

# Corporate Governance

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Securities Code: 7059  
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The corporate governance of COPRO-HOLDINGS. Co., Ltd. (the “Company”) is described below.

## I. Basic View on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic View

In order to clarify the management’s responsibility and accountability toward shareholders, customers, employees, and other stakeholders, and maximize corporate value, we work to ensure transparency and compliance in management and business operations, while at the same time promoting more efficient management. Through these initiatives, we seek to further enhance corporate governance.

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

#### [Supplementary Principle 3.1.3: Sustainability Initiatives, etc.]

##### - Basic Policy for Sustainability Initiatives -

Recognizing that people are assets, we consider human resources to be "human capital". We believe that expanding and utilizing the possibilities of employees, including dispatched temporary staff engineers, will further enhance the competitiveness of the company and improve its corporate value. In addition to training programs and career advancement support, we are enhancing the system for employee benefits. In the medium-term business plan, at the same time that we are aiming for sustainable growth by providing unique value through the "Technician Support Platform", we are contributing to the realization of a sustainable society.

##### - Sustainability Initiatives -

##### (i) Governance

At our Company, sustainability issues, including dealing with climate change, will be deliberated and examined by the Risk Management Committee in the future. The Risk Management Committee is chaired by the president and representative director and is composed of full-time directors and full-time corporate auditors of the Company and its subsidiaries, as well as the general manager of the Company's legal affairs department. In principle, it meets once a year.

In addition, when the Risk Management Committee deliberates on important matters related to sustainability issues, including dealing with climate change, the chairman of the committee reports to the board of directors on such matters. Necessary reports, deliberations, instruction, and supervision are conducted by the board of directors, which ensures the appropriate implementation of important matters related to sustainability issues, including dealing with climate change.

##### (ii) Risk Management

The Group recognizes that the direct impact of climate change will be insignificant because it does not need to own land or production facilities for business operations. However, the government's introduction of a carbon tax, renewable energy policies, and advances and innovations in next-generation environmental technology may impact the technology of customers. As a result, customer needs towards the Group will change, and if the Group is unable to respond to such changes in customer needs, the Group's business performance may be significantly affected.

In addition, we will use the recommendations of the “Task Force on Climate- Financial Disclosures (TCFD)” as a benchmark to verify the appropriateness of the Group's response to climate change, and we will take advantage of growth opportunities and respond to risks in order to achieve sustainable growth.

At our company, the identification, evaluation, and management of sustainability issues, including our response to climate change, will be handled by the Risk Management Committee in the future. Our specific sustainability initiatives are disclosed in the "Sustainability" section of our website.

(<https://www.copro-h.co.jp/sustainability/>)

-Initiatives for Human Capital-

(i) Our Group's View on Human Capital Management

Since its founding, the Group has been striving to foster an organizational culture that places the utmost importance on human capabilities, and we have promoted management that focuses on people, from our management philosophy to our business strategy. In addition, in the Medium-Term Management Plan, "COPRO Group Build the Future 2027" announced in May 2022, our purpose is defined as - The Best "Work Style." The Best "Workers." We strive to continuously improve corporate value by respecting people and maximizing their potential. In the future, the Group will expand the disclosure items related to human capital and, at the same time, regard this as an opportunity to reaffirm the importance of human capital, and we aim to further improve our corporate value. In addition, we will continue to work on management that revitalizes people and our organization, such as monitoring human resource strategies and creating an environment where diverse individuality can be demonstrated.

(ii) Overview of Initiatives for Human Capital Management

In order to promote human capital management, we believe that both a policy of human resource development and a policy of creating an environment in which each individual can continue to be autonomous and take on challenges is indispensable as an unwavering focal point.

In addition, as a policy for the future of the Group, we will once again focus on reforming our organization and human resources in order to further improve human capabilities and strengthen our organizational capabilities. We will also aim to achieve corporate growth through constructive dialogue with stakeholders by clarifying specific guidelines and measures for implementation.

(a) Regarding Our Human Resource Development Policy, Including the Ensuring of Diversity

"Development of human resources who can think and act on their own, and who can create diverse value."

The average age of our management staff is 30.3 years old, which is younger than the industry standard. Against this background, training (excluding for new graduate employees), has mainly focused on management skills and problem-solving skills, which are the foundation of business execution. From May 2022, we have been cultivating a culture in which women can play an active role, such as incorporating new career advancement training for women.

For technical employees, to ensure that new graduates and mid-career professionals who have no prior industry experience can begin their career as engineers with peace of mind, we are moving forward with the establishment of training programs dedicated to specialization in their respective fields. In particular, under our Medium-Term Management Plan "COPRO Group Build the Future 2027" (from FYE2023 to FYE2027), as the core of its management strategy, the Group, which dispatches temporary staff, is promoting the building of the "Technician Support Platform" that actively supports engineers and technicians in forming their career paths. We will aim to build a business model for new graduates and inexperienced people who can gain long-term experience with peace of mind and with an eye on their futures as engineers.

(Main Guidelines for the Human Resource Development Policy)

Item: Increasing the number of training participants.

Details: Increasing the number of employees participating in training.

Current status: Percentage attending is 41.0% \*1.

Target: Percentage attending 60% (FYE2026).

\*1 - Percentage of employees who participated in training among those who were employed in FYE2024.

(b) Regarding the Policy to Improve Our In-House Environment

"Developing an environment where each employee can have a sense of purpose, and where they can work energetically."

The Group believes that it is important for each and every employee to be physically and mentally healthy and to work with a feeling of motivation. For this reason, in addition to promoting the health of our employees, including health management, we are working to create an in-house environment where it is easy to work based on a human resource strategy that focuses on the "work environment" and "motivation."

In the future, while promoting further improvements in the working environment by doing such things as promoting DX and reducing overtime work hours, we will also focus on improving employee engagement and reforming internal systems as we strive to create an organization that pursues being a place where it is easy to work and motivating.

(Main Guidelines for Improving Our In-House Environment)

Item 1: Promoting work-life balance.

Details: Reducing overtime work hours.

Current status: Monthly average overtime work hours 19.9h \*2.

Target: Monthly average overtime work hours 17.5h (FYE2026).

Item 2: Improving engagement.

Details: Establishing and improving engagement benchmarks (planned) \*3.

Current status: -

Target: Positive response rate of 60% (FYE2026).

\*2 - FYE2024 results

\*3 - Planning to measure items related to job satisfaction.

In addition, the Group's efforts to invest in human capital are disclosed in the following Supplementary Principle 2.4.1 and in the above "Sustainability" section of the Company's website.

- Investment in Intellectual Property, etc. -

The Group actively utilizes IP (intellectual property such as characters) in advertising activities, etc.

Recognizing that the protection and utilization of intellectual property is one of the important factors for the sustainable growth of the Group and the enhancement of our corporate value, we strive to appropriately protect the intellectual property rights that are the assets of the Group, and respect the intellectual property rights of third parties.

- Responding to Climate Change Risk and Disclosure Based on the TCFD Framework -

Our risk management committee considers how climate change risk will specifically affect the Group's management strategy, both in terms of risks and opportunities. They consider countermeasures for the identified risks and create a report system for the Board of Directors.

We will use the TCFD recommendations as a benchmark to verify the suitability of our climate change response, and for sustainable growth, we will take up growth opportunities and deal with risks. At present, some items are still under consideration and some items may take multiple years to deal with, but we will continue to consider orderly information disclosure from the details of our efforts.

**[Supplementary Principle 4.1.3: Succession Plan for the CEO]**

The Company does not formulate a successor plan for the chief executive officer (CEO) at present. Regarding the formulation of a successor plan for the president, considering the qualities such as experience, ability, and character that the chief executive officer should have, the nomination and compensation committee will deliberate and consider so that the most suitable successor can be selected according to the business situation and issues to be dealt with.

**[Principle 4.11: Prerequisites for Ensuring Effectiveness of the Board of Directors and Board of Auditors]**

Of the Company's directors, one outside director is a certified Labor and Social Security Attorney, and he is equipped with the well-balanced knowledge, experience, and capabilities to effectively fulfill that role and those responsibilities. The other outside director has extensive experience and insight as a manager, and provides advice on decisions concerning management matters, supervision of the execution of duties, and other matters, based on his experience. Currently, we have not appointed any female or foreign directors, but in the future, the nomination and compensation committee will deliberate and consider structuring things in a way that accommodates diversity and optimal capacity, including gender, internationality, work history and age.

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

**[Principle 1.4: Cross-Shareholdings]**

The Company does not have any cross-shareholdings at present. If we do invest in cross-shareholdings in listed stocks in the future, we will disclose our policy on cross-shareholdings, including our policy and views on reducing cross-shareholdings.

**[Principle 1.7: Related Party Transactions]**

The Company defines related parties in the transaction management regulations for related parties. When conducting transactions with such parties as officers and major shareholders, procedures are stipulated depending on the importance and nature of the transactions, such as conducting transactions by a resolution of the Board of Directors after deliberation and consideration by a Special Committee, and with regards to important transactions, disclosing them in accordance with the laws and ordinances.

**[Supplementary Principle 2.4.1: Ensuring Diversity in the Assignment of Core Human Resources]**

- The Approach to Ensure Diversity -

The Group promotes diversity in human resources, working styles and employment.

With having the best "working style" and the best "workers" as our purpose, we are promoting diversity through the following three measures.

- (i) Promoting the advancement of women.
- (ii) Promoting and actively supporting the employment of global human resources.
- (iii) Appointing managers with consideration for a balance between hiring mid-career professionals and hiring new graduates.

- Independent and Measurable Goals for Ensuring Diversity

- (i) Promoting the advancement of women.

In addition to resolving the social problem of human resource shortages in the construction industry, and in order to improve our corporate value, the Group considers the advancement of women as an important issue, and we have been working on establishing a system to support and balance between work and family, and enhancing employee benefits. While the percentage of female employees working in the construction industry is 18% (\*), about 30% of our technical employees are female, and they are active at the companies that we dispatch them to. (\*From the 2015 "Labor Force Survey" by the Ministry of Internal Affairs and Communications.)

As of March 31st, 2024, the percentage of women in managerial positions in the Group is 5.9% (department heads or above, the same applies hereinafter), but based on laws to promote the advancement of women and to support the raising of the next generation of children, the following two numerical targets have been set in the general business owner action plan. We will work to create a working environment so that both men and women can work with job satisfaction and can easily balance their work and private lives.

[Numerical Target 1] By November 30, 2024, when the period of the action plan ends, the ratio of women in managerial positions shall be 20% or more.

[Numerical Target 2] By November 30, 2024, we will indirectly promote the advancement of women by getting 50% or more of male employees to take child-care leave, and by setting the average period for child-care leave to one month or more.

- (ii) Promoting and actively supporting the employment of global human resources.

The Group is promoting the recruitment of foreigners residing in Japan. As of March 31st, 2024, there are 72 foreign employees, or 2.7% of all employees and we will further promote recruitment.

As of April 1st, 2024, the Group does not have any foreign managers, but we will promote the hiring of foreigners, and set the goal to train one or more foreign managers by the end of March 2025.

- (iii) Appointing managers with consideration for a balance between hiring mid-career professionals and hiring new graduates.

In the Group, about 80% of managers are mid-career hires. Since a sufficient number have already been secured, we have not set any specific numerical targets for the promotion of mid-career hires to managerial positions.

Since April 2012, we have been hiring new graduates. While considering the balance with mid-career hires in terms of diversity, we will promote the training and appointment of new graduate hires as managers.

- Human Resource Development Policy and Internal Environment Improvement Policy for Ensuring Diversity and the Status of Implementation -

At the human resources headquarters of COPRO-HOLDINGS and its subsidiaries, we have set up dedicated departments for personnel system reform, recruitment, education and career development support, and are working to create an environment in which diverse human resources can play an active role.

In terms of promoting the advancement of women, we have set up a life event support point-of-contact for employees who have taken maternity or child-care leave. Once a month, they send out information to share policies and changes in the internal environment to foster a sense of belonging, and provide counseling to support returning to work.

In addition, for mid-career hires, we hold career interviews at the end of their first year at the company, confirm the retention rate in the workplace, conduct interviews about future career development and work activities, and provide retention support.

In the future, we will gradually expand such efforts to foreign employees. For human resources who have various values, in addition to providing opportunities for employment and advancement, we also support balance with work when various life events occur.

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

The Company has not introduced a corporate pension system. If one is introduced, we will strive to promote and assign human resources with the expertise to manage and operate the corporate pension of the Company appropriately. We will also endeavor to properly manage conflicts of interests that arise between corporate pension beneficiaries and the Company.

**[Principle 3.1: Full Disclosure]**

- (i) The Company's vision (corporate philosophy) is explained on our corporate website under Company>Corporate Philosophy

(<https://www.copro-h.co.jp/en/company/vision/>).

Our management strategy is explained on our corporate website under IR> Management Policy>Management Plan

(<https://www.copro-h.co.jp/en/ir/management/strategy.html>).

In addition, we have formulated the five-year medium-term business plan "COPRO Group Build the Future 2027" which will start in FYE2023 (from FYE2023 to FYE2027). Regarding performance targets, basic policies regarding business portfolios, growth strategies, and various measures to realize the value proposition of the "Technician Support Platform" that the Group aims for, it is all disclosed in the "Medium-Term Management Plan" in the IR information section of our corporate website.

(<https://www.copro-h.co.jp/en/ir/management/mid.html>)

- (ii) Our basic view on corporate governance is explained on our corporate website under Sustainability>Corporate Governance>Fundamental Policies

(<https://www.copro-h.co.jp/en/sustainability/cg/basic.html>).

- (iii) The principles and purpose of the compensation system for the Company's directors are to provide compensation that helps secure outstanding human resources and is appropriate to the role and scope of

responsibilities of each director. Our basic policy is to motivate directors to enhance corporate value and achieve sustainable growth.

As the procedure for determining the remuneration of the directors of the Company, the purpose is to ensure the independence and objectivity of the function of the Board of Directors related to the remuneration of the directors and to strengthen accountability. A discretionary nomination and compensation committee has been set up as an advisory body to the Board of Directors, and decisions are made by the Board of Directors after deliberation and consideration by the nomination and compensation committee.

(iv) Regarding the policies and procedures for the appointment and dismissal of directors and the determination of the future management system, decisions are made by the Board of Directors after mutual evaluation by the directors, and deliberation and consideration by the nomination and compensation committee. The criteria for appointing directors are listed below:

- Directors shall possess extensive experience and knowledge in each area, the capabilities and qualities needed to be a manager, and a broad perspective on global management.
- Outside directors shall possess broad knowledge and experience, a sufficient record in their area of expertise, and must satisfy the standards of independence as an independent officer to strengthen the management supervisory function.
- Auditors shall possess knowledge and technical skills in operating audits, including accounting audits.
- Outside auditors shall possess extensive expertise and experience in finance and accounting, corporate management, and other areas, and must satisfy the standards of independence as an independent officer to further strengthen the impartiality of the audit system.

The criteria for dismissal are as follows:

- When a director or auditor is involved with anti-social forces; has notably obstructed the performance of duties; has violated laws and regulations, the Articles of Incorporation, or Company rules; or engaged in similar acts

(v) When nominating candidates for the positions of director and auditor, the Company discloses an explanation of each nomination in the reference materials provided for the General Meeting of Shareholders.

([https://www.copro-h.co.jp/en/ir/upload\\_file/m006-m006\\_06/NoticeofConvocationAnnualGeneralMeeting2022.pdf](https://www.copro-h.co.jp/en/ir/upload_file/m006-m006_06/NoticeofConvocationAnnualGeneralMeeting2022.pdf))

#### **[Supplementary Principle 4.1.1: Role and Responsibilities of the Board of Directors (1)]**

The Company's Board of Directors complies with the Articles of Incorporation and laws and regulations, and specified Rules on the Board of Directors for discussing matters in Board of Directors meetings. As a body responsible for making decisions that can respond rapidly to a changing business environment, the Board of Directors has established a system for supervising the execution of duties and strives to make decisions impartially.

The Rules on Meeting Types also specify the Medium-term-Management-Plan Monitoring Meeting that full-time directors and full-time auditors attend. In these meetings, matters referred to the Board of Directors are carefully examined, and matters related to the promotion and progress of the medium-term management plan, management strategies, and matters concerning the overall policy on execution of duties and risk management are discussed.

The scope of delegation to management (directors) is specified in the Rules on Division of Duties, the Rules on Responsibilities and Authority, and the Matrix on Administrative Authority in the addendum to the Rules on Responsibilities and Authority. Duties are performed according to the division of duties and administrative authority granted to the division in charge of each area.

#### **[Principle 4.9: Independence Standards and Qualities of Independent Outside Directors]**

The Company adheres to the standards of independence specified in the Companies Act and by Tokyo Stock Exchange, Inc. in appointing outside directors.

#### **[Supplementary Principle 4.10.1: Utilization of Discretionary Mechanisms]**

We are a company with a board of corporate auditors, and although the number of independent outside directors has not reached the majority of the board of directors, we have appointed two independent outside directors. In addition, the Company has established a nomination and compensation committee consisting of two independent outside directors and two independent outside corporate auditors. The nomination of candidates for directors and the remuneration of directors are decided by a resolution of the Board of Directors after deliberation and consideration by the nomination and compensation committee from an independent and objective standpoint. Specifically, the following matters are deliberated by the nomination and compensation committee in response to a consultation from the Board of Directors, and are reported to the Board of Directors.

- Matters concerning the appointment and dismissal of directors and corporate auditors.
- Matters concerning the selection and dismissal of representative directors and executive directors.
- Basic policy regarding remuneration for directors and matters related to the remuneration system, etc.
- Matters concerning the amount of individual remuneration for directors.
- Matters concerning successor planning (including training).

▪ Other matters deemed necessary by the Board of Directors regarding the nomination and remuneration of directors, etc.

While the majority of members of the nomination and compensation committee are not independent outside directors, since all the members are independent outside officers, we believe that the independence and objectivity from the management team are ensured.

**[Supplementary Principle 4.11.1: Disclosure of the Balance, Diversity, and Size of the Entire Board of Directors and the Skill Matrix of the Directors]**

In order to enhance the substance of discussions by the Board of Directors, the articles of incorporation limit the number of directors to 10 or less. We also appoint independent outside directors and independent outside corporate auditors, and work to maintain management transparency and soundness. Currently, there are five directors, two of whom are outside directors.

Directors from within the company are appointed from executives in each function such as sales, recruitment and education. As a policy of appointing outside directors and outside corporate auditors based on their expected expertise in major management issues and corporate management experience at other companies, we ensure a balance of knowledge, experience and abilities for the Board of Directors, as well as diversity and appropriate scale.

The policies and procedures regarding the appointment of directors are as described in Principle 3-1 (iv) above. The so-called skill matrix, which details the knowledge, experience, and abilities of each director, is listed on page 15 of the notice of convocation for the 18th Ordinary General Meeting of Shareholders of the Company. ([https://www.copro-h.co.jp/ir/upload\\_file/m006-m006\\_06/copro1.pdf](https://www.copro-h.co.jp/ir/upload_file/m006-m006_06/copro1.pdf))

**[Supplementary Principle 4.11.2: Prerequisites for Ensuring Effectiveness of the Board of Directors and Board of Auditors]**

The main concurrent positions held at other companies in addition to the position of director in the Company are disclosed and explained in the reference materials provided for the General Meeting of Shareholders. ([https://www.copro-h.co.jp/ir/upload\\_file/m006-m006\\_06/copro1.pdf](https://www.copro-h.co.jp/ir/upload_file/m006-m006_06/copro1.pdf))

**[Supplementary Principle 4.11.3: Analysis and Evaluation of Prerequisites for Ensuring Effectiveness of the Board of Directors and Board of Auditors, and its Summary]**

The effectiveness of the Board of Directors is evaluated once a year to ensure more effective Board of Directors meetings. All directors and auditors who participate in Board of Directors meetings complete a survey on the status of operation and functioning to evaluate the Board of Directors and reflect the opinions of all meeting participants. The Company discloses the summary results of such surveys.

The Company analyzes and evaluates the effectiveness of the Board of Directors from the FYE March, 2024.

The Board of Directors discusses issues to further enhance the effectiveness of the Board of Directors.

The process, contents, and results of the effectiveness evaluation of the meeting, and future tasks are as follows.

< Process of the effectiveness evaluation >

- Conducting a questionnaire survey for all directors and corporate auditors on the meeting
- The Board of Directors evaluates the results of the questionnaire. The summary of the evaluation results is made public in the Corporate Governance Report.

< Evaluation of the effectiveness of the Board of Directors, FYE March, 2023 >

The Company conducted the questionnaire mainly in the following four areas: (1) Composition of the Board of Directors, (2) Operation of the Board of Directors, (3) Agenda of the Board of Directors, and (4) Supporting Structure of the Board of Directors

In principle, the questionnaire includes items for fixed-point observation. It is updated with items to be improved in the next and subsequent questionnaires based on the evaluation results as well as items in regards to social and in-house issues.

< Evaluation results of FYE March, 2024 and future tasks >

- Evaluation Results

The Company confirmed that the effectiveness of the Board of Directors has been ensured.

- Future Tasks

Creation of a succession plan for CEO and increase in education and training opportunities for board members.

**[Supplementary Principle 4.14.2: Training for Board of Directors and Board of Auditors]**

To facilitate smooth and appropriate performance of duties by directors, members of executive management provide explanations of the Company's business, finances, and organization, as well as information on industry trends and other relevant information. The Company also plans to provide officer training twice or more a year on topics such as corporate governance, internal controls, risk management, compliance, and corporate accounting. The Board of Directors Secretariat also supports directors by providing information on various types of external seminars and other events to facilitate participation in external seminars and in external organizations.

**[Principle 5.1: Policy for Constructive Dialogue with Shareholders]**

The Company recognizes the importance of holding constructive dialogue with shareholders, and in order to promote this, makes efforts to address the following:

(i) For dialogue with shareholders, we have appointed the CEO and the manager of the Corporate Planning Office in charge of IR as the spokespersons for communication with investors, and we strive to realize constructive dialogue while ensuring accuracy of information and fairness of disclosure.
(ii) The Corporate Planning Office works to promote IR activities while facilitating positive cooperation between the Group's management planning, general affairs, financing, accounting, legal affairs and other divisions to provide information.
(iii) The department works to enhance the IR-related information on the corporate website, such as presentation materials for the financial results, and enhance dialogue by holding financial results briefings for institutional investors and analysts, among other methods.
(iv) The department has a system in place to share the questions and opinions received through IR activities with management, and where necessary, provides a report to the Medium-term-Management-Plan Monitoring Meeting to share information with directors.
(v) In order to disclose information for such dialogue, the Company carefully manages insider information by confirming beforehand the contents and scope of the information to be disclosed.

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
RITAMEKO. Co., Ltd.	8,400,000	44.02
Kosuke Kiyokawa	2,428,790	12.73
Kyoichi Kageyama	1,000,000	5.24
Custody Bank of Japan, Ltd. (trust account)	592,800	3.11
The Master Trust Bank of Japan, Ltd. (trust account)	334,300	1.75
Atsuhiko Morizane	300,000	1.57
Masashi Fujimaki	200,000	1.05
BNYM SA/NV FOR BNYM FOR BNYM GCM CLIENT ACCTS M ILM FE	196,479	1.03
NOMURA PB NOMINEES LIMITED OMNIBUS – MARGIN (CASHPB)	174,000	0.91
JPMorgan Securities Japan Co., Ltd.	172,541	0.90

Controlling Shareholder (except for Parent Company)	Kosuke Kiyokawa
Parent Company	None

### Supplementary Information

- The Status of Major Shareholders is the status as of March 31, 2024.
- In addition to the above, the Company holds 916,690 treasury shares (4.58% of the total number of shares issued).
- Treasury shares are excluded in calculating the percentages.
- The Company CEO, Kosuke Kiyokawa, holds a majority of voting rights in the Company, including the number of shares held by RITAMEKO. Co., Ltd., the asset management firm of Mr. Kiyokawa, and he is the controlling shareholder.
- The Company conducted a 1:2 stock split for common shares on April 1, 2021. However, the number of shares held listed above indicates the number of shares held before the stock split.

## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market Nagoya Stock Exchange, Premier Market
Fiscal Year-End	March
Type of Business	Service business
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1,000

Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

The Company policy is basically to conduct no transactions with the controlling shareholder. The Company has a special committee consisting only of independent outside directors and independent outside corporate auditors, and in the unlikely event that the Company engages in important transactions with the controlling shareholder that conflict with the interests of minority shareholders, it shall be deliberated and examined by the Special Committee and approved by the Board of Directors. When such transactions are executed, the Board of Directors will report the important facts about the transactions without delay. In addition, we will endeavor to protect minority shareholders by ensuring the appropriateness of the transactions through audits by corporate auditors as to whether or not the relevant transactions were executed based on appropriate job authority and judgment.

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

N/A



## II. 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 a Board of Auditors
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	CEO
Number of Directors	5
Number of Outside Directors	2
Number of Outside Directors Who are Independent Directors	2

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

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Norio Hayama	From another company												
Masashi Fujimaki	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

- Executive of the Company or its subsidiaries
- Non-executive director or executive 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 listed 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 a director
- 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 d, e, or f) (the director himself/herself only)
- Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the director himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- Others

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

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Norio Hayama	○	--	Norio Hayama is a certified Labor and Social Security Attorney and possesses expertise and an extensive record in labor relations. We expect Mr. Hayama to provide valuable advice on management of the Company and have appointed him as an outside director. He also fulfills the requirements for independence specified by Tokyo Stock Exchange, Inc. We have

			determined that he does not pose the risk of conflicts of interests with general shareholders and have designated him as an independent officer.
Masashi Fujimaki	○	--	Masashi Fujimaki possesses extensive experience and insight as a manager. We expect him to provide advice on supervision of the performance of duties and other matters based on his experience and have appointed him as an outside director. He also fulfills the requirements for independence specified by Tokyo Stock Exchange, Inc. We have determined that he does not pose the risk of conflicts of interests with general shareholders and have designated him as an independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration 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	Nomination and Compensation Committee:	Nomination and Compensation Committee:
All Committee Members	4	4
Full-time Members	0	0
Internal Directors	0	0
Outside Directors	2	2
Outside Experts	0	0
Other	2	2
Chairperson	Outside director	Outside director

#### Supplementary Explanation

In April 2022, the Company established the Nomination and Compensation Committee, replacing the Compensation Advisory Committee, which had been established as an advisory body to the Board of Directors since May 2018. It is chaired by an independent outside director, and consists of two independent outside directors and two independent outside corporate auditors. The purpose is to ensure the independence and objectivity of the functions of the Board of Directors regarding the nomination of candidates for directors and the compensation of directors, and to strengthen accountability. While the majority of members of the Nomination and Compensation Committee are not independent outside directors, since all the members are independent outside officers, we believe that the independence and objectivity from the management team are ensured.

#### [Board of Auditors]

Establishment of Board of Auditors	Established
Maximum Number of Auditors Stipulated in Articles of Incorporation	4
Number of Auditors	3

#### Cooperation Among Auditors, Accounting Auditors, and Internal Audit Department

The head of the Internal Audit Department reports findings from internal audits to the Board of Auditors, and where necessary, exchanges opinions with auditors and takes appropriate steps. The head of the Internal Audit Department and the auditors also work to ensure the effectiveness of audits by regularly exchanging opinions with the accounting auditor, requesting reports on findings from accounting audits, and taking any necessary steps.

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

#### Outside 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
Manabu Haruma	Attorney													
Atsushi Okura	Certified Public Accountant (CPA)										△			

\* Categories for "Relationship with the Company"

\* "○" when the Board of Auditors member presently falls or has recently fallen under the category;

"△" when the Board of Auditors member fell under the category in the past

\* "●" when a close relative of the Board of Auditors member presently falls or has recently fallen under the category;

"▲" when a close relative of the Board of Auditors member 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
- Auditor 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 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 auditor himself/herself only)
- Executive of a company, between which and the Company outside directors/auditors are mutually appointed (the auditor himself/herself only)
- Executive of a company or organization that receives a donation from the Company (the auditor himself/herself only)
- Others

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

Name	Designation as Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Manabu Haruma	○	--	Manabu Haruma is a licensed attorney and possesses expertise in corporate law. We have judged him capable of fulfilling impartial management supervisory functions by performing audits based on his expertise and have appointed him as an outside auditor. He also fulfills the requirements for independence specified by Tokyo Stock Exchange, Inc. We have determined that he does not pose the risk of conflicts of interests with general

			shareholders and have designated him as an independent officer.
Atsushi Okura	○	Atsushi Okura worked at KPMG AZSA LLC. COPRO-HOLDINGS. Co., Ltd. retains KPMG AZSA LLC as its accounting auditor; however, the audit agreement was concluded in September 2016 and Atsushi Okura was not involved in the corporate audit of COPRO-HOLDINGS. Co., Ltd. while he worked at KPMG AZSA LLC. Mr. Okura does not have any other personal, capital, or material transactional relationships with COPRO-HOLDINGS. Co., Ltd.	Atsushi Okura is a Certified Public Accountant (CPA) and licensed tax accountant, and possesses expertise in corporate finance and other areas. We have judged him capable of fulfilling impartial management supervisory functions by performing audits based on his expertise and have appointed him as an outside auditor. He also fulfills the requirements for independence specified by Tokyo Stock Exchange, Inc. We have determined that he does not pose the risk of conflicts of interests with general shareholders and have designated him as an independent officer.

**[Independent Officers (Directors/Auditors)]**

Number of Independent Directors/Auditors	4
Other Matters Relating to Independent Directors/Auditors	
N/A	

**[Incentives]**

Incentive Policies for Directors	A performance-linked remuneration system, a stock option system, and other incentives have been established.
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Supplementary Explanation

<p><u>Performance-linked compensation system established</u> The Company has designed a method for calculating officer compensation based on the policy that compensation should function as an incentive for directors to continually enhance corporate value and improve corporate performance.</p> <p><u>Stock option system established</u> Stock options are awarded to officers and employees.</p> <p><u>Other incentives</u> (Restricted stock compensation system established) The Company established a restricted stock compensation system for directors (excluding outside directors) at the General Meeting of Shareholders held on June 24, 2020.</p>
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Recipients of Stock Options	Internal directors, outside directors, internal auditors, outside auditors, employees, subsidiary directors, subsidiary employees
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Supplementary Explanation

Stock options are awarded as an incentive to continually enhance corporate value and improve corporate performance.
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**[Director Compensation]**

Disclosure of Individual Directors' Compensation	Selected directors only
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Supplementary Explanation
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Disclosure of total consolidated compensation is limited to those who receive 100 million yen or more.
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Policy on Determining Compensation Amounts and Calculation Methods
--

Established
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Disclosure of Policy on Determining Compensation Amounts and Calculation Methods
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The Company specifies the maximum limit of compensation for directors and auditors at the General Meeting of Shareholders. Annual officer compensation, including officers' bonuses, and other compensation paid are kept within that maximum limit.

Maximum limit on officer compensation (in one fiscal year):

500 million yen for directors (resolution passed at the extraordinary General Meeting of Shareholders held on March 31, 2017)

30 million yen for auditors (resolution passed at the extraordinary General Meeting of Shareholders held on February 24, 2017)

At the annual General Meeting of Shareholders held on June 24, 2020, the maximum total amount of monetary compensation rights was set at 50 million yen a year, with the introduction a restricted stock compensation system. This amount is a part of the maximum limit on officer compensation noted above.

The total number of common shares of the Company issued or distributed under this system was set at a maximum of 50,000 shares per year (if circumstances arise that necessitate a stock split or reverse stock split for common shares of the Company, the Company may make reasonable adjustments to the number of shares issued or distributed).

The following policy on decisions concerning the individual compensation of directors was approved at the Board of Directors meetings held on February 10, 2021 and on April 13, 2022.:

a. Policy on decisions concerning officer compensation

The Company's policy on decisions concerning officer compensation is as follows:

1. Compensation shall function as an incentive for ongoing enhancement of corporate value and improvement in performance, and value will be shared with shareholders.
2. The level of compensation shall be commensurate with the role and responsibilities of the officer and a level that can attract and retain outstanding human resources.
3. Compensation shall focus on transparency that will achieve accountability and fairness.

b. Process for determining officer compensation and type of compensation

The Board of Directors established the Nomination and Compensation Committee as an advisory body to ensure transparency and fairness of the decision-making process concerning officer compensation. The Nomination and Compensation Committee consists of two independent outside directors and two independent outside auditors. The committee is chaired by an independent outside director and deliberates and reports on the officer compensation policy, system, method of calculation, detailed individual compensation, and related matters to ensure objectivity of deliberations.

Specific compensation amounts are calculated based on Company-specified rules, within the maximum limit on compensation approved by the General Meeting of Shareholders. After the Nomination and Compensation Committee deliberates and reports, director compensation is discussed by the Board of Directors. The compensation of auditors is discussed by the Board of Auditors.

c. Composition of compensation by position

Directors (excluding outside directors)

- Compensation consists of a base salary, performance-linked compensation, and restricted stock compensation.
- If the goals for performance-linked compensation are met, the system is designed so that compensation theoretically consists of roughly 60% base salary and 40% from performance-linked and restricted stock compensation combined.

Outside Directors

- Outside directors only receive a base salary and no performance-linked compensation is paid, to preserve independence.

Auditors

- Auditors only receive a base salary, out of consideration for the fact that they perform legal compliance audits.

d. Compensation System

1. Base salary (fixed salary, cash)
  - The level of compensation shall take economic conditions, the Company's growth potential, and other relevant factors into consideration.
  - Fixed compensation shall be paid according to the role and responsibilities.
2. Performance-linked compensation (variable annual compensation, cash)
  - Consolidated profit attributable to owners of parent has been established as the indicator to more clearly link the responsibility for achieving company-wide performance each year to compensation, as an element that enhances corporate value and increases the stock price.
  - The theoretical total amount of compensation is calculated based on consolidated profit attributable to owners of parent. This is allocated according to position, and the resulting amount is multiplied by a coefficient that takes into account the performance evaluation of the organization the individual is in charge of, the evaluation of the individual's strategic actions, and contributions to the governance system, among other factors, to determine the amount of individual compensation. The theoretical total amount of compensation is 8% of consolidated profit attributable to owners of parent for the fiscal year, and the performance-linked coefficient range is 0.7 to 1.3.

\* Calculation formula

Performance-linked compensation = {(consolidated profit attributable to owners of parent x 8%) × the position percentage specified in the Company's compensation guidelines} × the performance evaluation coefficient specified in the Company's compensation guidelines
3. Restricted stock compensation (variable compensation (medium/long-term), non-monetary)
  - Restricted stock compensation was introduced as an incentive to improve corporate value over the medium and long term by enabling directors to share value with shareholders and raise directors' awareness of the stock price.

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

The Management Strategy Division distributes materials pertaining to the agenda items for Board of Directors meetings far enough in advance to allow time to consider the materials. When necessary, the Management Strategy Division also provides explanations in advance. The full-time auditor also provides the information shared among Board of Auditors audits, accounting audits, and internal audits to outside auditors.

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

The basic organizational design of the Company is as follows:

#### **Board of Directors:**

The Company's CEO, Kosuke Kiyokawa serves as the Chairperson of the Board of Directors. The Board consists of five directors, including Managing Director Kazumi Ogai, Director Yusuke Koshikawa, Outside Director, Norio Hayama, and Outside Director Masashi Fujimaki. The Board of Directors has an established system for supervising the performance of duties and strives to make impartial decisions as a decision-making body that is capable of responding rapidly to changes in the environment.

The Board of Directors meets once a month, in principle, and holds extraordinary Board of Directors meetings as necessary. The Board decides important matters concerning management and the performance of duties. Three auditors attend Board of Directors meetings and audit the performance of duties by directors.

#### **Auditors and Board of Auditors:**

In principle, the Company's Board of Auditors is held monthly, and consists of one full-time auditor and two part-time auditors. Yoshiaki Hoshino is a full-time auditor and Manabu Haruma and Atsushi Okura are outside auditors. Auditors attend Board of Directors meetings and have an established system for performing audits on all aspects of management, mainly focusing on accounting audits and operational audits.

The Articles of Incorporation specify a maximum of four auditors. Auditors are elected by a majority of voting rights of shareholders present at the General Meeting of Shareholders at which shareholders representing one-third or more of total voting rights are in attendance.

Medium-term-Management-Plan Monitoring Meeting, Group Strategy Meeting:

Each meetings consist of three full-time directors, one full-time auditor, persons designated by division heads and the representative director when deemed necessary. The meeting is held once a month. The meeting deliberates on matters referred to the Board of Directors, matters concerning the overall policy on execution of duties and risk management are discussed.

The Group Strategy Meeting deliberates areas such discussions on the Group's general management strategy and examinations of management strategy.

Internal Audit Department:

The Company established an Internal Audit Department that reports directly to the representative director (CEO) and is the department that specializes in internal audits. The department has three full-time members exclusively dedicated to it. The head of the Internal Audit Department formulates the annual internal audit plan and obtains approval of the written plan from the representative director. The department sends audit notices to departments to be audited in advance of an audit, and performs the internal audits. It reports on the results of internal audits by submitting an internal audit report to the representative director. If an internal audit identifies findings for improvement, it asks the audited division to implement improvements, considers whether to perform a follow-up audit, and performs a follow-up audit when necessary.

Nomination and Compensation Committee:

In April 2022, the Company changed the compensation advisory committee, which had been established as an advisory body to the Board of Directors since May 2018, and established the nomination and compensation committee. It is chaired by Norio Hayama, an independent outside director, and consists of two independent outside directors and two independent outside corporate auditors. Currently, all outside officers are appointed as members. The purpose is to ensure the independence and objectivity of the functions of the Board of Directors regarding the nomination of candidates for directors and the compensation of directors, and to strengthen accountability. Specifically, the following matters are deliberated by the nomination and compensation committee in response to a consultation from the Board of Directors, and are reported to the Board of Directors.

- Matters concerning the appointment and dismissal of directors and corporate auditors.
- Matters concerning the selection and dismissal of representative directors and executive directors.
- Basic policy regarding remuneration for directors and matters related to the remuneration system, etc.
- Matters concerning the amount of individual remuneration for directors.
- Matters concerning successor planning (including training).
- Other matters deemed necessary by the Board of Directors regarding the nomination and remuneration of directors, etc.

The Board of Directors will respect the reports of the nomination and compensation committee as much as possible to decide on the above matters.

Special Committee:

Since April 2022, the Company has established a special committee as an advisory body to the Board of Directors. It consists only of independent outside directors and independent outside corporate auditors, and currently all outside officers are appointed as members. In the unlikely event that the Company engages in important transactions with the controlling shareholder that conflict with the interests of minority shareholders, it shall be deliberated and examined by the special committee and approved by the Board of Directors. When such transactions are executed, the Board of Directors will report the important facts about the transactions without delay.

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

The Company has adopted the form of a company with a Board of Auditors and has established a management structure that enables appropriate performance of duties and swift decision-making. It has achieved this by establishing a Board of Directors that consists of internal directors who are highly knowledgeable about Company operations and outside directors who possess extensive experience, deep insights, and exercise a high degree of independence. The Company has also established a Board of Auditors in which the majority of members are outside auditors. The Company judges the current structure to be functioning appropriately in supervising and overseeing the execution of duties.

### 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 Company makes an effort to send the convening notice of the General Meeting of Shareholders early to ensure that shareholders have sufficient time to consider proposed resolutions.
Scheduling Annual General Meetings to Avoid the Peak Day	The Company takes care to avoid dates on which numerous other companies are holding their annual meetings when scheduling the General Meeting of Shareholders, to make it easy for many shareholders to attend.
Electronic Exercise of Voting Rights	It is possible to exercise voting rights over the Internet for the annual General Meeting of Shareholders.
Participation in the Electronic Voting Platform and Other Efforts to Improve the Environment for Institutional Investors to Exercise Their Voting Rights	From the 16th Ordinary General Meeting of Shareholders, we have set up an environment for exercising voting rights with an electronic voting platform for institutional investors.
Providing a Convocation Notice (Summary) in English	In a narrow sense we have created an English version of the convocation notice and reference documents, and from the 16th Ordinary General Meeting of Shareholders, we have disclosed it on our website and electronic voting platform.

#### 2. IR Activities

	Supplementary Explanation	Direct Explanation by the Representative
Preparation and Publication of Disclosure Policy	The Company's Disclosure Policy is posted on the corporate website.	
Regular Investor Briefings for Individual Investors	The Company holds briefings for individual investors and participates in IR fairs held by securities firms and other events.	Provided
Regular Investor Briefings for Analysts and Institutional Investors	In addition to holding regular financial results briefings for first half and full-year financial results, the Company visits institutional investors and responds to individual media interviews.	Provided
Posting of IR Materials on Website	The Company has established a section dedicated to IR on the corporate website and posts information there.	
Establishment of Department and/or Manager in Charge of IR	The Company has established the Corporate Planning Office.	

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

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company recognizes that the collaboration with shareholders and all other stakeholders is absolutely essential to achieving sustained growth and enhancing corporate value over the medium and long term. The Company also works to foster a corporate culture that respects corporate ethics and the rights and perspectives of stakeholders. We have specified standards of ethical conduct to observe when collaborating with stakeholders, among other efforts.
Implementation of Environmental Activities, CSR Activities etc.	The Company recognizes that efforts to address sustainability issues are important matters of management for its sustainable growth and takes positive and proactive steps to achieve each of the goals it has decided upon, in order to contribute to achieving sustainable development goals (SDGs) through "human resource development." The Group evaluates and analyzes initiatives aimed at achieving SDGs along the two axes of stakeholder concern and correlation to the Company's business. Our Group has specified priority issues that we should address.



	The individual SDGs are closely related to the Company's business flow (hiring, training, matching, and onboarding) and achievement of each goal is essential to achieving our corporate growth strategy. We recognize that achieving the SDGs will contribute to sustainable growth of our Company and intend to steadily implement initiatives that will contribute to achievement of the SDGs.
Development of Policies on Information Provision to Stakeholders	Our corporate policy is to actively provide information by working to enhance our corporate website, IR section, financial results briefings, and other means of disclosure. The purpose of active disclosure is to provide timely, accurate information on the Company that is easy for shareholders, investors, business partners, and all other stakeholders to understand.
Other	We intend to position the promotion of female employee advancement as one of the important measures. Regarding the human resource development policy and internal environment improvement policy for ensuring diversity, and the concept of ensuring diversity in the promotion of core human resources, such as the promotion of women, foreigners, and mid-career hires to managerial positions, it is disclosed in this report (I. [Disclosure Based on Each Principle of the Corporate Governance Code] Supplementary Principle 2.4.1).

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

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

<p>The Company intends to establish and operate an effective system of internal controls based on the Companies Act and the Ordinance for Enforcement of the Companies Act to ensure fairness, transparency, and efficiency in execution of the Company's business. The purpose of the system is to further strengthen competitiveness and enhance corporate value by implementing a company-wide system of internal controls and thoroughly managing risks.</p> <p>As stated below, the Company has a Basic Policy on the System of Internal Controls, which has been approved by the Board of Directors. We maintain the system of internal controls based on this policy.</p> <p>I. System to ensure compliance with laws and regulations and the Articles of Incorporation by directors and employees of the Company and its subsidiaries (hereafter, the "COPRO Group") in performing their duties</p> <ol style="list-style-type: none"> <li>1. Company directors take the initiative and set a good example in complying with the Rules on Compliance, which were established to provide a policy, system, and code of conduct governing compliance in the COPRO Group. They make sure that everyone in the COPRO Group understands the rules by repeatedly communicating information on the importance of complying with the rules.</li> <li>2. Company directors implement activities to ensure that everyone understands the Rules on Compliance. The Internal Audit Department audits the status of compliance with laws and regulations, the Articles of Incorporation, and internal company rules in each division. The department issues findings on problematic points and proposes ways to achieve improvement.</li> <li>3. If material facts concerning a serious violation of laws and regulations or other violation of laws and regulations and internal company rules are discovered, the Company directors immediately report this to the auditors and report it to the Board of Directors without delay.</li> <li>4. The Company's administrative division provides information to promote use of the system of internal controls. The administrative division strives to detect violations or circumstances that pose a risk of violation of laws and regulations or of the Rules on Compliance in the COPRO Group at an early stage and encourages employees to implement that system of detection.</li> <li>5. Members of the Medium-term-Management-Plan Monitoring Meeting identify the causes of improper acts in the COPRO Group, formulate measures to prevent recurrence, and discuss matters concerning information disclosure. The Risk Management Department implements measures to prevent recurrence and pursues other activities based on the results of such discussions.</li> <li>6. The COPRO Group adamantly rejects all involvement with anti-social forces that threaten safety and order in civil society, and works closely with law enforcement and other external specialized institutions to respond to such anti-social forces with strong resolve throughout the entire Group.</li> <li>7. The Company's administrative division establishes the system of internal controls.</li> <li>8. The Company's administrative division oversees operations pertaining to compliance and monitors the status of establishment and operation of related rules.</li> <li>9. The Company has established an audit system to ensure compliance with laws and regulations and related rules by employees of the COPRO Group in performing their duties.</li> </ol> <p>II. System for retaining and managing information related to the performance of duties by Company directors</p> <ol style="list-style-type: none"> <li>1. Information management is based on the Rules on Information Management. A system of information management has been established based on these rules to clarify the system of accountability for</li> </ol>
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- information security and continuously implement measures to maintain and improve information security. The Risk Management Committee discusses specific measures concerning information security and promotes them across the entire COPRO Group.
2. The various documents, ledgers, and other documentation pertaining to the duties of Company directors and employees are produced, retained, and managed appropriately, based on applicable laws and regulations and the Rules on Document Management.
  3. The Company's General Meeting of Shareholders minutes, Board of Directors meeting minutes, Medium-term-Management-Plan Monitoring Meeting minutes, documentation on approval of important matters during the conduct of business, and other documentation that is necessary for directors to perform their duties are retained and managed by a highly searchable method that enables directors and auditors to view such documents at any time.
  4. Corporate secrets are managed appropriately in accordance with management standards specified depending on the degree of confidentiality, based on the Rules on Document Management.
  5. Personal information is strictly managed based on laws and regulations, the Rules on the Protection of Personal Information, and the Rules on Handling of Specific Personal Information.
- III. Rules concerning management of loss risk and other systems of the COPRO Group
1. The business divisions in the COPRO Group strive to ascertain the risks related to the businesses they are in charge of. They designate risks that should be prioritized, then formulate a concrete response policy and measures, and manage risks appropriately.
  2. The Company's administrative division strives to ascertain risks related to matters the division is responsible for. It designates risks that should be prioritized, then formulates a concrete response policy and measures, and manage risks appropriately. It also provides cross-organization support to the entire Company in managing risks in each business division that are related to matters the Management Strategy Division is responsible for.
  3. The COPRO Group has established a Risk Management Committee to consider and deliberate on risk management, and respond to risk events, based on the Rules on Risk Management.
  4. Members of the Risk Management Committee provide the necessary support, coordination, and instruction to enable the business divisions and administrative division to manage risks systematically and effectively.
  5. Members of the Risk Management Committee deliberate on important matters concerning risk management and oversee implementation of risk management in the COPRO Group.
  6. The Risk Management Committee engages in sufficient deliberation of important matters from the perspective of the policy on response to serious risks in management, and management of the risk of impropriety, and other risks. The committee also reports especially serious risks to the Company's Board of Directors.
  7. When the business divisions of the COPRO Group and the administrative division of the Company become aware of a serious risk pertaining to the business of the COPRO Group or recognize signs of a potential serious risk, they promptly report the circumstances to the relevant Company staff divisions and the Medium-term-Management-Plan Monitoring Meeting, and also report especially serious risks to the Company's directors and auditors.
  8. The Internal Audit Department audits the COPRO Group risk management system and the status of risk management.
- IV. System to ensure efficient performance of duties by COPRO Group directors
1. The Company's Board of Directors delegates broad authority to the heads of each division. This facilitates swift decision-making and agile performance of duties in managing business.
  2. The Company's Board of Directors meets regularly once a month, in principle, and convenes extraordinary meetings as necessary to facilitate agile decision-making, based on the Rules on the Board of Directors.
  3. The Company's Board of Directors determines the medium-term management goals and annual budget of the COPRO Group, and oversees the execution of the goals and the budget.
  4. The heads of each division perform their duties efficiently, based on the medium-term management goals and budget set by the Company's Board of Directors. Progress on the budget is confirmed in business performance meetings and reported to the Board of Directors.
  5. Reports on the status of the performance of duties by directors and heads of each division of the COPRO Group are submitted to the Company's Board of Directors, as appropriate.
  6. The responsibilities and authorities of the heads of each division and other employees are exercised appropriately and efficiently, based on the Rules on Division of Duties and the Rules on Responsibilities and Authority.

- V. System to ensure proper business conduct in the COPRO Group
1. The Company provides guidance and support to subsidiaries for the establishment of a compliance system and other systems to ensure proper conduct of business, based on the Rules on Affiliated Company Management.
  2. To improve the soundness and efficiency of management in the COPRO Group, the Company seconds directors and auditors to each subsidiary as needed. The Company also designates supervisory divisions within the Company, and these supervisory divisions exchange information and discuss important matters concerning business operation with subsidiaries.
  3. When necessary to improve soundness of management and proper operation of the COPRO Group, the Company requires subsidiaries to obtain Company approval on matters important to business operation. The Company also deliberates on especially important matters in the Medium-term-Management-Plan Monitoring Meeting and refers such matters to the Board of Directors.
  4. The Company's Internal Audit Department performs audits of subsidiaries relating to the appropriate conduct of business.
  5. Company auditors perform audits of subsidiaries, including onsite audits. Auditors also exchange information with the Internal Audit Department and coordinate in other ways to ensure proper conduct of business in the COPRO Group.
  6. The Company strives to improve and standardize operating processes from the perspective of proper and efficient operation of the COPRO Group. It also uses information systems to further strengthen governance. The business divisions and subsidiaries of the Company implement these processes and systems with the support of the relevant staff divisions. Moreover, when there are material changes in the internal and external environments, the impact of such changes on governance activities is evaluated and the Company considers whether or not to make changes.
- VI. Matters concerning employees that auditors request to assist them in their duties, the independence of such employees from directors, and ensuring the effectiveness of instructions issued to such employees
1. When Company auditors request support personnel to assist them in their duties for practical reasons, the Company will provide employees equipped with the capabilities and knowledge to assist the auditors.
  2. Personnel transfers, evaluations, and other matters pertaining to such employees shall be determined after obtaining approval from the full-time auditor. The independence of such employees from directors will be secured.
- VII. System for COPRO Group directors and employees to report to the auditors and system to ensure that the person who submits such a report is not subject to retaliatory treatment as a result
1. When so requested by an auditor, Company directors and employees will report on the status of performance of duties and on other matters as needed.
  2. The head of the Company's administrative division will report regularly on a monthly, quarterly, or other regular basis, depending on the nature of the duties concerned.
  3. The head of the Company's administrative division will regularly report on the operational status of the internal whistleblowing system to auditors, and will immediately report to the Board of Directors when circumstances deemed to be violation of the Rules on Compliance arise, and for other urgent reports.
  4. Documentation on important decisions made will be provided to for the auditors to view.
  5. COPRO Group prohibits retaliatory treatment against persons who report to auditors as a result of such reporting.
- VIII. Policy on handling of advances on expenses, reimbursement procedures, and other expenses and obligations incurred by auditors during the performance of duties, and other systems to ensure effective audits by auditors
1. The Company shall promptly pay invoices for necessary expenses incurred by auditors in the performance of their duties.
  2. Auditors meet regularly with the representative director of the Company and exchange opinions on important audit matters.
  3. Auditors meet regularly with the accounting auditor and the Internal Audit Department to exchange information and opinions, and report to the accounting auditor and Internal Audit Department as necessary.
  4. When auditors or their support personnel so request, COPRO Group directors and employees will respond swiftly and appropriately to auditor requests for reports and submission and explanation of related materials.

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

The Company has established Rules on Anti-Social Force Countermeasures. The purpose of these rules is to reject involvement with anti-social forces in the COPRO Group and to respond when anti-social forces engage in racketeering through intervention in civil disputes and other improper conduct.

The specific systems and response measures aimed at rejection of anti-social forces are based on the Rules on Anti-Social Force Countermeasures and the Anti-social Force Response Manual. The Company investigates new business partners (including shareholders), officers, and employees before commencing with transactions or employing such individuals by performing Internet searches and searching articles utilizing the service which is provided by KYC Consulting Corporation. Basic transaction agreements and other agreements also include a cancellation clause in the event that a relationship to anti-social forces becomes known.

The Company is also a member of the Special Violence Prevention Measures Association (Tokubouren) under the control of the Metropolitan Police Department (joined as COPRO CONSTRUCTION. Co., Ltd. operating subsidiary). The Legal Department, which is the department in charge of such matters, has taken advantage of the members to participate in Tokubouren seminars, educate employees on the information obtained in those seminars, and work together with law enforcement, advising attorneys, and other external specialist institutions.

**V. Other**

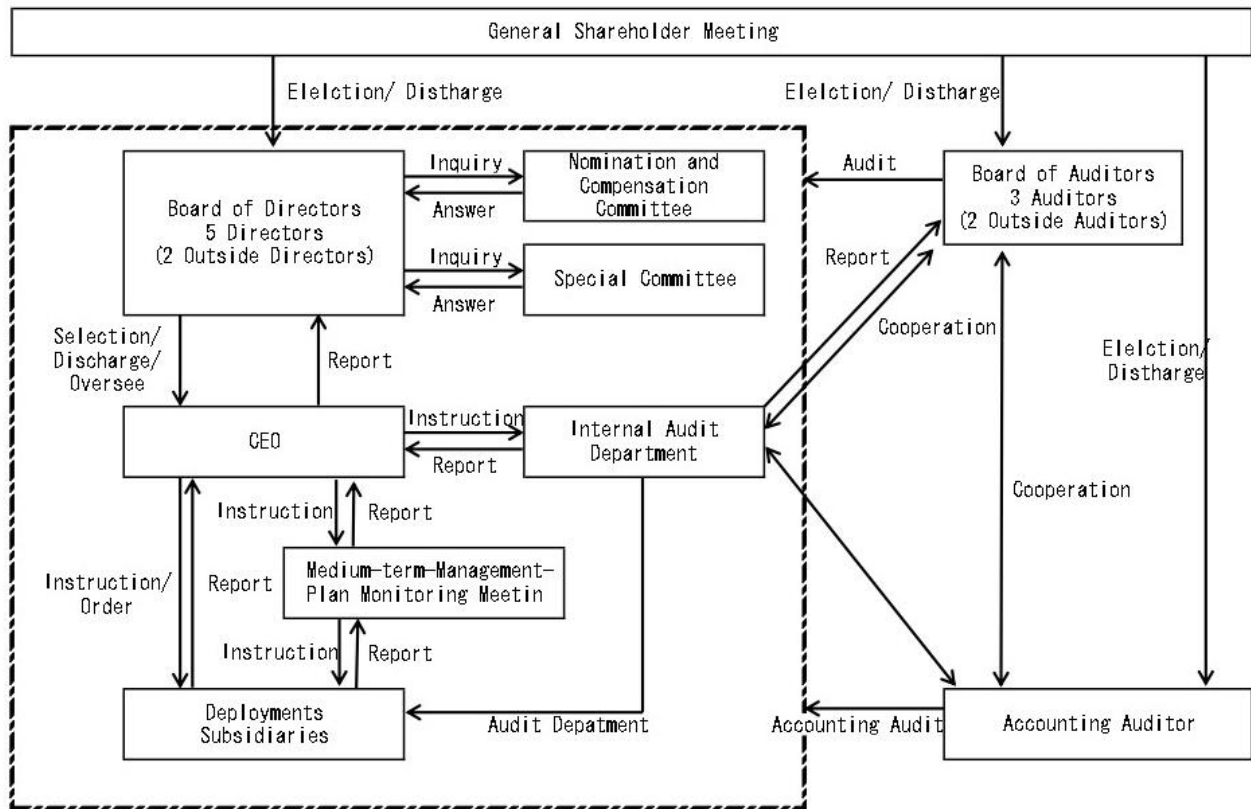
**1. Adoption of Anti-Takeover Measures**

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation	
N/A	

**2. Other Matters Concerning to Corporate Governance System**

N/A
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Schematic Diagram (Reference material)



Timely Disclosure Structure Overview (Schematic Diagram)

