

The corporate governance of Solasto Corporation (the “Company”) is described below.

## Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Solasto views corporate governance as a framework for ensuring corporate management that is rapid and effective, stable and fair, and highly transparent. Through the creation and implementation of this framework, we are able to uphold our Corporate Philosophy thus enabling us to continuously improve our corporate value.

Based on this view, we established the Solasto Corporate Governance Policy, a framework and guidelines for corporate governance, at the Board of Directors meeting held on June 30, 2016 (Revised on April 1, 2024). We will use this framework to promote initiatives and strive to continuously improve our corporate governance.

#### Solasto Corporate Governance Policy

<https://www.solasto.co.jp/ir/en/corporate/governance.html>

#### Corporate Philosophy

## People. Technology. Supporting comfortable living and energetic communities

The Solasto Group supports the happiness and well-being of our customers by combining the advanced expertise and superior teamwork of our employees with the innovative and flexible use of technology to provide medical, elderly care, child care, and education services suited to the local communities we serve.

We are committed to putting energetic smiles on the faces of each of our employees and establishing a society that provides peace of mind.

### [Disclosure Based on the Principles of the Corporate Governance Code]

#### [Principle 1.4 Cross-Shareholdings]

We do not retain listed stocks for the purpose of strategic shareholding.

#### [Principle 1.7 Related Party Transactions]

When conducting transactions with executives or major shareholders (transactions between related parties), we consult Outside Directors as well as attorneys and other third parties as necessary, after which the Board of Directors deliberates and decides on the necessity of the transaction and the adequacy of the details and conditions of the transaction.

#### [Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]

<Approach to securing diversity>

We position the promotion of diversity management as a core part of our human resources strategy, and outlined a Diversity Policy in 2020. We promote diversity through the following six core policies

- Promoting women’s workplace advancement
- Supporting work-life balance
- Promoting employment for persons with disabilities
- Opportunities for the elderly
- Accepting foreign workers
- Promoting understanding of sexual minorities

Details are outlined in our Diversity Policy and the six pillars of diversity (please refer to “3.3 Measures to Ensure Due Respect for Stakeholders”).

(1) Promotion of female workers to managerial positions

Although our ratio of female managers is higher than the industry average, we believe it is necessary to further promote the active participation of women, who account for 90% of our employees. We have set a goal to raise the ratio of female managers from 46% (as of April 1, 2024) to 60% by the end of March 2027. We are strengthening Talent Reviews (based on the assessment of each employee, action plans are formulated to foster opportunities for experience and educational initiatives through their duties and roles) and are promoting various initiatives, such as holding roundtable discussions with women in managerial positions, in order to foster a culture which female workers can take on the challenge toward managerial positions. We also believe that promoting diversity by such means as increasing the ratio of women in managerial positions will lead to a reduction in gender wage differences.

(2) Utilization of mid-career hiring

Mid-career hiring represents over 90% of our annual hiring. Similarly, mid-career hires represent over 90% of our management personnel. The Solasto Group relies on personnel with a diverse range of knowledge and experience in other industries, each applying their respective strengths regardless of age, gender, or nationality, to aggressively engage in our business activities, responsibilities, and goals.

We will continue to promote diversity as a driving force that supports our sustainable growth, and we will continue to secure and utilize a diverse range of human resources.

(3) Promotion of male workers taking parental leave

The ratio of male workers taking parental leave has already met the current Japanese Government target of 50% of male workers taking parental leave by FY2025, with a result of 50% in FY2023. We will continue to maintain the high level, promote measures to encourage male workers to take parental leave and further improve the rate.

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<Status of diversity progress, Solasto's unique and measurable goals for securing diversity>

We disclose information concerning our diversity initiatives on our website.

(<https://www.solasto.co.jp/ir/en/sustainability/hizaimu.html>)

<Status of human resource development policy and workplace environment development policy for securing diversity>

As a driving force that supports the sustainable growth of the Group, we are building a mechanism to support diverse working styles in order to promote the recruitment and active contribution of diverse human resources. Career center has been established to support career development of each employee, also in particular for women in the workplace, we are promoting female workers to managerial positions through training for the candidates for managerial positions, and the implementation of community events for employees to hear directly from those in managerial positions. In addition, to achieve a work-life balance, we have taken measures such as utilization of part-time employees and establishment of a shorter working hours system that covers a wider range than set by the law. We also introduced a system in which employees can take their paid leave by one hour as the smallest unit.

We respect the diversity and individuality of each individual and fulfillment and well-being of their family and life, and are striving to create a work environment in which all employees, regardless of race, age, gender, self-recognition, sex orientation, disability, or other factors can participate in their work while reflecting their individual characteristics and attractiveness. In particular, we have introduced a same-sex-partner system for gender minorities and a special leave system for fertility treatments and gender-compatible surgeries.

Moreover, we have been implementing comprehensive measures related to people with the aim of maintaining and improving motivation, such as implementations of communication measures, fair evaluations through evaluation meetings, as well as improvement of workplaces and compensations. As one of the indicators to measure the results of these efforts, we conduct an employee satisfaction survey every year and report the results to Board of Directors.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

We do not offer the fund-type or contract-type of defined benefit pension or welfare pension fund assumed under the Corporate Governance Codes.

[Principle 3.1 Full Disclosure]

- (1) Our Group drafts and publishes our Corporate Philosophy. Our Corporate Philosophy is outlined in "1.1 Basic Views" of this report. We publish our corporate strategy and management plan on our website.  
(<https://www.solasto.co.jp/ir/en/index.html>)
- (2) We indicate our basic approach and basic policies on corporate governance in "1.1 Basic Views" of this report.
- (3) We indicate policies and procedures related to decisions on compensation for management personnel and Directors in "2.1 [Director Remuneration] Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" of this report.
- (4) We indicate general policies and procedures concerning the selection of management personnel and the nomination of Director and Corporate Auditor candidates in "2.2 Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)" of this report.

- (5) We indicate “reasons for nomination” for all Directors and Corporate Auditor candidates in each of the nomination proposals indicated in the Convocation Notice of the 55th Ordinary General Meeting of Shareholders (reference materials).

[Supplemental Principle 3.1.3 Approach to Sustainability and Initiatives]

<Initiatives for sustainability>

Solasto Group aims to realize its corporate philosophy, “People. Technology. Supporting comfortable living and energetic communities,” and continue to contribute to society by providing solutions to social issues and valuable services throughout its business activities. To continuously grow together with society based on this philosophy, we have identified important issues that we must prioritize and formulated them into five sustainability themes.

Initiatives to address social issues through business activities

Contributing to an Aging Society and Local Communities

Innovation and Contribution to Optimize Social Security Expenditures

Management Foundation

Human Capital (Human Resource Development, Compensation Improvement, Diversity)

Compliance and Governance

Consideration for Environment and Resources

<Data disclosure aligned with the TCFD recommendations>

We believe that climate change has the potential to affect our business activities, including abnormal weather events damaging elderly care and child care facilities or decreased labor productivity and service quality due to heat stress.

To clarify our commitment to assessing climate-change-related risks, opportunities, and their impacts, the Group has expressed its support for the TCFD recommendations. As our long-term environmental targets, we have set the goals of reducing greenhouse gas emissions intensity by 70% by FY2030 (compared to FY2021), and achieving net-zero emissions by FY2050.

For the details related to data disclosure aligned with TCFD recommendations and initiatives for the environment, please refer to our website.

(<https://www.solasto.co.jp/ir/en/sustainability/environment.html>)

<Respecting of human rights>

The Group has upheld respect for human rights in the Solasto Group Code of Conduct, and has ensured that the entire Group is aware of the need to respect fundamental human rights and to refrain from infringing on human rights in its business activities.

<Investment in human capital>

We are making continuous efforts and implementing comprehensive measures related to people with the aim of maintaining and improving motivation, such as implementations of communication measures, fair evaluations through evaluation meetings, as well as improvement of workplaces and compensations. For the details related to the initiatives and targets, please refer to our website.

(<https://www.solasto.co.jp/ir/en/sustainability/hizaimu.html>)

[Supplemental Principle 4.1.1 Scope of Delegation to Management]

In our Board of Directors Regulations, we clearly outline the matters to be decided or voted on by the Board of Directors. In the Board of Directors Regulations, matters to be decided or voted on by the Board of Directors are defined as matters stipulated by law and our Articles of Incorporation as well as the approval of or changes to general corporate policy, annual and monthly budgets, personnel plans, medium- and long-term management plans, matters concerning our organization and human resources, and other important matters concerning business execution. To promote rapid decisions on matters concerning business execution, other matters are consigned to personnel below the company president in accordance with our organization regulations and work authority regulations.

[Supplemental Principle 4.8 Effective Use of Independent Directors]

The Company has appointed four outside directors, including three independent outside directors, with a variety of experience and skills, with the aim of strengthening the supervisory function (monitoring) of the Board of Directors and incorporating advice into management that contributes to improving the Company's corporate value. The proportion of independent outside directors on the Board of Directors is 50%.

[Supplemental Principle 4.9 Independent Standards and Qualification for Independent Outside Directors]

Matters concerning the criteria used to judge the independence of Outside Directors are as outlined in “2.1 [Independent Directors/Corporate Auditors] Matters Relating to Independent Directors/Corporate Auditors” of this report.

[Supplemental Principle 4.10.1 Establishment of Advisory Committee Mainly Comprised of Independent Outside Directors]

The Company has established a Nomination, Evaluation and Compensation Committee (President and CEO and four outside directors including three independent outside directors), with more than half of the members being independent outside directors and the committee being chaired by an outside director.

The Nomination, Evaluation and Compensation Committee examines the personnel, compensation and succession planning of directors, including senior management, prior to the resolution of the Board of Directors and submits the results of such examination to the Board of Directors, thereby ensuring that independent outside directors are involved in the personnel,

compensation and succession planning of directors, including senior management.

[Supplemental Principle 4.11.1 Composition of Board of Directors]

Our approach concerning the balance, diversity, and scope of the Board of Directors is outlined in “2.2 Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Compensation Decisions (Overview of Current Corporate Governance System)” of this report. Also, our Independent Outside Directors include persons with management experience at other companies. A skills matrix outlining knowledge, experience, and skills of the Directors is provided in “5.2 Other Matters Concerning the Corporate Governance System [Skills Matrix]” of this report.

[Supplemental Principle 4.11.2 Status of Directors/Corporate Auditors with Concurrent Posts]

No Directors other than Outside Directors or Outside Corporate Auditors serve concurrent positions at other listed companies. Information concerning important concurrent posts held by Outside Directors or Outside Corporate Auditors is indicated in “2.1 [Directors] Outside Directors’ Relationship with the Company (2)” and “2.1 [Corporate Auditors] Outside Corporate Auditors’ Relationship with the Company (2)” of this report.

[Supplemental Principle 4.11.3 Analyzing and Evaluating the Effectiveness of the Board of Directors as a Whole]

We conduct an evaluation of the effectiveness of our Board of Directors every year. Methods and a summary of the evaluation of the effectiveness conducted is disclosed on our website.

(Investor Relations > Company Information > Corporate Governance > (4)Board of Directors > Board Effectiveness Evaluation <https://www.solasto.co.jp/ir/en/corporate/governance.html>)

[Supplemental Principle 4.14.2 Training Policy for Directors and Corporate Auditors]

We provide Directors, Corporate Auditors, and Corporate Officers with relevant recommendations for participation in external seminars and membership with external organizations to promote self-enlightenment by adopting new thinking and interacting with frontline information. The Company covers related expenses in accordance with our internal regulations.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

On our website, we indicate our policies evaluated and approved by the Board of Directors on developing structures and implementing initiatives to promote constructive dialogue with shareholders.

(Basic Policy on Investor Relations: [https://www.solasto.co.jp/ir/en/basic\\_policy.html](https://www.solasto.co.jp/ir/en/basic_policy.html))

[Actions to Achieve Management with Emphasis on Cost of Capital and Stock Price]

<Evaluation of the current situation>

Our analysis and assessment is that the Company has achieved a return on capital that exceeds its cost of capital.

	FY2021	FY2022	FY2023
Shareholders' equity cost	7.8%	8.5%	7.6%
WACC	6.1%	6.1%	5.1%
ROE	18.1%	5.2%	10.7%
ROIC	8.8%	9.1%	7.9%
PBR	5.1x	2.8x	2.4x
PER	23.8x	15.0x	8.9x

<Policy and targets>

The market evaluation of the Company's stock price has been higher in the past compared to this analysis and evaluation was made. We are currently reviewing our medium-term management plan and our long-term vision, which sets out the direction we should take in order to respond to changes in the external environment, and we will continue to aim for increased profitability, improved corporate value and sustainable growth through dialogue with the capital markets.

[Dialogues with shareholders]

The status of communication with shareholders (including shareholders and analysts) in FY2023 is as follows.

We conduct dialogues with shareholders and report to the Board of Directors and Corporate Officers their inquiries and comments as their feedback. Shareholder opinions and concerns obtained in the engagements and feedback are incorporated into our management in a variety of ways.

Main speakers who conducted engagements with shareholders: President and CEO, CFO (Corporate Officer in charge of Investor Relations), General Manager of Investor Relations

Frequency of engagements: Financial results briefing conducted quarterly. Direct engagements were conducted for the total of 138 times/companies through one-on-one meetings and small meetings.

Outline of shareholders conducted engagements with: Fund Managers and analysts, ESG representatives, etc. from active management funds of domestic and overseas institutional investors

Major topics of engagements and matters of interest of shareholders: Management strategy, environment and strategy for existing and new businesses, environment and status of M&A, and PMI status after M&A.

## 2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
Daito Trust Construction Co., Ltd.	31,805,100	34.49
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,805,600	9.55
Custody Bank of Japan, Ltd. (Trust Account)	5,482,300	5.95
TOHO HOLDINGS CO., LTD.	4,709,500	5.11
JP MORGAN CHASE BANK 385174	3,412,500	3.70
INFOCOM CORPORATION	2,545,200	2.76
GOVERNMENT OF NORWAY	2,150,094	2.33
Solasto Employee Shareholding Association	2,110,012	2.29
STATE STREET BANK AND TRUST COMPANY 505038	1,516,900	1.65
Custody account (for Junichi Arai) Custodian SMBC Trust Bank Ltd.	1,200,600	1.30

Controlling Shareholder (except for Parent Company)	—
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Parent Company	N/A
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### Supplementary Explanation

The Company, which holds 2,531,133 shares of treasury stock, is excluded from the above list of major shareholders. Holdings ratio excludes treasury stock..

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Services
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

## 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

One Outside Corporate Auditor (Mr.Tsukasa Okamoto) has been appointed from Daito Trust Construction Co., Ltd., which owns 34.49% of outstanding shares of the Company. However, the Company is not restricted by Daito Trust Construction Co., Ltd. in terms of its business activities and management decisions. The Company recognizes that its independence is secured.

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

### 1. Organizational Composition and Operation

Organization Form	Company with Board of Corporate Auditors
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Outside Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yukio Kubota (Mr.)	From another company							△				
Kenji Chishiki (Mr.)	From another company											
Miki Mitsunari (Ms.)	From another company											
Miho Tanaka (Ms.)	From another company											

\* Categories for "Relationship with the Company"

\* "○" when the Director presently falls or has recently fallen under the category; "△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category; "▲" when a close relative of the Director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive Director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the listed company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the Director himself/herself only)

i. Executive of a company, between which and the Company Outside Directors are mutually appointed (the Director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the Director himself/herself only)

k. Others

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yukio Kubota		(Significant concurrent positions outside the Company) Outside Director of KOEI DREAMWORKS Co., Ltd	Mr. Kubota has a wealth of experience and extensive knowledge as the Director including Representative Director among plural companies. Therefore, the Company has appointed him as an Outside Director with expectation that he will use this experience to supervise and support management toward improving our corporate value.
Kenji Chishiki	○	(Significant concurrent positions outside the Company) Outside Director of Ishii Food CO., Ltd. Director and Vice President of ONWARD HOLDINGS CO., LTD	Mr. Chishiki has served as a Representative Director in a number of companies, as well as has a wealth of experience serving as an Outside Director. The Company has appointed him as an Outside Director because he has a wide range of knowledge and experience in personnel development,

			organizational management including corporate culture, and the establishment and strengthening of management foundations, with the expectation he will provide useful advices to the Company. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated him as an Independent Officer.
Miki Mitsunari	○	(Significant concurrent positions outside the Company) President of FINEV inc. Director of Japan Accreditation Board Outside Director of YAMADA HOLDINGS CO., LTD. Outside Director of YUASA TRADING CO.,LTD.	Ms. Mitsunari has served as the representative director of a consulting company related to the environment, climate change, ESG, and the SDGs, and has experience serving as an outside director for multiple companies. She also possesses vast knowledge and broad perspective concerning environmental problems related to real estate, disaster prevention measures and risk management. The Company has appointed her as a Outside Director with the expectation that she will provide beneficial advice as we aim to provide high-quality services based on a fusion of humans and technology, including facility monitoring services using cameras and sensors. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated her as an Independent Officer.
Miho Tanaka	○	(Significant concurrent positions outside the Company) Partner of Shiba & Tanaka Law Office Supervisory Director of Marimo Regional Revitalization REIT, Inc. Supervisory Director of JINUSHI Private REIT Investment Corporation Outside Director of Tokyo Century Corporation	As an attorney with extensive knowledge and experience in corporate legal affairs and M&A-related fields, the Company has judged that she can audit the execution of duties by Directors from an objective and fair standpoint, and has appointed her as an outside director.  In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated her as an Independent Officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established
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Committee's Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee's Name	the Nomination, Evaluation, and Compensation Committee	the Nomination, Evaluation, and Compensation Committee
All Committee Members	5	5
Full-time Members	0	0

Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

#### Supplementary Explanation

The Company has established the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee under the Board of Directors to support the role of the Board of Directors.

Majority of the Nomination, Evaluation, and Compensation Committee members are Outside Directors and the Committee is chaired by an Outside Director (Committee consists of 1 Representative Director and four Outside Directors). The Committee proposes candidates for the president and corporate officers to the Board of Directors. In addition to setting and evaluating annual targets for corporate officers, the Committee evaluates and determines whether corporate officers' remuneration is competitive and appropriate.

#### [Corporate Auditor]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	4

#### Cooperation among Corporate Auditors, Accounting Auditors, and Internal Audit Departments

Through strengthening mutual cooperation among Corporate Auditors, Accounting Auditors and the Audit Department as an internal audit department and exchanging opinions at the regular meetings, the Company strengthens the quality of audits covering all management activities.

The Corporate Auditors Office is in charge of communication and coordination with relevant departments within the Company in order to accurately provide corporate information to Outside Corporate Auditors.

For the audit by Corporate Auditors, appropriate audits are ensured by attending important meetings, visiting departments, offices and subsidiaries, exchanging opinions with Directors, and receiving reports on audit plans and results from Accounting Auditors. The results of these audits are reported to all divisions through the Board of Directors.

The Company has concluded an audit agreement with KPMG AZSA LLC as an accounting auditor and receives an accounting audit.

Under the direction of the President, the Audit Department conducts audits of the effectiveness of internal controls and the status of actual execution of operations for each division at the head office, all business locations, and subsidiaries. The results of these audits are reported to the President and Board of Directors as well as departments which function as upper organizations of each division as needed. In addition, Internal Audit Department holds meetings and exchange views with the Corporate Auditors as necessary.

Appointment of Outside Corporate Auditors	Appointed
Number of Outside Corporate Auditors	3
Number of Independent Outside Corporate Auditors	2



Outside Corporate Auditors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	L	m
Hironori Yokote (Mr.)	CPA													
Kanae Fukushima (Ms.)	Lawyer													
Tsukasa Okamoto (Mr.)	From another company									○				

\* Categories for "Relationship with the Company"

\* "○" when the Corporate Auditor presently falls or has recently fallen under the category; "△" when the Corporate Auditor fell under the category in the past

\* "●" when a close relative of the Corporate Auditor presently falls or has recently fallen under the category; "▲" when a close relative of the Corporate Auditor fell under the category in the past

- Executive of the Company or its subsidiary
- Non-executive Director or accounting advisor of the Company or its subsidiaries
- Non-executive Director or executive of a parent company of the Company
- Audit & Supervisory Board Member of a parent company of the Company
- Executive of a fellow subsidiary company of the Company
- A party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Corporate Auditor
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the Corporate Auditor himself/herself only)
- Executive of a company, between which and the Company Corporate Auditor are mutually appointed (the Corporate Auditor himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the Corporate Auditor himself/herself only)
- Others

Outside Corporate Auditors' Relationship with the Company (2)

Name	Designation as Independent Corporate Auditors' Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hironori Yokote	○	(Significant concurrent positions outside the Company) Director of Hironori Yokote CPA Office Representative Partner of Miogi Audit Corporation. Outside Corporate Auditor of Suzuki Shokai K.K.	He has a wealth of knowledge and experience in accounting and taxation as a certified public accountant and tax accountant. He has many years of experience of being seconded to the Listing department of the Tokyo Stock Exchange, Inc. and is well versed in the practice of listed companies. The Company has appointed him in the expectation that he will provide useful advice for further strengthening corporate governance in our company. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated him as an Independent Officer.
Kanae Fukushima	○	(Significant concurrent positions outside the Company) Outside Corporate Auditor of iXs Co., Ltd Partner at Utsunomiya Shimizu & Haruki Law Office Outside Director (Audit & Supervisory Committee Member) of World Co., Ltd	She has well knowledge and experience as a judge, handling civil, criminal and administrative cases in the Family Court, District Court and High Court, which enables her to audit the directors' performance of their duties from an objective and fair standpoint, and she is therefore appointed as an outside corporate auditor. In accordance with the independence criteria set forth by Tokyo Stock Exchange, Inc. and the independence requirements for independent outside executives set forth by the Company, the Company has determined that there is no risk of conflict of interest with general shareholders in the execution of duties by outside officers and designated her as an Independent Officer.

Tsukasa Okamoto		(Significant concurrent positions outside the Company) Director, Senior Executive Officer and General Manager of Management Department, CFO of Daito Trust Construction Co., Ltd.	As a certified public accountant, Mr. Okamoto not only has a wealth of expertise and experience in corporate accounting, but also a broad knowledge about corporate management through a range of experiences such as serving as a director at a large construction company. The Company believes that by utilizing his expertise as a certified public accountant, he will be able to audit the execution of the duties of Directors from a fair and objective perspective, and has therefore appointed as an outside corporate auditor.
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## [ Independent Directors/Corporate Auditors]

Number of Independent Directors/Corporate Auditors

5

### Matters Relating to Independent Directors/Corporate Auditors

<Independence Requirements for Outside Executives – Revised on June 1, 2021>

In accordance with the independence criteria established by the Tokyo Stock Exchange, we judge outside executives applicable to any of the following as not qualifying as an independent outside director.

1. A person who is currently a director (excluding outside directors), corporate auditor (excluding outside corporate auditor), corporate officer, or employee of the Solasto Group (\*1).
2. A person who, during any business year occurring within the past 10 years, is or was a major shareholder (\*2) of the Solasto Group, or the director, corporate auditor, corporate officer, or employee of a company for which the Solasto Group is a major shareholder.
3. A person who is or was an executive (\*4) of a major Solasto Group business partner (\*3).
4. A person who is or was a trustee or other director, corporate auditor, corporate officer, or employee of a corporation or foundation receiving significant donations (\*5) from the Solasto Group.
5. Persons dispatched to or from the Solasto Group as a director, corporate auditor, or corporate officer.
6. A person who is or was associated with the Solasto Group's accounting auditor within the past 5 years.
7. A person who is or was an attorney, Certified Public Accountant, or consultant receiving significant monetary amounts (\*6) or other assets from the Solasto Group.
8. A person who is the spouse, blood relative within two degrees, a cohabiting relative, or otherwise engaged in shared living with the following persons:
  - (1) A Solasto Group business executive
  - (2) A person who was a Solasto Group business executive during any fiscal year occurring in the past 10 years.
  - (3) Persons deemed not independent based on the above 2 through 7
9. Other persons who, upon a substantive decision by the company, would have potential conflicts of interest with Solasto Group general shareholders if serving as an outside executive.

(Notes)

- 1: "Solasto Group" refers to Solasto Corporation and its subsidiaries.
- 2: "Major shareholder" refers to a company, etc. directly or indirectly possessing voting rights equivalent to 20% or more of total voting rights.
- 3: "Major business partner" refers to a company, etc. whose payments made or received for transactions with the Solasto Group account for 2% or more of the Solasto Group's or said business partner's consolidated net sales during any fiscal year during the past three fiscal years.
- 4: "Executive" refers to a person in the position of executive director, executive officer, or a senior management position of general manager or higher.
- 5: "Significant donation" refers to donations averaging 10 million yen annually or exceeding 2% of the recipient's consolidated net sales or gross revenue, whichever is higher, over the past three fiscal years.
- 6: "Significant monetary amount" refers to amounts averaging 10 million yen annually for an individual, or exceeding 2% of an organization's consolidated net sales for an organization over the past three fiscal years.

## [Incentives]

Incentive Policies for Directors

Performance-linked Compensation / Stock Options

### Supplementary Explanation

A portion of bonuses for internal directors are determined based on a quantitative evaluation (performance-linked remuneration) linked to the Company's performance.

The Company has also introduced a restricted stock compensation plan for internal directors.

- \* The Company has introduced restricted stock compensation for internal directors since FY2021, in place of the previous stock option compensation, in order to provide an incentive to continuously improve the corporate value of the Company and promote further sharing of value with shareholders. The Company has abolished the stock option system for Directors and Corporate Auditors except for those already granted.
- \* Establishment of shareholding guidelines  
The Company has established guidelines for directors' shareholding with the aim of increasing corporate value by encouraging the Company's directors and corporate officers to hold the Company's own shares, thereby further boosting their motivation and morale to improve the Company's performance and increase the share price.  
The shareholding targets for each executive position set out in the guidelines are as follows  
President: Ownership of shares equivalent to 2.0 times the annual basic remuneration within five years of assuming this position.  
Executive officers other than the above: within five years of assuming their position, to own shares in the company equivalent to 0.5 to 1 times their base remuneration (annual amount).

## Recipients of Stock Options

### Supplementary Explanation

## [Director Remuneration]

### Disclosure of Individual Directors' Remuneration

No Individual Disclosure

### Supplementary Explanation

The total amount of compensation for all Directors and Corporate Auditors is disclosed in the Annual Securities Report and Business Report in accordance with relevant laws and regulations, and is made available for public inspection by posting on the Company's website. The total amount of compensation paid to Directors in FY2023 was 165 million yen, of which compensation paid to Outside Directors was 31 million yen. The following are the details.

#### [Compensation of Directors]

Total amount of compensation:	165 million yen (including 31 million yen for Outside Directors)
Basic compensation:	122 million yen (including 31 million yen for Outside Directors)
Bonus:	23 million yen
Non-monetary compensation:	19 million yen
Number of Eligible Directors:	9 people (including 4 outside directors)

- \* The number of paid personnel excludes one uncompensated Outside Director.
- \* At the 47th Ordinary General Meeting of Shareholders held on June 26, 2015, the maximum amount of remuneration for directors was resolved to be within 320 million yen per year (excluding employee salaries). The number of directors at the conclusion of the General Shareholders' Meeting was seven.
- \* At the 53rd Ordinary General Meeting of Shareholders held on June 28, 2021, the compensation for Directors (excluding Outside Directors) for the grant of restricted stock was determined to be monetary remuneration receivables and the total amount of remuneration was resolved to be no more than 100 million per year (but not including compensation for employees and Directors who are also employees). The number of the Directors at the close of the said Shareholders Meeting was eight (including four Outside Directors).

## Policy on Determining Remuneration Amounts and Calculation Methods

Established

### Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

#### <Policy concerning decisions on executive compensation>

We believe it appropriate that individual compensation for Directors be determined by the Nomination, Evaluation, and Compensation Committee, which is comprised of a majority of Outside Directors. As such, the Board of Directors consigns decision-making authority concerning individual compensation for Directors to the Nomination, Evaluation, and Compensation Committee, which deliberates on adequacy based on outlined decision-making policy.

Details of our decision-making policy on individual compensation for Directors are as follows.

#### a. Basic policy

The remuneration for the Directors is based on a remuneration system that functions sufficiently as an incentive to continuously improve corporate value, and the basic policy is to determine the remuneration of individual directors in consideration of the level of the Company's peers, performance, and the balance with the employees.

Remuneration for Directors (excluding Outside Directors) consists of basic remuneration, bonuses, and restricted stock remuneration. Basic remuneration consists of director remuneration and business execution remuneration, and is paid monthly. Bonuses are paid for director and execution at certain times in accordance with their roles. The business execution portion of the bonuses consists of fixed and variable remuneration. Variable remuneration is determined by the both qualitative evaluation and a quantitative evaluation linked to the company's performance (performance-linked remuneration). Remuneration for Outside Directors is limited to basic remuneration in light of their roles. Basic remuneration consists of director remuneration and committee allowances, and is paid monthly.

b. Policy on performance-linked remuneration, etc.

Performance-linked remuneration uses net sales and operating profit as performance indicators as they are directly linked to the Company's goal of achieving its 2030 Numerical Goals. The performance goal is to achieve the annual plan for each indicator, and the payment rate of performance-linked remuneration is determined based on the achievement rate. Directors in charge of specific business divisions are designated for indices of their respective divisions in charge, while other Directors, including the President, are designated for indices of consolidation.

c. Policy on non-monetary compensation

Restricted stock remuneration provides an incentive to continuously improve corporate value and promotes further value sharing with shareholders. The amount is determined based on performance and their roles. In addition, certain transfer restriction period is to be stipulated by the Board of Directors shall be imposed on the shares to be granted.

d. Policy on determination of details of individual compensation for Directors

In order to supplement the functions of Board of Directors, compensation for each Director is determined by the Nomination, Evaluation, and Compensation Committee after deliberation by the Committee. Final decisions on individual compensation can also be made discretionary to the President & Director. If delegated, President & Director must make the final decisions on individual compensation based on the results of deliberations by the Nomination, Evaluation, and Compensation Committee. Nomination, Evaluation, and Compensation Committee was established under the Board of Directors and is chaired by an Outside Director, Yukio Kubota, and the other members are Director, Kenji Chishiki, Miki Mitsunari and Miho Tanaka.

The committee is operated with the majority of the Committee being composed of Outside Directors, incorporating the superior aspects of the structure of a company with a Nominating Committee.

e. Policy on the proportion of remuneration, etc.

The ratio of each Director's remuneration is determined by the Nomination, Evaluation, and Compensation Committee, with a structure in which the percentage of the bonus becomes higher for the higher position and the Director in charge of a specific business division.

Reference: The proportion of remuneration for Directors (excluding Outside Directors)

The composition ratio of remuneration for Directors (excluding Outside Directors) for FY2023 is as shown below. Stock remuneration is determined by multiplying a certain percentage on the basic remuneration and bonus. Bonuses are calculated based on the base amount thus differs from the composition ratio of actual payments.

	Basic remuneration	Bonus	Stock remuneration
President and Vice President	56%	22%	22%
Directors (excluding Outside Directors)	61%	23%	16%

**[Supporting System for Outside Directors and/or Outside Corporate Auditors]**

Corporate Planning Division provides support to Outside Directors, and Corporate Auditors Office and Corporate Planning Division provide support to Outside Corporate Auditors.

In principle, materials for the Board of Directors are distributed in advance by the secretariat of the Board of Directors to ensure that Outside Directors and Outside Corporate Auditors have time to consider them. They also provide advance explanations as necessary.

Materials for important meetings are distributed to Outside Directors from the secretariat of the Board of Directors and other bodies. Full-time Corporate Auditor shares information on Corporate Auditors' audits, accounting audits and internal audits to Outside Corporate Auditors.

**2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

We select a company with Board of Corporate Auditors as its institutional design under the Companies Act. To supplement the functions of Board of Directors, we established the Nomination, Evaluation, and Compensation Committee and the Corporate Governance Committee under the of Board of Directors, and have established and implemented a system that incorporates the superior aspects of a company with a Nominating Committee, by appointing Outside Officer as the chairperson, as well as consisting more than half of the members Outside Officers.

<Board of Directors>

The Board of Directors aims to realize proactive governance through prompt and decisive decision-making and appropriate risk-taking in order to enhance corporate value over the long term after having established fairness and integrity. In addition to ensuring the effectiveness and transparency of management through the exercise of oversight functions over overall management through decisions on important business execution, the supervision and approval of candidates for Directors and Corporate Auditors and the appointment of executive officers, and supervision and approval of annual budgets, medium-term management plans, and other important strategies, it also monitors the efforts of executive officers, including the president, to

increase corporate value. In addition, our Board of Directors have a 1-year term of office in order to clarify management responsibilities and enable the Company to respond swiftly to changes in the business environment.

In principle, regular meetings of the Board of Directors are held monthly, and extraordinary meetings are held as necessary. In FY2023, the Board of Directors held 14 meetings, to elect candidates for Directors and Corporate Auditors as well as corporate officers, approve the annual budgets, M&As and other matters.

#### <Board of Corporate Auditors>

The Company has established a system to ensure the effectiveness of audits by each member of Board of Corporate Auditors by deciding on the chairperson among the members of Board of Corporate Auditors. Auditors audit the execution of duties by Directors and the fulfillment of the supervisory obligations of the Board of Directors by attending important meetings, including meetings of the Board of Directors. In addition, the Board of Corporate Auditors meets monthly in conjunction with the Board of Directors Meeting to formulate auditing policies and plans, as well as to receive reports from each Corporate Auditors on important auditing matters and discuss or make resolutions.

In FY2023, the Board of Corporate Auditors held 23 meetings and major matters for Board of Corporate Auditors included the status of the development and operation of the Group's internal control system, management and control of subsidiaries to correspond the expansion of the Group by M&A, as well as human resources management in response to organizational restructuring.

#### <Nomination, Evaluation, and Compensation Committee>

The Nomination, Evaluation, and Compensation Committee assists the Board of Directors in its role in the nomination, evaluation and compensation of management, such as proposing the President and Executive Officer candidates to the Board of Directors. In FY2023, the Nomination, Evaluation, and Compensation Committee held 9 meetings, and discussed the nomination of directors and corporate officers, the composition of committees and the development of the next generation of management three meetings to review of overall its corporate governance and to discuss the evaluation of the effectiveness of the Board of Directors personnel.

#### <Corporate Governance Committee>

The Corporate Governance Committee assists the Board of Directors in its roles by deliberating on ongoing enhancements to corporate governance and initiatives to increase management transparency and fairness, and proposes them to Board of Directors.

In FY2023, the Corporate Governance Committee held 3 meetings, and discussed the general review of its corporate governance and the assessment of the effectiveness of the Board of Directors.

#### <Other Committees>

In addition to the above, the Company has established a Management Committee, the purpose of which is to promote rapid and efficient decision-making by the Board of Directors by serving as an entity that deliberates and decides on important matters related to business execution. The Management Committee is comprised by all Corporate Officers including President. In principle, the committee meets once a month. Also, Risk and Compliance Committee has been established to oversee company-wide risk and compliance matters.

#### <General Policies and Procedures for Appointing Management Team and Nominating Directors and Corporate Auditors>

The Company selects candidates with the knowledge and experience required to execute the authority and responsibilities deemed required of Corporate Officers and Directors. Candidates are nominated for the position of Corporate Officer and Director by our Nomination, Evaluation, and Compensation Committee and submitted to the Board of Directors for approval. Corporate Officer candidates must be appointed by the Board of Directors. Director candidates are appointed at the General Meeting of Shareholders after the approval of the Board of Directors. Corporate Auditor candidates are subject to consent by the Board of Corporate Auditors and approval by the Board of Directors before candidates can be appointed by the General Meeting of Shareholders.

### **3. Reasons for Adoption of Current Corporate Governance System**

We believe that the Board of Directors (six members, including four Outside Directors) receiving opinions from external perspectives ensures transparency and objectivity in corporate management, and that receiving accurate advice based on wealth of experience and broad insight enables us to make appropriate decisions.

Furthermore, we believe that an effective auditing system realized through mutual collaboration among Board of Corporate Auditors, accounting auditors, and the audit department, which is the internal audit department, ensures legality and appropriate audits in a reasonable manner.

For the reasons stated above, we have adopted the current corporate governance system.

## III. Implementation of Measures for Shareholders and Other Stakeholders

### 1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of the Ordinary General Meeting of Shareholders held in June 2024 was disclosed electronically 26 days prior to the date of the meeting. The integrated access notice and reference documents for the meeting were sent out 20 days prior to the date of the meeting.
Scheduling AGMs Avoiding the Peak Day	The Ordinary General Meeting of Shareholders held in June 2024 was set to avoid the day of most concentration.
Allowing Electronic Exercise of Voting Rights	The Company has introduced electronic voting system from FY2021.
Participation in Electronic Voting Platform	The Company participates in the electronic voting platform operated by ICJ, Inc. In addition, in order to secure sufficient time for institutional investors to consider proposals, the Company electronically disclosed the notice of the Ordinary General Meeting of Shareholders (in Japanese and English) 26 days prior to the date of the Ordinary General Meeting of Shareholders.
Providing Convocation Notice in English	The Notice of the Ordinary General Meeting of Shareholders the Reference Documents for the General Meeting of Shareholders, and the Business Report (summary) are posted in English on the Company's website.

### 2. IR Activities

	Supplementary Explanations	Explanations by Representatives
Preparation and Publication of Disclosure Policy	The Company discloses its basic policy on investor relations in Japanese and English on the Company's website. The policy on the system, development, and initiatives to promote constructive dialogue with shareholders was reviewed and approved by the Board of Directors. JP:( <a href="https://www.solasto.co.jp/ir/jp/corporate/basic_policy.html">https://www.solasto.co.jp/ir/jp/corporate/basic_policy.html</a> ) EN:( <a href="https://www.solasto.co.jp/ir/en/basic_policy.html">https://www.solasto.co.jp/ir/en/basic_policy.html</a> )	
Regular Investor Briefings for Analysts and Institutional Investors	The Company holds quarterly financial results briefing meetings. We also hold small meetings and one-on-one with sell-side analysts and institutional investors.	Yes
Posting of IR Materials on Website	The Company's website actively discloses all important information that may contribute to investment decisions in Japanese and English.	
Establishment of Department and/or Manager in Charge of IR	Investor Relations Office, Corporate Communications and Investor Relations Department, Management Division	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We have established the "Solasto Group Code of Conduct" as a basic guidelines for ethical and liability conduct in the realization of our Corporate Philosophy and the implementation of the policies and action guidelines set forth by the Group. It stipulates not only respect for basic human rights and diversity, and compliance with laws and regulations, but also the establishment and maintenance of sound and favorable relationships with various stakeholders. ( <a href="https://www.solasto.co.jp/ir/20230401_codeofconduct_en.pdf">https://www.solasto.co.jp/ir/20230401_codeofconduct_en.pdf</a> )

<p>Implementation of Environmental Activities, CSR Activities etc.</p>	<p>The Company provides medical outsourcing, elderly care, and child care services, as well as education and training to those engaged in these services, and is closely related to the welfare and employment of local communities.</p> <p>As mentioned in the Corporate Philosophy, the Company's CSR is to contribute to the continuous development of local communities through these businesses. The Company has set the Solasto Group Code of Conduct that stipulates that we comply with social rules and norms and are fair and honest in conduct of our business, and strives to ensure that we follow the code of conduct.</p> <p>In 2021, the Solasto Group identified key issues to be addressed on a priority basis through its business activities, and established them as five sustainability themes. Details of these initiatives are posted on our website. (<a href="https://www.solasto.co.jp/ir/en/sustainability/theme.html">https://www.solasto.co.jp/ir/en/sustainability/theme.html</a>)</p>
<p>Development of Policies on Information Provision to Stakeholders</p>	<p>The Company's business is deeply related to the welfare and employment of local communities, and the Company has many stakeholders, including local communities. The Company recognizes that it is an important responsibility for these diverse stakeholders to deepen their understanding not only of management information but also of various initiatives of the Company, such as productivity improvement, safety and security, and human resource development. The Company uses media and other media to disseminate information widely.</p>
<p>Other</p>	<p>The Company's Corporate Philosophy calls for "We are committed to putting energetic smiles on the faces of each of our employees and establishing a society that provides peace of mind." The Company places a high priority on the work style and career development of human resources, especially female employees, who account for approximately 90% of the total.</p> <p>Based on the belief that enhancing employee satisfaction leads to improving customer satisfaction and business performance, the Company has worked to improve various systems that consider work-life balance and to create an environment in which employees can work longer with peace of mind while raising children and caring for their family.</p> <p>In April 2021, in order to grow together with society, the Company identified particularly important issues to be addressed with priority, and formulated five sustainability themes: "Contributing to an Aging Society and Local Communities," "Innovation and Contribution to Optimizing Social Security Expenditures," "Human Capital (Human Resources Development, Compensation Improvement, and Diversity)," "Compliance and Governance," and "Consideration for the Environment and Resources."</p> <p>The Company actively promotes information disclosure through its website and various materials and dialogues with stakeholders with regard to initiatives on sustainability themes and ESG (environment, society and governance).</p> <p><b>Solasto's Diversity Policy</b> Solasto has established its diversity policy and is promoting 6 types of diversity.</p> <p>6 diversity themes are described in "1.Basic Views, [Disclosure Based on the Principles of the Corporate Governance Code],[Principle 2.4.1 Ensuring Diversity in the Promotion to Core Human Resources]"</p> <p>Initiatives for diversity <a href="https://www.solasto.co.jp/ir/en/sustainability/hizaimu.html">https://www.solasto.co.jp/ir/en/sustainability/hizaimu.html</a></p> <p>[External Evaluations]</p> <ul style="list-style-type: none"> <li>- Certified of "Eruboshi (third)" based on the Law Concerning the Promotion of Women's Participation and Advancement in the Workplace in 2021.</li> <li>- Complied with the certification standards based on the Law for Promotion of Measures to Support the Development of the Next Generation and acquisition of the Kurumin certification mark by the Ministry of Health, Labour and Welfare in 2008, 2011 and 2015</li> <li>- Recognized as a "Best Workplace" at the D&amp;I Awards, which recognize diversity and inclusion (D&amp;I) initiatives (2021).</li> </ul> <p>[Current Status of Promotion of Female Employees] Female managers: 46.0% (as of April 1, 2024) * Sectional managers and above</p>

## **IV. Matters Related to the Internal Control System**

### **1. Basic Views on Internal Control System and the Progress of System Development**

The Company believes that it is important to establish an effective internal control system in order to enhance the soundness and transparency of its management. The Board of Directors has resolved to establish the necessary systems to ensure the suitability of its operations as the basis for this system.

- 1) Structure for ensuring work execution by Directors and employees is compliant with law and our Articles of Incorporation
  - (1) To fulfill society's expectations for the Company and to clarify our basic stance on corporate ethics and legal compliance, we have outlined the Solasto Group Code of Conduct as basic guidelines for all Group employees. We work to promote the awareness of the code among all executives and employees.
  - (2) In accordance with our Compliance Regulations, we established a Risk & Compliance Committee to create and promote a group wide compliance structure.
  - (3) In accordance with our Whistleblowing Regulations, we operate a whistleblowing system to promote the early discovery and correction of any legal, regulatory, or rule violations.
  - (4) We reject all relations with anti-social forces that serve to threaten the order and safety of society. Our entire organization works closely with relevant administrative agencies and attorneys to ensure we respond appropriately.
- 2) Structure for storing and managing information related to business execution by Directors
  - (1) Information concerning business execution by Directors is stored and managed appropriately in accordance with our internal regulations and other document management regulations.
- 3) Regulations and other structures concerning loss risk management
  - (1) In accordance with our Basic Regulations on Risk Management, our Board of Directors works to mitigate and prevent Group risks in order to ensure the survival of the Company and our ability to engage in healthy business operations.
  - (2) In accordance with our Basic Regulations on Risk Management, we have established a Risk & Compliance Committee to build and promote a Group risk management structure.
  - (3) The risk management supervisor of each department implements risk management for their respective department. The risk management supervisor makes regular risk management reports to the department in charge of risk management and coordinates on risk management.
- 4) Structure for ensuring efficient business implementation by Directors
  - (1) As the foundation of our structure for ensuring efficient business implementation by Directors, we hold Regular Board of Directors' meetings once per month and impromptu Board of Directors' meetings to conduct rapid and accurate decision-making on critical matters.
  - (2) Details on authority, responsibilities, and procedures related to executions of business decisions made by the Board of Directors are outlined in organization regulations, business allocation regulations, and work authority regulations.
  - (3) In order to clarify the management responsibilities of Directors and enable rapid responses to change in our operating environment, the term of each Director shall be one year.
- 5) Structure for ensuring proper business practices by the company, parent company, and subsidiaries that comprise our Group
  - (1) We outlined the Solasto Group Code of Conduct and work to build a Group compliance structure to ensure proper business practices by Group companies.
  - (2) Departments responsible for the administration of subsidiaries and other affiliates conduct necessary management in accordance with Affiliate Management Regulations including promotion of workflow optimization at subsidiaries.
  - (3) In accordance with Affiliate Management Regulations, subsidiaries provide regular reports on performance and other important matters.
  - (4) In accordance with our Basic Regulations on Risk Management, we appropriately build and operate a risk assessment and management structure for our entire Group.
- 6) Matters concerning employees when a Corporate Auditor requests an employee assistant, matters concerning independence from Directors, and matters concerning ensuring the efficacy of instructions by corporate auditors to said employee(s)
  - (1) The company shall establish a Corporate Auditor department and assign dedicated staff to assist in the work of Corporate Auditors.
  - (2) Dedicated staff shall not be subject to instructions or orders from Directors.
  - (3) Personnel reassignments, personnel evaluations, and any disciplinary action of dedicated staff shall be subject to prior approval by the Board of Corporate Auditors.
  - (4) Dedicated staff works to maintain close collaboration with Corporate Auditors by regularly engaging in discussions and exchanging opinions concerning audit results, etc.
- 7) Structure for Directors and employees to report to Corporate Auditors, structures for other reporting to Corporate Auditors, and other structures for ensuring effective audits by Corporate Auditors
  - (1) A Director or employee, or a Director, Corporate Auditor, or employee of a subsidiary, or persons who have received reports from said persons shall report to the Board of Corporate Auditors concerning any incident that has occurred or is at risk of occurring that could cause significant losses to the Company, when it is discovered that an employee or executive has committed a legal violation or fraud, or in the event of other matter deemed requiring reporting by the Board of Corporate Auditors. Notwithstanding the above, a Corporate Auditor may, as necessary, demand a report from a Director or employee, or a Director, Corporate Auditor, or employee of a subsidiary.



- (2) The Company prohibits any unfair treatment of persons making the aforementioned reports to the Board of Corporate Auditors in response to having made such a report. The prohibition of such treatment shall be reinforced among Directors and employees, as well as subsidiary Directors, Corporate Auditors, and employees.
- (3) Corporate Auditors shall attend Board of Directors' meetings, management meetings, and any other important conferences and committee meetings necessary to ascertain processes related to important decision-making and business execution. As necessary, Corporate Auditors may request explanations from Directors and employees. Furthermore, Corporate Auditors shall regularly hold meetings with the Representative Director to exchange opinions, promote communication, and ensure the maintenance of an appropriate reporting structure.
- (4) In accordance with our Whistleblowing Regulations, the Company shall ensure an appropriate structure for reporting legal infractions and other compliance issues to the Corporate Auditors.
- (5) When a Corporate Auditor requests the prepayment or reimbursement of expenses related to their execution of duties, said expenses and liabilities shall be handled immediately excluding when it is deemed that said expenses were not necessary to the execution of duties by said Corporate Auditors.

## **2. Basic Views on Eliminating Anti-Social Forces**

No member of our Group, special interest affiliates, shareholders, or business partners, etc. shall have any relations with anti-social forces.

### **(1) Basic approach to the elimination of anti-social forces**

Acting in accordance with the Solasto Group Code of Conduct, our Group rejects any and all relations with anti-social forces and prohibits any acts that work to assist the activities of anti-social forces.

We have created an Anti-Social Forces Response Manual to outline specific response policies and standards. Furthermore, to verify that no Group executive or employee constitutes any anti-social force, they are required to submit a pledge upon hiring and are required to take necessary training.

### **(2) Status of structure for eliminating anti-social forces**

We designate the Human Resources & General Affairs Division as the division of operations related to anti-social forces. We also assign compliance management supervisors to each business division to gather information from our worksites and engage in uniform measures throughout our Group. Our cooperation with external organizations includes membership in the Tokyo Center for Removal of Criminal Organizations. We have registered the General Manager of our General Affairs Division as the Unjust Claims Prevention Supervisor and participate in regular training. The Unjust Claims Prevention Supervisor works to gather information related to anti-social forces and build a structure for cooperating with police.

## **V.** Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

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Supplementary Explanation

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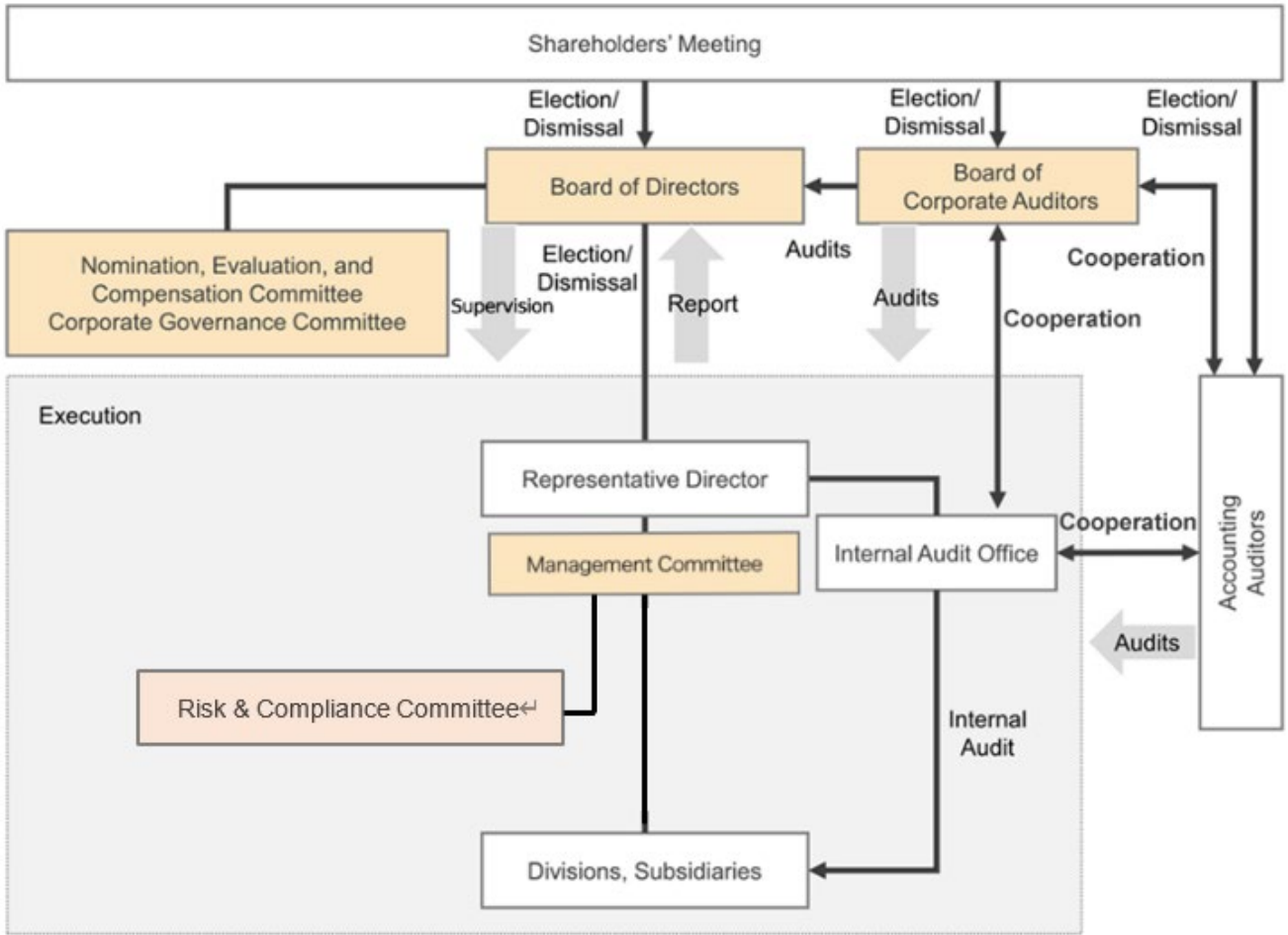
### 2. Other Matters Concerning the Corporate Governance System

<Initiatives to Establish a Timely Disclosure System>

The Group considers timely and appropriate disclosure to be an important element of corporate governance and a significant responsibility to shareholders. The Company's policy is to promptly disclose financial results and other information that may have a significant impact on business results.

The basic policy for timely disclosure is to follow the internal procedures.

(Reference)  
【Schematic Diagram】



【Skills Matrix】

■ : Chairman □ : Member

●:possesses

Name	Committees to serve		Expertise and Experience						
	Nomination, Evaluation, and Compensation Committee	Corporate Governance Committee	Corporate Management	Organizational Management	Marketing/Innovation	DX/ICT	Financial and Accounting/M&A	Human Resources/ Human Resource Development	Risk Management/ Sustainability
Toru Noda	□	□	●	●	●	●	●		
Masateru Kawanishi		□		●	●	●		●	●
Yukio Kubota	■	□	●	●	●	●			
Kenji Chishiki	□	□	●	●	●			●	
Miki Mitsunari	□	□			●	●			●
Miho Tanaka	□	■		●			●		●
Masami Nishino		□		●					●
Hironori Yokote		□					●		●
Kanae Fukushima		□							●
Tsukasa Okamoto				●			●		●

(Notes) 1. The above list does not represent all the expertise and experience possessed by directors and auditors

【Reason for selecting each skill items】

Corporate Management:	As the business environment surrounding us continues to change, we need the experience and achievements of corporate management in order to make appropriate management decisions and realize sustainable increases in corporate value.
Organizational Management:	In order for approximately 30,000 employees to demonstrate their high level of expertise and teamwork and continue to provide services on a stable manner, we need a high level of organizational management ability and experience.
Marketing/Innovation:	In order to lead the solution of social issues through our business, such as contributing to the declining birthrate and aging population and the optimization of social security expenditures, it is necessary to have a deep understanding of business and the knowledge to create customers and markets with new ideas that are different from the conventional ones.
DX/ICT:	In order to continue to support local communities where people live with peace of mind by integrating "people" and "technology," it is necessary to have a deep understanding of technology and knowledge to realize advanced and flexible utilization.
Financial Accounting/M&A:	In order to build a solid financial base and realize growth investments (new businesses, M&A) aimed at sustained improvement of corporate value, it requires solid knowledge and experience in the financial and accounting fields.
Human Resources/Human Resource Development:	Our greatest asset is "people," and in order to promote diversity in which approximately 30,000 employees can thrive in their respective personalities and working styles while maximizing their capabilities, we need a knowledge to formulate a human resource strategy and accomplish it.
Risk Management/Sustainability:	We are responsible for businesses with a high public profile, thus consider "grow together with society" to be particularly important, and need knowledge to risk management and sustainability in light of laws and compliance.