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DIP Corporation

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<https://www.dip-net.co.jp/en/>

Corporate governance at DIP Corporation is as follows:

I. Basic Approach to Corporate Governance and Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Approach (Revised)

As a “General trading company dealing in labor force” that provides personnel recruiting services as well as AI/RPA, DIP promotes a vision of becoming a “Labor force solution company” under the corporate philosophy of “tapping into dreams, ideas and passion to create a better society.”

To realize the vision, it will be essential to ensure effective corporate governance. DIP aims to improve its medium/long-term corporate value by enhancing management transparency and efficiently running the company under a robust corporate governance system, while fulfilling its responsibilities to all stakeholders.

DIP adopts a system of corporate governance carried out by the Board of Directors, corporate auditors and the Audit & Supervisory Board, with the aim of simultaneously achieving sustainable business operations and enhanced audit and internal control functions, while working to effectuate a corporate management that is able to swiftly address changes in the management environment. DIP has adopted this system because it believes that it is preferable for some of its board directors to be involved in important business executions to make effective use of its managerial resources and maintain sustainable business operations. At the same time, the system should, from the perspective of ensuring management soundness, preferably enable non-executive directors to supervise executive directors and corporate auditors to audit business management.

As DIP appoints independent external board directors as non-executive directors, it has set up a support system, such as providing extensive prior briefings of the agendas of Board of Director meetings, so that such directors can exercise their abilities and knowledge to the fullest extent. DIP has also established an optional Nomination and Compensation Committee as an advisory body to the Board of Directors. The committee deliberates and reports on matters concerning the nomination and compensation of board directors in response to requests from the Board of Directors. The majority

of the members consist of independent external board directors to ensure the impartiality of the committee.

With respect to audit functions, corporate auditors including independent external auditors attend important meetings such as Board of Director meetings and conduct effective audits by cooperating with the independent auditor and the Internal Audit and Control Office to ensure sound corporate management. Furthermore, DIP has introduced an executive officer system to expedite decision-making and ensure its smooth execution, contributing to the establishment of a system that is able to swiftly address changes in the management environment.

DIP is determined to continue its efforts to pursue healthy and transparent corporate management and further improve and enhance its corporate governance in the future.

[Reason for Not Implementing the Principles of the Corporate Governance Code] (Revised)

[Principle 3.1 (i) (Disclosure of Company Objectives (e.g., Business Principles), Business Strategies and Business Plans)]

[Supplementary Principle 4.1.2 (Mid-Term Business Plan)]

[Principle 5.2 (Establishing and Disclosing Business Strategies and Business Plans)]

DIP discloses its corporate philosophy and vision on its website to share its long-term goals with shareholders and investors.

<Corporate philosophy and vision>

<https://www.dip-net.co.jp/en/company/philosophy>

DIP has also established a medium/long-term management strategy as well as internal performance targets. It has not disclosed medium/long-term quantitative targets at the moment, since doing so under a business environment that includes many variable factors may lead to misjudgment on the part of shareholders and investors. However, it will continue to consider the appropriate method of disclosure and communication that will help shareholders and investors in their investment decisions while updating its current management strategies at the same time.

[Disclosure Based on the Principles of Japan's Corporate Governance Code] (Revised)

[Principle 1.4 (Cross-Shareholdings)]

DIP does not hold shares for the purpose of cross-shareholding simply for the objective of deepening business relationships.

[Principle 1.7 (Related Party Transactions)]

Any related party transactions DIP conducts require prior reporting to and approval of the Board of Directors in accordance with DIP's Related Party Transaction Guidelines. When the Board of Directors deliberate approval of the transactions, it compares the details with general business conditions to

prevent the transaction from being disadvantageous to DIP or arbitrary. Individuals who conducted a related party transaction must report the transaction details to the Audit & Supervisory Board to receive an audit on the legality of the transaction.

Furthermore, DIP requires its board directors and corporate auditors to submit a Confirmation on Related Party Transactions on a quarterly basis to guarantee the effectiveness of the above restrictions.

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

DIP has not introduced corporate pension funds.

It has introduced a defined contribution pension system and provides education and training to its employees by holding internal seminars on asset formation and investment management.

[Principle 3.1 (Full Disclosure)]

DIP actively discloses information, recognizing the disclosure of useful information for shareholders and other stakeholders as an important managerial issue.

(1) Under a corporate philosophy of “tapping into dreams, ideas and passion to create a better society,” DIP will strive to continuously develop its business and contribute to society by gaining sympathy from shareholders and other stakeholders toward DIP’s ideas and corporate attitude. Since 2019, DIP has adopted a new vision of becoming a “Labor force solution company” as a “General trading company dealing in labor force.” Please refer to the following link for DIP’s corporate philosophy and vision.

<Corporate Philosophy, Vision>

<https://www.dip-net.co.jp/en/company/philosophy>

(2) Please see “Basic Approach to Corporate Governance” for DIP’s basic approach and basic policy on corporate governance.

(3) The basic policy of the compensation system for DIP’s management and board directors, which excludes external board directors and auditors who are independent and are expected to perform oversight and supervisory functions, is to share value with shareholders, taking into consideration a sufficient level for retaining competent personnel while maintaining objectivity and transparency that enable full accountability, and promote sustainable growth of the Company and medium/long-term increase in its corporate value through a sound entrepreneur spirit. The amount of compensation is decided by a resolution of the Board of Directors in view of the opinions of the Nomination and Compensation Committee, an optional advisory body where independent external board directors

account for a majority of votes.

[Executive director]

Compensation for DIP's executive directors consists of cash compensation as the base compensation and a BIP (Board Incentive Plan) trust as a performance-linked stock compensation, which is aimed at emphasizing the link between compensation and DIP's share value and bolstering executive directors' awareness toward contributing to medium/long-term performance and corporate value improvement. The decision of the percentage of performance-linked stock compensation in directors' compensation is based on a comprehensive review of the medium/long-term ratio of performance-linked stock compensation to annual compensation and the difficulty of achieving performance targets, after conducting an objective comparison that takes DIP's business scale into consideration, using a remuneration database aggregated and analyzed by an external specialist institution.

[External board director and auditor]

Compensation for external board directors and auditors consists solely of cash compensation as the base compensation, in principle, to ensure the effectiveness and independence of supervision and audit.

(4) The appointment of DIP's board directors and corporate auditors is decided by a resolution of the general meeting of shareholders in response to a proposal of candidates nominated by a resolution of the Board of Directors in view of opinions of the Nomination and Compensation Committee, an optional advisory body where independent external board directors account for a majority of votes, after the Executive President and Chief Executive Officer (CEO) or another board director refers the candidates to the Board of Directors after confirming that the candidates meet the basic policy for appointment stated below. The proposal on the appointment of corporate auditors is submitted to the general meeting of shareholders after obtaining the consent of the Audit & Supervisory Board.

[Board director]

DIP's basic policy for appointing executive directors requires the candidates to possess broad knowledge and experience necessary for making managerial decisions and to have track record and insight in the areas and operations required to supervise business management of the Company.

In appointing external board directors, the candidates are required to be able to monitor and supervise business management of the Company through important decision-making at the Board of Directors meetings, oversee whether there is any conflict of interest between the Company, management and controlling shareholders, and actively make recommendations on management policies and management improvements in order to improve medium/long-term corporate value. The basic policy is to appoint at least two independent external board directors upon considering and

deciding the appropriate balance of the diverse knowledge and experience expected of such directors.

[Corporate auditor]

DIP's basic policy for appointing corporate auditors requires the candidates to possess extensive expertise and experience as tax accountants, certified public accountants, lawyers, company managers, etc., with the aim of reinforcing oversight and supervisory functions.

The dismissal of board directors is decided by a resolution of the general meeting of shareholders after the candidate for dismissal is decided by a resolution of the Board of Directors upon timely and appropriate deliberation in view of the basic policy on the appointment of board directors. The dismissal of corporate auditors is also decided by a special resolution of the general meeting of shareholders after the candidate for dismissal is decided by a resolution of the Board of Directors upon timely and appropriate deliberation in view of the basic policy on the appointment of corporate auditors.

(5) The reasons for the appointment or dismissal of board directors or corporate auditors will be reported in the notices of convocation of annual general meetings of shareholders and securities reports.

[Principle 4.1.1 (Matters for Resolution by the Board and Scope of Delegation)]

DIP specifies in its Board of Director Regulations what matters must be decided by a resolution of the Board of Directors. Specifically, they include matters concerning the general meeting of shareholders, results, shares, bonds and stock acquisition rights, budgets and business plans, human resources and the organization, disposal or succession of important properties beyond a certain amount, large amounts of funds and assets such as investment and loans, subsidiaries and affiliates, and matters stipulated by law such as the Companies Act or any equivalent matters.

DIP conducts prompt and bold decision-making by delegating authority over business execution to its representative director and executive directors. It has introduced an executive officer system and also delegates business execution authority to such officers with the aim of reinforcing corporate governance and expediting decision-making and execution. DIP will continue to improve its business execution system by considering authority delegation that suits the scale, importance and risks of the transaction.

Matters concerning business strategies are deliberated at regular Executive Officer Meetings attended by executive directors as well as at councils at the headquarters consisting of department heads and higher to recognize managerial issues at an early stage and deepen discussions before being submitted to the Board of Directors.

[Principle 4.9 (Independence Standards and Qualification for Independent Directors)]

For independent external board directors to fulfill their oversight and supervisory functions, DIP has established Standards on Independence of External Officers, which are disclosed in this Corporate Governance Report, etc.

In addition to independence requirements, DIP nominates individuals with expertise in business strategy who can engage in frank, active and constructive deliberations at Board of Directors meetings as candidates for independent external board directors. After their appointment, independent external board directors have actively made recommendations at Board of Directors meetings to improve medium/long-term corporate value in terms of management policies and management improvements.

[Principle 4.11.1 (Preconditions for Board Effectiveness)]

DIP's Board of Directors consists of executive directors, who have deep knowledge of the Company's businesses and operations and can conduct agile business execution, and external board directors who can be expected to provide advice and supervision concerning business management of the Company based on a high level of expertise and a broad perspective. The diversity and appropriate size of the Board is also taken into consideration upon the determination of the directors.

DIP's basic policy for appointing executive directors requires the candidates to possess broad knowledge and experience necessary for making managerial decisions and to have track record and insight in the areas and operations required to supervise business management of the Company.

In appointing external board directors, DIP's basic policy is to appoint at least two independent external board directors upon considering and deciding the appropriate balance of independent directors with extensive experience as a company manager and those with extensive experience in his/her field of expertise.

DIP's Board of Directors is well balanced and also diverse in terms of knowledge, experience and capabilities as a result of appointing directors from diverse backgrounds and age groups. Active discussions have promoted in-depth examinations and swift decision-making, enabling the Board to function the most effectively and efficiently.

[Principle 4.11.2 (Concurrent Positions of External Officers)]

DIP's two independent directors do not concurrently serve as officers of other listed companies. They are vigorously engaged in their duties at the Company, such as actively making recommendations on the Company's business at external board director and auditor meetings, officers' management meetings and the Nomination and Compensation Committee. One of DIP's two external auditors concurrently serve as external board directors of three listed companies; however, we believe this to be a reasonable number of listed companies to concurrently serve as officer. The external auditor has attended more than 90% of DIP's Board meetings and vigorously works to

improve DIP's corporate value through supervisory or audit of the Company. The concurrent positions of DIP's directors and auditors as officers in other listed companies are stated in the Notice of Convocation of Annual General Meeting of Shareholders and Securities Reports on the Company's website.

[Supplementary Principle 4.11.3 (Evaluation of Board Effectiveness)]

Every fiscal year, DIP evaluates the effectiveness of the Board of Directors as a whole to check the status of functions of the Board and improve its effectiveness. During the fiscal year ended February 2020, DIP conducted self-evaluation in discussion form as in the previous fiscal year.

Furthermore, DIP held an External Board Director and Auditor Meeting to assess from an objective perspective whether the Board was functioning appropriately. The External Board Director and Auditor Meeting comprises three independent external board directors and four auditors and aims to maintain highly effective supervisory functions at the Board of Directors. The analyses and evaluations made in the External Board Director and Auditor Meeting were reported at a meeting attended by all board directors.

[Principle 4.14.2 (Disclosure of Training Policy for Directors and Auditors)]

DIP provides its board directors with the opportunity to participate in internal trainings by DIP as well as external seminars. The internal trainings are aimed at enabling sustainable growth at DIP and invite experts to lecture on themes that could become medium/long-term issues, about which board directors and corporate auditors carry out discussions.

Board directors also strive to acquire and enhance their knowledge by holding regular Officers' Management Meetings and through discussions, mainly by external board directors, on management strategies and social situations.

DIP provides DVD recordings and video streaming of internal trainings to ensure any director or auditor who could not participate in the training on the day can acquire or enhance their knowledge.

Furthermore, DIP assists corporate auditors in joining the Japan Audit & Supervisory Board Members Association so that they can acquire expertise that enables them to perform their roles and authority required of their position through participation in trainings hosted by the association.

[Principle 5.1 (Disclosure of Policies concerning Organizational Structures and Measures for Constructive Dialogue with Shareholders)]

DIP recognizes interactive communication with shareholders and investors, its key stakeholders, to be essential for DIP's sustainable growth and medium/long-term corporate value improvement. Based on this recognition, DIP has been enhancing information disclosure on its website and disseminates information about its management strategies and business environment to deepen stakeholders'

understanding. Furthermore, the Executive President and CEO and the board directors and executive officers in charge of the IR section carry out results presentation and individual meetings with shareholders and investors. The opinions and requests obtained through dialogue with shareholders and investors are compiled by the IR section and reported to management or within the Company on a regular basis.

2. Capital Structure

Percentage of shares held by foreign investors (Revised)	More than 20% but less than 30%
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[Major Shareholders] (Revised)

Name	Number of shares held	Percentage
EKYT Corporation	23,340,000	41.62
Japan Trustee Services Bank, Ltd. (Trust account 9)	2,417,100	4.31
Hideki Tomita	1,854,700	3.30
The Master Trust Bank of Japan, Ltd. (ESOP trust account 75525)	1,709,465	3.04
The Master Trust Bank of Japan, Ltd. (Trust account)	1,615,800	2.88
SSBTC Client Omnibus Account (Standing proxy: HSBC Tokyo Branch)	1,577,914	2.81
Japan Trustee Services Bank, Ltd. (Trust account)	1,391,700	2.48
State Street Bank and Trust Client Omnibus Account OM02 505002 (Standing proxy: Mizuho Bank, Ltd.)	806,800	1.43
The Bank of New York Mellon 140044 (Standing proxy: Mizuho Bank, Ltd.)	646,703	1.15
Credit Suisse Securities (Japan) Limited	565,300	1.00

Existence of controlling shareholders (excluding parent company)	—
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Existence of parent company	None
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Supplementary Information

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3. Corporate Attributes

Stock exchange and section	First Section, Tokyo
Fiscal year-end	February
Industry	Service
Number of employees at the end of the previous fiscal year (consolidated)	More than 1,000
Sales during the previous fiscal year (consolidated)	More than ¥10 billion but less than ¥100 billion
Number of consolidated subsidiaries at the end of the previous fiscal year	Less than 10

4. Guidelines for Measures to Protect Minority Shareholders When Conducting Transactions with Controlling Shareholder

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5. Other Particular Conditions That May Materially Affect Corporate Governance

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II. Management Organization and Other Corporate Governance Systems concerning Management Decision-Making, Execution and Supervision

1. Organization Structures and Organizational Operations

Organizational form	Company with Audit & Supervisory Board
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[Board Directors]

Number of board directors in Articles of Incorporation	12
Term of office for board directors in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of board directors (Revised)	6
Appointment of external board director	Appointed
Number of external board directors (Revised)	2
Number of external board directors designated as independent directors (Revised)	2

Relationship with the Company (1) (Revised)

Name	Association	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Michiyo Maehara	From another company											
Eriko Tanabe	From another company											

*Choices regarding relationship with the Company.

*For (a) through (k), a circle (○) indicates the current or recent status of the individual, and a triangle (△) indicates the past status of the individual.

*For (a) through (k), a filled-in circle (●) indicates the current or recent status of a close relative of the individual, and a filled-in triangle (▲) indicates the past status of a close relative of the individual.

a. An executive of a listed company or its subsidiary

b. An executive or a non-executive director of the parent company of a listed company

c. An executive of a sister company of a listed company

d. An individual whose major business client is a listed company or an executive of such individual

e. A major business client of a listed company or an executive of such business client

f. A consultant, accounting specialist, or legal professional who receives a substantial amount of money or assets in addition to the customary remuneration from a listed company

g. A major shareholder of a listed company (In the case that such major shareholder is a corporation, an executive

thereof)

h. An executive of a business client (that does not fall under any of (d), (e), or (f)) of a listed company [This applies to the individual only.]

i. An executive of a company whose external officers are mutually assigned [This applies to the individual only.]

j. An executive of a company to which a listed company donates products, services, or money (This applies to the individual only.)

k. Other

Relationship with the Company (2) (Revised)

Name	Independent director	Supplementary information	Reason for appointment
Michiyo Maehara	○	Nothing to note in particular	After having extensively promoted the establishment of management bases in businesses related to personnel recruiting services, Ms. Michiyo Maehara currently serves as Representative Director of Liasu search Inc., which provides employee training programs and recruitment consulting. Believing that, as a female director, she can be expected to continue providing valuable advice in response to changes in the business environment of DIP, which promotes diversification of human resources, and the recent social situations, such as diversity management, DIP has judged her to be suitable for the position of external board director and nominated her as candidate for the post.

			Ms. Maehara has also been designated as an independent director of DIP since there is no risk of a conflict of interest with general shareholders as she is not involved in DIP's business and does not receive remuneration from DIP as a consultant, accounting specialist, or legal professional in addition to the customary remuneration.
Eriko Tanabe	○	Nothing to note in particular	Having engaged in multiple projects centering on the IT field at TEMPSTAFF CO., LTD. (currently PERSOL TEMPSTAFF CO., LTD.), including the construction of websites and online systems provided by said company, Ms. Eriko Tanabe has extensive management experience. DIP believes that she can be expected to continue providing valuable advice and perform oversight and supervisory functions for the Company by utilizing her unique perspective as a woman on businesses related to personnel recruiting services and the internet in managing the Company as well as in product development. She

			<p>can also be expected to promote diversity management including the advancement of women in the workplace. For these reasons, the Company has judged her to be suitable for the position of external board director and nominated her as candidate for the post.</p> <p>Ms. Tanabe has also been designated as an independent director of DIP since there is no risk of a conflict of interest with general shareholders as she is not involved in DIP's business and does not receive remuneration from DIP as a consultant, accounting specialist, or legal professional in addition to the customary remuneration.</p>
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[Optional Committee]

Existence of optional committee equivalent to a nominating committee or compensation committee (Revised)	Yes
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Establishment of Optional Committee, Composition of Committee Members and Attribute of Chairperson

(Revised)

Optional committee equivalent to nominating committee

Name of committee			Nomination and Compensation Committee			
No. of committee members	No. of full-time committee members	No. of internal board directors	No. of external board directors	No. of internal experts	No. of other persons	Chairperson
3	0	1	2	0	0	External board director

Optional committee equivalent to compensation committee

Name of committee			Nomination and Compensation Committee			
No. of committee members	No. of full-time committee members	No. of internal board directors	No. of external board directors	No. of internal experts	No. of other persons	Chairperson
3	0	1	2	0	0	External board director

Supplementary Information (Revised)

DIP has established a Nomination and Compensation Committee as an optional committee on the nomination and compensation of board directors. The Committee comprises independent external board directors in the majority and is chaired by an independent external board director. As an optional advisory body to the Board of Directors, it deliberates matters concerning the nomination and compensation of board directors, which it reports to the Board.

[Corporate Auditors]

Establishment of Audit & Supervisory Board	Established
Number of corporate auditors in Articles of Incorporation	4
Number of corporate auditors	4

Cooperation among Corporate Auditor, Independent Auditor and Internal Audit Section

Corporate auditors hold meetings with the independent auditor on a timely basis to exchange opinions and information as well as request a report from the independent auditor as needed. During the process of audit and after the completion of audit by the independent auditor, the corporate auditors receive a report on the observations of the audit. The corporate auditors exchange information with the internal audit section whenever needed and request a report as necessary.

Appointment of external auditor	Appointed
Number of external auditors	2
Number of external auditors designated as independent auditors	1

Relationship with the Company (1) (Revised)

Name	Association	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Koichi Kobayashi	Certified public accountant													
Takashi Ejiri	Lawyer													

*Choices regarding relationship with the Company

- a. An executive of a listed company or its subsidiary
- b. A non-executive director or accounting advisor of a listed company or its subsidiary
- c. An executive or a non-executive director of the parent company of a listed company
- d. An auditor of the parent company of a listed company
- e. An executive of a sister company of a listed company
- f. An individual whose major business client is a listed company or an executive of such individual
- g. A major business client of a listed company or an executive of such business client
- h. A consultant, accounting specialist, or legal professional who receives a substantial amount of money or assets in addition to the customary remuneration from a listed company
- i. A major shareholder of a listed company (In the case that such major shareholder is a corporation, an executive thereof)
- j. An executive of a business client (that does not fall under any of (f), (g), or (h)) of a listed company [This applies to the individual only.]
- k. An executive of a company whose external officers are mutually assigned [This applies to the individual only.]
- l. An executive of a company to which a listed company donates products, services, or money (This applies to the individual only.)
- m. Other

Relationship with the Company (2) (Revised)

Name	Independent auditor	Supplementary information	Reason for appointment
Koichi Kobayashi	○	Nothing to note in particular	Mr. Koichi Kobayashi has been appointed as external auditor since the Company believes he can be expected to utilize the expertise and experience he has accumulated over many years as a certified public accountant in the audit of the Company's overall management. Mr. Kobayashi has also been designated as an independent director of DIP since there is no risk of a conflict of interest with general shareholders as he is not involved in DIP's business and does not receive remuneration from DIP as a consultant, accounting specialist, or legal professional in addition to the customary remuneration.
Takashi Ejiri		Nothing to note in particular	Based on his legal expertise he has accumulated over many years as a lawyer, Mr. Takashi Ejiri strives to

			<p>identify issues concerning DIP's corporate governance and actively makes recommendations at the meetings of the Board of Directors and Audit & Supervisory Board to solve the issues. Therefore, believing that he can be expected to make the necessary recommendations at the Audit & Supervisory Board meetings, DIP has judged him to be suitable for the position of external auditor and appointed him to the post. DIP believes that he can appropriately execute his duties as an external auditor because of his expertise as a lawyer in corporate legal affairs and extensive knowledge in corporate governance.</p>
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[Independent Officers]

Number of independent officers (Revised)	3
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Other Matters related to Independent Officers

DIP and its subsidiaries (the "Group") have established the Criteria for Impartiality of external officers (external board directors and external auditors) as below. If an external officer does not fall under any of the following, such external officer is deemed to be independent of the Group and have no risk of

a conflict of interest with general shareholders.

1. An executive (as stipulated in Item 6, paragraph 3, Article 2 of the Regulation for Enforcement of the Companies Act. Includes not only executive directors but also employees. Does not include auditors.) of the Group or an individual who was an executive of the Group within the past 10 years (for individuals who were a non-executive director or auditor of the Group at any point of time within the past 10 years, 10 years prior to appointment of such post).
2. A major shareholder of the Group (an individual who holds 10% or more of total voting rights at the end of the previous fiscal year), or an executive thereof.
3. An individual whose major business client* is the Group or an executive of such individual
4. A major business client* of the Group or an executive of such business client
5. An independent auditor of the Group or an individual in charge of the Company's audit operations as an employee of the independent auditor
6. A consultant, accounting specialist, or legal professional who receives money of more than 10 million yen per year or other assets in addition to the customary remuneration from the Group; provided, however, that in the case that the individual receiving such assets is an organization such as a corporation or a union, this shall be limited to an individual who is an executive of an organization whose assets received from the Group account for more than 2% of annual income.
7. An individual who fell under any of 2 to 6 above in the past three years.
8. A relation within the second degree of an individual listed in any of 1 to 7 above (limited, however, to a significant individual)
9. In addition to those stated in the above items, an individual with a special reason that prevents him or her from fulfilling the duties as an independent external board director, such as a risk of a conflict of interest with the Group

*A major business client refers to a client whose transaction amount in the previous fiscal year accounted for more than 2% of consolidated sales for the year.

In addition to the above criteria, external officers are required to possess extensive knowledge and experience necessary for auditing and supervising the status of Group directors' compliance with laws and business management.

[Incentives]

Implementation of measures on incentive provision to board directors (Revised)

Adoption of performance-linked compensation plan

Supplementary Information (Revised)

Compensation for directors consists of cash compensation as the base compensation and a BIP

(Board Incentive Plan) trust as a performance-linked stock compensation, which is aimed at emphasizing the link between compensation and DIP's share value and bolstering directors' awareness toward contributing to medium/long-term performance and corporate value improvement. The decision of the percentage of performance-linked stock compensation in directors' compensation is based on a comprehensive review of the medium/long-term ratio of performance-linked stock compensation to annual compensation and the difficulty of achieving performance targets, after conducting an objective comparison that takes DIP's business scale into consideration, using a remuneration database aggregated and analyzed by an external specialist institution.

Grantees of stock options (Revised)

Employees

Supplementary Information (Revised)

DIP grants stock options to its employees to invigorate them and strengthen the resolve among staff to improve the long-term corporate value of the company.

[Directors' Compensation]

Disclosure status

Individual compensation is not disclosed.

Supplementary Information

The compensation of those whose total amount of consolidated compensation, etc. is 100 million yen or more is individually disclosed in the Securities Report. Securities Reports and Business Reports are available for public inspection on the Company's website (available in Japanese only).

Existence of a policy for determining the amount or calculation of compensation (Revised)

Yes

Disclosure of Policy for Determining the Amount or Calculation of Compensation

The basic policy of the compensation system for DIP's board directors, which excludes external board directors and auditors who are independent and are expected to perform oversight and supervisory functions, is to share value with shareholders, taking into consideration a sufficient level for retaining competent personnel while maintaining objectivity and transparency that enable full accountability, and promote sustainable growth of the Company and medium/long-term increase in its corporate value through a sound entrepreneur spirit. The amount of compensation is decided by a resolution of the Board of Directors in view of the opinions of the Nomination and Compensation Committee, an optional advisory body where independent external board directors account for a majority of votes.

[Executive directors]

Compensation for DIP's executive directors consists of cash compensation as the base compensation and stock options, which had already been granted to officers, and a BIP (Board Incentive Plan) trust as a performance-linked stock compensation, which are aimed at emphasizing

the link between compensation and DIP's share value and bolstering executive directors' awareness toward contributing to medium/long-term performance and corporate value improvement. The decision of the level of performance-linked compensation is based on a comprehensive review of the medium/long-term ratio of performance-linked compensation to annual compensation and the difficulty of achieving performance targets, after creating an objective benchmark that takes DIP's business scale into consideration, using a remuneration database aggregated and analyzed by an external specialist institution.

[External board directors]

Compensation for external board directors consists solely of cash compensation as the base compensation, in principle, to ensure the effectiveness and independence of supervision and audit.

[Support System for External Board Directors (External Auditors)] (Revised)

The Administration Office is in charge of the support of external board directors. Support staff for external auditors are assigned if requested. In this case, the auditor's opinions are respected when conducting personnel changes and evaluations of the assigned staff members. If briefings to external board directors or auditors are required before meetings of the Board of Directors, the necessary information is communicated by the Administration Office.

[Status of Individuals that Have Retired from Positions such as President]

Information including the names of counselors, advisors, etc. who previously held positions such as president

Name	Title and Position	Description of Position	Form and Conditions of Employment (Full-Time or Part-Time, Paid or Unpaid, etc.)	Date of Retirement as President, etc.	Term
—	—	—	—	—	—

Total number of counselors, advisors, etc. who previously held positions such as president

0

Other Matters

DIP has not appointed a counselor presently. It commissions a former director or auditor as counselor through the required internal procedures if the Board of Directors finds it particularly necessary for

business. The counselor provides advice for and implements the business commissioned by the Board of Directors concerning matters necessary for managing the Company. Commissioning a counselor requires a resolution of the Board of Directors. The term of office is one year.

2. Matters related to Functions of Execution of Business, Audit and Supervision, Appointment and Decisions regarding Compensation, etc. (Outline of the Current Corporate Governance System)

(Revised)

The Board of Directors, which is the management decision-making organ, currently consists of six directors and holds meetings on a monthly basis, in principle, as well as when needed to discuss and decide important management matters. Two of the six directors are external board directors, whose recommendations from external standpoints are deemed to enhance supervisory functions toward management.

Matters concerning business strategies are deliberated at regular Executive Officer Meetings attended by executive directors as well as at councils at the headquarters consisting of department heads and higher to ensure efficient decision-making by the Board of Directors, CEO, Chief Operating Officer (COO), and heads of headquarters by recognizing managerial issues at an early stage.

The appointment of board directors and corporate auditors is decided by a resolution of the general meeting of shareholders in response to a proposal of candidates nominated by a resolution of the Board of Directors in view of opinions of the Nomination and Compensation Committee, an optional advisory body where independent external board directors account for a majority of votes, after the Executive President and CEO or another board director refers the candidates to the Board of Directors after confirming that the candidates meet the basic policy for appointment stated below. The proposal on the appointment of corporate auditors is submitted to the general meeting of shareholders after obtaining the consent of the Audit & Supervisory Board.

[Board director]

DIP's basic policy for appointing executive directors requires the candidates to possess broad knowledge and experience necessary for making managerial decisions and to have track record and insight in the areas and operations required to supervise business management of the Company.

In appointing external board directors, the candidates are required to be able to monitor and supervise business management of the Company through important decision-making at the Board of Directors meetings, oversee whether there is any conflict of interest between the Company, management and controlling shareholders, and actively make recommendations on management policies and management improvements in order to improve medium/long-term corporate value. The basic policy is to appoint at least two independent external board directors upon considering and deciding the appropriate balance of the diverse knowledge and experience expected of such directors.

[Corporate auditor]

DIP's basic policy for appointing corporate auditors requires the candidates to possess extensive expertise and experience as tax accountants, certified public accountants, lawyers, company managers, etc., with the aim of reinforcing oversight and supervisory functions.

The basic policy of the compensation system for DIP's management and board directors, which excludes external board directors and auditors who are independent and are expected to perform oversight and supervisory functions, is to share value with shareholders, taking into consideration a sufficient level for retaining competent personnel while maintaining objectivity and transparency that enable full accountability, and promote sustainable growth of the Company and medium/long-term increase in its corporate value through a sound entrepreneur spirit. The amount of compensation is decided by a resolution of the Board of Directors in view of the opinions of the Nomination and Compensation Committee, an optional advisory body where independent external board directors account for a majority of votes.

[Executive director]

Compensation for DIP's executive directors consists of cash compensation as the base compensation and a BIP (Board Incentive Plan) trust as a performance-linked stock compensation, which is aimed at emphasizing the link between compensation and DIP's share value and bolstering executive directors' awareness toward contributing to medium/long-term performance and corporate value improvement. The decision of the percentage of performance-linked stock compensation in directors' compensation is based on a comprehensive review of the medium/long-term ratio of performance-linked stock compensation to annual compensation and the difficulty of achieving performance targets, after conducting an objective comparison that takes DIP's business scale into consideration, using a remuneration database aggregated and analyzed by an external specialist institution.

[External board director and auditor]

Compensation for external board directors and auditors consists solely of cash compensation as the base compensation, in principle, to ensure the effectiveness and independence of supervision and audit.

With regard to management oversight functions, legality is audited by corporate auditor's audits. DIP has established an Audit & Supervisory Board that currently consists of four auditors, two of whom are external auditors. The Company is also audited by an independent auditor. The certified public accountants who were involved in auditing during the fiscal year ended February 2020 were as follows:

Certified public accountants involved in auditing: Atsushi Fukuda, Hiroshi Uekusa

Affiliated auditing firm: KPMG AZSA LLC

Assistants involved in auditing: 7 certified public accountants; 7 others

The consecutive period of auditing is 10 years.

3. Reason for Selecting the Current Corporate Governance System (Revised)

DIP adopts a system of corporate governance carried out by the Board of Directors, corporate auditors and the Audit & Supervisory Board, with the aim of simultaneously achieving sustainable business operations and enhanced audit and internal control functions, while working to effectuate a corporate management that is able to swiftly address changes in the management environment. DIP has adopted this system because it believes that it is preferable for some of its board directors to be involved in important business executions to make effective use of its managerial resources and maintain sustainable business operations. At the same time, the system should, from the perspective of ensuring management soundness, preferably enable non-executive directors to supervise executive directors and corporate auditors to audit business management.

As DIP appoints independent external board directors as non-executive directors, it has set up a support system, such as providing extensive prior briefings of the agendas of Board of Director meetings, so that such directors can exercise their abilities and knowledge to the fullest extent. DIP has also established an optional Nomination and Compensation Committee as an advisory body to the Board of Directors. The committee deliberates and reports on matters concerning the nomination and compensation of board directors in response to requests from the Board of Directors. The majority of the members consist of independent external board directors to ensure the impartiality of the committee.

With respect to audit functions, corporate auditors including independent external auditors attend important meetings such as Board of Director meetings and conduct effective audits by cooperating with the independent auditor and the Internal Audit and Control Office to ensure sound corporate management. Furthermore, DIP has introduced an executive officer system to expedite decision-making and ensure its smooth execution, contributing to the establishment of a system that is able to swiftly address changes in the management environment.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

(Revised)

	Supplementary information
Early delivery of notice of convocation of general meeting of shareholders	DIP sends out notices of convocation of its general meeting of shareholders at least 17 days prior to the date of the meeting to ensure that shareholders have sufficient time to examine the agendas of the meeting, while simultaneously making efforts to guarantee the accuracy of the information. It also discloses the contents of the notice of convocation on TDnet and the Company website at least six days prior to the shipment.
Setting the date to avoid conflict with other shareholders' meetings	DIP sets the date of its general meetings of shareholders to avoid conflict with other shareholders' meetings.
Exercise of voting rights by electronic means	DIP uses the electronic voting system operated by Mitsubishi UFJ Trust and Banking.
Participation in electronic voting platforms and other initiatives to improve institutional investors' voting environment	DIP participates in electronic voting platforms to facilitate the exercise of voting rights by institutional investors and overseas investors.
Provision of notice of convocation (summary) in English	DIP discloses a summary convocation notice in English on TDnet and the Company website at least six days prior to the shipment of the notice, simultaneously with the Japanese version.

2. Investor Relations (IR) Activities (Revised)

	Supplementary information	Explanation by the representative of DIP
Creation and announcement of disclosure policy	DIP has created an IR policy in order to engage in constructive dialogue with its shareholders. Details of the policy are posted on DIP's corporate website. https://www.dip-net.co.jp/en/ir/attention/disclosure	
Holding regular meetings for analysts and institutional investors	DIP holds results presentations for analysts and institutional investors on a quarterly basis on the day of the results announcement.	Yes
Disclosure of IR materials on website	DIP has set up a page dedicated to IR on its corporate website where the latest and past timely disclosure materials, such as financial results, and materials related to results announcements (presentation materials, fact sheets, etc.) can be found. https://www.dip-net.co.jp/en/ir English versions of the timely disclosure materials and materials related to results announcements are also disclosed simultaneously with the Japanese versions. https://www.dip-net.co.jp/en/ir	
Establishment of IR department (officer)	DIP has established the IR Section under the Corporate Communication Division, Business Management Headquarters as the department in charge of IR.	

3. Status of Initiatives to Respect the Standpoint of Stakeholders (Revised)

	Supplementary information
Internal regulations for respecting the standpoint of stakeholders	DIP's brand statement, "One to One Satisfaction," also serves as a guideline for the Company to satisfy all of its stakeholders. DIP declares this brand statement on its website, etc.
Promotion of environmental conservation	In an effort to conserve energy, DIP seeks to reduce environmental impact through the optimization of room temperatures in its offices by abandoning dress codes. The Company also measures, analyzes and discloses

<p>activities and CSR activities</p>	<p>greenhouse gas emissions and energy consumption of each office.</p> <p>Social contribution activities include the “Raise the Salary” campaign that began in May 2013 as an initiative to improve the treatment of definite-term workers and vitalize the economy as a result. In January 2020, DIP carried out the Baitoru Kids Program, which built on DIP employees’ experience and knowhow gained through recruiting support activities to offer children an opportunity to learn the meaning and rewards of working.</p> <p>During the increase of COVID-19 infections since early 2020, DIP carried out measures including free short-term job postings on Baitoru for client companies and the “Expanding support against coronavirus” campaign, which highlighted the unique measures by companies posting job ads to support workers against coronavirus. For users, DIP offered economic support to those who became unable to work due to contracting COVID-19. For employees, the Company took measures to avoid the risk of transmission by recommending remote work and off-peak commuting.</p>
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IV. Matters concerning the Internal Control System

1. Basic Concept and Status of the Internal Control System (Revised)

1. Ensuring Director and Employee Compliance with Laws, Regulations and Articles of Incorporation

(1) DIP has established a Basic Policy on Compliance and takes steps to instill the policy among all board directors and employees to ensure that their execution of duties complies with laws, regulations and the Articles of Incorporation as well as enabling them to act while respecting social responsibilities and corporate ethics.

(2) DIP includes at least two independent external board directors in its Board of Directors to strengthen the function of overseeing the fairness of execution of duties.

(3) The Legal Affairs Office is responsible for compliance and the maintenance and improvement of the compliance system. Specifically, it offers regular training programs as well as creating and distributing manuals to board directors and employees in order to foster knowledge and awareness of compliance.

(4) DIP has developed a whistle-blowing system by establishing an external reporting channel as an internal reporting system aimed at detecting violations of laws and the Articles of Incorporation quickly and redressing them.

(5) DIP rejects all relationships with anti-social forces. It designates the Administration Office as the responsible section for responding to anti-social forces and establishes rules for responses. It is also prepared to respond resolutely to emergencies by cooperating with specialized external agencies such as the police.

(6) The corporate auditors and the Internal Audit and Control Office work in conjunction with each other to audit the status of the compliance system on a regular basis and report to the Board of Directors.

2. Retention and Management of Information regarding the Execution of Duties by Board Directors

Information regarding the execution of duties by board directors shall be appropriately and surely retained and managed over a prescribed period of time and also made searchable and viewable in accordance with the Document Management Rules and other internal rules.

3. Rules and Other Systems for Risk Management

DIP establishes a system for business risk management based on the Corporate Risk Management Rules. In the event of a critical situation in business activities, DIP sets up a task force under the CEO's command to make swift and accurate responses as well as a system to minimize loss or damage. Against risks related to the handling of personal information, in particular, DIP has set up a department and manager responsible for information management, who carry out trainings of employees and internal audits on a regular basis as well as maintaining and improving the

management system based on the Privacy Mark and Information Security Management System (ISMS) certifications DIP has already acquired.

4. Ensuring Efficiency in the Execution of Duties by Directors

Board of Directors meetings on a monthly basis to make important decisions on business execution. Furthermore, the CEO, COO and heads of headquarters conduct careful and flexible decision-making according to the decision-making authority stipulated in internal rules. In addition, the Company ensures efficient decision-making by the Board of Directors, the CEO, COO and heads of headquarters by deliberating matters at Executive Officer Meetings and councils at the headquarters consisting of department heads and higher to recognize managerial issues at an early stage.

Efficient and swift business execution is pursued through the introduction of an executive officer system and a headquarters system and in accordance with the Organization Regulations and Rules on the Division of Duties and Authority.

5. Ensuring Appropriate Business of the Corporate Group consisting of the Company and its Subsidiaries

(1) The Group will emphasize the importance of the Basic Policy on Compliance stipulated by DIP to all employees in order to establish a compliance system for the entire Group.

(2) DIP will dispatch directors or auditors to subsidiaries, who will oversee and supervise the execution of duties by directors at the subsidiaries.

(3) The business conditions between Group companies are compared with general business conditions to prevent them from being significantly disadvantageous or arbitrary. Experts are consulted as needed.

(4) The Internal Audit and Control Office conducts internal audits of subsidiaries to ensure the propriety of their overall business.

(5) The Company and subsidiaries hold regular meetings to share important information on the Group's overall corporate management. The Company approves or receives reports on important business executions at the subsidiaries in accordance with rules on subsidiary management.

6. Ensuring the Reliability of Financial Reporting

In order to ensure the propriety of the Group's financial reporting, the Group establishes an internal control system for valid and appropriate submission of internal control reports in accordance with the Financial Instruments and Exchange Act. It also continuously evaluates whether the system functions properly and makes amendments as needed.

7. Matters concerning Employees Who Support the Duties of Auditors where Required by Corporate Auditors, the Independence of Such Employees from Directors and Ensuring the Effectiveness of

Instructions to Such Employees

DIP assigns personnel to support the execution of duties of the Audit & Supervisory Board or corporate auditors as needed at their request or instruction. In such cases, the impartiality of such personnel will be retained so that they will not be subject to instructions or orders from anyone other than corporate auditors and to ensure the effectiveness of the auditors' instructions. The opinions of the Audit & Supervisory Board are respected when conducting personnel changes or evaluations of such personnel.

8. Systems Designed to Enable Directors and Employees to Report to Auditors and Other Systems concerning the Reporting to Auditors

All corporate auditors attend Board of Director meetings, in principle. At the Board of Director meetings, matters for deliberation by important councils such as the Executive Officer Meeting are also reported. In the event of an occurrence of a fact that causes substantial damage to the Group or a risk thereof, or an occurrence of a situation that significantly discredits the Group, a material defect or problem concerning the system or procedures of internal control, a violation of law or other illegal act, or a material unjust act, the directors and employees of the Group immediately reports to corporate auditors in writing or orally. Furthermore, corporate auditors are allowed to inspect the minutes and proceedings documents of various meetings such as the Executive Officer Meeting and request reports from the Group's directors and employees. The Internal Audit and Control Office, which is in charge of the whistleblowing system, reports to corporate auditors on the status of whistleblowing within the Group on a regular basis.

9. Ensuring the Prevention of Unfavorable Treatment of Informants of the Preceding Paragraph Due to Reporting

DIP stipulates in regulations and responds appropriately so that the Group's directors and employees will not be treated unfavorably due to making a report of the preceding paragraph to corporate auditors.

10. Matters concerning Policies on the Handling of Expenses or Debts Resulting from the Execution of Duties by Auditors, including Procedures for Advance Payment or Indemnification of Expenses

When a corporate auditor requests the Company indemnification of expenses resulting from the execution of his/her duties pursuant to Article 388 of the Companies Act, the Company responds to such request except in cases where it proves that such request is not necessary for the execution of duties of such corporate auditor.

11. Ensuring Effective Auditing by Corporate Auditors

- (1) Audit & Supervisory Board meetings are held once a month or more.
- (2) In addition to Audit & Supervisory Board meetings, the corporate auditors hold meetings as needed.
- (3) Corporate auditors meet with the independent auditor or the Internal Audit and Control Office on a timely basis to exchange opinions and information and request a report from the independent auditor or the Internal Audit and Control Office as needed.
- (4) Corporate auditors receive reports from external experts (lawyers, tax accountants, etc.) on risks facing the Group in meetings with such parties.

2. Basic Approach toward the Exclusion of Anti-Social Forces and Establishment of Internal Structures (Revised)

1. Basic Approach toward the Exclusion of Anti-Social Forces
DIP rejects all relationships with anti-social forces and groups that pose a threat to social order and security.
2. Establishment of Internal Structures for the Exclusion of Anti-Social Forces
DIP has designated the Administration Office to supervise responses to anti-social forces and appointed a person in charge of preventing undue demands. The Company has established a network for cooperation with specialized external agencies such as the police and lawyers for its daily information gathering and responding to any incidents that occur. Guidelines for addressing undue demands have already been established but will be appropriately revised according to changes in the environment. At the same time, the Company has added clauses for the exclusion of anti-social forces in basic transaction agreements to prevent transactions with anti-social forces in its ordinary business and to immediately stop any unforeseen transaction it discovers.

1. Adoption of Anti-Takeover Measures

Supplementary Information

2. Other Matters related to Corporate Governance System, etc. (Revised)

[Flow Chart (Reference Material)]

