

Last updated: Jun 24, 2021

Relia, Inc.

Takashi Amino, President & CEO

Contact: Kenichiro Iwamoto, General Manager, Corporate Communications Div.

Code number: 4708

<https://www.relia-group.com/english/>

The corporate governance of Relia, Inc. is described below.

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

1. Basic Views

The Relia Group's position on Corporate Governance is as follows.

- (1) We have the utmost respect for the rights of shareholders, and endeavor to ensure that shareholders are treated fairly and their rights are not infringed.
- (2) We endeavor to create corporate value and employment while maintaining sound corporate management by building fruitful relationships with stakeholders.
- (3) We ensure transparency in regard to all important matters as well as timely and appropriate information disclosure.
- (4) In addition to rigorously enforcing regulatory compliance, the Board of Directors and the Audit & Supervisory Board monitor and supervise business operations, thereby working to maximize corporate value.

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

Updated

[Supplementary Principle 1-2-4] The Company works to send convening notices for General Meeting of Shareholders at an early date to enable voting rights to be exercised. As a result, in the previous fiscal year, approximately 83% of foreign shareholders and approximately 91% of all shareholders exercised their voting rights. Regarding use of an infrastructure that allows for electronic voting and English translation of the convening notices for General Meeting of Shareholders, the Company will continue to consider these going forward as it monitors the percentage of overseas investors and voting performance.

[Supplementary Principle 4-2-1] Bonuses for the management team (executive officers) are linked to performance, but in light of the fact that executive officers are employees, the Company is not currently considering stock-based remuneration, etc. Incentives are maintained by adopting a human resources system that evaluates the contribution made to the company's mid- to long-term results.

[Supplementary Principle 4-8-1] Information is shared adequately between Outside Directors and Outside Audit & Supervisory Board Members, and in this fiscal year, meetings with Outside Directors and all Audit & Supervisory Board Members are scheduled in each fiscal half-year. Through this, the Company works to exchange information and share awareness based on an objective standpoint.

[Supplementary Principle 4-8-2] As of the present time, a "lead independent director" has not been designated. However, communication and coordination are conducted through cooperation among Outside Directors and Audit & Supervisory Board Members in accordance with the intent of the Code.

[Principle 4-10] The Company is a Company with an Audit and Supervisory Board. It has eight Directors, including four Outside Directors, of whom three are Independent Outside Directors, and four Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members, all three of whom are Independent Outside Audit & Supervisory Board Members. Through active oversight activities by Independent Outside Directors and Audit & Supervisory Board Members, the Company's corporate governance functions effectively, which the Company regards as ensuring the appropriateness of business execution. Regarding Director nominations, the Company is considering changing the Remuneration Council to a nominating and remuneration council.

[Supplementary Principle 4-10-1] Regarding director remuneration, the Company has established the Remuneration Council, a discretionary body of the Board of Directors, but it is considering changing it to a nominating and remuneration council. Remuneration for the management team (executive officers) is stipulated in pay regulations.

[Disclosure based on the Principles of the Corporate Governance Code]

Updated

[Principle 1-4]

(Policy on cross-shareholdings)

The Company has a policy of not investing in listed shares as cross-shareholdings, in principle. However, there are cases in which investment is made in listed shares for the purpose of securing or maintaining commercial rights through strengthening relationships, etc.

(Verification related to cross-shareholdings)

In the case listed shares are held, through verifying economic rationality based on related transaction income compared to the amount of investment made and through verifying qualitative aspects based on business development and progress in light of the purpose of the investment, the progress of investments is reported to the Board of Directors each quarter and the significance and policy of the shareholding are reviewed. The Company has a policy of selling when the review finds that the significance of the shareholding has diminished.

(Basis of exercise of voting rights)

The Company has a policy of not investing in listed shares as cross-shareholdings, in principle, but regarding the exercise of voting rights in the case of such holdings, the Company conducts due diligence on whether it would help increase the value of the company in question, whether the Company's purpose for holding the shares would be achieved, and whether the Company's corporate value would be damaged, and then it makes a judgement on whether or not to approve the proposal on a case-by-case basis.

[Principle 1-7]

(Related Party Transactions)

When transactions exceeding a certain monetary amount are conducted with related parties, the Company has instituted a system by which consideration of the transaction's validity and any problems with transaction terms compared to other transactions is put on the agenda of the internal Case Review Committee.

[Principle 2-6]

For contract-type corporate pensions, the Company has established a basic asset management policy, and confirms once yearly that management is being conducted in accordance with the policy. In addition, when there are discrepancies with the policy, the CFO and persons responsible in the Accounting and Finance Division and Human Resources Division discuss appropriate revisions to the management policy and consult with the asset management company. Asset management information is regularly disclosed to pension fund beneficiaries.

[Principle 3-1]

(Enhancement of information disclosure)

- (1) Company objectives (e.g., business principles), business strategies and business plans

Business principles are stated on the Company's website.

<https://www.relia-group.com/english/about/philosophy/>

Management plan is as stated in the Notification Related to Mid-term Management plan 2023 released May 14, 2021.

(2) Basic views and guidelines on corporate governance
This is stated in the "1. Fundamental Views" section of this Report.

(3) Board policies and procedures in determining the remuneration of senior management and directors
This is stated in the "Incentives" and "Director Remuneration" sections of this Report.

(4) Board policies and procedures in the appointment/dismissal of senior management and the nomination of directors and Audit & Supervisory Board member candidates

Regarding appointment/dismissal of senior management (executive officers), a proposal is created based on an evaluation by Directors and the approval of the Board of Directors is received. Regarding Director and Audit & Supervisory Board Member candidates, full-time Directors and Audit & Supervisory Board Members first hold discussions and draft a proposal, and then the proposal is deliberated on and resolved by the Board of Directors.

(5) Explanations with respect to individual appointments/dismissals and nominations based on the above
Regarding senior management (executive officers), personnel transfers when there are appointments are disclosed at appropriate times, and regarding individual appointments/dismissals, approval is made by the Board of Directors from the standpoint of contribution to business results as well as management and responsibility for the future of company. Regarding nominations of Directors and Audit & Supervisory Board Member candidates, a comprehensive judgement is made on aptitude and ability, etc. and approval is carried out by the Board of Directors. For nomination of Audit & Supervisory Board Member candidates, the Audit & Supervisory Board is appropriately involved.

Regarding the above, the Company is considering changing its Remuneration Council to a nominating and remuneration council for Director nominations.

[Supplementary Principle 4-1-1]

(Scope of matters delegated to management)

Members of the management team (executive officers) manage the divisions they are responsible for as the division general manager within the scope of authority assigned to them (including approval amounts and business scope).

[Principle 4-9]

(Independence Standards and Qualifications for Independent Directors)

The Company has established the following standards for judging independence.

<https://www.relia-group.com/english/about/governance/>

[Supplementary Principle 4-11-1]

(View on the appropriate balance between knowledge, experience and skills of the Board as whole, and also on diversity and appropriate Board size)

The Articles of Incorporation stipulates the number of directors at 10 or fewer, and based on a policy of securing the number required to govern management and of limiting the number as much as possible to ensure flexible management, the Company believes it has a good balance of Board members. Diversity is ensured by having a balance of internal personnel with knowledge of the Company's business and administration, and outside personnel with specialized knowledge of overseas, finance, data management, etc.

[Supplementary Principle 4-11-2]

(Concurrent duties of Directors and Audit & Supervisory Board Members)

The concurrent duties of the Company's Directors, Audit & Supervisory Board Members and other officers in the listed companies are described below. The Company judges that the situation is such that they are able to appropriately fulfill their roles and responsibilities at the Company.

Audit & Supervisory Board Member Shinichiro Kamada is director and chairman at CENTRAL SECURITY PATROLS Co., Ltd.
Outside director at Morio Denki Co., Ltd.

[Supplementary Principle 4-11-3]

(Analysis and evaluation of the effectiveness of the board as a whole and summary of the results)

In order to analyze and evaluate the effectiveness of the Board of Directors, in this fiscal year as well, the Company conducted an evaluation via questionnaire administered to each Director in April 2021. The responses are currently being analyzed and are scheduled to be reported and assessed by the Board of Directors going forward.

[Supplementary Principle 4-14-2]

(Training policy for Directors and Audit & Supervisory Board Members)

When appointed at the Company, various materials and documents are provided to ensure acquisition of necessary knowledge regarding the Company's business, strategies, finances, organization, and rules, etc.

In addition, at the time of appointment, outside seminar opportunities are provided for the acquisition of knowledge necessary for practicing management to raise corporate value.

After appointment, as necessary, continuing opportunities are also provided to update necessary knowledge for Directors and Audit & Supervisory Board Members.

[Principle 5-1]

(Policy on measures and organizational structures for promoting constructive dialogue with shareholders)

This policy expresses the Company's basic views to dialogue between the Company and shareholders and investors based on the "policy on constructive dialogue with shareholders" in the Corporate Governance Code and from the standpoint of fair disclosure.

1. Constructive dialogue with shareholders and investors contributes to the sustained growth of the Company and to raising its long-term corporate value, and requests for dialogue made by shareholders or investors are addressed by Directors and management within a reasonable scope based on the wishes and main concerns, etc. of shareholders and investors.
2. The President has overall responsibility for dialogue with shareholders and investors, and in the role of assistant to the President, the Corporate Communications Div. engages in dialogue with cooperation from internal divisions as necessary.
3. The Company works to actively and fairly disclose information so that shareholders and investors can judge the Company's long-term corporate value. To this end, along with individual meetings, the Company works to further enhance IR activities through various measures that include enhancing its earnings briefings and website.
4. Opinions and requests to the Company obtained through dialogue are appropriately presented to Directors in a timely manner and utilized in management decision-making.
5. From the standpoint of fair disclosure, the purpose of dialogue is to exchange constructive opinions based on publicly available information. The Company has established the Relia Group Compliance Standard, Insider Trading Prevention Rules, and other internal rules to prevent important internal information that has not been publicly disclosed (insider information) from being divulged externally. When engaging in dialogue, the Company complies with these internal rules and domestic and foreign laws and regulations.

2. Capital Structure

Percentage of Foreign Shareholders

Between 20% and less than 30%

[Status of Major Shareholders]

Updated

Name	Shares held (shares)	Percentage
MITSUI & CO., LTD.	23,707,200	35.47
CENTRAL SECURITY PATROLS Co., Ltd.	6,193,344	9.26
GOLDMAN SACHS & CO. REG	5,016,843	7.50
Custody Bank of Japan, Ltd. (Trust Account)	3,139,100	4.69
The Master Trust Bank of Japan, Ltd.(Trust Account)	3,133,800	4.68
Nippon Life Insurance Company	1,459,600	2.18
SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation, Pension Fund Trustee)	1,440,000	2.15
STATE STREET LONDON CARE OF STATE STREET BANK AND TRUST, BOSTON SSBTC A/C UK LONDON BRANCH CLIENTS – UNITED KINGDOM	1,088,300	1.62
STATE STREET BANK AND TRUST CLIENT OMUNIBUS ACCOUNT OM02 505002	839,100	1.25
STATE STREET BANK AND TRUST COMPANY 505103	726,639	1.08

Controlling Shareholder (except for Parent Company)

N/A

Parent Company

N/A

Supplementary Explanation

Updated

Regarding the 1,440 thousand shares held by SMBC Trust Bank Ltd. (Sumitomo Mitsui Banking Corporation, Pension Fund Trustee), Sumitomo Mitsui Banking Corporation, as the settlor, retains the right to issue voting instructions.

In the change report submitted for public inspection on July 22, 2020, it was stated that as of July 15, 2020, Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui DS Asset Management Company, Limited, and SMBC Nikko Securities Inc. held 1,440 thousand, 1,638 thousand and 6 thousand shares, respectively, but with the exception of Sumitomo Mitsui Banking Corporation, the Company was not able to confirm the actual number of shares held as of March 31, 2021, so they were not included in the above information on major shareholders.

In the change report submitted for public inspection on July 21, 2020, it was stated that as of July 15, 2020, Sumitomo Mitsui Trust Bank, Limited, Sumitomo Mitsui Trust Asset Management Company, Limited, and Nikko Asset Management Company, Limited held 723 thousand, 1,608 thousand and 3,130 thousand shares, respectively, but the Company was not able to confirm the actual number of shares held as of March 31, 2021, so they were not included in the above information on major shareholders.

In the change report submitted for public inspection on April 7, 2021, it was stated that as of April 1, 2021, Kabouter Management, LLC held 5,513 thousand shares, but the Company was not able to confirm the actual number of shares held as of March 31, 2021, so they were not included in the above information on major shareholders.

3. Corporate Attributes

Listing Stock Market and Market Section	Tokyo Stock Exchange, First Section
Fiscal Year-End	March
Type of Business	Service industry
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	More than 1,000
(Consolidated) net sales for the Previous Fiscal Year	From 100.0 billion yen to less than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year Updated	less than 10 companies

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

N/A

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

N/A

// Business Management Organization and Other Corporate Governance Systems regarding Decision Making, Execution, and Oversight of Business

1. Organization Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
-------------------	--

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	8 Updated
Appointment of Outside Directors	Appointed
Number of Outside Directors	4 Updated
Number of Independent Directors Designated from among Outside Directors	3 Updated

Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Junichi Kishigami	From another company												
Mikako Yusa	From another company												
Isao Kohiyama	From another company							○					
Naonori Kimura	From another company												

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a Executive of a listed company or its subsidiaries
- b Non-executive director or executive of a parent company of a listed company
- c Executive of a fellow subsidiary of a listed company
- d A party whose major client or supplier is a listed company or an executive thereof
- e Major client or supplier of a listed company or an executive thereof
- f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as a corporate officer
- g Major shareholder of a listed company (or an executive of said major shareholder if the shareholder is a legal entity)
- h Executive of a client or supplier of a listed company (which does not correspond to any of d., e., or f.) (the executive himself/herself only)
- i Executive of a company, between which and the company outside officers are mutually appointed (the executive himself/herself only)
- j Executive of a company or organization that receives a donation from a listed company (the executive himself/herself only)
- k Others

Name	Independent Officer	Supplementary Explanation of the Relationship	Reasons of Appointment
Junichi Kishigami	○	N/A	<p>Mr. Kishigami has been involved in the ICT industry for many years and possesses specialized expertise in digital fields, which will be of increasing importance to the Company going forward. He frequently provides recommendations and guidance from a technical, ICT perspective at meetings of the Board of Directors and greatly contributes to promoting discussion by the board and enhancing its effectiveness. In addition, as chair of the Remuneration Council, he contributed to discussions on increasing the transparency of the remuneration decision-making process by management, including the President & CEO. In light of these considerations, the Company has determined that Mr. Kishigami can be expected to continue to provide appropriate advice and supervision on the Board of Directors from a specialized viewpoint and has therefore elected him as an Outside Director.</p> <p>The Company has designated Mr. Kishigami as an Independent Officer because he meets the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards established by the Company and is therefore judged as having no potential conflicts of interest with general shareholders.</p>
Mikako Yusa	○	N/A	<p>Ms. Yusa is Partner at Co-Creation Creators LLC. She has been involved in the human resources industry for many years and has direct experience in management. She frequently provides recommendations and guidance from a human resources development perspective in particular on the Board of Directors and greatly contributes to promoting discussion by the board and enhancing its effectiveness. The Company has determined that Ms. Yusa can be expected to continue to provide appropriate advice and supervision on the Board of Directors from the standpoint of human resources utilization, which is an emphasis of the Company's management, and has therefore elected her as an Outside Director.</p> <p>The Company has designated Ms. Yusa as an Independent Officer because she meets the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards established by the Company and is therefore judged as having no potential conflicts of interest with general shareholders.</p>

Isao Kohiyama		He is Managing Officer at Mitsui & Co., Ltd., which is a major shareholder of the Company, and Chief Operating Officer of its IT & Communication Business Unit.	Mr. Kohiyama has been involved in electronics-related businesses for many years at a general trading company and has experience as the president and representative director of an ICT-related operating company in Japan. He therefore possesses specialized experience and broad expertise in business management. He currently serves as Managing Officer at Mitsui & Co., Ltd. and Chief Operating Officer of its IT & Communication Business Unit. The Company has determined that Mr. Kohiyama can be expected to contribute as an Outside Director by utilizing this experience and expertise and has therefore elected him as an Outside Director. Mitsui & Co., Ltd. is a major shareholder of the Company, but the Company has instituted a system so that when transactions with related parties exceed a certain amount, the validity of the transactions, the existence of any problematic transaction terms compared to other customers or suppliers, and other related matters are put before the internal Case Review Committee. Transactions are executed at the Company's independent discretion in the same manner as other regular customers or suppliers. Accordingly, the Company concludes that there are no de facto restrictions from Mitsui & Co. and that a certain degree of independence is maintained.
Naonori Kimura	○	N/A	Mr. Kimura has been involved in corporate reform and business strategy for many years and has extensive experience as a director at foreign and domestic operating companies and broad expertise in overall business management. He currently serves as Partner at Industrial Growth Platform, Inc. The Company has determined that he can be expected to contribute by utilizing his experience and expertise as an Outside Director to help the Company achieve business growth and raise corporate value into the future and has therefore elected him as an Outside Director. The Company has designated Mr. Kimura as an Independent Director because he meets the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards established by the Company and is therefore judged as having no potential conflicts of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee

Established

Establishment of Discretionary Committee, Committee Composition, and Attributes of Committee Chair (Chairperson)

	Committee Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Others	Chair (Chairperson)
Committee Corresponding to Nomination Committee	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Committee Corresponding to Remuneration Committee	Remuneration Council	4	0	2	2	0	0	Outside Directors

Supplementary Explanation

Updated

The Remuneration Council deliberates on the following matters based on consultation with the Board of Directors and reports on them to the board.

- (1) Establishment, revision and abolishment of basic policies, regulations and procedures, etc. related to Director remuneration, etc.
- (2) Total Director remuneration for the fiscal year and individual remuneration, etc.
- (3) Other items related to the items enumerated above deemed necessary by the Remuneration Council.

In addition, the Remuneration Council is comprised of at least three Directors appointed by resolution of the Board of Directors, and the chairperson is appointed from among Independent Outside Directors.

The Remuneration Council in the fiscal year ended March 2021 was convened seven times in total; it primarily discussed and reported on the Director

remuneration system, policies for making decisions on Director remuneration, and other related matters. The council on May 14, 2021 deliberated on evaluations of Directors for the fiscal year under review and the remuneration system for the following fiscal year and reported that the respective proposals were valid.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	4

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Division

Regarding cooperation in connection with accounting audits, the full-time Audit & Supervisory Board Members are briefed on the annual audit plan summary by the accounting auditor, and at second-quarter, third-quarter, and year-end settlement, all Audit & Supervisory Board Members receive reports on the status of the audits.

Regarding cooperation on internal audits, the full-time Audit & Supervisory Board Members attend audit briefings held for the President & CEO, full-time Directors, and executive officers responsible for audited divisions based on internal audits conducted by the Auditing Division, which is responsible for conducting internal audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	3
Number of Independent Audit & Supervisory Board Members Designated from among Outside Audit & Supervisory Board Members	3

Relationship with the Company (1)

Updated

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Shinichiro Kamada	From another company													
Rika Kawaguchi	Attorney at law													
Tsuyoshi Saito	From another company													

* Categories for "Relationship with the Company"

* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a Executive of a listed company or its subsidiaries

b Non-executive director or accounting advisor of a listed company or its subsidiaries

c Non-executive director or executive of a parent company of a listed company

d Audit & Supervisory Board Member of a parent company of a listed company

e Executive of a fellow subsidiary of a listed company

f A party whose major client or supplier is a listed company or an executive thereof

g Major client or supplier of a listed company or an executive thereof

h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as a corporate officer

i Major shareholder of a listed company (or an executive of said major shareholder if the shareholder is a legal entity)

j Executive of a client or supplier of a listed company (which does not correspond to any of f., g., or h.) (the executive himself/herself only)

k Executive of a company, between which and the company outside officers are mutually appointed (the executive himself/herself only)

l Executive of a company or organization that receives a donation from a listed company (the executive himself/herself only)

m Others

Name	Independent Officer	Supplementary Explanation of the Conformity Items	Reason for Appointment
Shinichiro Kamada	○	Mr. Kamada was previously Executive Director at East Japan Railway Company, and now is Chairman and Director of CENTRAL SECURITY PATROLS Co., Ltd.	The Company has determined that Mr. Kamada can be expected to provide auditing from an independent outside perspective and checking and advice for the Company's management based on his extensive experience and broad expertise related to management cultivated as an executive at other companies and has therefore elected him as an Outside Audit & Supervisory Board Member. The Company has designated Mr. Kamada as an Independent Audit & Supervisory Board Member because he meets the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards established by the Company and is therefore judged as having no potential conflicts of interest with general shareholders.
Rika Kawaguchi	○	N/A	Ms. Kawaguchi has worked as an attorney at law for over 20 years, serving on the Labor Law Committee, as a labor consultant for the Tokyo Metropolitan Government Labor Consultation Center, and last fiscal year in the key position of vice-president of the Dai-Ichi Tokyo Bar Association. The Company has determined that Ms. Kawaguchi can be expected to provide auditing for compliance in particular and checking and advice for the Company's management while incorporating into audits from an independent, outside perspective based on her specialized experience and broad expertise as an attorney and has therefore elected her as an Outside Audit & Supervisory Board Member. The Company has designated Mr. Kawaguchi as an Independent Audit & Supervisory Board Member because she meets the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards established by the Company and is therefore judged as having no potential conflicts of interest with general shareholders.
Tsuyoshi Saito	○	Mr. Saito was previously Deputy President and Representative Director at Sumitomo Mitsui Trust Bank, Ltd. and Sumitomo Mitsui Trust Holdings, Inc. and is currently Director and Chairman at Sumitomo Mitsui Trust Club Co., Ltd. and Advisor at Sumitomo Mitsui Trust Business Service Co., Ltd.	The Company has determined that Mr. Saito can be expected to provide auditing from an independent outside perspective and checking and advice for the Company's management based on his extensive experience cultivated during his career in the banking industry and has therefore elected him as an Outside Audit & Supervisory Board Member. The Company has designated Mr. Saito as an Independent Audit & Supervisory Board Member because he meets the requirements for independent officers stipulated by the Tokyo Stock Exchange and the independence standards established by the Company and is therefore judged as having no potential conflicts of interest with general shareholders.

[Independent Officers]

Number of Independent Officers

Updated

6

Other Items related to Independent Officers

N/A

[Incentives]

Policies for Incentives to Directors

Performance-linked Remuneration

Supplementary Explanation

Remuneration for the Company's Directors, except for Outside Directors, comprises base remuneration, which is fixed compensation, and performance-linked remuneration, and remuneration for Outside Directors, who have responsibility for auditing functions, comprises only base remuneration, which takes into account those duties. The total individual remuneration for a Director is set based on the standard level of total remuneration for the job title,

etc., and a ratio of base remuneration and performance-linked remuneration, with the levels of remuneration of a company with capitalization, etc., of comparable size to the Company used as a benchmark. Furthermore, non-monetary remuneration is not paid.

The base remuneration for Directors is cash compensation in a fixed amount for each position based on the level of responsibility, and is paid monthly.

Bonuses for Directors, which are performance-linked remuneration, are cash compensation that varies within a fixed range based on consolidated performance and the Director's qualitative evaluation against a base amount that depends on the Director's position, and are paid at a fixed time every year. The level of achievement of the target figures of profit attributable to the owners of the parent of each fiscal year is regarded as the performance indicator for consolidated performance. Furthermore, with regard to Outside Directors, in view of their duties, performance-linked remuneration is not paid.

Recipients of Stock Options

Supplementary Explanation

N/A

[Director Remuneration]

Disclosure (of Individual Director Remuneration)

Individual remuneration is not disclosed.

Supplementary Explanation of this Item

Updated

Remuneration for the Company's Directors is comprised of monthly remuneration and bonuses paid once a year; monthly remuneration is a fixed amount, and bonus payment amounts are determined linked to performance. The total amount of remuneration for the Company's Directors in the 34th term was 107 million yen (of which, Outside Directors received 11 million yen).

Policy on Determining Remuneration Amounts and Calculation Methods

Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The remuneration system for the Company's Directors is linked with shareholders' interests in order to ensure that remuneration functions sufficiently as an incentive to achieve the sustained increase of corporate value. It is the basic policy that when determining remuneration for each Director, the remuneration is an appropriate level that is based on the responsibility for each position.

In order to determine the amounts and calculation methods for individual remuneration, etc., for a Director, the Remuneration Council has been established as a discretionary advisory body of the Board of Directors, with the aim of strengthening objectivity and accountability.

With regard to determining the calculation methods for individual remuneration, etc., for a Director, the Remuneration Council makes a decision after consideration and discussions on a proposal created by the President & CEO, and submits a report with a summary and the results of the deliberations to the Board of Directors.

With regard to the amounts for individual remuneration, etc., for a Director, after a qualitative evaluation of each Director, the President & CEO calculates the amount for individual remuneration based on the abovementioned calculation methods, and the Remuneration Council reports the results of the deliberations regarding the appropriateness of the amounts for individual remuneration to the Board of Directors. Furthermore, the qualitative evaluation of the President & CEO is carried out by the Remuneration Council.

Based on the report by the Remuneration Council, the Board of Directors has delegated to the President & CEO the authority for determining the amounts of individual remuneration for a Director, within the scope of maximum total remuneration amounts for all Directors that has been stipulated in a resolution by the General Meeting of Shareholders.

[Supporting System for Outside Directors (Outside Audit & Supervisory Board Members)]

The Board of Directors communicates as appropriate with Outside Directors through the general manager of the Legal Division to provide information, make reports and respond to questions. The Audit & Supervisory Board communicates as appropriate with Outside Audit & Supervisory Board Members through the Legal Division and the assistant to the Audit & Supervisory Board, who is also a member of the Legal Division, to provide information, make reports and respond to questions.

[Status of Persons retired from Representative Director and President,etc]

Information on Persons Holding Advisory Positions After Retiring as President & CEO, etc.

Updated

Name	Job Title / Position	Responsibilities	Employment Format / Terms (Full/part-time, with/without compensation, etc.)	Retirement Date of President, etc.	Term of Office
Yoshihiro Shimomura	Advisor	Mr. Shimomura is currently engaged in activities of the industry with which the Company is affiliated.	Part-time, with compensation	6/25/2019	1 year

The Company has established internal rules related to the advisory system for retired directors. Advisors are appointed and dismissed by resolution of the Board of Directors. Mr. Shimomura plans to retire from his position as Advisor to the Company as of June 30, 2021.

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

Updated

1) Business Execution

The Board of Directors is comprised of eight Directors (of whom four are Outside Directors) and has the responsibility and authority to make decisions on the Company's business execution and oversee the execution of job duties by Directors. In addition, to clarify management responsibilities each fiscal year, the Company sets the term of office for directors at one year.

The Board of Directors meets once a month in principle, and the Management Meeting, which is comprised of full-time Directors and officers designated by the President, meets on a regular basis, and at these meetings, deliberations take place on key management strategies and issues, company-wide policies, and business deals. Further, the General Managers Meeting is held on a regular basis as well to deliberate in advance on Management Meeting agenda items that are executive in nature as a measure to expedite decision-making, deepen communication between Directors and Executive Officers and clarify responsibilities.

2) Audit & Supervisory Board Member Audits and Other Audits, etc.

Regarding Audit & Supervisory Board Members, the Company works to ensure objectivity by appointing Outside Audit & Supervisory Board Members as three of the four total Audit & Supervisory Board Members, all three of whom are designated Independent Officers. This system allows for adequate and appropriate auditing by Audit & Supervisory Board Members. Audit & Supervisory Board Members work to communicate with Directors, the internal audit division and other employees, etc. and to maintain an environment conducive to information gathering and auditing in accordance with standards for audits by Audit & Supervisory Board Members, which have been stipulated by the Audit & Supervisory Board Members, following the auditing policy and duties of roles, etc. Further, Audit & Supervisory Board Members attend meetings of the Board of Directors and other important meetings, receive reports on execution of duties from Directors and employees, etc., request explanations as necessary, review documentation on important decisions as necessary, and conduct investigations on the status of business and property at the head office and key business sites.

The Audit & Supervisory Board is comprised of Audit & Supervisory Board Members; it meets once a month in principle, or an ad hoc basis if necessary, in order to decide on audit policies and standards, etc. and receive reports on audits, etc. from individual Audit & Supervisory Board Members.

Regarding internal audits, the Company has an Auditing Division with a dedicated staff of 11 people; it is independent of other management divisions and business divisions, and conducts comprehensive and objective evaluations of the appropriateness of the organization's internal management system while making recommendations and performing follow-up on improvements to identified issues, etc. In addition, the Auditing Division also conducts audits of Group companies.

Regarding accounting audits, Deloitte Touche Tohmatsu LLC, which has been contracted by the Company, audits the Company's financial statements during the term and at term-end and performs quarterly reviews. The accounting auditor is also responsible for auditing internal controls on financial reporting and conducts rational, efficient audits. Meetings are held between Audit & Supervisory Board Members and the accounting auditor, between Audit & Supervisory Board Members and the internal audit division, and between the accounting auditor and internal audit division to exchange information on audit systems, plans and implementation, etc.

3) Limitation of Liability Agreements with Directors and Audit & Supervisory Board Members

The Company has concluded limitation of liability agreements with its Outside Directors and Outside Audit & Supervisory Board Members in accordance with Article 427.1 of the Companies Act. For both Outside Directors and Outside Audit & Supervisory Board Members, the provisions of the agreement limit liability under Article 423.1 of the Companies Act to the amount stipulated in Article 425.1 of the Companies Act when actions have been taken in good faith and without gross negligence.

4) Summary of Remuneration Council

The Remuneration Council was established February 8, 2019 in order to strengthen objectivity and accountability for items related to director remuneration, etc.

Refer to the above supplementary explanation of "Discretionary Committee Corresponding to Remuneration Committee" in the Organization Composition and Operation section.

3. Reasons for Adoption of Current Corporate Governance System

Updated

The Company has adopted the format of a Company with Audit & Supervisory Board Members. The Audit & Supervisory Board has three Outside Audit & Supervisory Board Members (all three of whom are Independent Officers under the requirements of the Tokyo Stock Exchange), and the Board of Directors has four Outside Directors (three of whom are Independent Officers under the requirements of the Tokyo Stock Exchange).

Advising from Outside Officers with a high degree of independence and/or broad-ranging discernment is extremely valuable for ensuring the transparency and objectivity of the Company's management. In addition, mutual communication between the Audit & Supervisory Board, accounting auditor, and internal audit division enhances management monitoring and oversight functions, and the Company believes its current corporate governance system maintains enhanced functions.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

Updated

	Supplementary Explanation
Early Notification of General Shareholders Meeting	Most recently, the convocation notice for the 34th Ordinary General Shareholders Meeting on June 23, 2021 was mailed on June 1 and announced online on May 26.
Scheduling Annual General Meeting of Shareholders Avoiding the Peak Day	Most recently, the 34th Ordinary General Shareholders Meeting was held on June 23, 2021.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The policy is disclosed at https://www.relia-group.com/english/ir/management/policy/ .	
Regular Investor Briefings for Analysts and Institutional Investors	The President & CEO conducts presentations twice yearly, in May and November.	Yes
Regular Investor Briefings for Overseas Investors	The representative, CFO and manager in charge of IR regularly participate in investor roadshows and conferences for overseas investors.	Yes
Posting of IR Materials on Website	Information is provided on https://www.relia-group.com/english , including financial documents, timely disclosure documents other than financial documents, business reports, contact information for stock-related inquiries, and business presentations.	
Establishment of Department and/or Manager in Charge of IR	Department in charge of IR: Corporate Planning Division, Corporate Communications Div. Manager in charge of IR: Kenichiro Iwamoto, General Manager, Corporate Communications Div.	

3. Measures to Ensure Due Respect for Stakeholders

Updated

	Supplementary Explanation
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Group has established the Relia Group Compliance Standard and raises awareness to employees.
Implementation of Environmental Activities, CSR Activities, etc.	The Company conducts business at over 30 operating centers nationwide, from Hokkaido to Okinawa; it creates employment opportunities through its main business and establishes and enhances personnel systems that accommodate diverse work formats. In addition, through Business Plus Inc., a special subsidiary, the Company employs people with disabilities, supports their autonomy and promotes normalization (people with disabilities living and working without differentiation from people without disabilities). The Company also conducts community activities through its regional offices and overseas subsidiaries. Details are provided on the Company's website at the following. https://www.relia-group.com/english/csr/#detail

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

The Company's fundamental views on its internal control system are as follows.

"In order to ensure good faith management with a high degree of transparency such that the trust of stakeholders is maintained, the Company works to strengthen corporate governance and enhance internal controls aimed at further increasing the effectiveness of governance. The Company constantly evaluates the internal control system built based on this basic policy and makes necessary improvements to it; this basic policy is also constantly reviewed in response to changing conditions to ensure the appropriateness of business operations."

1. Frameworks for Ensuring the Execution of Duties by the Company's Directors and Employees Conforms with the Law, Regulations and Articles of Incorporation
 - (1) To ensure that officers and employees of the Company and the Company's subsidiaries comply with laws, regulations, internal rules, and corporate ethics (hereinafter, "Compliance"), the Company has established the Relia Group Compliance Standard and works to raise awareness of it.
 - (2) The Company convenes the Compliance Committee chaired by the Chief Compliance Officer (hereinafter, "COO"), who is appointed by the Board of Directors, and the committee conducts planning, develops and implements measures, and performs oversight related to Compliance at the Company and the Company's subsidiaries.
 - (3) In order to raise and enhance awareness of Compliance and internal controls, regular training is conducted by the Legal Division and Risk Management Division. In addition, at various types of internal training, efforts are made not only to provide business knowledge but also to further raise awareness of Compliance.
 - (4) The Company has established an internal reporting contact point for all Group companies (hereinafter, "Internal Reporting Desk") based on Internal Reporting Rules to serve as a reporting and consulting route for Compliance violations in order to quickly ascertain information and respond appropriately.
 - (5) The Company annually includes the maintenance and enhancement of societal trust in the "Basic policy on internal controls for financial reporting," which is subject to resolution by the Board of Directors, in order to ensure the reliability of financial reporting.
 - (6) The Company has established the Audit & Supervisory Board, which is comprised of Audit & Supervisory Board Members, including Outside Audit & Supervisory Board Members, to conduct monitoring and oversight of business execution by Directors.
 - (7) Regarding the Company's compliance with laws, regulations and its Articles of Incorporation, the Board of Directors, Audit & Supervisory Board Members and Audit & Supervisory Board monitor the execution of duties by Directors based on the Rules for the Board of Directors, Rules for the Audit & Supervisory Board, and auditing standards for Audit & Supervisory Board Members in accordance with laws, regulations and the Articles of Incorporation. The Company's Auditing Division audits the execution of duties by employees, etc. based on laws, regulations and internal rules, and reports the findings to the Company's President & CEO. When audits find that further improvements are necessary, measures are promptly taken.
 - (8) The Company works to ensure the appropriateness and adequacy and decisions made by the Board of Directors through its Outside Directors, in principle.
2. Framework for Information Storage and Management related to Execution of Duties by the Company's Directors
 - (1) Important information related to execution of duties by Directors, including minutes from General Meetings of Shareholders, minutes from Board of Directors meetings, and approval forms, are stored and managed, along with related documents, as paper or digital records in accordance with Document Management Rules.
 - (2) This information is maintained so that it can be viewed as appropriate when there is a request to do so from a Director or Audit & Supervisory Board Member.
3. Rules and Other Frameworks regarding the Company's Loss Risk Management
Management and managers identify and evaluate risks at all levels of the organization. These risks are regularly evaluated based on new risks emerging or changes in existing risks in connection with changes in the internal or external environment.
 - (1) The Risk Management Rules is established to design and develop company-wide risk management frameworks and precisely address material risks, and committees related to management risk is established on this basis. The committees identify and recognize management risks to the extent possible in the following areas that have risk potential and take measures to mitigate those risks.
 - (i) Risks related to the conclusion and cancellation of contracts of high value or business importance
 - (ii) Risks related to important labor management or labor disputes
 - (iii) Risks related to damage from disasters, accidents, etc.
 - (iv) Risks related to IT security and management of confidential information, which includes protection of personal information and management of trade secrets
 - (v) Risks related to Compliance violations
 - (vi) Management risks other than the above
 - (2) The Company has established the Rules for Division of Duties and Job Authority to clarify the authority and responsibility of each officer and employee with respect to risk response. Also, risk management is rigorously enforced based on the Approval Rules.
 - (3) The Company has established the Risk Management Division to comprehensively manage risk identification and evaluation by the committee and information on risks identified by company-wide operating divisions. The Risk Management Division works to communicate risks to management and all employees and further raise their risk awareness in order to enhance the Company's overall ability to address risk.
4. Frameworks to Ensure Efficient Execution of Duties by the Company's Directors
 - (1) The following committees meet regularly to help expedite decision-making by Directors on important matters and assist them in making careful decisions.
 - (i) Management Meeting
 - (ii) General Managers Meeting
 - (2) In order to ensure efficient execution of duties, authority is conferred to departmental general managers within the scope established in the Rules for Division of Duties and Job Authority. In addition, the Company has adopted an executive officer system to facilitate the more efficient execution of duties by Directors as members of management.
5. Frameworks to Ensure Proper Operations by the Corporate Group Comprised of the Company and its Subsidiaries
The Company has established the Affiliate Management Rules and manages its subsidiaries as follows based on these rules, which have autonomous management as their fundamental principle.
 - a. Framework for reporting to the Company on the execution of duties of subsidiary directors, etc.
Regarding important matters at the Company's subsidiaries, the necessary frameworks are in place to ensure timely and appropriate reporting to the Company.
 - b. Rules and other frameworks regarding loss risk management by the Company's subsidiaries
The Company requests that management members of the Company's subsidiaries fulfill their duty to design and operate internal controls at appropriate levels, identifies and measures significant risks at the Company's subsidiaries, and organizationally implements ongoing controls to address them.
 - c. Framework for ensuring efficient execution of duties by directors, etc. at the Company's subsidiaries
A lead manager is appointed for each subsidiary to monitor the status of management at the Company's subsidiaries and construct and maintain an appropriate structure of consolidated management. In addition, officers are replaced depending on the subsidiary's management status.
 - d. Framework for ensuring the execution of duties by directors, etc. and employees of the Company's subsidiaries is in compliance with laws, regulations, and the Articles of Incorporation
The subsidiaries' Audit & Supervisory Board members and the Company's Auditing Division conduct audits of compliance with laws, regulations and the Articles of Incorporation by subsidiaries of the Company. Audit findings are reported to the Company's President & CEO. If necessary, the Company appropriately provides improvement proposals and instructions.

6. Matters regarding Employees Requested to Assist in the Duties of Audit & Supervisory Board Members
 - (1) Employees are assigned to assist in the duties of Audit & Supervisory Board Members in order to raise the effectiveness of audits and ensure audit duties are executed smoothly.
 - (2) Employees are assigned who have the knowledge and skills necessary for assisting in the overall work of Audit & Supervisory Board Members.
7. Matters regarding the independence of the employees referenced in the preceding related to ensuring the effectiveness of instructions given to these employees
 - (1) Instructions to employees referenced in the preceding item are given by Audit & Supervisory Board Members, and evaluations and transfers of said employees are done so only when there is agreement from the Audit & Supervisory Board.
 - (2) Matters related to ensuring the effectiveness of instructions from Audit & Supervisory Board Members with respect to said employees are stipulated based on the Rules for Ensuring the Effectiveness of Audits by Audit & Supervisory Board Members.
8. Frameworks for reporting by the Company to Audit & Supervisory Board Members
 - (1) The following have been established as the frameworks for reporting by the Company to Audit & Supervisory Board Members.
 - a. Framework for reporting by the Company's Directors and employees to Audit & Supervisory Board Members
The Rules for Ensuring the Effectiveness of Audits by Audit & Supervisory Board Members includes provisions on reporting to full-time Audit & Supervisory Board Members each time important matters related to the Company or the Company's subsidiaries come to the attention of the Company's officers or employees, and on reporting the facts when reporting on business execution is requested by Audit & Supervisory Board Members, and the Company works to ensure full awareness of these rules internally.
 - b. Framework for reporting to the Company's Audit & Supervisory Board Members by subsidiaries' directors, Audit & Supervisory Board members, and company members/employees engaged in executing business, or persons who receive reports from them
The Company has established multiple internal reporting desks, and they include contact points for officers and employees of the Company's subsidiaries to directly report to and consult with the Company's full-time Audit & Supervisory Board Members. Regarding the route for reporting to, and consulting with, the CCO and General Manager of the Legal Division, the Internal Reporting Rules includes a provision on promptly reporting to the Company's full-time Audit & Supervisory Board Members when information received corresponds to an improper act or legal violation by the Company or a subsidiary of the Company, and the Company works to ensure full awareness of these rules internally.
 9. Framework for ensuring persons making reports as stated in the preceding item are not subject to unfair treatment for this reason
 - (1) The Internal Reporting Rules stipulates that persons making the aforementioned reports shall not be subject to unfair treatment due to having made the report. Subsidiaries have also been appropriately instructed to handle the situation in the same manner.
 10. Matters related to policy on accounting for expenses or debt occurring in connection with execution of duties by the Company's Audit & Supervisory Board Members
 - (1) Regarding the policy on accounting for advance expenses or debt occurring in connection with execution of duties by Audit & Supervisory Board Members, the Company handles this appropriately based on the Rules for Ensuring the Effectiveness of Audits by Audit & Supervisory Board Members, which was established in accordance with the provisions of the Companies Act.
 11. Other frameworks for ensuring that audits by the Company's Audit & Supervisory Board Members are conducted effectively
 - (1) Audit & Supervisory Board Members can request at any time that officers and employees report on business execution as necessary.
 - (2) Audit & Supervisory Board Members can attend the Management Meeting, General Managers Meeting and other important meetings at any time as necessary.
 - (3) The Audit & Supervisory Board can employ attorneys at law, certified public accountants and other specialists, as necessary, and receive their advices on auditing operations.
 - (4) Audit & Supervisory Board Members closely coordinate with the accounting auditor, including exchanging information and opinions, in order to raise the quality and efficiency of auditing operations by both parties.
 12. Framework for eliminating anti-social forces
Based on the Relia Group Compliance Standard, the Company raises the awareness of officers and employees and ensures enforcement in order to eliminate anti-social forces.
 - (1) The Company takes a resolute stance against anti-social forces such as corporate extortionists and criminal syndicates and does not engage in payoffs when improper requests are made from such groups.
 - (2) The Company does not conduct any transactions with anti-social forces or clients or suppliers with any relationship to anti-social forces.

2. Basic Views on Eliminating Anti-Social Forces and State of Related Efforts

1. Fundamental Views
The Company's approach is as stated in 1.12 of the preceding section.
2. Specific measures
 - 1) The Company is a member of Tokubouren, has established a framework for coordinating with the organization, actively participates in related meetings, and works to gather information.
 - 2) The Company has appointed a manager responsible for preventing improper requests, and the manager attends seminars given by public bodies on handling such requests.
 - 3) Contracts such as service outsourcing agreements and goods purchase agreements concluded by the Company include clear clauses on cutting off relationships with anti-social forces, and, regarding transactions conducted by the Company, transactions with anti-social forces and clients or suppliers with relationships to anti-social forces are eliminated.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

Supplementary Explanation of this Item

The Company's policy on responding to purchase proposals and acts with respect to the Company's shares (hereinafter, the "Plan") was initially resolved and adopted at the 18th Ordinary General Meeting of Shareholders held on June 23, 2005, and after two further updates, the Plan was adopted for five years.

Due to revisions to the Financial Instruments and Exchange Act in December 2006, certain measures were established for preventing hostile takeovers, including rules for interactions between the company and the bidder when takeover bids are initiated, and in the environment surrounding the Company as well, the threat of a hostile takeover decreased in relative terms; in light of these and other factors, and based on the determination that further expanding the Company's business and strengthening shareholder returns is the best way to raise the Company's corporate value and better serve the common interest of shareholders, the Board of Directors, at the board meeting held May 13, 2010, resolved to discontinue the Plan, and this went into effect as of the end of the 23rd Ordinary General Meeting of Shareholders held on June 23 of the same year.

2. Other Matters Concerning to Corporate Governance System

Updated

Internal controls for timely disclosure of the Company's corporate information are as follows.

1. The Company's basic stance on timely disclosure

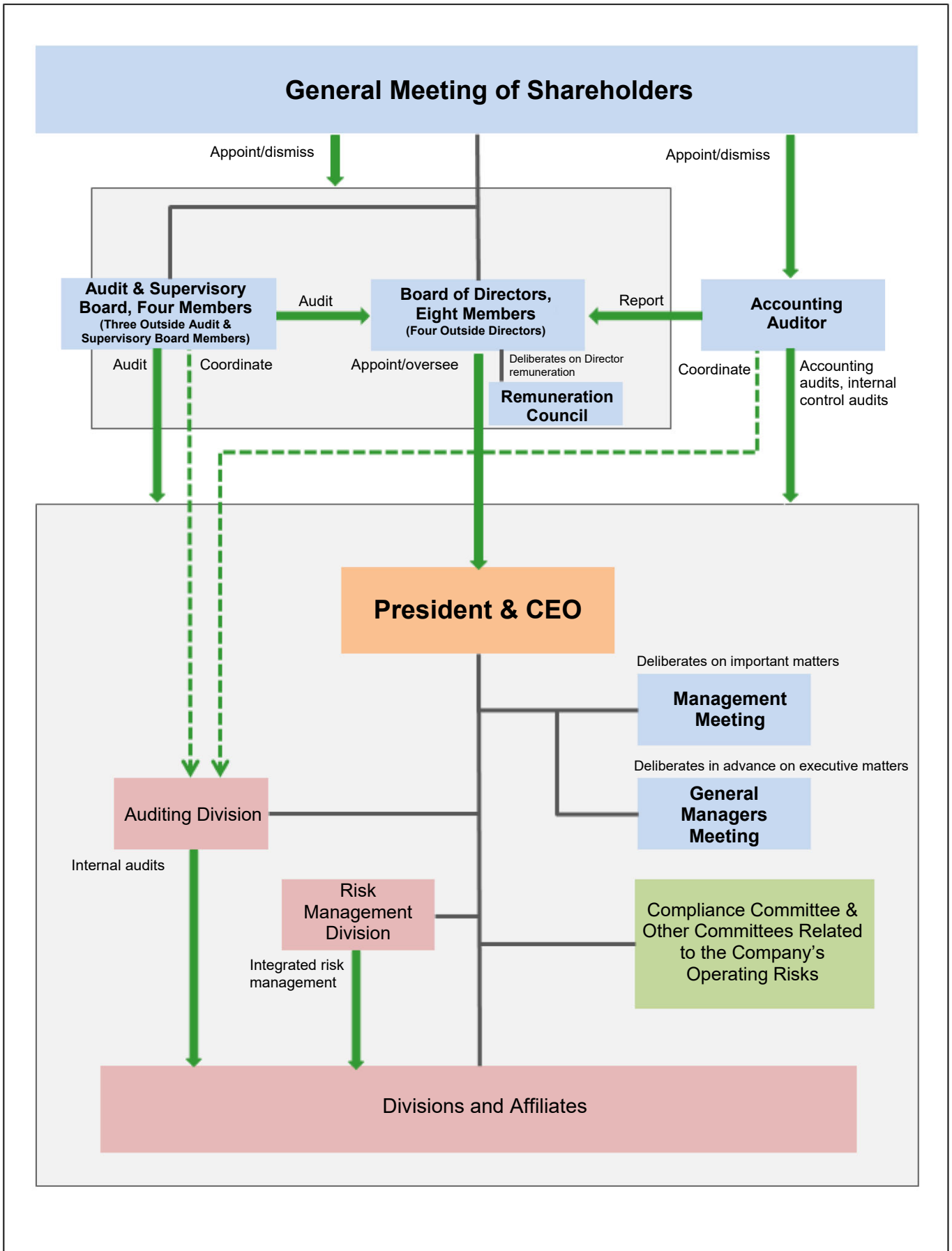
The Company has a policy of actively conducting fair and timely information disclosure in accordance with the Cabinet Office Order on Disclosure of Corporate Affairs, the Tokyo Stock Exchange's Securities Listing Regulations, and internal rules (Insider Trading Prevention Rules, etc.) in order to facilitate accurate understanding and evaluations by shareholders and investors and maintain their trust.

2. Internal framework for timely disclosure

The Company has a framework for the integrated management of corporate information in which the Legal Division serves as responsible department for decision, event and financial information, including information related to subsidiaries. The General Manager of the Legal Division judges whether important company information requires timely disclosure upon consultation with the Chief Compliance Officer (CCO), Chief Privacy Officer (CPO), Managing officer of Corporate Planning Sector, General Manager of the Corporate Communications Division, and other related departments and in accordance with the Cabinet Office Order on Disclosure of Corporate Affairs and Tokyo Stock Exchange's Securities Listing Regulations, and upon approval by the President & CEO decides on the information, timing and method of disclosure.

Based on this decision, information disclosure and its management is conducted, in principle, by the General Manager of the Corporate Communications Division, which is charge of public relations for the Company. The Company discloses the information by registering it on TDnet, holding a press conference as necessary, and mailing documents, etc. Information registered on TDnet is also posted on the Company's website, in principle, for a certain period of time.

◆ Corporate Governance System



◆ **Timely Disclosure Framework**

