

- Principle 5-1 (Policy on constructive dialogues with shareholders)

As stated in “Chapter 9. Relationships with Stakeholders including Shareholders (9-1. Securing the Rights and Equality of Shareholders, 9-2. Dialogues with Shareholders, 9-3. Related Party Transactions, 9-4. Appropriate Cooperation with Stakeholders Other Than Shareholders)” and “Chapter 10. Appropriate Information Disclosure (10-1. Information Disclosure Policy)” of the Corporate Governance Guideline

([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).



## 2. Capital

Stock holding ratio by non-Japanese nationals	Over 30 %
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[Status of Major Shareholders]

Name	Share Ownership (No. of shares)	Ratio (%)
Yoshiko Shinohara	26,331,600	11.36
The Yoshiko Shinohara Memorial Foundation	15,800,000	6.82
Japan Trustee Services Bank, Ltd. (Trust Account)	14,747,500	6.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	13,988,166	6.03
Kelly Services Japan, Inc.	9,106,800	3.93
JP MORGAN CHASE BANK 385632	8,038,457	3.47
THE CHASEE MANHATTAN BANK 385036	6,383,100	2.75
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	5,192,677	2.24
SSBTC CLIENT OMNIBUS ACCOUNT	5,042,086	2.17
STATE STREET BANK AND TRUST COMPANY 505223	4,552,048	1.96

Existence of majority shareholder (except for the parent company)	—
Existence of parent company	None

## Supplementary Remarks

1. Status of major shareholders as of March 31, 2020.
2. In respect to the change report pertaining to the statement of large-volume holdings that was made available for public inspection with effect on August 7, 2019, said report noted that as of July 31, 2019, FMRLLC and joint holder National Financial Services LLC held the following shares. Since the number of shares actually held as of September 30, 2019 is not validated, it is not included in the status of shareholders noted above.  
  
Furthermore, following are details of said statement of large-volume holdings (share certificates subject to special provisions etc.).

Name	Ownership of shares (number of shares)	Ratio (%)
FMRLLC	12,279,066	5.19
Financial Services LLC	300	0.00
Total amount	12,279,366	5.19

## 3. Corporate affiliations

Listing exchange and market classification	Tokyo Stock Exchange 1 <sup>st</sup> Section
Fiscal year-end	March
Business type	Service
No. of employees at the end of the latest business year (consolidated)	Over 1,000 employees
Net sales at end of latest FY (consolidated)	Over JPY 1,000 billion, below JPY trillion
No. of consolidated subsidiaries at end of latest FY	Over 100 companies, below 300 companies

## 4. Policy measures to protect minority shareholders in transactions with controlling shareholders

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## 5. Other special circumstances that may have a major impact on corporate governance

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## II. Status of corporate management structures relating to decision-making, execution, and control of the Company management and other corporate governance systems

### 1. Matters relating to organizational composition and operations etc.

Organizational format	Companies with an Supervisory Committee in place
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[Directors]

Number of Directors is stipulated in the Articles of Incorporation	15
Term of Directors is stipulated in the Articles of Incorporation	1 year
Chairman of Board of Directors	President
Number of Directors	9
Appointment status of External Directors	Appointed
Number of External Directors	5
Number of designated independent executives amongst the External Directors	5

Relationship with the company (1)

Name	Affiliation	Relationship with the company (*1)										
		a	B	c	d	e	f	g	h	i	J	k
Ryosuke Tamakoshi	Originates from another company					△						
Naohiro Nishiguchi	Originates from another company											
Masaki Yamauchi	Originates from another company											

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Chisa Enomoto	Originates from another company												
Kazuhiko Tomoda	Originates from another company												

※1 Items selected relating to relationship with the company

- a. Executive officer at listed company or subsidiary
- b. Executive officer or non-executive Director at parent company of listed company
- c. Executive officer at fellow subsidiary of listed company
- d. Person or executive officer of the listed company as its main customer
- e. Main customer or executive officer of the listed company
- f. Consultants, accounting specialists, and legal specialists who have obtained substantial monetary sums or other assets other than executive compensation from the listed company.
- g. Major shareholders of the listed company (if the major shareholder is a corporation, then an executive officer of this corporation)
- h. Executive officer (the individual themselves) of the client of the listed company (a client where either d, e, or f do not apply)
- i. Executive officer at a company where appointment correlates with the appointment of an External Director (only the individual themselves)
- j. Executive officer at a company to which the listed company makes donations (only the individual themselves)
- k. Other

### Relationship with the company (2)

Name	Supervisory Committee Member	Independent Director	Supplementary remarks relating to compliance items	Reason for appointment
Ryosuke Tamakoshi		○	Ryosuke Tamakoshi is currently a Special Advisor to MUFG Bank, Ltd. which provides loans to the Company and falls under item 1. (3) "major lenders" criteria stated in the Company's Independence Criteria for External Directors. However, Mr. Tamakoshi in his role as a Special Advisor is not involved in management and he has not performed executive duties at MUFG Bank, Ltd. since he assumed his Special Advisor	The Company deems that Mr. Tamakoshi can apply his abundant and many years of experience as a manager at a financial institution and wide-range of global knowledge in the management of the Company. Mr. Tamakoshi has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated

			<p>position in June 2010.</p> <p>Therefore, as Mr. Tamakoshi does not fall under item 1. (3) “persons who performed duties at major lenders in the past three fiscal years” stated in the Company’s Independence Criteria for External Directors, the Company deems that he possesses independence from the Company in accordance with the Company’s criteria.</p>	<p>by the Company (as stated on the left-hand side).</p>
Naohiro Nishiguchi		○	—	<p>The Company deems that Mr. Nishiguchi can apply his abundant experience as a manager with a wide-range of global insights in the management of the Company. Mr. Nishiguchi has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company.</p>
Masaki Yamauchi		○		<p>The Company deems that Mr. Yamauchi can apply his wealth of experience and extensive insights, which he has garnered for many years as a key management member of a holding company and an operating company (including Representative Director and President) in the management of the Company. He has also been designated as an independent officer as he satisfies the criteria</p>

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				stipulated by the stock exchange and the Independence Criteria stipulated by the Company.
Chisa Enomoto	○	○	—	Ms. Enomoto is engaged in strategic PR work with multiple corporations within Japan and overseas and has a wealth of experience and insight, with which it was decided that she would contribute to improving the Company brand communication. Also, Ms. Enomoto has been designated as an independent officer as she satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company.
Kazuhiko Tomoda	○	○		The Company deems that Mr. Tomoda can apply his deep insight, underpinned by his highly specialized knowledge and years of experience as a certified public accountant and a representative partner of major audit corporations in Japan. He has also been designated as an independent officer as he satisfies the criteria stipulated by the stock exchange and the Independence Criteria stipulated by the Company.

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### [Supervisory Committee]

#### Committee structure and affiliation of Chairman

	All members (persons)	Full-time member (persons)	Internal Director (persons)	External Director (persons)	Committee Chairman (Chairman)
Supervisory Committee	3	1	1	2	External Director

Are there Directors and employees who will support the duties of the Supervisory Committee? Yes/No	Yes
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#### Matters pertaining to the independent status of these Directors and employees from executive directors

The Company has assigned employees to exclusively support the work of the Supervisory Committee. The authority to supervise these employees on a daily basis rests with the Supervisory Committee. Support employees do not take orders from anyone other than Directors who are members of the Supervisory Committee. Furthermore, it is stipulated that reassignment, performance reviews, and disciplinary punishment etc. of said employees shall take place only with the consent of the Supervisory Committee.

#### Status of coordination between the Supervisory Committee, external auditors, and internal audit departments

When external auditors perform audits of financial statements, quarterly reviews, and audits of internal controls, the external auditors are required to report the results to the Supervisory Committee, each time. Moreover, the Supervisory Committee and external auditors plan to regularly exchange opinions, and the Supervisory Committee accompanies external auditors on audits and makes requests for explanations as required. Internal Audit Departments & Stakeholders: The Audit Department is established under direct control of the Representative Director, President and CEO. This department audits the entire Group from the perspective of legitimacy of executing business operations and compliance with laws and ordinances. Moreover, systems are being established where internal audit departments can report appropriately important matters to the Supervisory Committee and where the Supervisory Committee can provide specific instructions to internal audit departments as required in order to conduct effective audits.

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### [Discretionary Committees]

Are there discretionary committees equivalent to a Nomination Committee or a Compensation Committee? Yes/No	Yes
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Status of discretionary committees, structure & Chairman affiliations

Discretionary committee equivalent to nomination committee

Name of committee			Nomination/Compensation Committee			
All committee members (persons)	Full-time member (persons)	Internal Director (persons)	External Director (persons)	Internal knowledgeable person (persons)	Other (persons)	Committee Chairman (Chairman)
4	0	1	3	0	0	External Director

Discretionary committee equivalent to compensation committee

Name of the committee			Nomination/Compensation Committee			
All committee members (persons)	Full-time member (persons)	Internal Director (persons)	External Director (persons)	Internal knowledgeable person (persons)	Other (persons)	Committee Chairman (Chairman)
4	0	1	3	0	0	External Director

### Supplementary Remarks

Details of discretionary committees are outlined in "Chapter 7. Committees (7-3. Nomination and Compensation Committee)" of the Corporate Governance Guideline ([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)). For details, please refer to Matters relating to functions: performance of tasks, audits/supervision, nominations, and compensation decision-making etc. (overview of existing corporate governance system)

### [Independent Directors]

Number of independent Directors	4
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Other matters related to independent Directors

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## Corporate Governance

### [Incentives]

Implementation of measures to provide Directors with incentives	Introduction of a performance-based compensation system
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Supplementary remarks relating to this item

For details, please refer to "Disclosure of policy for determining compensation amounts and calculation methods."

Target granted with stock option	—
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Supplementary explanations relating to applicable items

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### [Director Compensation]

Disclosure Status	Some information is disclosed individually.
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[Supplementary remarks relating to this item]

1. Total amount of compensation, etc. for each executive type, total amount of compensation, etc. for each compensation type, and the number of eligible executives

Type of executive	Total amount of compensation, etc. (JPY million)	Total amount of compensation, etc. by compensation type (JPY million)			Number of eligible executives
		Basic Compensation	Bonus	Share-based Compensation	
Directors (excluding members of the Supervisory Committee) (excluding External Directors)	305	195	57	52	5
Directors (members of the Supervisory Committee) (excluding External Directors)	47	47	-	-	2
External Executives	39	39	-	-	4

Notes:

- 1) One Director who resigned the Director who is not Supervisory Committee Member and was inaugurated as the Director who is Supervisory Committee Member during the fiscal year is included in the number of eligible executives noted above.
- 2) One External Director is not included in the number of eligible executives noted above as he/she receives no compensation.
- 3) The target and actual for FY2019 bonus are as follows. Regarding financial measures, consolidated net



sales target was 940 billion yen, actual was 925.8 billion yen, consolidated operating income target was 42.5 billion yen, actual was 44.1 billion yen. the level of achievement was averaged 100%. Regarding non-financial measures, targets for employee satisfaction and risk monitoring were individually set and almost achieved. In addition, individual issues were set and worked to improve business performance and corporate value. As a result, the payout coefficient for bonuses paid to each director of the Company was 80% to 106%.

4) Share-based compensation includes the provision for share-based compensation for directors and the reversal of provision for share-based compensation for directors reported for the fiscal year as share-based compensation payable to five Directors (excluding External Directors) who are not Supervisory Committee members. In addition, the amount of share-based compensation is for the three fiscal years starting from FY 2017 and is the amount calculated according to the level of achievement of the targets of financial measures and non-financial measures, minus the allowance for share-based compensation in previous years.

5) The target and actual for performance-linked medium- to long-term incentive Compensation (Performance Share) among Share-based Compensation are as follows. Regarding financial measures, consolidated net sales target was 750 billion yen, actual was 970.5 billion yen, consolidated operating income target was 45 billion yen, actual was 39 billion-yen, ROE target was 10%, actual was 5%. Regarding non-financial measures, targets for employee satisfaction, brand recognition and risk monitoring were individually set and almost achieved. As a result, the payout coefficient for performance-linked medium- to long-term incentive Compensation (Performance Share) to each director of the Company was 111%.

2. Total amount of compensation, etc. payable to person who receives total compensation, etc. of JPY 100 million or more

Name	Total amount of compensation, etc. (JPY million)	Type of executive	Type of company	Amount of compensation, etc. by compensation type (JPY million)		
				Basic compensation	Bonus	Share-based compensation
Masamichi Mizuta	102	Director	Filing company	66	19	15

Note: Share-based compensation is the provision for share-based compensation for directors reported for the current fiscal year.

Is there a policy for determining compensation amounts and calculation methods? Yes/No

Yes

Disclosure of policy for determining compensation amounts and calculation methods

Matters pertaining to the policy for determining the amount of executive compensation, etc. and its calculation method are disclosed in the Notice of Convocation of the General Meeting of Shareholders and the Annual Securities Report.

[Support System for External Directors (External Auditors)]

As stated in "Chapter 6. Operation of the Board (6-3. Support System, 6-4. Provision of Information)" of the Corporate Governance Guideline ([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)), all External Directors are provided with important Board of Directors meeting materials and information on important matters in advance. In addition, External Directors who are Supervisory Committee members will be provided with information without delay about important management-related matters which will contribute to accurate decision-making by External Directors. A Secretariat is in place to support the duties of the Supervisory Committee, and an information reporting system has been established to provide information required to fulfill their tasks such as auditing etc.

【Status of persons resigning as President and Representative Director etc.】

Name	Role/Rank	Job Description	Work arrangement/conditions	Resignation date:	Term of office
Yoshiko Shinohara	Chairman Emeritus	No	Non-executive/uncompensated	17 Jun 2016	Not stipulated
Former Presidents and Representative Directors etc., counsel/advisors etc. total headcount:				1 individual	

Other matters

The founder Ms. Yoshiko Shinohara serves as "Chairman Emeritus", an emeritus rank. Ms. Shinohara no longer participate in the management of the Company.

## 2. Matters relating to functions: performance of tasks, audits/supervision, nominations, and compensation decision-making etc. (overview of existing corporate governance system)

### 1. Overview of corporate governance system

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 voluntary Nomination and Compensation committee to enhance transparency and objectivity concerning decisions on the nomination and compensation of the directors and the Group Senior Management.

### 2. Overview of systems to perform tasks and operational status

### < 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 establishment and operation of appropriate internal control systems. For the purpose of enabling management to make timely, flexible and decisive decisions, management decisions other than those reserved for the Board by the Companies Act shall be delegated, in principle, to the CEO. Provided, however, that the decisions on the execution of important operations set forth in the Regulations for the Board shall be made by the Board.

Based on a governance policy of separating management oversight and execution, and further strengthening the supervisory function of the Board of Directors, as well as accelerating decision-making, the Board has been composed of six Directors who are not Supervisory Committee Members (three of whom are Independent Directors) and three Directors who are Supervisory Committee Members (two of whom are Independent Directors), and the ratio of Independent Directors is at least one-half of the total following the Ordinary General Meeting of Shareholders held on June 24, 2020.

### <Headquarters Management Committee>

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, "HMC") is established to assist the CEO in making decisions on the group's basic management policy and important operations. The decisions on the execution of important operations delegated to the CEO by the Board shall be decided by the CEO on the condition that the HMC has made an affirmative resolution. Based on the concept that the members of the HMC (hereinafter, "the HMC members") shall be the persons who assume the significant decisions on the execution of important operations delegated by the Board and comprehensive roles as members of the senior management of the 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 Company has also established three committees (Investment Committee, Risk Management Committee, and Human Resources Committee) under HMC to improve the effectiveness of the Group's internal control system.

The Investment Committee deliberates on important matters related to the Group's overall investment and aims to raise the Group's organizational knowledge of a series of knowledge related to investment promotion.

The Risk Management Committee deliberates on the overall risk management of the Group. The Human Resources Committee deliberates on the Group's human resources strategy and succession planning for key talent.

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

### <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)

The Supervisory Committee may give specific instructions to the internal audit division, as necessary, for the purpose of effective audit.

The Supervisory Committee shall appropriately share information with the internal audit division for the purpose of ensuring mutual cooperative systems.

Important personnel affairs of the internal audit division shall be decided with the consent of the Supervisory Committee to ensure the effectiveness of audit by the Supervisory Committee.

Supervisory Committee consists of one internal director (Toshihiro Ozawa), who is a full-time member of the Supervisory Committee, and two Independent Directors (Chisa Enomoto and Kazuhiko Tomoda). The chairperson of the committee is Kazuhiko Tomoda, an Independent Directors.

Kazuhiko Tomoda is qualified as a certified public accountant and has considerable financial and accounting knowledge.

### < Nomination and Compensation Committee >

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

Matters concerning decision on candidates:

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

- ☐ Approval of a CEO succession plan

Matters concerning decision on compensation:

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

The Nomination and Compensation Committee consists of a majority of Independent Directors, one internal director (Masamichi Mizuta) and three Independent Directors (Ryosuke Tamakoshi, Naohiro Nishiguchi and Masaki Yamauchi). The chairperson of the committee is Ryosuke Tamakoshi, an Independent Director.

### 3. Reasons for selecting the existing corporate governance system

As stated in "Chapter 2. Corporate Governance Principles (2-1. Principles, 2-2. Roles as a Holding Company, 2-3. Organizational Structure of the Company)" of the Corporate Governance Guideline ([https://www.persol-group.co.jp/images/corporate/pdf/E\\_corporate\\_governance\\_guideline\\_200401.pdf](https://www.persol-group.co.jp/images/corporate/pdf/E_corporate_governance_guideline_200401.pdf)).

## III. Implementation status of measures for shareholders and other stakeholders

### 1. Initiatives to revitalize the General Meeting of Shareholders and facilitate the exercising of voting rights

	Supplementary Remarks
Early delivery of General Meeting of Shareholders convocation notice	<p>Efforts are being made to deliver the General Meeting of Shareholders convocation notice early and to make early web releases.</p> <p>■ Actions relating to the 12th General Meeting of Shareholders for the fiscal year ended March 2020</p> <p>1. Convocation notice dispatch date: May 29</p> <p>2. Web release date: May 21</p>
Set the General Meeting of Shareholders date on a day that avoids days crowded with other shareholders meetings	<p>Efforts are being made to convene the General Meeting of Shareholders on a day which as far as possible avoids days crowded with other firms' shareholders meetings.</p> <p>■ Actions relating to the 12<sup>th</sup> General Meeting of Shareholders for the fiscal year ended March 2020</p> <p>Convocation date: June 24</p>
Exercise of voting rights by electronic means	<p>Efforts are being made to make it more convenient for shareholders to exercise their voting rights (e.g. enabling online voting, explaining voting methods in the convocation notice).</p>
Other initiatives to improve the voting environment for	<p>The Company is participating in a platform for exercising voting rights and are making efforts to improve the environment in which institutional</p>

institutional investors, and participation via online voting platforms etc.	investors exercise voting rights.
Provide convocation notice in English (summary)	The convocation notice (summary) is prepared in English and released on the Company's website and via the Tokyo Stock Exchange.
Other	Besides correspondence with shareholders twice a year, financial data is released on the Company's website.

## 2. Status of Investor Relations (IR) Activity

	Supplementary Remarks	Explanation given by the CEO? Yes/No
Disclosure policy created/announced	the Company's website discloses the aims of IR, basic policy, basic stance, method of information disclosure, and IR policy with respect to results forecasts and future outlook etc.	—
Hold regular briefing sessions for analysts & institutional investors	Briefings for analysts & institutional investors are held every 6 months, twice a year.	Yes
IR materials released on corporate website	IR documents (financial reports, timely disclosure material, financial results briefing slides, and shareholder correspondence etc.) including English versions are posted on the Company's.	—
IR department (representative) set in place	An IR representative is in place within the Group Finance Department.	—
Other	Individual visits to analysts/institutional investors are made as required. In addition, telephone conferences are held for overseas investors. The Company also participates in company briefing sessions for individual investors that are organized by stock brokers.	—

## 3. Initiatives that respect stakeholders

	Supplementary Remarks
Environmental conservation activities, CSR activities, etc.	Under the slogan of "Work, and Smile", PERSOL Group supports development through work experience to realize a future where all working people and organizations can shine. PERSOL Group endeavors to realize working arrangements that match the lifestyles of individuals who are raising children/careers, as well as to support the employment of disabled individuals and

	young and senior people and regional revitalization.
Formulation of policy etc. regarding information provision to stakeholders	The Company disclosure policy is posted on the Company's website. the Company's basic policy is to provide information in an easy-to-understand way and in an impartial, accurate, and timely manner.
Other	<p>&lt;Initiatives to promote diversity&gt;</p> <p>Aiming to realize the Group vision "Work, and Smile", PERSOL Group considers initiatives to promote diversity are crucial. In 2017, a project was launched to consider a horizontal style of organizational diversity and discussions were held on PERSOL Group's diversity strategy and implementing measures. In January 2019, PERSOL Group announced its diversity strategy, "Diversity, Inclusion &amp; Equality" that aims to realize the Group vision. In line with this strategy, all Group companies lifted a ban on second jobs and abolished the dress code in April 2019. In addition, PERSOL Group carries out measures to realize diverse working styles and career paths, such as further promoting flexible working practices, changing the mindset of employees, and providing training to improve productivity.</p> <p>&lt;Initiatives to promote the hiring of women&gt;</p> <p>Since Chairman Emeritus Yoshiko Shinohara founded Tempstaff as a business for women to work actively in a broad range of fields, PERSOL Group evaluates human resources based on capability and performance, regardless of gender, in a variety of settings such as recruitment, capacity building, and promotion. In January 2019, PERSOL Group announced its diversity strategy, "Diversity, Inclusion &amp; Equality". As part of this strategy, the Group has established the strategy to increase the ratio of female managers across the Group by 2023 and proceeds with drawing up an action plan.</p>

## IV. Internal controls systems etc.

### 1. Internal control systems: basic approach and status

The Company has established its basic policy on systems to ensure that duties of Directors are performed in compliance with laws and ordinances and the Articles of Incorporation, and to ensure that other business operations are appropriately carried out: This information is disclosed annually in the notice of convocation of the shareholders' meeting and the annual securities report.

### 2. Basic approach to elimination of antisocial forces and status of preparations

The Company has set forth the following system to eliminate antisocial forces.

- (1) PERSOL Group adopts a firm attitude toward antisocial forces and severs any relations.
- (2) PERSOL Group has designated a department primarily responsible for the elimination of anti-social

forces that prepares for contingencies by gathering information from the police in respective jurisdictions and from regional committees on special violence prevention etc. When situations arise, this department will play a central role in collaborating with external agencies to coordinate countermeasures.

### V. Other

#### 1. Have anti-takeover measures been introduced? Yes/No

Introduction of anti-takeover measures	No
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Supplementary remarks relating to this item

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#### 2. Other matters relating to the corporate governance system etc.

In principle, the Company releases expeditiously and equitably information that seriously affects decision making of investors and establishes a system to disclose information in a timely manner.

##### 1. Decision Factors:

"Decision factors" are pieces information that the officer responsible for information handling instructs the PERSOL Group Finance Department to release expeditiously and equitably after approval is given by the Board.

##### 2. Event Facts:

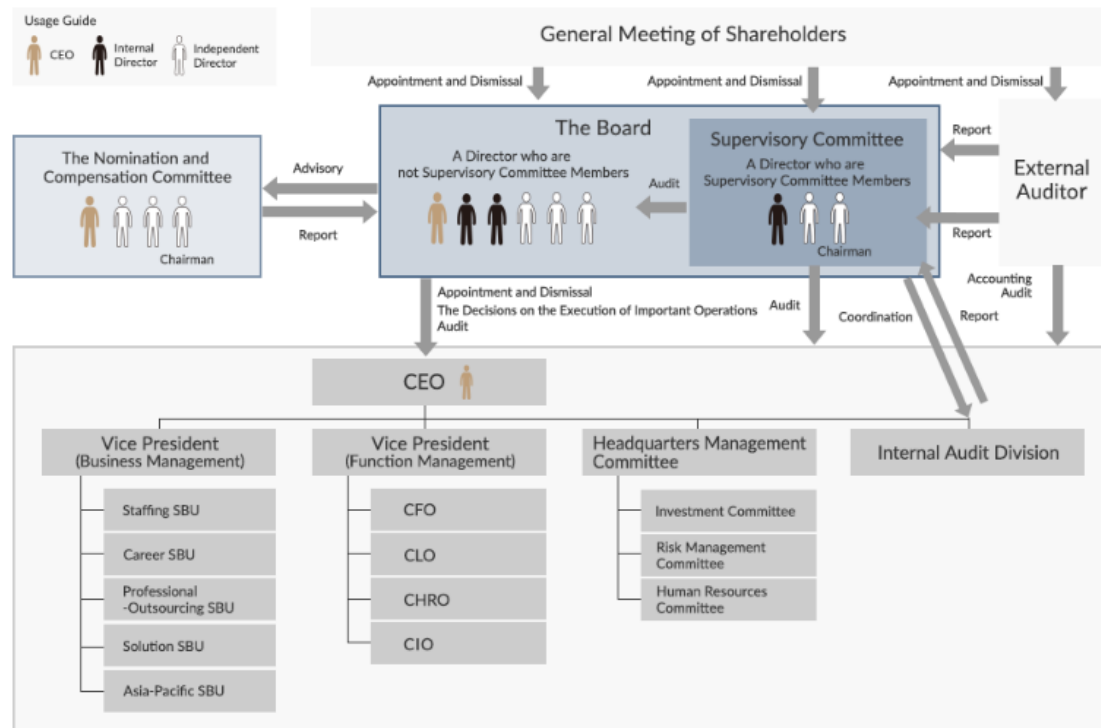
"Event facts" (including risk information) are events that are expeditiously brought to the attention of the President & CEO at the point in time when a relevant department or subsidiary becomes aware such events have occurred. The events are examined, and a decision made whether to disclose details. If disclosure of event facts is deemed necessary, a system allows the officer responsible for information handling to instruct the PERSOL Group Finance Department to release expeditiously.

##### 3. Financial Statement Related Information:

"Financial statement related information" includes details of the quarterly financial statements and information about amendments of business results/anticipated dividends etc. which are drawn up in draft form by the PERSOL Group Finance Department, then deliberated over by the Board, and after approval by the Board. The Company has established a system that the officer responsible for information handling instructs the PERSOL Group Finance Department to release expeditiously.



# Corporate Governance



※ HMC = Headquarters Management Committee, SBU = Strategic Business Unit, CEO = Chief Executive Officer, CFO = Chief Financial Officer, CLO = Chief Legal Officer, CHRO = Chief Human Resources Officer, CIO = Chief Information Officer

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