



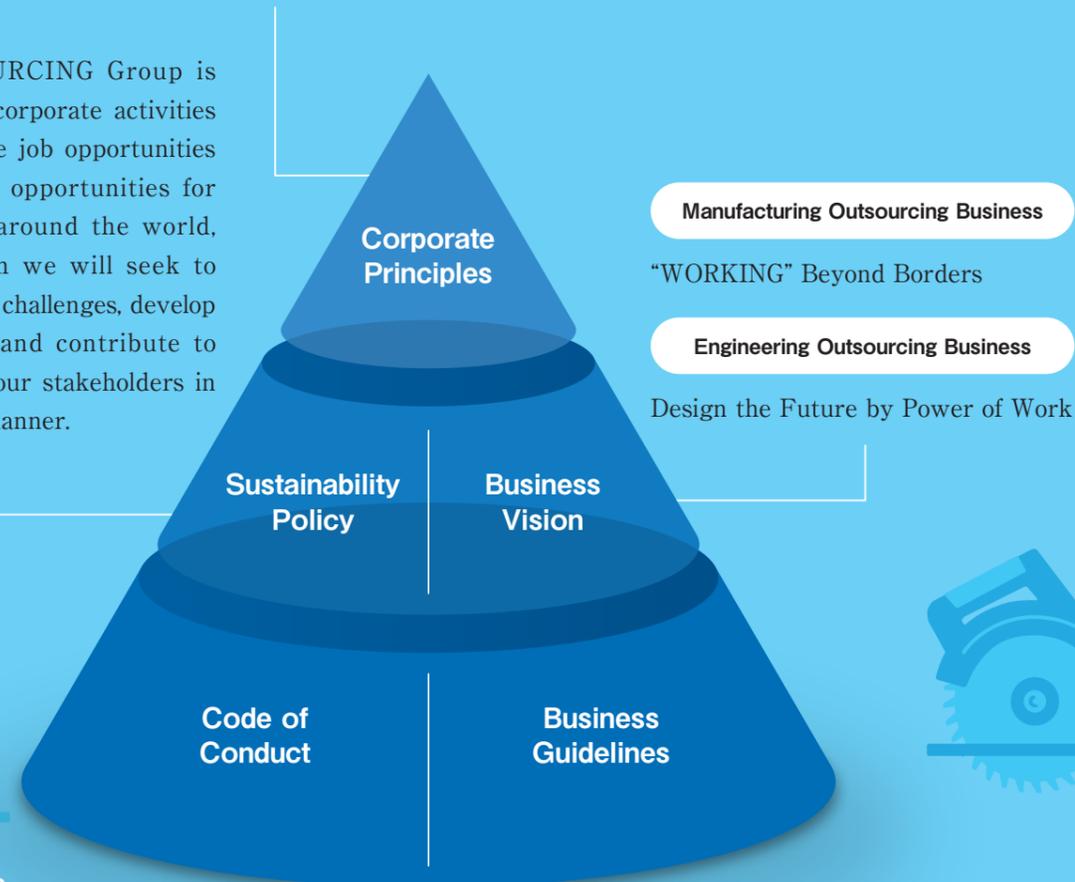
Integrated Report 2021 Corporate Report 2021



GROUP MISSION

Enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces.

The OUTSOURCING Group is committed to corporate activities that will create job opportunities and education opportunities for many people around the world, through which we will seek to tackle society's challenges, develop our business, and contribute to the benefit of our stakeholders in a sustainable manner.



Contents

Group Mission	1	ESG of OUTSOURCING Group	36
OUTSOURCING Group SDGs Declaration	2	System for Promoting Materiality	37
Sustainability and Business Strategies of the OUTSOURCING Group	3	Environment	39
Broadly Developing the Human Resource Business to Respond to Society's Demands	5	Social	41
Support for Expanding Employment and Restoring Fiscal Health Through Business	7	Corporate Governance	45
Types of Capital Accumulated as Resources Since Foundation	9	Directors	45
Four Types of Capital Supporting Sustainable Growth	11	Corporate Governance System	47
Value-Creation Process	13	Strengthening Group Governance	49
Top Message	15	Risk Management	51
Medium-Term Management Plan: Change the GAME	19	External Director Interview	53
Featured Topic #1 Strategy during the COVID-19 pandemic	21	Key Financial Trends	55
Featured Topic #2 Leverage CPL's expertise for the OUTSOURCING Group	23	Network	57
Featured Topic #3 Technological capability × Interpersonal capability	24	Corporate Profile and Share Information	59
Interview with Vice President	25		
Financial and Non-financial Highlights	27		
Business Overview of Each Segment	29		
Growth Strategies by Segment	31		

<OUTSOURCING Group SDGs Declaration>

The Group supports the “Sustainable Development Goals (SDGs)” advocated by the United Nations and the Japanese government’s “SDGs Action Plan 2020,” and will contribute to achieving a sustainable society through proactive initiatives for SDGs in business, promoting an ESG-focused management and contributing to CSR activities that are rooted in the country and region.

Contribution to the SDGs by the OUTSOURCING Group



Editorial Policy

The OUTSOURCING Group seeks to build longstanding relationships of trust with its various stakeholders and has accordingly adopted a policy whereby it shall promptly, accurately, and impartially convey not only information of a legal nature but also information deemed necessary for its stakeholders.

When editing this report, the Group references the International Integrated Reporting Framework published by the IIRC (International Integrated Reporting Council) and strives to enhance the provision of non-financial information such as information on the Group's business models and ESG.

This Integrated Report 2021 profiles our efforts to increase the Group's corporate value over the medium to long term and encompasses our latest developments with a focus on initiatives being promoted on the basis of our “Change the GAME” medium-term management plan.

Scope of report

In principle, this report contains information on OUTSOURCING Inc. and the 210 companies of the OUTSOURCING Group as of December 31, 2020. Explanatory notes have been provided with respect to other details that are outside the aforementioned scope.

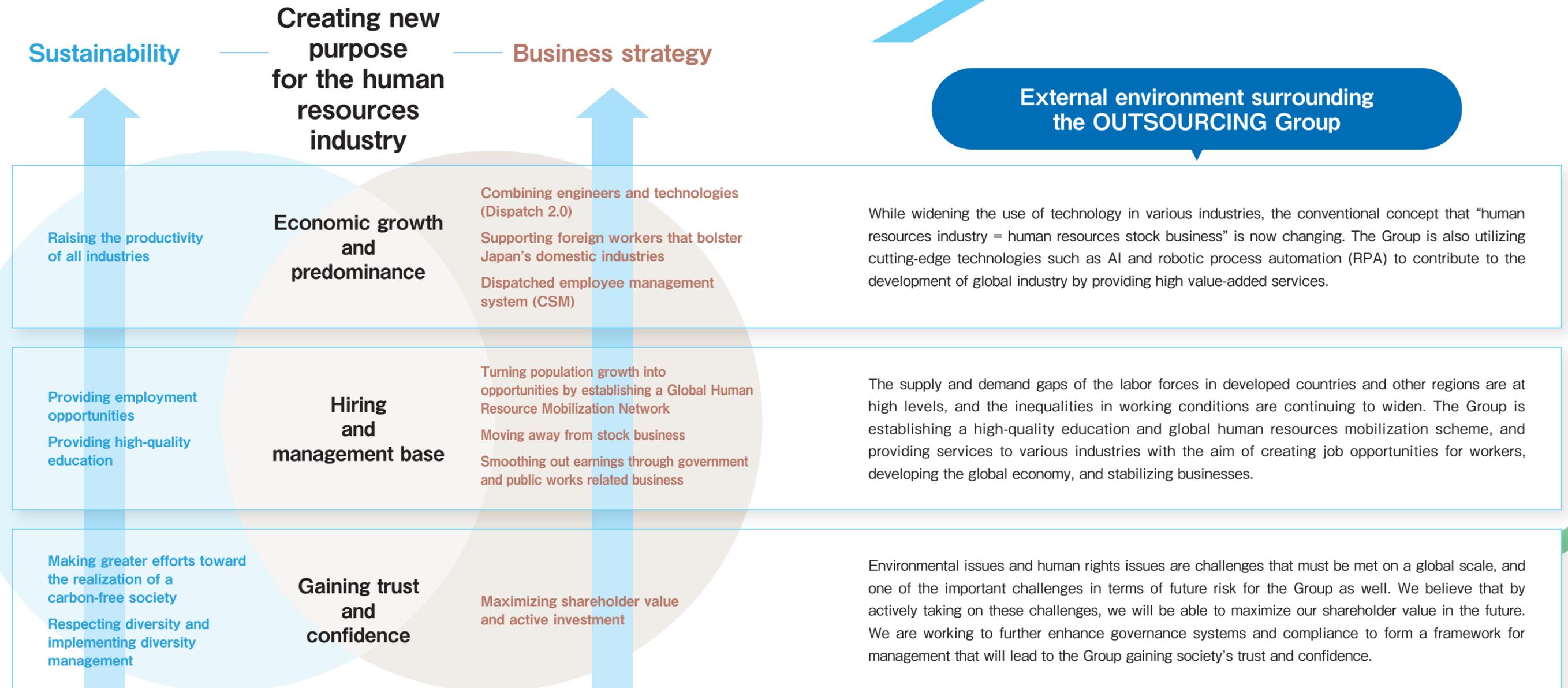
Disclaimer regarding forward-looking statements

This report contains certain forward-looking statements not constituting historical fact made on the basis of future predictions and plans regarding the Group. These forward-looking statements involve risks, uncertainties, and other such factors that may cause actual results, operating performance and other outcomes to vary from predictions cited within the report.

Date of publication: September 2021

Sustainability and Business Strategies of the OUTSOURCING Group

As we develop our human resource service business globally, the Group conducts social and economic activities while engaging with people from various different countries and regions. It is essential for the growth of the Group that we gain trust from all stakeholders. Accordingly, we will strive to further promote sustainability management so that both the Group and society achieves sustainable growth, and we can create a new purpose of existence for the worker dispatching industry.



Broadly Developing the Human Resource Business to Respond to Society's Demands

We are contributing to improved productivity in industry through pursuing cutting-edge technologies and specialist fields

Eliminate the supply / demand gap on a global scale by building a bridge between developed countries and other regions

■ **Continuing shortage of human resources in IT and communications field**

Number of insufficient IT human resources in 2030* **790,000** persons

(High level scenario)

Source: "Study on Demand and Supply of IT Human Resources" by Ministry of Economy, Trade and Industry (2019)
* On the assumption that labor productivity rises 0.7%

■ **Increase in people seeking employment**

Untapped labor force* **More than 470,000,000** persons

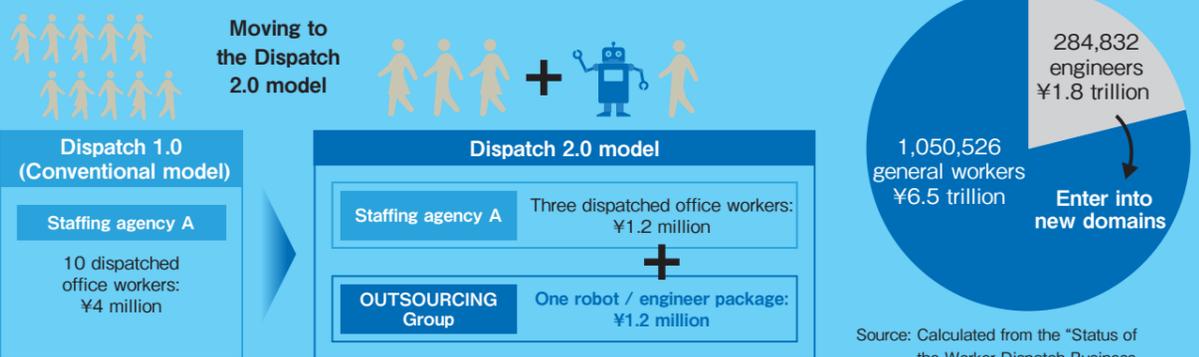
Source: "World Employment and Social Outlook" by ILO (2021)
* Total number of persons who don't have proper access to paid work and who are not working their desired number of hours

Promoting the Dispatch 2.0 model

Amid the changes to the industrial structure through development of IoT, etc., mainly led by the developed countries, the use of robots and AI by business is becoming even more widespread. Moreover, as work-life balance is more widely embraced, as seen by working-style reforms, there are also growing needs for efficiency. Amid rising demand in the IT and communications field, Japan's Ministry of Economy, Trade and Industry has released a report stating that there will be a shortage of IT human resources in Japan of as much as 790,000 persons by 2030*.

The Company, whose origins are in human resource services for the manufacturing industry, has come to promote human resource development of engineers and the utilization and application of cutting-edge technologies in response to the needs of society and as the Group's sustainable growth strategy. For example, for operations that previously required 10 personnel, the Group enables its customers to achieve higher productivity with less personnel by providing both robots and engineers as a set. By strengthening and promoting the Dispatch 2.0 model, we are providing a boost to industries facing shortages of IT human resources.

Dispatch 2.0 model



Promoting human resource mobility on a global level

The balance of labor-force supply and demand is different across various countries in the world due to reasons such as declining birth rate and aging population. At the same time, there are countries struggling with a labor force shortage, there are also many countries where there is a job opportunity shortage.

Under the Corporate Principles of "enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces," the Group aims to build a society where people with a will to work can find employment under the slogan "WORKING" Beyond Borders. Currently, the Group has hubs in Europe, Asia and South America, and is constructing human resource support routes between those hubs. Furthermore, in the future, we are developing businesses to support cross-border employment opportunities and close the global disparity in labor force supply and demand.

Cross-border HR staffing support routes

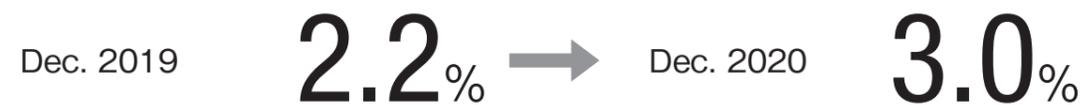


Support for Expanding Employment and Restoring Fiscal Health Through Business

Amid economic stagnation, the Group is promoting job creation and human resource development

Meeting the needs for BPO services of public institutions in developed countries facing deterioration of fiscal balance

Overall unemployment rate is gradually rising



Source: "Labor Force Survey" by Statistics Bureau, Ministry of Internal Affairs and Communications

Deteriorating fiscal balance of developed countries

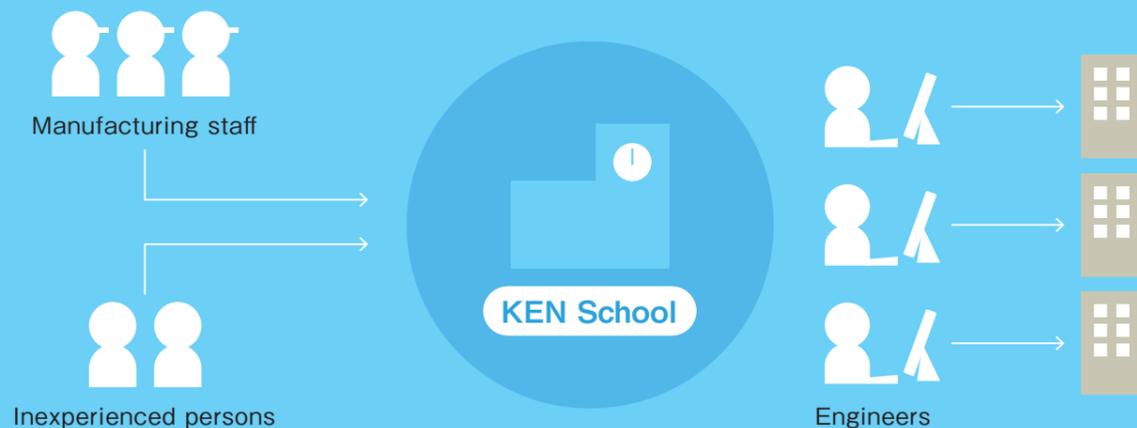


Source: "General Government Fiscal Balance" by IMF (Percent of GDP) (2020)

Support for career change for human resources

Providing human resource services in a wide range of fields, the Group has been actively employing human resources by hiring more than 2,000 new graduates each year since 2019 in Japan. The overall unemployment rate has increased temporarily due to an increase in workers who have been dislocated from their work due to the temporary economic lockdowns resulting from the current COVID-19 pandemic. Amid this climate, the Group hired 3,007 new graduates in Japan in April 2021, and OUTSOURCING TECHNOLOGY Inc. provided support in offering new employment opportunities for 3,000 persons, who had lost job opportunities, to be hired as directly employed employees at other companies. After joining a Group company, employees go through training at KEN School and start work in various job categories, such as IT, research, development, design, or office work. Career advancement or career changes to become human resources for the DX (digital transformation) field are also possible. This KEN School scheme is also being developed in Australia, and the Group is actively engaged in initiatives for job creation and human resource training even amid the uncertain social environment.

KEN School scheme

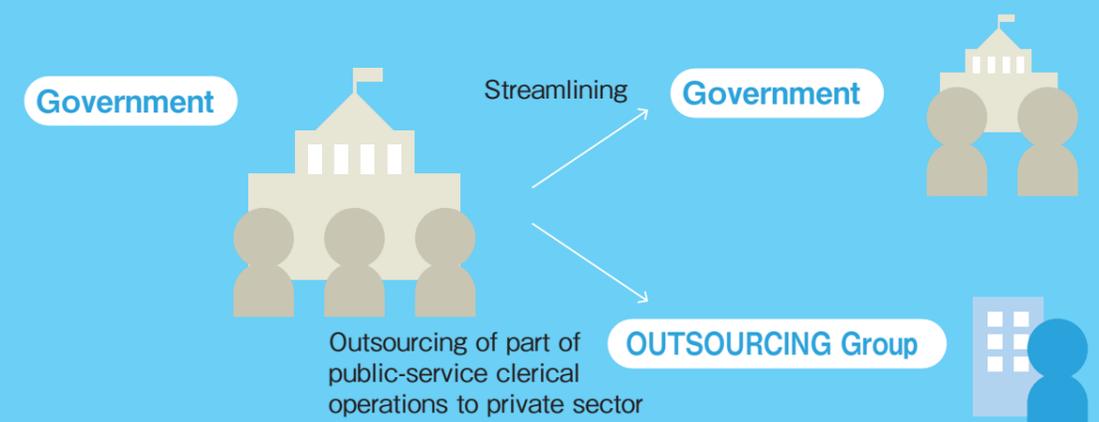


Financial difficulties in developed countries Support for streamlining of central and local governments (streamlining of public institutions and services)

The spread of COVID-19 has taken a heavy toll on the tourism and hospitality industries of the various countries. The governments of various countries have increased support in the form of subsidies, etc. and national revenues have been further reduced through tax relief, etc. How much the pandemic has impacted fiscal reserves depends on the country, but some countries had been fiscally stressed even beforehand, and the policy trend toward restoring fiscal health can be expected to accelerate.

The Group is already working to meet the needs for BPO services of government and public works related businesses, and is contributing to the streamlining of various public institutions through its global development of the outsourcing business that combine cloud services, etc. for clerical operations of central and local governments such as public debt collection.

BPO business model

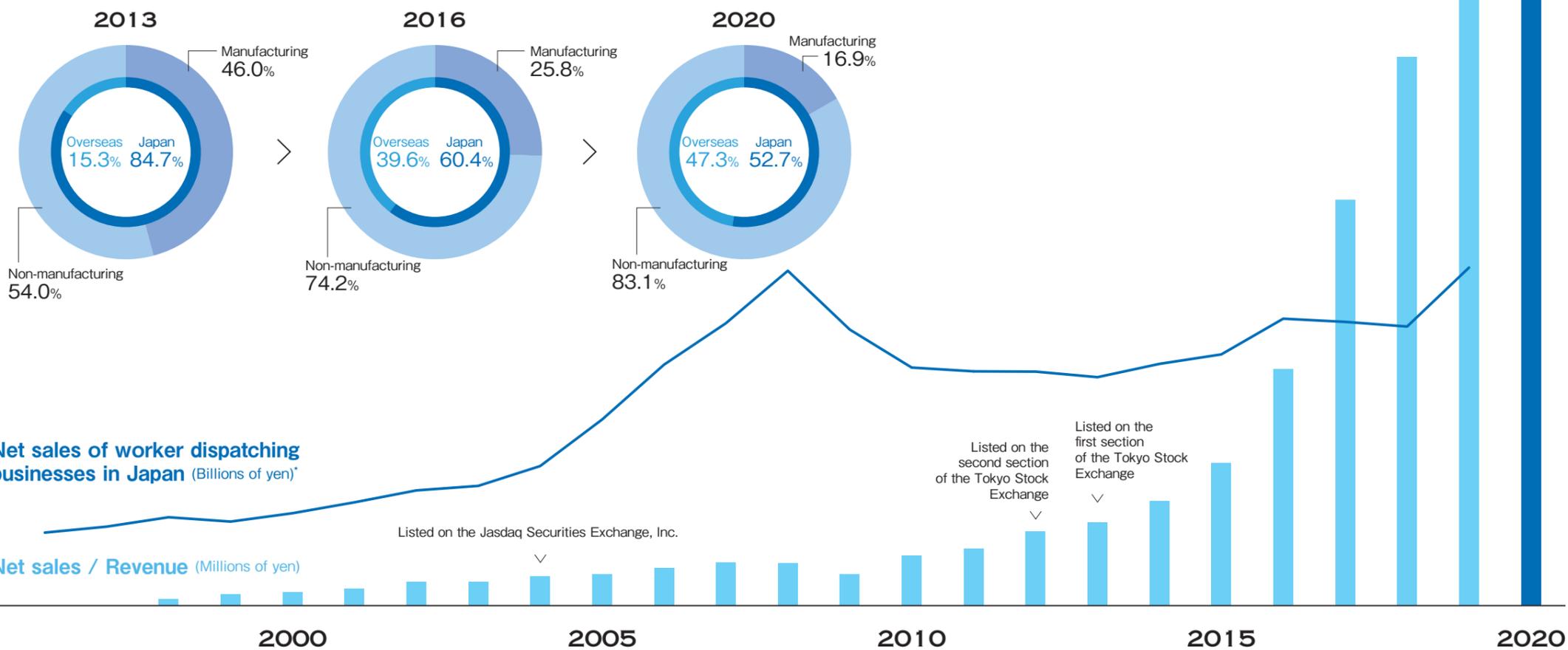


Types of Capital Accumulated as Resources Since Foundation

The Group, whose origins are in providing human resource services to the manufacturing industry in Japan, has come to build a management platform through active global development that has involved staying ahead of social change and expanding business fields through engineer training and technological development. The various kinds of capital that the Group has cultivated through business development up until now is providing the foundation for further growth.



Business portfolio transformation



* Source: "Worker Dispatching Business Report" of the Ministry of Health, Labour and Welfare



Financial capital

- Constructing portfolio resilient to economic fluctuation



Intellectual and manufacturing capital

- Dispatching management platform
- Cutting-edge technologies such as robots
- Knowhow in cutting-edge fields such as IT / pharmaceuticals



Human capital

- Employment for more than 100,000 people
- Knowhow for acquiring human resources



Society-related capital

- 35 countries and regions in the world
- More than 200 Group companies

Four Types of Capital Supporting Sustainable Growth

Human capital

The Group's inclusion of top-class companies in many countries



Supplying workers is the basis of the human resource dispatching business model, and it is important that we work to increase the number of human resource hires resulting from supply or introduction by the Group. The number of dispatched employees on a global basis for 2020 in the Group exceeded 86,000 persons, which is double that for 2016. This capability in hiring arises from the merit of scale, and the overseas network that the Group is developing in multiple countries includes welcoming in business companies that are among the top 20 (revenue base) in that country, and this leads to a large competitive advantage when it comes to acquiring human resources.

In the area of human resource training, the KEN School human resource training scheme has received high praise from job seekers in Japan and Australia, and it led to the stable securing of employment. In the contract workplace, key persons, who possess the knowledge and expertise required to develop human resource education and training systems for raising skill levels of human resources on an individual basis, were invited by manufacturers, human resource training systems such as career path and career advancement programs have been advanced, and the stable supply of employees who can become core leaders has been secured.

In domestic operations in Japan, the Group has achieved a new graduate scale unit of 1,000 persons per year and is working on having the sales force capable of placing new personnel and constructing a relationship of trust with customers. Furthermore, the Group is chosen by job seekers because of the diverse range of assignment destinations. The Group is working to maintain depth of human capital by actively developing human resource strategies amid the uncertain social environment.

Intellectual and manufacturing capital

Building various business schemes unique to the Group



The Company, which began with human resource services in the manufacturing industry, has come to build new models for human resource businesses, such as by developing the PEO scheme that was widely adopted in the United States and other countries, in line with the Japanese legal system. Currently, the Group is developing a dispatched employee management system called CSM system, which converts the complex management operations required when orders are issued by manufacturers to dispatch human resources to multiple companies, into a cloud system. This will contribute to improving efficiency and productivity for a wide range of manufacturers and lead to improving workers' benefits for the dispatched employees.

Moreover, Dispatch 2.0, which provides customers with a service that combines not only workers but also technology related to robots, AI, etc., is one business scheme that is supporting the future growth of the Group. While aiming to improve efficiency and productivity, there are many companies that have inadequate technological capability to promote DX (digital transformation) and a shortage of human resources, hence the need for our Dispatch 2.0 business scheme is growing in a wide range of sectors. In the future, the Dispatch 2.0 scheme will evolve further, and the Group will continue to develop and provide more advanced systems based on the Group's technological capabilities.

The KEN School scheme, which teaches highly expert skills to manufacturing sector staffs and inexperienced persons, not only increases the hiring ability and professional development of human resources, but also leads to greater flow of human resources, particularly among overseas group companies such as OTTO, contributing to the Group's growth as one system for supporting human capital.

Financial capital

Diversifying the business and regional portfolio and achieving improved capital efficiency



In the human resource business, demand is changing due to social circumstances and the economic trends of each country. The Group is shifting away from the business portfolio at the time of its establishment that was concentrated on certain sectors and diversifying the portfolio into a variety of fields with different economic cycles. As a result, non-manufacturing sectors currently comprise 83.1% of the portfolio. We are also developing businesses that are not easily affected by the economy or macro environment by increasing the share of stable fields, such as public sector related fields, which account for 19.8% of the portfolio. We have expanded our business to 35 countries and regions worldwide, and our regional portfolios are also becoming diversified. Even while facing the unprecedented crisis of COVID-19, the Group's outsourcing business to companies supporting lifelines, and its government and public works related businesses have underpinned the Group's performance, and it has suppressed the financial impact of the crisis through having expanded into multiple regions. The Group will develop its businesses with further diversification in the future, by country and sector, which will reduce the Group's financial risk.

In addition, the Group calculates the weighted average cost of capital (WACC) under certain conditions on a regular basis, and by monitoring how much economic value added (EVA) the invested capital generates through business activities, the Group measures capital efficiency and whether new corporate value has been generated. The measurement of these capital costs is also used when making M&A judgments.

Society-related capital

Generating synergies through aggressive M&A strategies



Through aggressive overseas M&A strategies carried out to date, the Group has grown into a global group with 210 consolidated subsidiaries in 35 countries and regions. The Group selects human resource businesses for which it can leverage its knowhow gained from operating businesses domestically in Japan as the businesses to develop in its global operations, and it does not engage in businesses where it would be difficult to make management decisions using the Group's knowhow. Accordingly, the businesses that are promoted by Group companies are businesses that can not only be developed in other countries, but also be developed laterally as well. The Group is generating synergies by increasing the mobility of human resources and businesses between countries and Group companies.

Moreover, by having numerous Group companies, the Group is able to mobilize many excellent management-level human resources as Group members. The Group's ability to utilize the insight of the management level existing in each company is one of its biggest advantages. The Group is widening the breadth of its management and enhancing its capacity for action by leveraging the combined management-level skills of each company. The Group's regional holdings operations, which continue to strengthen, are also taking shape through high-quality corporate governance by the excellent managers of the Group companies, and leading to a more effective management foundation.

Value-Creation Process

The Group's service to society is also broadening through its provision of human resource services to various industries across the world. While utilizing the human resource education and training schemes and Group network we have developed up until now, we will promote ESG management and contribute to building a sustainable society.

Corporate Principles

Enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces.

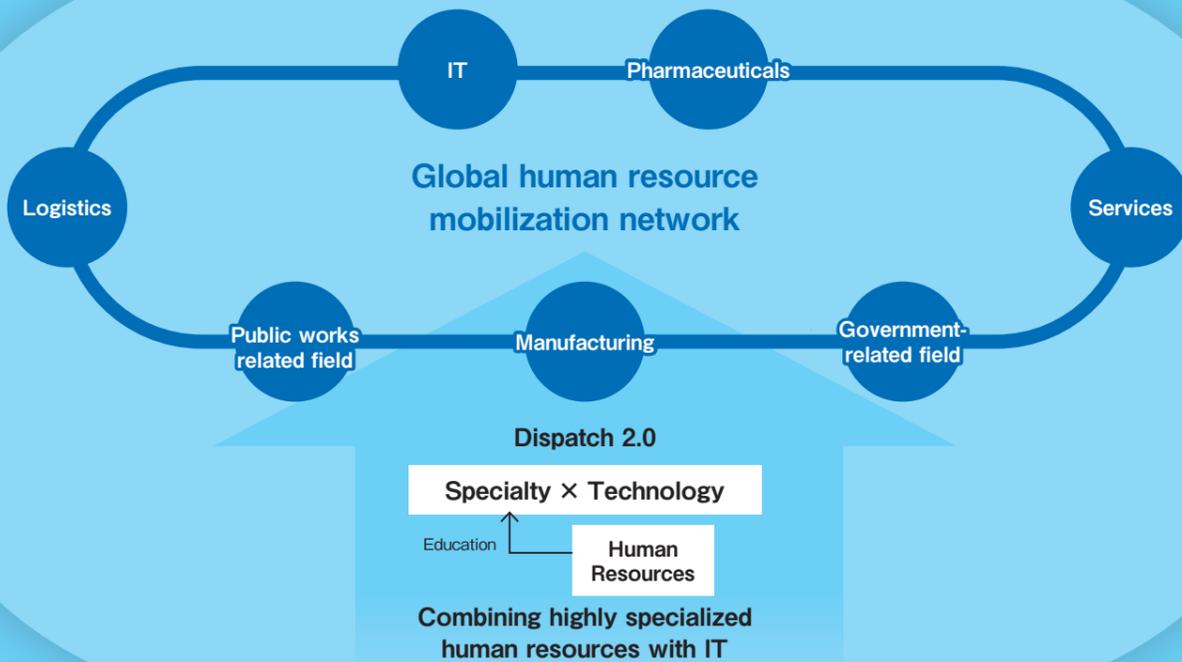
Sustainability Policy

The OUTSOURCING Group is committed to corporate activities that will create job opportunities and education opportunities for many people around the world, through which we will seek to tackle society's challenges, develop our business, and contribute to the benefit of our stakeholders in a sustainable manner.

Social issues

- Improving industry productivity
- Fiscal austerity of developed countries
- Global warming / climate change
- Labor force supply / demand gaps
- Diversity and respect for human rights

Business model of OUTSOURCING Group



Output

Economic value (2024 Goals)

Revenue
¥820 billion

Operating profit
¥65 billion

ROE
25% or higher

Equity ratio
30% or higher

Social value (2030 Target)

Support for hiring of non-Japanese workers
500,000 persons

Adoption ratio of next-generation vehicles
70%

Outcome

Raising the productivity of all industries through promoting DX

Solving of labor-force supply / demand problems at a global level

Realization of sustainable society through decarbonization

Human capital

Overwhelming hiring ability for human resources in countries with decreasing labor-force population

Intellectual and manufacturing capital

Strong development capabilities for new schemes that improve customers' productivity

Financial capital

Stable accrual of retained earnings from portfolio not easily affected by changing business conditions

Society-related capital

Global network of 44 companies in Japan / 166 companies in other countries

Types of invested capital

ESG of OUTSOURCING Group

Environment

Building a carbon-free society through adoption of new-generation vehicles, etc.

Society

Protecting human rights and improving employee satisfaction at a global level

Corporate governance

Promoting diversity management and building a global corporate governance structure

Promoting a sustainable society



Chairman and CEO of
OUTSOURCING Inc.

Haruhiko Doi

Initiatives to realize
improved corporate value
from everyone's perspective,
without shifting
the burden on anyone



Problem-solving ability demonstrated by management during the COVID-19 pandemic

"An enterprise capable of prevailing against any business conditions." For many years this has been the vision to which the Group has aspired, and we have always sought to smooth out our earnings by broadening and diversifying our business portfolio, expanding the countries and regions in which we operate, and increasing the proportion of businesses that are not affected by the business cycle. The spread of COVID-19 last year engulfed the global economy in unprecedented uncertainty, but this confirmed our sense that the Group had developed a high degree of resilience even before the spread of COVID-19.

First, looking back at financial forecasts and results for FY2020, at the time we released results for the first quarter of FY2020 (January-March 2020), we revised downward the full-year revenue and profit forecasts that we had announced at the beginning of the year. This was due to dramatic changes in the business environment caused by lockdowns, etc. that followed the explosive worldwide spread of the first wave of COVID-19 infections. However, in the second quarter, we secured profits where we had previously anticipated negative figures with respect to profit before tax, profit for the period, and profit attributable to owners of the parent, and when we released results for the third quarter, we revised full-year profit forecasts upwards. During the final quarter of October-December 2020, the recovery in performance was particularly marked, with both revenue and operating profit recording record highs on a quarterly basis, and with revenue for the full year also recording an 11th consecutive record high. In FY2021 these strong results have continued, with quarterly revenue for the first quarter reaching a record high for the second consecutive year, and operating profit also posting a record high for the first quarter.

The background to our ability to achieve this sharp rebound in results during the COVID-19 pandemic is that we had implemented group governance by running a

system compliant with J-SOX regulations and our own "MCR" (Minimum Control Requirement) internal control scheme in parallel. This meant that we had already put in place systems that allowed management teams at the various Group companies to fully utilize their management and governance skills.

The first wave of the COVID-19 pandemic represented an unprecedented event, and we put the highest priority on securing the health of our employees and the safety of the workplace environment. However, although we were concerned about the possibility of a second and third wave, I felt that if the subsequent waves were caused by the same factors as the first wave, and had the same outcomes, then the responsibility for an inability to overcome that challenge should not be blamed on COVID-19 but rather on management including myself.

During the COVID-19 pandemic, the various Group companies in which we had placed our trust and to which we had entrusted the execution of the business gave a flawless demonstration of their superior management abilities. We believe it was their efforts to independently achieve an understanding of the situation and its problems, and to work to resolve these in a spirit of challenge, that led to the sharp rebound in results.

Dividing our explanation of concrete initiatives that we have taken during the period into those within Japan and those overseas, in Japan we launched a new Cloud Staffing Management (CSM) system for managing dispatched employees. The CSM system offers a solution to those companies using dispatch services during the COVID-19 pandemic that need to build new workplace systems, including those for remote work. By facilitating digitization and the sharing of information, this DX system enhances efficiency and convenience for companies, dispatched employees, and staffing agencies. This has been well received by companies, mainly major manufacturers, and the number of users had reached 958 as of the end of the previous fiscal year (December 2020). Our goal is to achieve further significant growth by the end of the current fiscal year.

In the Domestic Engineering Outsourcing Business, in addition to the existing engineer dispatching service, we have been expanding our Dispatch 2.0 model, which to date has sought to achieve labor savings in the dispatching services in the general affairs domain by leveraging “technological capability” and “interpersonal capability.” We have broadened this service to include the cutting-edge fields of first-line workers and essential workers, thus giving a boost to corporate digital transformations.

In overseas markets, the manufacturing industry in Germany was affected by lockdowns that caused a fall in utilization rates. On the other hand, the e-commerce-related business, mainly in the Netherlands, showed extraordinarily strong growth that demonstrates the success of our diversification across regions and business areas. In the United Kingdom, the impact of lockdowns led to a temporary suspension of public-sector debt-collection activities, but we succeeded in winning substitute work such as BPO business related to benefit payments. In South America, airport-related operations declined, but there are signs of movement, such as the consignment of new facilities-related business, including security, cleaning and logistics work. Last year, we drew up our new 5-year medium-term management plan, “VISION 2024: Change the GAME.” During the first year, the impact of the COVID-19 pandemic caused us to temporarily withdraw the quantitative targets for management indicators. With the business having already caught up and exceeding cruising speed, we believe that the probability of achieving these quantitative targets for the second year and beyond is now higher than it was before the pandemic.

The “GAME” we want to change is the industry itself

In this new 5-year medium-term management plan, “VISION 2024: Change the GAME,” the game that we want to change is the industry itself, the nature of which has remained the same for more than 40 years.

In the traditional human resource services industry, when customers implemented production adjustments, this would cause a reset of temporary workers, and when production started growing again, every company would focus on hiring and securing human resources, which resulted in a pronounced tendency to treat the business as a “stock of human resources” model. However, since the reset caused by the COVID-19 pandemic, we have felt a change in the needs of businesses as customers seek to secure human resources in preparation for expanding production again.

Because there has been a shift from a seller’s market to a buyer’s market, customers are now expressing new needs (“plus alpha”) in addition to their conventional focus on the number of people that can be secured. We are convinced that the solution to these needs is proposal capabilities.

The background to drawing up the new medium-term management plan a year ahead of schedule was the ongoing obsolescence of the prevailing business model in the human resources service industry. Based on this new stage of development, the Group had already described efforts to implement a new approach to the business through such proposals as achieving labor savings through the use of advanced technology, but with the COVID-19 pandemic, we feel that customer needs have accelerated to a point close to our assumptions.

Our proposals contribute to improved productivity by blending cutting-edge “technology” with the “education” provided by our proprietary KEN School system. This not only raises the net sales and added value per worker, but also opens the way to higher profits at customers using dispatch services.

In today’s world, where achieving a sustainable society has become a global concern, it is unacceptable that the burden of excessive price competition in the human resource services industry should be shifted to dispatched employees. Moreover, even if customers were to use such competition and increase their profits, it would not lead to a good reputation.

We create proposals that have merit for dispatched employees, for customers and for the Group, and that do

not shift the burden on anyone. We make every effort to achieve sustainable growth and clear improvements in corporate value that are acknowledged by investors and all other stakeholders.

SDGs Declaration

Based on this sense of determination, we have designated this year, 2021, as “the First Year of SDGs” for the Group. In February 2021, the Group made an “SDGs Declaration,” drawing up and publicizing proprietary materiality (priority issues) as well as KPIs for five of the 17 SDGs advocated by the United Nations, namely “Providing employment opportunities,” “Providing high-quality education,” “Respecting diversity and implementing diversity management,”

“Making greater efforts toward the realization of a carbon-free society,” and “Raising the productivity of all industries.” In April, the Group also became a signatory to the United Nations Global Compact advocated by the United Nations, registered as a participating company, and joined Global Compact Network Japan, which is a local organization in Japan. Within the company, we have launched a Sustainability Committee that is directly connected to the Board of Directors. I myself will act as chair of this Committee and will drive it resolutely forward. I would like to kindly ask that you continue watch over us as we implement initiatives for the future of the Group, seeking to improve corporate value without leaving anybody behind and without burdening anyone, and as we stride forward in our role as industry “Game Changer.”

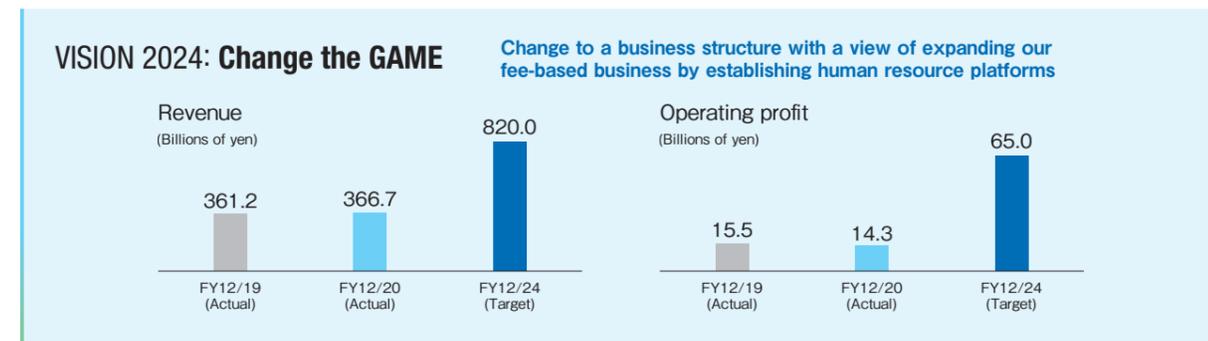
Proposals through
“(better skilled)
human resources” and
“technological capability”
that lead to progress
in all SDGs



Medium-Term Management Plan: Change the GAME

The first year of the “Change the GAME” 5-year medium-term management plan that began in 2020 ran straight into headwinds in the form of the COVID-19 pandemic, but recovered quickly from the third quarter onwards, and is now progressing more or less in line with plans. Given that we recovered so quickly despite the global slump in economic activity, we can have confidence that the Group is heading in the right direction.

In addition, we have worked steadily to capture new business opportunities that have been generated by the emergency situation represented by COVID-19, and we are convinced that this will lead to a further leap forward by the Group in 2021 and beyond.



Priority Measures

Strategy > 1	Further Expand Services to Support Foreign Workers	2024 KPI	Number of foreign workers supported FY12/24 plan targeting only technical intern trainees 100,000	VISION 2024 plan for FY12/24 targeting all non-Japanese residents, including exchange students 300,000
Strategy > 2	Increase Operating Efficiency and Save Manpower through Dispatch 2.0, Combining Engineers and Technologies	2024 KPI	Revenue from Dispatch 2.0 FY12/19 result ¥91.3 billion	FY12/24 plan ¥260.0 billion
Strategy > 3	Further Expand Business Involving U.S. Military Facilities and Government and Public Works Related Business to Achieve More Consistent Operating Performance	2024 KPI	Revenue from the business involving U.S. military facilities FY12/19 result ¥16.5 billion	FY12/24 plan ¥50.0 billion
Strategy > 4	Turn the Growing Worldwide Population into Growth Potential by Establishing a Global Human Resource Mobilization Network	2024 KPI	Number of hirings of mobilized human resources 26,500 <small>(total planned number of hirings for 2024 is 167,000)</small>	
Strategy > 5	Build a WBB Platform to Move Away from the “Stock of Human Resources” Business	2024 KPI	Operating profit from fee-based business ¥6.0 billion	
Strategy > 6	Pursue Financial Strategies	2024 KPI	ROE 25% or higher	Equity ratio 30% or higher Payout ratio 30% or higher

Strategy 1

Further Expand Services to Support Foreign Workers

The Group is expanding its support for foreign workers, in response to the expansion of the residency statuses of foreign workers formulated by the Japanese government in 2019. Not only do we handle various administrative tasks that arise at manufacturers that accept technical intern trainees, but we also use chatbots, call centers, apps, and other technology to enhance support services for non-Japanese residents, including providing assistance in overseas remittance and opening bank accounts, help in finding housing, and support in other lifestyle-related matters. Currently, the spread of COVID-19 continues to cause difficulties for technical intern trainees attempting to visit Japan, but the number of foreign workers under management increased to over 22,000 in the fiscal year ended December 31, 2020.

Strategy 2

Increase Operating Efficiency and Save Manpower through Dispatch 2.0, Combining Engineers and Technologies

With the workforces of developed countries on a declining trend over the long term, there is a growing need to reduce manpower in back-office and other routine operations. Due to the impact of the spread of COVID-19, demand related to DX for remote work by first-line workers, which was previously considered impractical, is also expanding steadily. In the fiscal year ended December 31, 2020, Group company OUTSOURCING TECHNOLOGY Inc. and the Haseko Group worked with Microsoft Japan to promote the use of cutting-edge technologies in the workplace (such as by developing MR solutions), and to expand their business areas.

Strategy 3

Further Expand Business Involving U.S. Military Facilities and Government and Public Works Related Business to Achieve More Consistent Operating Performance

With regard to the business involving U.S. military facilities, which is less susceptible to economic fluctuations, construction work and maintenance is given a high priority within the U.S. military, and so this work progressed steadily even during the spread of COVID-19. In the fiscal year ended December 31, 2020, we won projects worth more than ¥20.0 billion for the second consecutive year. We are also expanding our service provision into IT and other areas of technology at bases in Okinawa and Guam, where we have already established a presence. With regard to the public debt collection business, the licensing procedure was delayed by lockdown and human resources were difficult to secure, but after lockdown is lifted, we expect the hiring of new agents to become easier.

Strategy 4

Turn the Growing Worldwide Population into Growth Potential by Establishing a Global Human Resource Mobilization Network

In preparation for an era in which workers transcend national borders and move around the world, we have built hubs for human resource mobilization in Europe, Asia and South America. In the fiscal year ended December 31, 2020, we opened an overseas human resources support portal to link these three hubs. This has enabled more dynamic mobilization of human resources, such as from Asia to Oceania, the Middle East or Europe, or from South America to Western Europe. The cross-border human resource mobilization has been suspended due to the spread of COVID-19. However, once the pandemic ends, the Group will proceed with providing labor-force supply from countries with abundant labor to countries with labor shortages.

Strategy 5

Build a WBB Platform to Move Away from the “Stock of Human Resources” Business

With the emergence of changes in the environment such as working-style reforms and the shift towards using technology to achieve labor savings, there is a need for the human resource services industry in developed countries to move away from the “stock of human resources” model. As an example of a new business model that has been tailored to the changing times, with the aim of shifting to a fee-based business, we are building a WBB (“WORKING” Beyond Borders) platform that allows anyone to perform cross-border work, safely and securely. The WBB platform supplies the infrastructure for matching jobseekers with employers across borders and will not only allow the arranging of international money transfers and travel documents, but also provide lifestyle support for workers.

Strategy 6

Pursue Financial Strategies

The goal of the Group is to enable the mobilization of human resources across borders, and in order to achieve this, it is essential that we build a global network. In the fiscal year ended December 31, 2020, we made some significant investments in order to acquire the Irish company CPL RESOURCES PLC (“CPL”), etc. CPL’s operations are not restricted to Ireland. It operates a total of 40 companies in 10 countries around the world and its business is focused on high added-value, highly profitable areas such as IT, pharmaceuticals, and life sciences. The impact of these investments for growth, and of factors such as the change to IFRS lease accounting, which moved lease assets onto the balance sheet, was a temporary decline in ROE.



Strategy during the COVID-19 pandemic

Senior Executive Director of OUTSOURCING Inc.

Atsushi Nakamoto

The Group feels clearly more “resilient” compared to pre-COVID-19



Cloud Staffing Management (CSM) and the return to growth

In the Domestic Manufacturing Outsourcing Business, reduced automobile-related production between March and August 2020 due to the spread of COVID-19 resulted in revenue of ¥45.0 billion for the first nine months of the fiscal year ended December 31, 2020, a decline of 15.2% year on year. However, in the fourth quarter this switched to a year-on-year increase of 12.9%, and revenue of ¥19.7 billion reached a record high on a quarterly basis.

When manufacturers began to expand output again, we saw a change from the previous approach of using multiple staffing agencies, with customers instead seeking to improve administrative efficiency by restricting the number of companies to which they gave orders. Manufacturers rated the Company highly for our track record and our proposals which we have offered them for improving productivity, enabling us to win a large volume of orders.

The part that corresponds to these proposals is the Cloud Staffing Management (CSM) system for managing dispatched employees, which we launched in 2020. During the COVID-19 pandemic, the HR and manufacturing

divisions of our customers have been required to establish arrangements for remote work, and to build workplace systems that maintain rigorous countermeasures to prevent infection. Our cloud-centric management system enables the digitization of various onerous operations (contract documentation, invoices, etc.) that are generated by customer usage of dispatch services, as well as permitting them to be shared and visualized (attendance information, staff evaluation systems, notice boards, and so on). Furthermore, in combining this system with the Group’s other technologies, we will help improve the manufacturer’s productivity by such means as reducing the number of mismatches at assignment destinations and improving the retention rate and contribute to reducing the amount of work and stress that is generated through the use of dispatch services by our customers.

With regard to other areas that I oversee, our business involving facilities associated with national defense remained strong in FY2020, with growth in revenue of 20.5% year on year and a 32.6% increase in operating profit. Because construction and maintenance operations for such facilities are assigned a high priority, progress was not much affected by the COVID-19 pandemic. Another factor is that the business involving facilities associated with national defense consists of construction business that is conducted over the long term, and which tends to be stable. Going forward, we will continue to increase the limit on performance guarantee insurance (bonds) so as to put in place a framework to enable us to take part in bidding on even larger projects.

Responding gracefully to the needs of the COVID-19 pandemic overseas

In the Overseas Engineering Outsourcing Business, revenue recorded a 10.0% year-on-year decline in FY2020, while operating profit fell by 57.8%. Nevertheless, both revenue and operating profit posted year-on-year increases in the fourth quarter, suggesting that it has returned to recovery mode more quickly than we expected. The main factors behind this were that despite public-sector debt-collection activities in the United Kingdom being suspended between March and August, we were subsequently able to obtain

essential worker designation and to restart the business, while in Australia we targeted essential workers in areas such as IT, logistics and construction-related facilities maintenance. In addition, by switching to an online approach, we were able to support a recovery in the trading business in the third quarter and beyond. This fiscal year our initiatives for such organic growth have continued. In addition, at the end of January 2021, CPL, Ireland’s largest human resources business, joined the Group. As a result, the first quarter of the fiscal year ending December 31, 2021, showed a significant improvement in performance, with revenue growing 175.7% year on year, and operating profit rising 324.9% year on year.

In the Overseas Manufacturing and Service Operations Outsourcing Business, results for FY2020 showed a 0.3% year-on-year decline in revenue and a 12.8% increase in operating profit year on year. This was due to the slump in Germany, which saw a sharp decline in operating rates and the occurrence of restructuring expenses under the COVID-19 pandemic, which was offset by significant growth in EC-related business, mainly in the Netherlands, receipt of BPO orders related to benefit payment operations which was a COVID-19 measure in the United Kingdom, and other factors. It was also due to a growth for the facilities-related business, such as in the focus areas of logistics, security and cleaning in South America. In FY2021 these favorable conditions have continued, with revenue in the first quarter growing 22.3% year on year, and operating profit rising by 999.5% year on year.

The COVID-19 pandemic convincingly demonstrated the effectiveness of initiatives, which the Group has been aiming for up until now, for diversifying the business portfolio in order to smooth out earnings, increasing the proportion of businesses that are not affected by the business cycle, and strengthening the foundation for growth by leveraging the technologies of the Group. It also showed our resilience as a Group, and we feel significantly stronger than before the COVID-19 crisis. Going forward, we will strive to further increase the corporate value of the Group by utilizing proposal capabilities that leverage the technologically superior position of the Group in combination with the flexibility to respond gracefully to the needs of society and our customers.

Featured Topic **#2**

Leverage CPL's expertise for the
OUTSOURCING Group

Director of
OUTSOURCING Inc.

Anne Heraty

Ambition and determination
to drive sustainable growth



About CPL

CPL is a leading talent solutions business headquartered in Ireland. Over the past 31 years, CPL has evolved from a traditional recruitment business to one which now operates across the entire talent spectrum, providing a unique suite of solutions from recruitment, managed services and training to strategic talent advisory services. We have a deep and rich portfolio of client relationships across a wide range of industry sectors including technology, finance, pharma and life sciences, healthcare and engineering. Many of the world's leading high growth multinationals have established a base in Ireland and CPL are fortunate to work with them. CPL employs almost 14,000 people who support our customers (clients and candidates) globally. We continually seek new ways to deliver value for our clients by ensuring our service propositions are at the leading edge of the Future of Work. CPL has 45 office locations across Ireland, United Kingdom, Central and Eastern Europe, Germany and Boston in the United States.

**As CEO of CPL and Director of
OUTSOURCING Inc.**

In CPL, our vision is to be the world's best at transforming our clients through total talent solutions and experiences. This vision is built on the capability, talent, and commitment of our people. As CEO, I believe in cultivating a strong culture that is motivational to our people and reinforces our core values. Attracting and retaining people with the right skills and talent is key to delivering the operational excellence that delivers real value to our clients and growth for our shareholders.

In CPL we are committed to the highest standards of Corporate Governance to support the delivery of our strategy and to provide long term sustainable value to the Group. We are a dynamic people focused business and we are continuing to grow rapidly through both organic growth and acquisition. This requires a high level of governance combined with detailed planning and the effective management of all our resources both financial and human to deliver. In the management of our governance, we have a clear delegation of authority matrix for the executive management team who manage the day to day operations of the business. With our team I am committed to a systematic approach to the management of risk so that we can give assurance to the Group that our internal controls and risk management strategies are effective. From the perspective of the management of our human resources, I keep front and center of my mind the creation of an open and transparent culture to support our leadership in the delivery of our strategy and key performance metrics. Ensuring we have a succession plan for all key roles and that we have the people with the right skills and aligned to our values is a priority for me.

CPL has for the last 7 years received the "Great Place to Work," award and we have won the "Investors in Diversity" silver award. These awards showcase our open and inclusive culture. This enables us to attract and retain employees who are ambitious and determined to drive sustainable growth while also having clarity on our responsibilities to all our stakeholders and the communities in which we work and live.

I am looking forward to working with Chairman Doi and our board to deliver sustainable growth for the benefit of all our stakeholders, including our employees, customers, and shareholders.

Featured Topic **#3**

Technological capability ×
Interpersonal capability

President and Representative Director of
OUTSOURCING TECHNOLOGY Inc.

Masaki Motegi

Accelerating innovation
for all industry



**Leading the shift from a supplier of
engineers specializing in R&D to an
innovation support company**

OUTSOURCING TECHNOLOGY Inc. ("OS Tech"), the major associate in the Domestic Engineering Outsourcing Business, has been dispatching professional staff with a high degree of expertise in engineering, technology, and R&D as technology partners to a wide range of industries, such as electrical, electronics and transport equipment, IT and robotics, construction and plant, and pharmaceutical and medical. In addition, through technical services such as the design, building and maintenance of corporate systems and networks, OS Tech has offered superior technical expertise in both "physical (electromechanical)" and "information technology" fields. In recent years, OS Tech has focused on supporting corporate innovation by providing cutting-edge technology and DX human resources in order to implement innovations that cannot

be achieved using the customer's existing mechanisms or, to put it another way, by providing "technological capability" and "interpersonal capability."

KEN School is a proprietary education system devised in conjunction with customer corporations to not only enhance the skills of engineers themselves through the gradual and continuous provision of sophisticated technical training, but as a result also provide the advanced technology needed by corporations. However, it is an unavoidable fact that when the Fourth Industrial Revolution gets underway in future, there will be a severe shortage of high value-added human resources that are capable of dealing with cutting-edge technology utilizing AI, robots and big data. Going forward, we intend to rebrand what is currently KEN School as "Digital Academy," and to further broaden the range of training programs that it offers. In the past few years, the Domestic Engineering Outsourcing Business has hired more than 2,000 new graduates, and the number of engineers enrolled had risen to 18,150 as of the end of December 2020. In the future, we will continue to take an active approach to hiring new graduates, graduates from earlier years, and mid-career hires, including those embarking on their second careers, operate KEN School on an even larger scale in order to nurture high value-added human resources, and respond to the innovation support needs of companies.

**The cutting-edge technology and alliance
that led to the birth of Dispatch 2.0**

This direction leads us to Dispatch 2.0, which provides a small number of carefully selected engineers to deal with advanced products such as AI and RPA. Dispatch 2.0 was born of alliances with various companies that are well-provided with cutting-edge technology and is beginning to be recognized as a high value-added solution that enables business to be maximized, visualized, and made more efficient. During the COVID-19 pandemic, we saw a large number of inquiries from industries that had previously taken a passive approach to digital transformation. In order to become a leading company that drives the next generation of innovation and energizes society, we will continue to extend this support for innovative activity.

* "Investors in Diversity": Ireland's only diversity and inclusion performance accreditation mark for companies. The Irish Center for Diversity grants accreditation in accordance with the level achieved by the awardee.

INTERVIEW WITH
VICE PRESIDENT

Executive Vice President,
Head of Business Management Division of
OUTSOURCING Inc.

Kazuhiko Suzuki

Operating “dual-focused governance” for earnings recovery



Business decisions were made autonomously and appropriately at the level of individual associates

The Group operates in 35 countries and regions around the globe, and accordingly, we strive to strengthen the group governance that is essential if the Group is to achieve sustainable growth and enhance corporate value over the medium to long term in a constantly changing business environment. Specifically, while developing a Group platform under the leadership of the head office with the aim of strengthening the Group's management base, we are concurrently promoting regional autonomy. This involves thoroughly implementing two sets of rules. One is the J-SOX regulations mandating internal control reporting systems with respect to listed companies in Japan, and the other is the Group's proprietary Minimum Control Requirement (MCR) internal control scheme. As for our Group companies, upon having conducted due diligence regarding governance, the management of respective Group companies establishes the MCR in alignment with the respective home country's legal code, labor practices, etc. This is premised on the management's extensive understanding regarding the importance of such due diligence and the Code of Corporate Ethics and Conduct. The aim of this is to promote governance without compromising our unique propensity to embrace challenges, while operating in alignment with our platform led by the head office across areas that include accounting, global

fund management, IT in relation to information security and digitization of operations, as well as personnel and education systems. We are now in the third year of operation of the MCR system. Because we consider the stability and continuity of Group company business overseas to be necessary for the promotion of SDGs, we have added “(control of) risks related to business succession” as an item to newly establish and assess. Last year, the spread of COVID-19 led to an emergency situation on a global scale, but each associate of the Group continued to smoothly submit reports on the accounts, management conditions and the business environment, and there were absolutely no delays to the release of our financial results, or any similar impacts. Having established a holding company in the two geographic regions of the United Kingdom and Australia in January 2020, the management of our consolidated subsidiaries in each region has been in charge of managing the holding company since that time. In addition to ensuring that we are able to make rapid judgments and decisions so that we do not miss out on business opportunities, such as intra-regional alliances, this arrangement is intended to allow management of the Group to continue even in the event of a global crisis. During the COVID-19 pandemic, the managements of these two holding companies, and of other associates, made use of previously established remote work practices to ensure the health of employees and the safety and security of the workplace environment. We believe that the autonomous and appropriate judgments made by the respective managements with

respect to the business are what led to the V-shaped recovery in results that has been seen in the fourth quarter of FY2020 onwards. This is a perfect example of the success of the “dual-focused governance.”

Following the expansion in the Group's businesses, the importance of risk management has risen further. In Japan, we have begun training on internal controls for younger employees, and we are implementing continuous training regarding anti-corruption regulations as a Group-wide initiative, including overseas group companies, as well as educating employees about the whistle-blowing system and expanding the regions in which it operates. In order to avoid creating fraud triangles (opportunity, motivation, justification), we will further strengthen these measures and work to construct a sound business environment.

Disclosure on potential for impairment has been rated highly by investors

In the midst of last year's COVID-19 pandemic, companies that had expanded into a variety of different businesses experienced a sudden fall in share price described as a “conglomerate discount” in the stock markets of a number of countries due to earnings uncertainty. In the case of the Group, such effect was mostly eliminated through a good understanding by investors. Nevertheless, the Group will not rest on its laurels and believes the current situation warrants efforts to achieve an even higher

appraisal from investors.

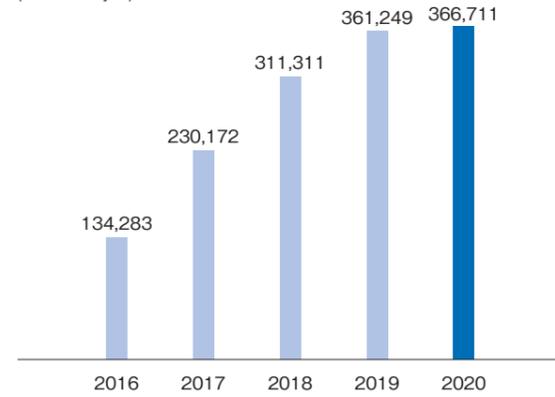
One factor associated with this “conglomerate discount” is “goodwill” reported in financial statements. Based on a proper understanding of the spirit of the treatment of goodwill under International Financial Reporting Standards (IFRS) and by the International Accounting Standards Board (IASB) that draws up the IFRS, the Company has taken a unified approach to the use of stress testing to recognize impairment losses. In addition, beginning in FY2020, the Company has disclosed the potential for impairment for all associates with goodwill of ¥1.0 billion or more in its quarterly financial results briefing materials. Currently, overseas investors account for more than 40% of the Company's shareholders, but this disclosure has been favorably received not only by foreign investors but also by institutional investors based in Japan. Impairment losses for FY2020, came to ¥548 million in the South America and South Asia regions.

We implemented disclosure of the potential for impairment losses due to the level of interest shown by investors, and we understand that there is currently an extraordinarily high level of interest in similar disclosure for SDG-related initiatives. The Company has designated this year, 2021, as “the First Year of SDGs,” and has already initiated a number of such measures. Going forward, we will disclose progress on the SDGs with a high degree of transparency.

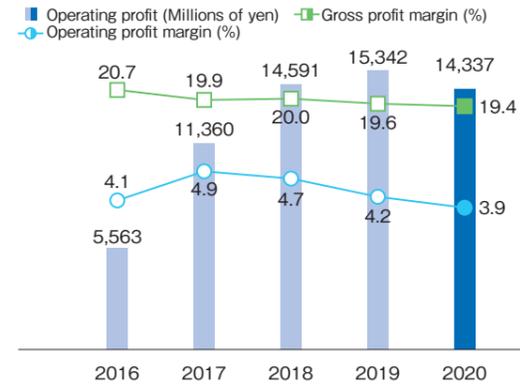
Financial Highlights

Revenue

(Millions of yen)

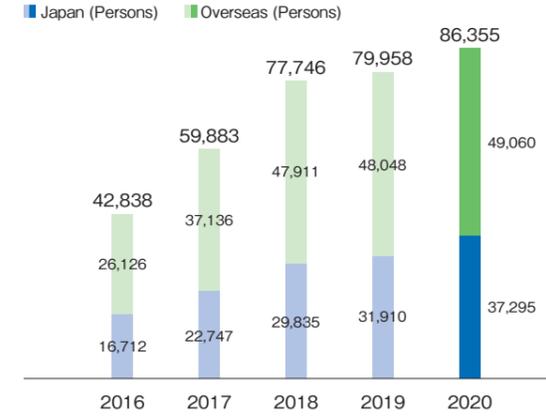


Operating profit / Gross profit margin / Operating profit margin

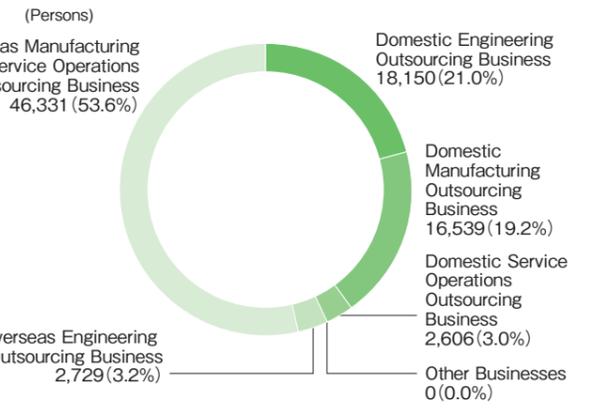


Non-financial Highlights

Number of dispatched employees at the end of period

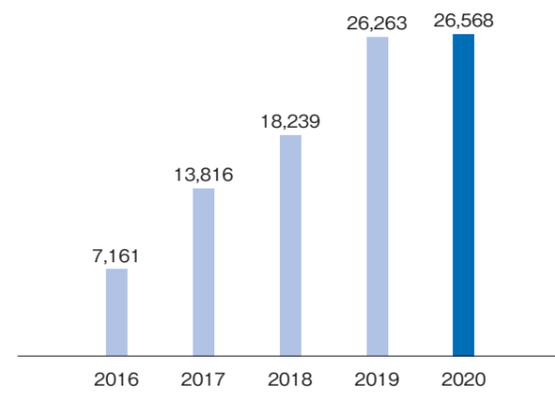


Number of dispatched employees at the end of period by segment

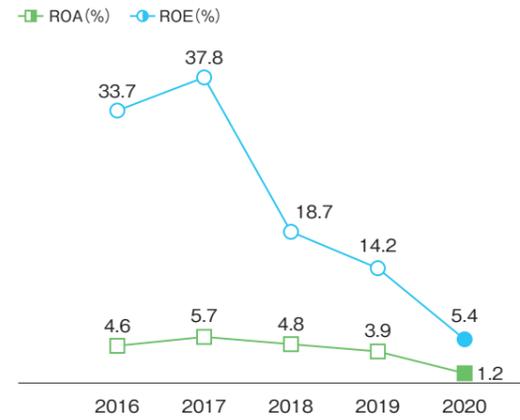


EBITDA

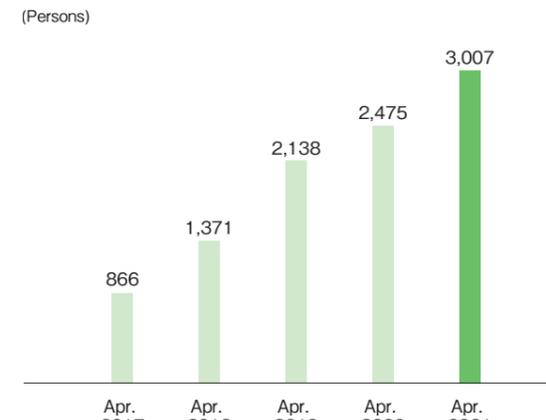
(Millions of yen)



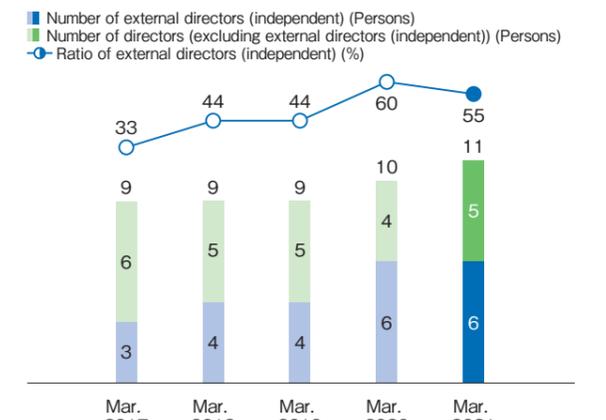
ROA / ROE



Number of new graduates hired (Japan)



Director composition / Ratio of external directors (Independent)



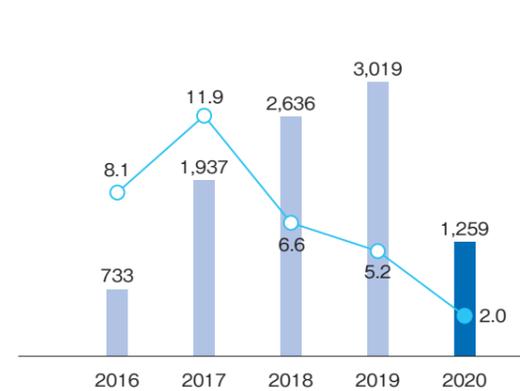
Total assets / Equity ratio

Total assets (Millions of yen) / Equity ratio (%)



DOE / Total annual dividends

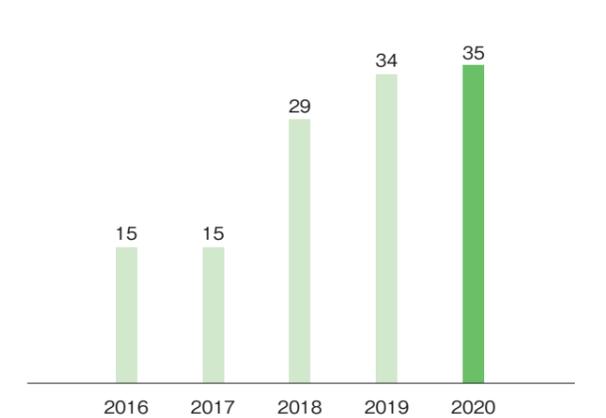
DOE (%) / Total annual dividends (Millions of yen)



Ratio of handicapped employees (Including the Group companies approved as officially certified subsidiaries)



Number of countries and regions served



Business Overview of Each Segment

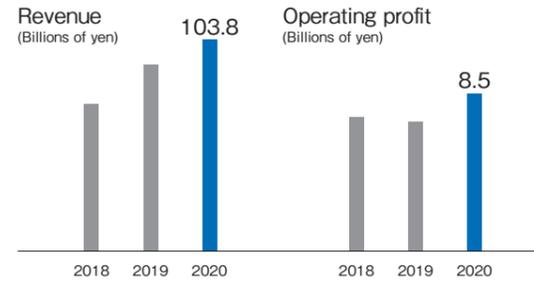
Note: Excludes other businesses (three Group companies)

	<h3>Domestic Engineering Outsourcing Business</h3>	<p>Share of revenue 28.3%</p>		<h4>Description of business</h4>	<p>Provides everything from sophisticated technology and know-how for manufacturers' design, development, test, and evaluation processes, to various solutions services, such as the building of telecommunication-related applications and e-commerce sites, core IT systems, infrastructure, and networks. It also provides outsourcing services, mainly in areas requiring a high level of expertise, such as research and development operations specializing in medical and chemical fields, or design and construction management for various types of plant.</p>	<p>Number of Group companies 15 (Down ↓ 1)</p>	<p>Number of dispatched employees 18,150 (Up ↑ 2,262)</p>
	<h3>Domestic Manufacturing Outsourcing Business</h3>	<p>Share of revenue 17.6%</p>		<h4>Description of business</h4>	<p>In addition to providing manufacturer production sites with human resource services, such as temporary worker dispatching aimed at optimizing their personnel policies, this business combines such services with the CSM system, which leverages rapidly evolving technology to manage dispatched employees, and contributes to improved productivity at the manufacturer. In response to the rising need for foreign workers, which is caused by the contraction of the domestic workforce in Japan, this business also provides a wide range of support services designed to lighten the burden of businesses that make use of foreigners.</p>	<p>Number of Group companies 15 (Up ↑ 5)</p>	<p>Number of dispatched employees 16,539 (Up ↑ 3,082)</p>
	<h3>Domestic Service Operations Outsourcing Business</h3>	<p>Share of revenue 6.8%</p>		<h4>Description of business</h4>	<p>The main focus is on expanding in areas such as those related to essential workers, which are less affected by economic fluctuations. The mainstay of the business consists of repair and maintenance operations for facilities and buildings associated with national defense, in addition to which it is receiving outsourced security and maintenance work for facilities such as airports and hotels, as well as that related to public works such as water supply.</p>	<p>Number of Group companies 9 (Up ↑ 4)</p>	<p>Number of dispatched employees 2,606 (Up ↑ 46)</p>
	<h3>Overseas Engineering Outsourcing Business</h3>	<p>Share of revenue 10.8%</p>		<h4>Description of business</h4>	<p>The overseas group companies are involved mainly in contract operations for public institutions using engineering staff. In the United Kingdom it conducts debt-collection services for uncollected public claims, in Ireland it engages in healthcare and IT human resources services, and in Australia it is involved mainly in contracting and human resource services in the area of ICT for government and the financial industry, as well as providing training services and human resources services aimed at the architectural and construction sectors.</p>	<p>Number of Group companies 36 (Down ↓ 3)</p>	<p>Number of dispatched employees 2,729 (Down ↓ 739)</p>
	<h3>Overseas Manufacturing and Service Operations Outsourcing Business</h3>	<p>Share of revenue 36.5%</p>		<h4>Description of business</h4>	<p>At overseas group companies in Asia, South America, and Europe, the business provides manufacturing-related and distribution-related human resources outsourcing services, recruitment and dispatching of staff for administrative and service-related work, and payroll services. In addition, it offers BPO services and temporary worker dispatching for public institutions in Europe and Oceania and provides cross-border employment services in Europe and Asia.</p>	<p>Number of Group companies 130 (Up ↑ 4)</p>	<p>Number of dispatched employees 46,331 (Up ↑ 1,751)</p>

Growth Strategies by Segment



Domestic Engineering Outsourcing Business



Business environment

While demand for engineers in the field of car industry R&D contracted temporarily during the COVID-19 pandemic as a result of manufacturers aiming to reduce costs, the need to improve productivity by introducing new technologies to reduce working hours and raise efficiency has driven robust demand in a wide range of other fields. Demand for IT-related engineers continues to expand. Conversely, there are labor shortages in a variety of industries, and we forecast that demand related to the introduction of AI and the shift to RPA, helped in part by measures to deal with COVID-19 and other infectious diseases, will continue to grow.

Strengths

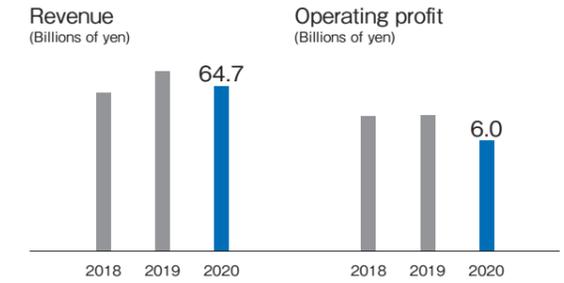
The education scheme of the KEN School puts us at an advantage. We can boast industry-leading hiring results with 2,364 new graduate hirings in April 2021 and 6,406 mid-career hirings during FY2020 among engineering-related hirings. Furthermore, beginning in FY2019, we also began hiring graduates from the top universities in Asia, although these efforts have been limited in FY2020 due to COVID-19. Our capability in human resource acquisition and education is supporting the Group's growth.

Growth strategy

With factors such as revisions to the Worker Dispatching Act resulting in the progressive restructuring of HR service business operators, the Group is leveraging the economies of scale that it enjoys across a range of industries and fields to acquire staff, as well as building systems to utilize KEN School online training to raise the utilization rate for human resources. In addition to acquiring cutting-edge technology mainly through the use of alliance strategies and developing engineers and new technology within the Group, we are accelerating the evolution of our Dispatch 2.0 business model, whereby providing a combination of engineers and advanced technology.



Domestic Manufacturing Outsourcing Business



Business environment

In the first half of FY2020, the serious economic downturn caused by the COVID-19 pandemic led to production adjustments in the manufacturing industry, and resulted in a pause in growth for manufacturing dispatching and contracting, as well as for recruiting service for fixed-term workers. The second half trended gradually towards recovery, but both revenue and operating profit for the full year undershot the figures for the previous fiscal year. In the administrative work outsourcing business for technical intern trainees, the number of foreign workers under management increased to over 22,000 despite the restrictions on entering and leaving countries caused by the COVID-19 pandemic that made it difficult for those who had planned to become technical intern trainees to visit Japan. As such, we worked steadily to build a foundation for expanding the business post-pandemic.

Strengths

In addition to the solid relationships of trust we have formed with the companies that use our temporary worker dispatching, which have been built through the PEO scheme, and the administrative work outsourcing business for technical intern trainees, etc., one of our strengths is making proposals that lead to improved productivity, such as those that use the CSM system for managing dispatched employees. CSM is an information management platform that enables cloud-based unified control of orders, contractual document management, time and attendance management, staff evaluation, etc. and the Group's services in human resource technology for both staffing agencies and companies using the temporary worker dispatching are becoming a big strength for the Group.

Growth strategy

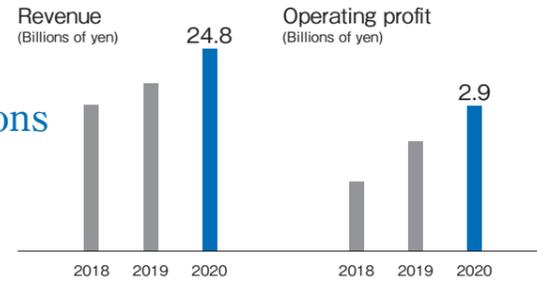
With Japan's workforce shrinking over the medium and long term, the use of technical intern trainees by Japanese companies is predicted to increase further, and we will continue to work to expand the administrative work outsourcing business for technical intern trainees. In addition, CSM is a system that drastically transforms the process of administrative work performed by staffing agencies and companies using the temporary worker dispatching, which had previously been a burden. Using proposals for CSM, the Group is working to improve productivity at the companies using worker dispatching and achieve a society where no one is left behind by improving workers' benefits. Moreover, in addition to proposing CSM based systems as one of the primary future growth strategies, the Group aims to add another primary future growth strategy of engaging in the MSP (managed service provider) business under contract whereby it undertakes external human resource management operations on a bulk scale for companies using temporary workers.



Growth Strategies by Segment



Domestic Service Operations Outsourcing Business



Business environment

The main business, which involves U.S. military facilities, is not easily affected by economic fluctuations, unlike the manufacturing-related business. Moreover, in FY2020 we were able to expand the limits of bond (amount of performance guarantee insurance), thereby enabling us to win large projects with high gross profit margins and achieve significant increases in both revenue and operating profit.

The difficult business environment is expected to continue for the time being for operations at airports, and in tourism-related areas such as hotels and restaurants, where demand from inbound visitors has a significant impact. However, in the business involving U.S. military facilities, expenditures for large projects in the military budget, a portion of which had been postponed due to the change in administration in the United States, have been authorized to proceed and we have some visibility on orders. For the segment as a whole, the favorable business environment is expected to continue.

Strengths

Since the business involving facilities associated with national defense is highly confidential, credibility is the most important consideration when selecting service contractors, and the limit of bond is a key factor in the bidding process. The Group companies engaged in this business have been able to expand such limits through joining the Group and have been rewarded with contracts of a far larger scale than before. The increased scale of the projects taken on in this difficult-to-enter industry has enabled the business to grow in size and increase its gross profit margin.

Growth strategy

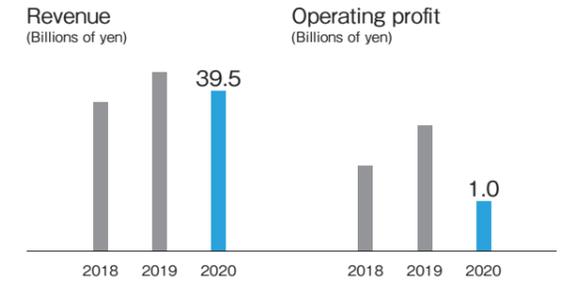
The business involving facilities associated with national defense in Japan is also being conducted in Guam, and we are already working to expand laterally into the overseas business segment. However, we are also preparing to expand our services into technical areas such as IT, and to move into the United States and Europe, where budgets are large. In other services, we will focus on expanding our distribution-related services business centered on lifestyle infrastructure for daily necessities, food, etc. In addition, we aim to establish a business base for tourism-related facilities that are highly compatible with IR-related facilities that will open in 2025 and beyond.



Revenue



Overseas Engineering Outsourcing Business



Business environment

In the United Kingdom, the outsourcing business for public debt collection was subject to a request from central and local governments for collections to be suspended temporarily, but we have been designated essential workers, and are gradually restarting the business. In FY2020, partly due to the impact of lockdowns, both revenue and operating profit declined, but in developed countries, the use of ICT in both central and local government is expanding. In Ireland, the temporary worker dispatching business has been strong in the areas of healthcare, IT and medical, and we expect high rates of growth over the medium and long term.

In Australia, where COVID-19 was suppressed by strict lockdowns, the FY2021 outlook is for the economic recovery to be brought forward.

Strengths

Amid the increasing use of information technology in government-related businesses, we have expanded our business areas through our M&A strategy to create a system for accepting various types of outsourced public works related business. Furthermore, in Australia, we are working on human resource development through developing a training business modeled on the KEN School.

Growth strategy

In the United Kingdom and Australia, regional holding company structures have been set up. We will optimize resources within the Group, and accelerate the generation of revenue and cost synergies through cross-selling, etc. In particular, the addition to the Group of CPL has strengthened the customer base in Europe, including the United Kingdom and Ireland, leading to an expansion of the network for recruiting, dispatching and contracting, etc. of specialists in areas such as IT, pharmaceuticals, and life sciences. Utilizing this network, we will move forward with the building of a platform for specialized human resources in technical areas.

In Australia, while focusing on essential workers in infrastructure, construction, government, and a variety of other fields where we expect growth in the post-COVID-19 era, we will capture IT-related demand by establishing a training business similar to the KEN School.



Revenue

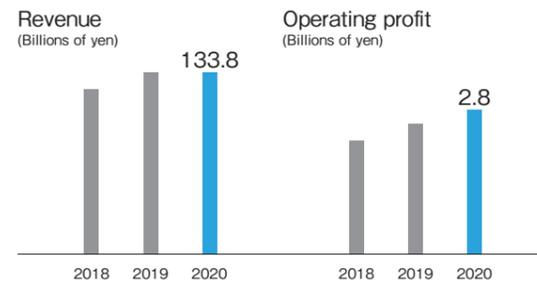


*The figures for 2024 represent goals from before the CPL acquisition.

Growth Strategies by Segment



Overseas Manufacturing and Service Operations Outsourcing Business



- Business environment**

The e-commerce-related business in the Netherlands grew significantly due to increased demand resulting from stay-at-home orders. In the United Kingdom, the BPO business for local governments benefited from special demand related to benefits and tax credits, while in the manufacturing-related business in Germany and parts of Southeast Asia, there was a slowdown in production activity. In the service-related business, restrictions on the movement of people were a negative factor, and revenue fell in FY2020.

However, manufacturing companies in Germany are in the process of recovering, and in the public works related business, we expect the fiscal difficulties being experienced by developed countries to result in public projects and operations to be outsourced to the private sector. Over the medium and long term, we expect significant growth.

- Strengths**

In developed countries such as Germany, there continues to be a chronic labor shortage. One of the strengths of the Group is its human resources platform strategy, which has the capability of supplying human resources from Group companies in Eastern Europe and elsewhere. In addition, contracts for services to prisons and other public facilities from the governments and administrations of various countries and the e-commerce business for daily necessities, such as supermarket merchandise, are less susceptible to economic fluctuations and can be expected to generate stable revenues.

- Growth strategy**

In Germany, we will seek to restore performance by focusing on the "Master Vendor Business," which is a service that promotes efficiency of the companies that use our temporary worker dispatching through batch outsourced contracting of businesses such as logistics warehouses and call centers.

The temporary worker dispatching business for supermarkets and e-commerce delivery centers in the Netherlands has been strong, as a result of changes in consumer behavior caused by COVID-19, and so we will promote our distribution-related outsourcing business throughout Europe.

We will mitigate risk for the segment as a whole by diversifying across industry sectors into businesses with different business cycles, and expand globally through the mutual sharing between businesses of know-how, infrastructure, engineers, etc.



Revenue



ESG

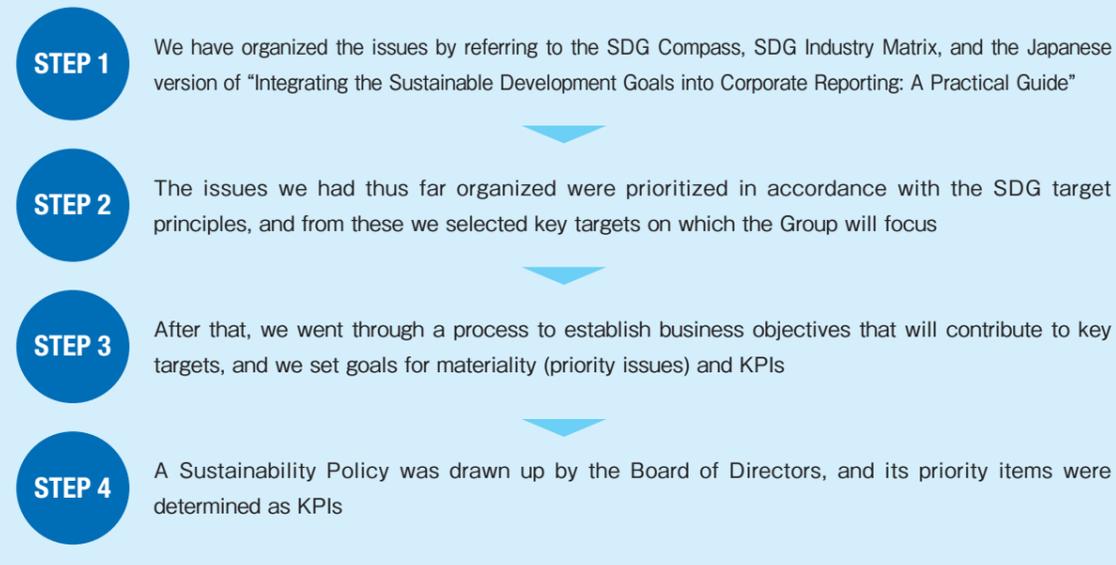
of OUTSOURCING Group

- System for Promoting Materiality - 37
- Environment ————— 39
- Social ————— 41
- Corporate Governance ————— 45
 - Directors ————— 45
 - Corporate Governance System ——— 47
 - Strengthening Group Governance ——— 49
 - Risk Management ————— 51
 - External Director Interview ————— 53

System for Promoting Materiality

Process for identifying materiality

In order to achieve our Corporate Principles, while working through our business to tackle the challenges faced by society, we must take steps to improve corporate value. In preparation for achieving this, in 2021, the Group identified materiality (priority issues), established KPIs and began initiatives aimed at accomplishing these goals.



Sustainability Committee

In preparation for resolving the issues addressed by the SDGs, the Group has identified materiality (priority issues) that should be addressed through its businesses with high priority, established KPIs, and promoted the steps necessary to achieve its goals. It has set up a Sustainability Committee in order to enhance the effectiveness of these initiatives.

The Sustainability Committee is chaired by the representative director, and committee members are selected from among directors responsible for executing operations and external directors. The Committee deliberates medium- to long-term themes and the direction of the Group, including its sustainability policies / strategies and priority issues, while monitoring progress in KPIs and submitting proposals and reports to the Board of Directors. It also works to further strengthen SDG and ESG activities, and strives to achieve the Corporate Principles of “enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces.”

System for Promoting Sustainability



Materiality (priority issues) and KPIs

- 1 Providing employment opportunities**
 - In order to contribute to resolving the social issue of Japan's shrinking labor force, we will expand the number of non-Japanese residents to which it provides employment support to 300,000 by FY2024, and 500,000 by FY2030.
 - By leveraging the power of education and technology, we will support the career changes of 30,000 people by FY2030 as they shift from labor-intensive sectors to specialized areas of talent.
- 2 Providing high-quality education**
 - To provide high-quality education opportunities for achieving career advancement, we will provide our global training program to a total of 300,000 users by FY2030. Through this effort, we will support employment in productive positions and contribute to increasing people's motivation at work.
- 3 Respecting diversity and implementing diversity management**
 - As a Group, we will promote and strive to achieve the ideal of a society in which women can actively participate by increasing the percentage of women directors (management team members) in the Group to 30% by FY2030.
- 4 Making greater efforts toward the realization of a carbon-free society**
 - By FY2025, we will replace all vehicles used in sales activities by Japanese group companies with next-generation vehicles (electric, hybrid, etc.). By FY2030, 70% of the vehicles used by the entire Group, including our overseas companies, will be next-generation vehicles.
- 5 Raising the productivity of all industries**
 - By using leading-edge digital technologies and the expertise in production that we have accumulated across a wide range of industries around the globe, we will train 100,000 people by FY2030 across the world to become specialists who can improve the productivity of industries, thus making a contribution to raising the productivity of the entire world.

Promoting materiality (priority issues) and KPIs

Sharing awareness of SDGs within the Group

We distribute the “SDGs Handbook” created by the Group to management team members and all employees of each Group company to provide an opportunity for each individual to think about how they can contribute to the SDGs as members of society. We also give training to new members joining the Group so that they are provided with the time to thoroughly understand the Handbook.

Participating in initiatives

As an SDG management initiative, we will evaluate the various organizations that support the achievement of SDGs, determine early on which organization's founding philosophy and activities match our group's views, and work toward joining the organization. After joining, we will proactively disclose and provide information to the organization as it pertains to the SDGs.

•In terms of SDG management initiatives, in April 2021 we became a member of Global Compact Network Japan (GCNJ)

In 2021, OUTSOURCING Inc. became a signatory to the United Nations Global Compact (UNGC), and will promote compliance with the Ten Principles covering the four areas (Human Rights, Labour, Environment, and Anti-Corruption) of the corporate responsibility initiatives advocated by the UNGC.



•Participation in Japan Platform for Migrant Workers towards Responsible and Inclusive Society (JP MIRAI)

The quest to protect the rights of foreign workers and improve their work and living environments is a global social issue. The Group shares the code of conduct of JP MIRAI, which “aims to promote inclusive economic growth and a sustainable society through supporting decent work for foreign workers to live safely and healthily,” and by participating in JP MIRAI, the Group will be actively taking an inclusive approach to foreign workers.

Group company initiatives

1 CPL RESOURCES LIMITED

Based on its vision statement of “It is our aim to transform each client’s business through a range of talent solutions while positively impacting the communities we work in and the lives of the people we work with,” CPL proposes the strategies of Future Ready, Client First, and Total Solutions. To achieve this, CPL has formed a strong governance structure and its team actively engages in sustainability, particularly through such governance, to address issues concerning humans and the environment.

Reducing environmental impact

Under its robust governance structure, CPL, under the leadership of the CPL Green Works Team, has banned all plastics at its head office, and setting priority targets for SDGs 7, 11 and 12, is giving utmost priority to minimizing environmental impacts, through raising awareness amongst employees and other measures.

Corporate Governance System



Achieving SDG targets

- Establish best practices to ensure energy efficiency in all our offices, use renewable energy where possible and minimize our impact on climate change.
- Support the overall optimization of urban systems to create inclusive, safe, sustainable, and disaster resilient cities where we operate through CSR initiatives and meaningful partnerships.
- Better understand the impact our consumption of products and services have and move to sustainable suppliers and products across our offices.

Waste

- 60% reduction in printing and new printing policies with the aim to go paperless by 2021
- Removed all single use plastics from our Dublin Headquarters saving over 42,000 plastic cups from landfill
- CPL UK has committed to making a financial contribution to The Marine Conservation Society for each sales invoice raised, raising £1,937 so far. This money goes towards preventing sea pollution and cleaning up marine litter
- Reduced number of paper timesheets from 2,000 a week to 500

Energy & Facilities

- Monthly promotions of “Bike to Work” scheme and “Tax Saver” public transport schemes
- Recycling and utilization of equipment with ecological certificates across all Central East Europe offices
- Invested in recycling areas and eco hand dryers in Irish offices

Sustainable Procurement

- Recently established a new supplier code of conduct committing to working only with companies who share our corporate values
- Published our 2021 Responsible Business Policy Report formalizing the objectives, policies, and governance of our environmental, social, and governance activities
- Changed energy supplier resulting in increasing our use of renewable energy by 50% in the financial year, with all electricity supplies across 22 sites now coming from renewable sources



The CPL Green Works Team at the time it was founded in 2019

Our CPL Green Works Team meets once a month to lead our efforts to encourage greater environmental awareness, which includes sponsorship of “Green Awards 2020.”

Group company initiatives

2 EcoCityService Corporation

Water resource conservation activities

EcoCityService has concluded an agreement with the Yokohama Waterworks Bureau concerning the “W-eco-p” water resources eco-project, and are working as a corporation on activities to conserve environments in which water sources occur. We are supporting a project being run by the three parties of Yamanashi Prefecture, Doshimura, and the City of Yokohama, and looking to the future, we plan to continue activities to help the conservation of water resources.

Road-cleaning activities

We became a member organization as a supporter of the “Hama Road (road foster parent system)” project operated by the Yokohama Road and Highway Bureau, and are pursuing activities to make roads safe and beautiful by protecting and enriching local roads. In addition to cleaning and making roads beautiful, we take a flexible and pragmatic approach to engaging in activities, such as controlling littering, looking for dangerous road situations, and discouraging inappropriate usage of roads that would cause obstructions to others.



Road-cleaning activities underway

Spotlight

ISO14001 Certification

In today’s world, international standards are applied to systems relating to quality and the environment in the context of corporate activities as a matter of course. The OUTSOURCING Group has also been certified for the ISO14001 international standard. Going forward, the Group will continue to work as one on environmental management initiatives.



Group company factory in Malaysia

ISO14001: 2015 Environmental Management Systems

- Certification number EMS 00134
- Scope of certification Manufacturing of car audio, tuners, amplifiers, FA coolers and printed circuit boards
- Examining institution SIRIM QAS International Sdn. Bhd.
- Date of first certification December 18, 1998



Providing employment support for non-Japanese residents

Specialized support by HR and labor-management

In order to contribute to resolving the social issue of Japan's shrinking labor force, the Group has set a target of expanding the number of non-Japanese residents to which it provides employment support to 300,000 by FY2024, and 500,000 by FY2030. The impact of COVID-19 is continuing to cause difficulties for those attempting to visit Japan, but we predict that the number will rise over the medium- and long-term due to the contraction of Japan's workforce, so we are actively expanding businesses related to the Technical Intern Training Program and the Specified Skilled Worker System. In particular, Group company ORJ engages through specialized HR and labor-management support in various administrative tasks for host companies that arise as a result of accepting technical intern trainees. This includes hiring, labor, welfare, and health and safety, and

ORJ also provides support for life in Japan, such as by performing proxy applications for official documents, and providing call centers for advice. ORJ is broadening its services to cover not only technical intern trainees but also non-Japanese residents.

Going forward, the Group will continue to work on initiatives to resolve the problem of Japan's shrinking workforce, centered on ORJ.



Japanese language education in 2019

Changing career to become specialists

The Group, spearheaded by OUTSOURCING TECHNOLOGY Inc., is developing six engineering-related core businesses of the Domestic Engineering Outsourcing Business (machinery, electrical, network, construction, programming, and chemicals), and interpersonal skills training programs for employees and general students. In addition, the Group is constructing programs necessary to promote the development of such individuals so they can play an active role in society as engineers. Due in part to the recent impact of COVID-19, the shift of the existing curriculum online is proceeding rapidly. We are adopting "online live lectures" that aim to provide a level of educational quality equivalent to that of attending school in person, and providing an environment in which actual classroom PCs can be used remotely. In the future, in addition to IT technical skills, we will focus on education-related

to "Advanced Technology (DX)," "High-Level Business Skills," and "Unique Method Rooted in Each Industrial Field." In this way we aim to develop high value-added middle-end and high-end human resources that have the practical digital literacy skills required in the post-COVID-19 "new normal."

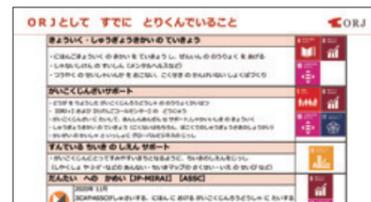


Training at KEN School

Spotlight

Promoting SDGs among non-Japanese residents

ORJ is promoting the awareness of SDGs to non-Japanese residents. Based on an SDG awareness survey, ORJ will hold training that covers the fundamentals and activities of SDGs to achieve the KPIs that have been set up to 2030. A multinational team in charge of SDGs will be placed at each business site and SDG awareness will be conducted using materials written in various languages and hiragana-based Japanese.



Training text written in Hiragana-based Japanese

Promotion of Women's Participation and Advancement in the Workplace Project

Looking to enhance training for female management candidates, OUTSOURCING Inc. launched the Promotion of Women's Participation and Advancement in the Workplace Project in February 2018 and has worked to transform employee mindsets and make work environments more conducive to female managers. Looking to shine light on issues and areas to improve upon regarding the implementation of the "Employee Awareness Survey on the Active Participation of Women in Management," the Company has established action plans at the three subcommittees; "Diversity & Inclusion," "Improving Awareness and the Workplace," and "Expanding the Scope of Career Planning." We are moving forward with initiatives that lead to enhancing corporate value, such as creating a society in which women can achieve their full



potential and transforming corporate culture from the perspective of realizing gender equality as one of the SDGs.

Excerpt from in-house article on the Promotion of Women's Participation and Advancement in the Workplace Project

Advancement in the Workplace Project

Action Plans

1. Child Care / Nursing Care Training and Awareness of Systems (Awareness among employees and promotion of system use)
2. Holding of interviews with maternity leave takers (Promotion of returning to work by maintaining contact during maternity leave)
3. Releasing the interview video (Interview with the management of Group companies)
4. System for experiencing other departments (Expanding viewpoint through being stationed for one-two weeks in other offices)
5. Networking with group personnel (Strengthening cooperation amongst the Group and career change)
6. Improvements to workplace environment (Promotion of work-style reform through streamlining operations)

Streaming interview video

Video of interviews with female officers of overseas group companies and their male colleagues are streamed once every quarter. By female officers of various countries sharing with Group employees their experience in balancing their private life and work while building a career, their views as managers, and hearing from a male perspective on the stance on participation in child-care and house-work, we are improving awareness and motivation in both female and male employees.



Interview video with female officers of overseas group companies

Group company initiatives

1 AVANCE CORPORATION

Regional revitalization and realization of comfortable living and work environments for non-Japanese residents

The AVANCE Group has built a network for persons of Japanese descent, mostly from Brazil, for invitation to and employment in Japan and not only offers human resources to workplaces across Japan but also encourages the non-Japanese residents to engage socially with the community and contributes to regional revitalization. In 2017, AVANCE opened the "Shimane Multicultural Community Support Center" in Izumo City, Shimane Prefecture, and since then, it has also opened nursery schools in Izumo City, Shimane Prefecture, and Ichinomiya City, Aichi Prefecture, enabling persons of Japanese descent to live safely and securely with their families and creating a motivating workplace environment.

Nursery school business

The impetus for the launch of AVANCE's nursery school business came from a desire to make children a more familiar part of daily life by locating a nursery school close to the workplace. Because the Izumo and Nakamachi Nursery Schools that it operates are company-orientated nursery schools, their opening hours are long, which is a point rated very highly by busy working people that make use of the facilities. In addition, the "Waku-Waku Children's Club," which provides child-minding for elementary and junior high-school students, actively accepts both Japanese children and children with a foreign background.



Izumo Nursery School



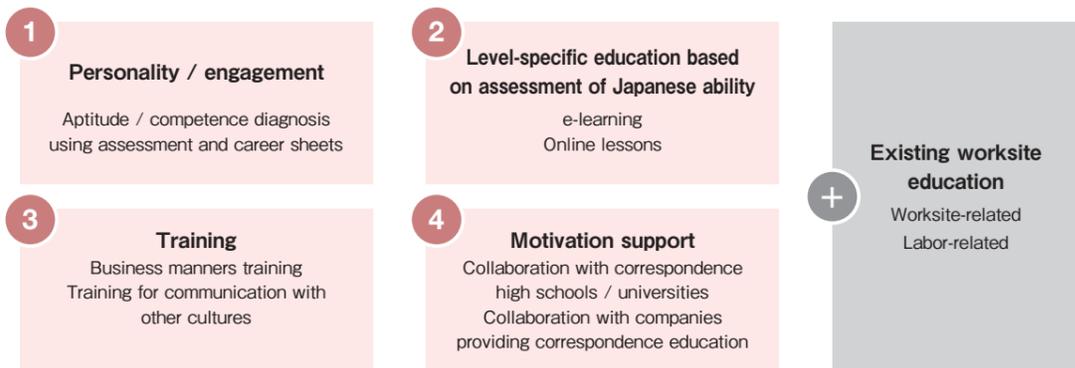
Playing house at the "Waku-Waku Children's Club"

Going forward, AVANCE will continue to work to help create environments under which working parents can comfortably manage both childcare and work, and that foreign nationals can use with a feeling of safety.

AVANCE TALENT ACADEMY for talent management

As a new initiative aimed at employee education, AVANCE started the AVANCE TALENT ACADEMY for talent management. This program is aimed mainly at Brazilians of Japanese descent, and expected to lead to greater understanding of the workplace culture and to further skills development. Through this initiative, AVANCE is working to improve corporate value by strategically developing human resources, conducting proper assessments, and allocating them appropriately. (Began in August 2021)

A new initiative: AVANCE TALENT ACADEMY for talent management



Group company initiatives

2 CPL RESOURCES LIMITED

Diversity & Inclusion

Diversity refers to recognizing both seen difference and unseen difference, and it is important to cooperate with customers, candidates and the community to create an inclusive environment. CPL has made "Diversity & Inclusion (D&I)" one of its business foundations, and it respects and accepts diversity amongst employees, the local society, and the marketplace. CPL implements initiatives to create a sense of belonging in the company regardless of age, gender, ethnicity, or sexual orientation by actively promoting inclusive leadership and equality in the workplace. Moreover, CPL partnered with the Irish Center for Diversity (ICFD), which supports companies' D&I initiatives and offers strategies for continual improvement.

Six frameworks for D&I

At CPL, six pillars for D&I have been established, and CPL conducts various programs to support these pillars. The following provides an overview of some of those initiatives.

LGBT Network BeProud@CPL	Multicultural	Working Parents Carers Network Group
Our Generations@CPL	Disability	Gender Balance

BeProud

BeProud raises funds for an LGBTQ+ helpline, holds events with all proceeds going to LGBTQ+ charities, and shares stories on social media and websites.



Junior Achievement

CPL's employees, who have taken paid day for volunteer purpose, work with Junior Achievement Ireland (JAI) to educate and mentor children in disadvantaged schools, inspiring them to continue schooling to their leaving cert and beyond.



Mental health training

CPL periodically provides various educational opportunities such as "unconscious bias training," "mental health champion training," etc. for employees. In the case of mental health champion training, training was held twice and 150 employees attended in 2020.



External recognition as a company of choice

Recipient of Silver and Bronze Investors in Diversity Awards



CPL received Bronze (2020) and Silver (2021) in the "Investors in Diversity," which provides benchmarks for D&I initiatives for companies in Ireland. Through such certification, CPL can measure and verify the maturity level of Equality, Diversity, and Inclusion (EDI).

To achieve the Bronze certification, a company must show they have introduced an appropriate D&I policy, effectively promoted awareness among employees, and implemented training for leaders. For the Silver certification process, a company measures the sense of fairness and belonging from the employee's perspective by having all employees undertake an EDI awareness survey.

Going forward, CPL will continue to carry out initiatives to raise awareness among employees regarding the issues that society faces.

Directors

Haruhiko Doi
Chairman and CEO
(Representative Director)



1987 May Founded Chubu Sougou, President and Representative Director
1989 Nov. Founded Real Time, President and Representative Director
1992 Apr. Founded Work System Engineer, President and Representative Director
1993 Jan. Founded Real Time Kanto, President and Representative Director
1993 Feb. Founded Real Time Shizuoka, President and Representative Director
1995 Oct. Founded Real Time Hokuriku, President and Representative Director
1997 Jan. Founded OUTSOURCING Inc., President and Representative Director
2000 May Founded Accent, President and Representative Director
2000 Dec. Director, Accent
2005 Nov. Founded Trillion, President and Director (present position)
2009 Mar. Chairman, OUTSOURCING Inc.
2010 Dec. Chairman and CEO, OUTSOURCING Inc. (present position)

Kazuhiko Suzuki
Executive Vice President
Head of Business
Management Division



1993 Apr. Joined The Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
2001 Aug. Joined OUTSOURCING Inc.
2005 Mar. Director
2007 Mar. Managing Director
2011 Feb. Executive Vice President
2012 Feb. Executive Vice President, General Manager in charge of Global Business Division
2013 June Executive Vice President, Head of Business Management Division (present position)

Atsushi Nakamoto
Senior Executive Director
Head of Manufacturing &
Service Business Division
Head of Technology
Business Division



2000 Apr. Joined ACTIS Corporation
2002 Apr. Joined ACTIS Career Support
2005 Nov. Joined OUTSOURCING Inc., Executive Officer, Fourth Branch Manager
2011 Jan. Executive Officer, Head of Strategic Recruitment Management Division
2013 May Executive Officer, Deputy Head of Sales Division
2013 Sept. Managing Executive Officer, Deputy Head of Sales Division
2016 Mar. Director, Deputy Head of Manufacturing Division and Deputy Head of Strategic Business Division
2016 Nov. Director, Head of Manufacturing Division and Head of Strategic Business Division
2017 Jan. Director, Head of Manufacturing & Service Business Division
2017 Mar. Senior Executive Director, Head of Manufacturing & Service Business Division
2019 Mar. Senior Executive Director, Head of Manufacturing & Service Business Division, and Head of Technology Business Division (present position)

Anne Heraty
Director



New appointment

1985 Sept. Joined XEROX (EUROPE) LIMITED, Sales Executive
1987 June Joined SAVINGS & INVESTMENTS LIMITED, Sales Executive
1988 Aug. Joined GRAFTON RECRUITMENT, Recruitment Consultant
1989 Oct. Founded COMPUTER PLACEMENT LIMITED, CEO
1999 June Founded CPL RESOURCES PUBLIC LIMITED COMPANY (currently CPL RESOURCES LIMITED), CEO (present position)
2012 Oct. Non-Executive Director, 4E - FULFILLMENT.COM LIMITED (present position)
2019 Aug. Non-Executive Director, KINGSPAN GROUP PUBLIC LIMITED COMPANY (present position)
2021 Mar. Director, OUTSOURCING Inc. (present position)

Masashi Fukushima
External Director

External Independent



1962 Apr. Joined Sony Corporation
1987 Nov. Director, Factory Manager, Taron (currently Sony Global Manufacturing & Operations Corporation)
1994 Nov. Senior Executive Director, Sony Senmaya (currently Sony Global Manufacturing & Operations Corporation)
1996 June President and Representative Director, Sony Senmaya
2005 Mar. Advisor, Yokogawa Rental & Lease Corporation
2005 May Special Advisor, Yokogawa Rental & Lease Corporation
2014 Mar. External Director, OUTSOURCING Inc.
2016 Mar. External Director (Audit and Supervisory Committee Member), OUTSOURCING Inc.
2017 Apr. Advisor, PRIKEN Co., Ltd.
2018 Mar. External Director, OUTSOURCING Inc. (present position)
2018 June Outside Director, Advanex Inc.

Hideyo Nakano
External Director

External



1982 Apr. Joined Sony Corporation
1986 Oct. Joined Swiss Bank Securities Corporation (currently UBS Securities Japan Co., Ltd.)
1987 June Joined SocGen Securities Limited (currently SOCIETE GENERALE SECURITIES JAPAN LIMITED)
1989 Apr. Joined Citibank, N.A. (seconded to Cititrust and Banking Corporation)
1991 Nov. Vice President, Cititrust and Banking Corporation
1993 Oct. Senior Portfolio Manager and Head of Private Investment, Cititrust and Banking Corporation
1996 June Joined Gartmore Asset Management (Japan) Ltd. (currently Janus Henderson Investors (Japan) Limited)
2000 Jan. Director and Head of Investment Division, FuNNeX Asset Management Inc.
2003 July Joined Star Capital Partners Kabushiki Kaisha
2004 Mar. Founded Trias Corporation, CEO (present position)
2020 Mar. External Director, OUTSOURCING Inc. (present position)

Atsuko Sakiyama
External Director

External Independent



1983 Apr. Joined Meiji Seika Kaisha, Ltd. (currently Meiji Co., Ltd.)
1985 Nov. Joined Yokohama YMCA, a public interest incorporated foundation
1988 May Joined Master Foods Co., Ltd. (currently Mars Japan Limited)
1993 July Joined Cartar Food Science Kabushiki Kaisha (currently Danisco Japan Ltd.)
1999 Jan. Director, Cartar Food Science Kabushiki Kaisha
2002 June Director, Danisco Japan Ltd.
2006 Jan. Director and Vice President, Organo Danisco Food Techno Co., Ltd. (currently Organo Food Tech Corporation)
2008 July Representative Director and Vice President, Genencor Kyowa Co.,Ltd. (currently Danisco Japan Ltd.)
2010 Jan. Representative Director and President, Genencor Kyowa Co.,Ltd.
2012 June Joined Cargill Japan Limited
2019 Aug. Founded Saki Consulting LLC, Representative Member (present position)
2020 Mar. External Director, OUTSOURCING Inc. (present position)

Directors (Audit and Supervisory Committee Members)

Ichiro Otani External Independent
External Director (full-time Audit and Supervisory Committee Member)



1980 Apr. Joined MITSUI & CO., LTD.
1996 June General Manager, Foods Department, MITSUI & CO. (U.S.A.), INC., San Francisco Office
2000 Dec. Vice President and General Manager, Foods Department, MITSUI & CO. (CANADA) LTD., Vancouver Office
2006 Apr. Deputy General Manager, Grain and Fats Products Department, Food Business Unit, MITSUI & CO., LTD., Tokyo Head Office
2007 Apr. General Manager and Unit Leader, Food Resources, Food Products & Retail Division, MITSUI & CO. EUROPE PLC
2013 June President and Representative Director, KONAN UTILITY CO., LTD.
2018 Mar. External Director (full-time Audit and Supervisory Committee Member), OUTSOURCING Inc. (present position)
2018 Mar. Auditor, OUTSOURCING TECHNOLOGY Inc.
2019 Apr. Director (Audit and Supervisory Committee Member), OUTSOURCING TECHNOLOGY Inc. (present position)

Hiroshi Otaka External Independent
External Director (Audit and Supervisory Committee Member)



1967 Apr. Joined Yamakawa Industrial Co., Ltd. (currently UNIPRES CORPORATION)
1999 June Director, General Manager, General Accounting Department, Yamakawa Industrial Co., Ltd.
2005 Apr. Advisor, Yamakawa Industrial Co., Ltd.
2005 June Full-time Auditor, Yamakawa Industrial Co., Ltd.
2010 Mar. External Auditor (full-time Auditor), OUTSOURCING Inc.
2016 Mar. External Director (full-time Audit and Supervisory Committee Member), OUTSOURCING Inc.
2016 Mar. Auditor, OUTSOURCING TECHNOLOGY Inc.
2018 Jan. Auditor, GLocal Co., Ltd. (currently OUTSOURCING TECHNOLOGY Inc.)
2018 Mar. External Director (Audit and Supervisory Committee Member), OUTSOURCING Inc. (present position)

Hideo Shiwa External Independent
External Director (Audit and Supervisory Committee Member)



1978 Apr. Joined Fujikura Electric Wire Corporation (currently Fujikura Ltd.)
2010 Apr. Executive Officer and Responsible for International Business Division, Automotive Products Division, Fujikura Ltd.
2013 Apr. Managing Executive Officer and Deputy Chief of Electronics Business Company, Fujikura Ltd.
2014 Apr. Managing Executive Officer, Chief of Real Estate Business Company and Deputy Chief of Corporate Staff Unit, Fujikura Ltd.
2014 June Director, Managing Executive Officer, Chief of Real Estate Business Company and Deputy Chief of Corporate Staff Unit, Fujikura Ltd.
2016 Apr. Director and Senior Managing Executive Officer, Fujikura Ltd.
2016 June Senior Managing Executive Officer, Fujikura Ltd.
2018 Apr. Full-time Advisor, Fujikura Ltd.
2020 Mar. External Director (Audit and Supervisory Committee Member), OUTSOURCING Inc. (present position)

Masaru Namatame External Independent
External Director (Audit and Supervisory Committee Member)



1978 Apr. Joined Hitachi, Ltd.
2002 June General Manager of Corporate Planning and Administration Department, Broadcasting and Communication Systems Development Division, Hitachi, Ltd.
2004 Feb. General Manager of Internal Auditing Office, Hitachi, Ltd.
2010 June Director and General Manager of Business Administration Division, Kokusan Denki Co., Ltd. (currently MAHLE Electric Drives Japan Corporation)
2014 Mar. Managing Director and General Manager of Business Administration Division, Kokusan Denki Co., Ltd.
2016 Apr. Full-time Auditor, Hitachi Consumer Marketing, Inc. (currently Hitachi Global Life Solutions, Inc.)
2018 Aug. Full-time Auditor, Identity Inc.
2019 June Part-time Auditor, Fujibo Holdings, Inc. (present position)
2020 Mar. External Director (Audit and Supervisory Committee Member), OUTSOURCING Inc. (present position)
Auditor, OTS Inc. (present position)

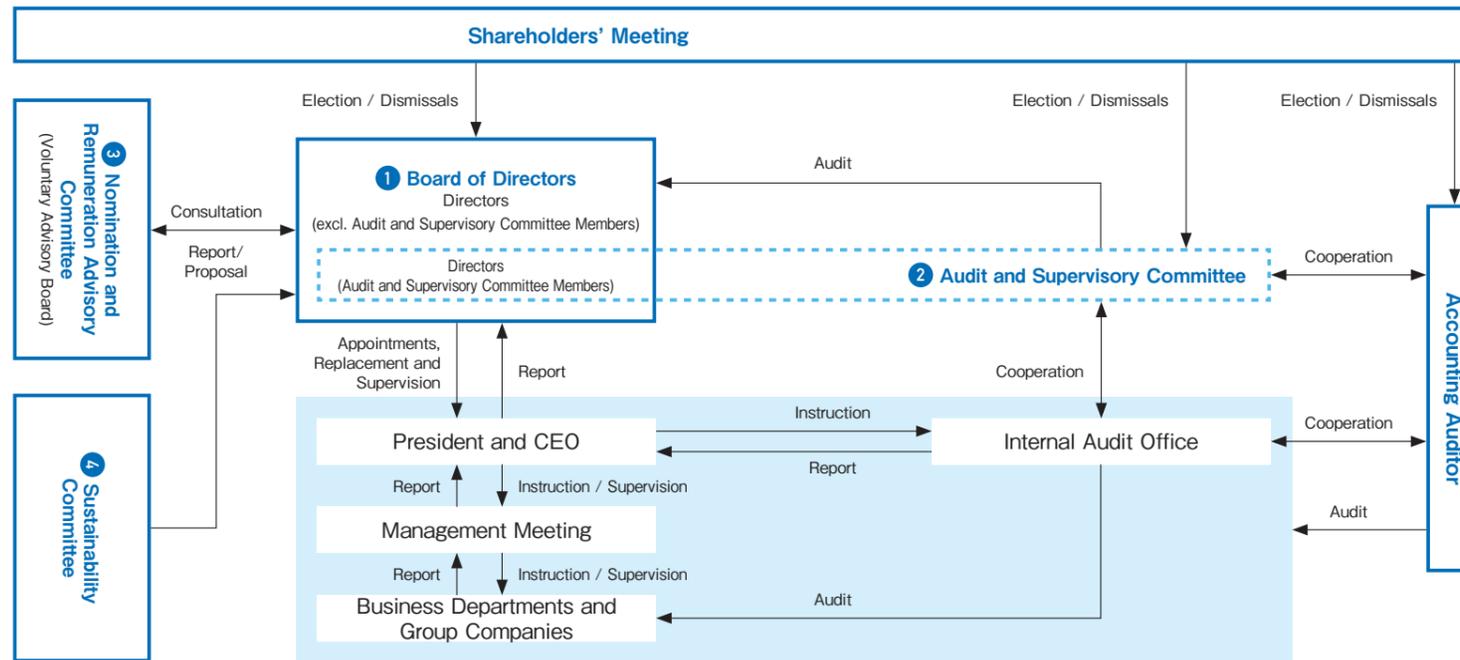
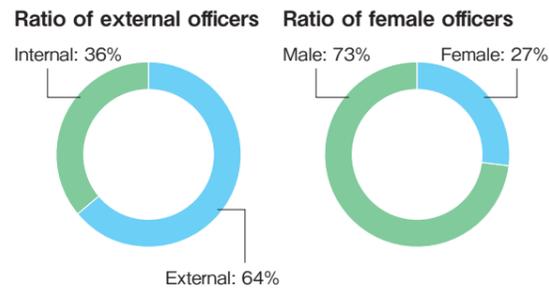
Corporate Governance System

The Company adopted the system of a company with an Audit and Supervisory Committee in order to strengthen the supervisory function of the Board of Directors, secure impartiality and transparency of management and realize greater efficiency.

In addition to internal directors well-versed in the state of the industry and the Group's operations, persons with abundant management experience and specialist expertise are nominated for election as external directors for the purpose of securing an effective supervisory function for decision making and execution of duties that is based on a wider field and carried out with objectivity and transparency.

1 Board of Directors

As of March 26, 2021, the Company's Board of Directors consists of eleven directors, including seven external directors, who convene once a month to examine, evaluate and decide on matters stipulated under the laws and regulations of Japan, as well as important management issues. Board directors are also responsible for examining the policies and plans, as well as the status of the policies and plans being executed, with regards to management and corporate operations. The Board may also meet at any time it deems necessary. Out of external directors who carry out objective and neutral oversight functions from an independent perspective, all six external directors who meet the requirements for independent officer as defined by the Tokyo Stock Exchange, are registered as independent external directors.



2 Audit and Supervisory Committee

This Committee consists of four directors, including four external directors, who, as members of the Audit and Supervisory Committee, determine the Committee's audit policies, annual audit schedule and other related matters in addition to monitoring the status of the execution of duties by directors and preparing reports relevant to this task. The Committee also determines agendas regarding elections, dismissals, and refusals of reappointment of accounting auditors proposed to the general meeting of shareholders, and complies with the laws and regulations of Japan, the articles of incorporation, and the Audit and Supervisory Committee rules. By convening Audit and Supervisory Committee meetings both routinely and as necessary, the Committee shares information among its members and confirms the progress of its audit plans by examining important issues to be discussed, reporting audit contents, exchanging opinions and so forth.

In an effort to enhance overall coordination, the Audit and Supervisory Committee exchanges information timely with the Group's Internal Audit Office as well as the accounting auditors. The Committee works closely with the Business Management Division, which is an internal control department of the Company, as well as with the General Affairs, Legal and General Accounting Departments, to improve the efficacy of the auditing process.

3 Nomination and Remuneration Advisory Committee

The Nomination and Remuneration Advisory Committee is a voluntary body consisting of five members (including three external directors) with an external director as its chairperson as of March 26, 2021. The Nomination and Remuneration Advisory Committee deliberates on matters such as education and training pertaining to the Chief Executive Officer (CEO) succession planning, remuneration of directors (excluding directors who are Audit and Supervisory Committee Members) and appointment or dismissal of directors (excluding Audit and Supervisory Committee Members), and brings the matter up to the Board of Directors.

4 Sustainability Committee

The Sustainability Committee is a voluntary body consisting of six members (including two external directors) with the Representative Director as its chairperson as of March 26, 2021. The purpose of the Sustainability Committee is to promote management with an awareness of sustainability across all companies in the Group, including initiatives to achieve SDGs and a more sophisticated ESG approach in management. The Committee deliberates on the Group's sustainability policies / strategies, priority issues and other medium- to long-term themes and directions, as well as the monitoring of the progress of KPIs, and brings the matter up to the Board of Directors.

Composition of Board of Directors and Committees, and skills matrix

Name	Position in the Company	Age As of March 25, 2021	Number of Years in Office as a Director As of March 25, 2021	Attendance at Board of Directors Meetings As of March 25, 2021 (For meetings held on or after March 26, 2020)	Attendance at Audit and Supervisory Committee Meetings As of March 25, 2021 (For meetings held on or after March 26, 2020)	Attendance at Nomination and Remuneration Advisory Committee Meetings As of March 25, 2021 (For meetings held on or after March 26, 2020)	Attendance at Sustainability Committee Meetings As of March 25, 2021 (For meetings held on or after March 26, 2020)	Skills matrix								
								Independence	Gender (Female: ○)	International Experience	Corporate Management	Industry Knowledge	Sales and Marketing	Finance and Accounting	Auditing	
Haruhiko Doi	Chairman and CEO	62	24	18/18 (100%)		6/6 (100%)	1/1 (100%)									
Kazuhiko Suzuki	Executive Vice President	51	16	18/18 (100%)		6/6 (100%)	1/1 (100%)									
Atsushi Nakamoto	Senior Executive Director	44	5	18/18 (100%)			1/1 (100%)									
Anne Heraty	Director	60	-	2/2 (100%)			1/1 (100%)									
Masashi Fukushima	External Director	77	7	18/18 (100%)		6/6 (100%)										
Hideyo Nakano	External Director	61	1	18/18 (100%)			1/1 (100%)									
Atsuko Sakiyama	External Director	61	1	18/18 (100%)			1/1 (100%)									
Ichiro Otani	External Director (Full-time Audit and Supervisory Committee Member)	63	3	18/18 (100%)	20/20 (100%)	6/6 (100%)										
Hiroshi Otaka	External Director (Audit and Supervisory Committee Member)	76	5	18/18 (100%)	20/20 (100%)	6/6 (100%)										
Hideo Shiwa	External Director (Audit and Supervisory Committee Member)	66	1	18/18 (100%)	20/20 (100%)											
Masaru Namatame	External Director (Audit and Supervisory Committee Member)	65	1	18/18 (100%)	20/20 (100%)											

Strengthening Group Governance

Mergers and acquisitions accompanying overseas business expansion are crucial with respect to facilitating growth of the Group as it encounters growth potential underpinned by the world's increasing population. On the other hand, each of the companies within the Group must build its own governance framework based on the determined global governance policy amid a reality where companies are exposed to different business risks depending on their country and industry. The Company has been working to strengthen governance throughout the Group by establishing a definition of group governance necessary to achieve dramatic growth going forward and setting priority measures for respective years.

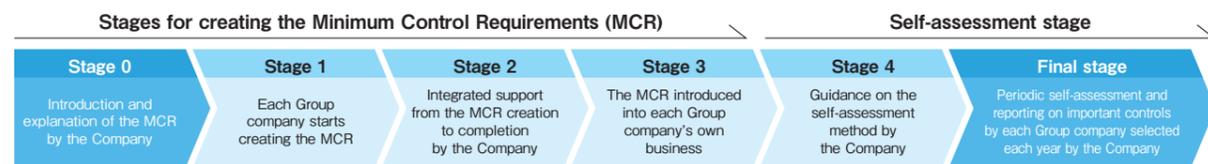
Continuous evolution of global governance activities to support persistent growth



- Maintain a strong management and financial infrastructure for achieving growth
 - Further strengthen financial management, research capabilities and dissemination of information (to society, local communities and investors) in preparation of crisis events
- Enhance the functions and preparedness necessary to boost the promotion of business in business divisions and Group companies
 - Further actualization of head office functions (HR and labor-management, legal affairs, general affairs and accounting) through various measures

Internal Control for Promoting Both J-SOX and MCR (Minimum Control Requirements)

In line with its business development worldwide, the Group has been actively adopting the MCR with the aim of minimizing its operational risk even when it comes to its small and medium-sized Group companies overseas that are not subject to internal control evaluation (J-SOX). We engage in repeated explanation, creation, verification, and confirmation over our six-stage approach to adopting the MCR, so that the top management of each Group company can formulate and implement the requisite strengthening measures. Since it is each Group company's ability to continue as a going concern that supports the initiatives for sustainability of the Group, such ability is essential for stable management, and therefore, from this fiscal year, the third year of MCR's introduction, the Group has added "business continuity" as a control item, and will make efforts to further strengthen initiatives. Currently, companies comprising 60% or more of consolidated sales are subject to J-SOX, and companies comprising the remaining 40% are adopting MCR.



Medium-Term Priority Measures

◆Continuously improving the quality of global group management

- Objective: Accelerate management decision-making / improve efficiency through autonomous management
- Further disseminate the OUTSOURCING Group's Corporate Principles to top managements of Group companies
- Strengthen filters during M&A through governance due diligence (including human rights due diligence) with awareness of sustainability
- Improve awareness of business succession by adding to MCR evaluation items

◆Minimizing risks by thoroughly implementing rules

- Objective: Prevent problems from occurring in advance by enforcing rules
- Continuous maintenance of internal control (J-SOX and MCR)
- E-learning to further disseminate rules such as the Code of Corporate Ethics and Conduct
- Through webinars, expand adoption of the anti-corruption regulations and whistle-blowing system to new Group companies and repeatedly conduct training at existing companies

◆Group platform creation led by the head office

- Objective: Strengthen the Group management base
- Accounting: Streamline and speed up consolidated settlement operations and introduce systems to overseas companies
- Finance: Strengthen financial functions / consider global fund management initiatives
- IT: Achieve cybersecurity management that supports business growth based on the new Corporate Principles
- IT: Leverage cutting-edge digital technology to transform Group services and business models
- HR: Create a human resource development / education / training system that combines personnel strategies of all Group companies
- HR: Foster a sense of unity and Group engagement through the development of the "CQ Project" for inter-cultural understanding and create Group strength

* MCR (Minimum Control Requirement) is an internal control scheme unique to the OUTSOURCING Group. Under this autonomous internal control scheme, each Group company selects and prepares risk management items based on the template created by the head office, and each company's management conducts a self-inspection by mutual inspection between divisions. It contributes to raising awareness of risks in management by coordinating with the head office.

Introduction of Initiatives

Anti-corruption training

The global governance project, which is led by a specialized group, emphasizes the establishment and operation of a legal compliance system as stated in the OUTSOURCING Group Code of Corporate Ethics and Conduct and the global governance policy, and as part of those efforts, focuses on preventing corruption. To ensure compliance, in addition to appropriate management in accordance with anti-corruption regulations for subsidiaries and associates to prohibit all forms of bribery and other types of corruption, the Group has also established a system for continually conducting employee training using e-learning, etc. The Group prohibits the provision of financial benefits to third parties, even in countries where facilitation payments to public servants are legal. Recently, in June 2021, the Group held a webinar for global training on preventing corruption with an attorney-at-law. Given the necessity of anti-corruption training, the training

reacquainted employees with the Group's policy and comprehensively covered anti-corruption measures using a wide range of case studies, etc. As a result, participants from various countries were highly satisfied with the training.



Group-wide training by an outside attorney

Overseas whistle-blowing systems

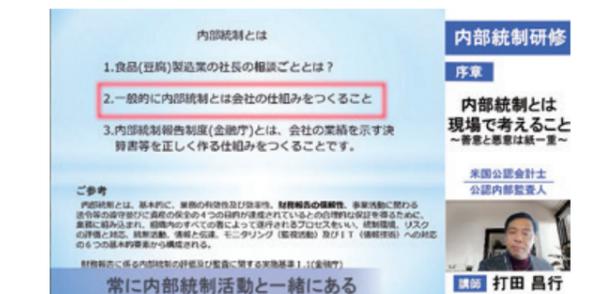
The Company led the industry in introducing an internal reporting system as a whistle blowing system in 2008 for all employees, including contract workers and dispatched employees, that was outsourced to a neutral third party, a specialist in human resources and labor law. By responding appropriately at an early stage in the event of a violation of law, misconduct, unethical behavior, socially unacceptable behavior, etc., while systematically ensuring the protection of whistleblowers, the Group has established risk management in business operations and a more robust legal compliance system. Together with its global expansion, the Group expanded the scope of the internal reporting system as the common whistle-blowing system used worldwide, and the system supports reporting using a wide range of means, such as telephone calls, short message services, e-mails, letters, etc. in the local language, English and Japanese. In Central and South America, to build a scheme targeting not only Group company employees,

but also customers, suppliers and contractors, the Group is working with OSI SOUTH AMERICA HOLDINGS SpA (OSSA) to select partners and build a system for this project. Moreover, in Europe where there are historical backgrounds to whistle-blowing systems, such systems are put in place in line with each country's laws, and currently in the Group, OTTO, Liberata, CDER, and CPL have their own internal systems. Moreover, Orizon also plans to formulate and introduce a system in line with the "EU Directive" on the protection of persons who report breaches of Union law. Recently, in April 2021, the Company held a webinar for global training on the internal reporting system with an attorney-at-law. The webinar provided an opportunity to re-educate the participants about overviews of the internal reporting system and the common whistle-blowing system used worldwide, examples of violations of laws and regulations in each country, a wide range of case studies, etc.

Internal control system training (Japan)

The Group has prepared a number of e-learning training courses regarding compliance for all in-house employees including dispatched employees in Japan. The online training related to internal control was expanded in April 2021 based on the belief that strengthening "internal control" is essential to prevent human errors and misconduct and achieve growth of the Company. The training includes a lineup of 15 different contents, ranging from an introductory explanation of internal control for beginners to advanced courses on internal control reports, etc. for employees engaged in this type of work, allowing participants to gain a deeper understanding of the necessity and importance of internal control. Furthermore, for employees who have completed the e-learning, additional training is provided through interactive participation in online meetings with an instructor that include explanations

of key points in the e-learning videos, case studies, and question and answer sessions. This training boasts a satisfaction rate of 100% among participants.



Online training related to internal control

Risks and Measures

	Risks	Measures
Impact from Natural Disasters, Etc.	<ul style="list-style-type: none"> • Risk that the Group's business activities will be restricted, and financial results will be affected in the event of the progression of climate change, war, terrorism or cyberattacks by computer viruses, an outage or malfunctioning of information systems and telecommunications networks caused by the above-mentioned events, and in the event of an epidemic caused by a powerful new strain of influenza, etc. 	<ul style="list-style-type: none"> • By conducting business globally in 35 countries and regions without limiting business activities to a specific region, the Group is reducing the potential financial impact from the situation in a single country. Furthermore, in terms of resilience against pandemics, etc., the Group is working on business opportunities arising from the COVID-19 pandemic such as the provision of outsourcing services in fields that support lifelines such as e-commerce-related logistics businesses and offering DX (digital transformation) solutions.
Developing Overseas Business	<ul style="list-style-type: none"> • Risk of foreign exchange volatility, political instability, including acts of terrorism and kidnappings, uncertainty of economic activity, differences in cultures and religions, local clashes between laborers and management, etc. • Risk of impediments related to overseas business practices 	
Laws and Regulations and their Potential Changes	<ul style="list-style-type: none"> • Risk of the enactment of new laws and amendments or changes in their interpretation in response to changes in social conditions in Japan or overseas, or any divergence of views between the Group and any regulating authority, that may affect the financial results of the Group 	<ul style="list-style-type: none"> • A law that regulates contract labor does not exist; however, according to the standards for the classification of worker dispatching services and contract labor work (hereinafter, "Official Notice No. 37"), worker dispatching and contract labor are clearly classified separately. The Group has prepared "The Group's Interpretation Standard for Official Notice No. 37" focused on stable employment, and through its utilization, is avoiding the risk of disguised contract labor and promoting contract labor that meets compliance standards. • The Group's overseas outsourcing businesses place the highest priority on fully complying with all local laws and regulations, utilizing the services of major law firms in each country to fulfill this responsibility. The Group is also focusing on global governance project activities.
Impact of Business Conditions of Client Industries, Etc.	<ul style="list-style-type: none"> • Risk related to fluctuations in production of a manufacturer's mass production line 	<ul style="list-style-type: none"> • In addition to creating a balanced diversification of client sectors, the Group works to reduce the risk of manufacturer production adjustments, etc. by engaging in businesses covering a wide range of job categories, such as the Engineering Outsourcing Business that provides outsourcing for the research and development divisions of manufacturers, and public works related business such as BPO for defense facilities and governments.
Securing of Necessary Staff	<ul style="list-style-type: none"> • Risk of not being able to secure the number of workers to meet demand and losing potential orders, which could impact the Group's financial results 	<ul style="list-style-type: none"> • In addition to the Group's global recruiting network, the Group is strengthening various types of branding through cooperation with local universities, etc. • In the hiring process, the Group works to secure its necessary staff by pursuing an efficient placement of advertisements through region analysis and media analysis of recruitment advertising, introducing a real-time interview scheduling system and matching system, and online job interviews, and regularly training its recruitment staff, thus reducing any inefficiency in each step from application to hiring.
M&A and Capital Tie-Ups, Etc.	<ul style="list-style-type: none"> • Risk that adequate controls cannot be put in place for the management, business and assets of the targets of M&A deals and capital tie-ups • Risk that outflow/decline of the client base and staff of the acquired company may occur, thereby leading to initially expected synergies not being fully realized 	<ul style="list-style-type: none"> • The Group's targets of M&A deals are limited to the human resource business field and companies engaged in business for which the Group cannot make management decisions based on its know-how are excluded from the scope of M&A deals. • The Group makes sure to perform due diligence on the companies that are the targets of M&A deals, recognize the risks in advance, and examine both profitability and the probability of recovering the investment.
Information Management and Information System	<ul style="list-style-type: none"> • Risk that critical information is divulged or leaked and, as a result, the Group becomes liable for damage compensation • Risk that loss of trust has a seriously negative impact on the Group's business results • Risk that information systems experience major problems for any of various reasons, including a natural disaster, accident and cyberattack, such as a computer virus or unauthorized access 	<ul style="list-style-type: none"> • The Group takes orders from across a broad spectrum of fields ranging from the engineering division of manufacturers in the research and development phase to the manufacturing division in the mass production phase, and is in a position to acquire highly confidential information including manufacturers' research on new technologies and production plans for new products. The Group is aware of the major risks related to information leaks and unauthorized access to the information and has established an information protection system and carefully manages the information it possesses, which includes implementing the best information security measures, formulating the OUTSOURCING Group Code of Corporate Ethics and Conduct, personal information protection guidelines, and in-house rules and thoroughly educating Group employees of these items through e-learning, etc.
Medium-Term Management Plan	<ul style="list-style-type: none"> • Risk that the goals of the plan are not achieved for various reasons 	<ul style="list-style-type: none"> • The Group aims to transform from a stock business to a fee-based business, and the current medium-term management plan is positioned to build the foundation for this transformation. Although the development of cross-border human resource businesses may be delayed due to the impact of the spread of infectious diseases, etc., the Group will use flexible management strategies, such as revising the medium-term management plan as was done for the previous plan.
Impairment of Goodwill	<ul style="list-style-type: none"> • Risk that it becomes necessary to recognize impairment of goodwill 	<ul style="list-style-type: none"> • Based on an impairment risk assessment for goodwill in consideration of the financial condition of Group companies, the Group reduces impairment risk by recognizing goodwill for each Group company in Japan, the United Kingdom, the EU, Oceania, Asia and South America and other measures, excluding Group companies that have a high risk.
Financial	<ul style="list-style-type: none"> • Risk that if there is an increase in borrowings, etc., this could impact the financial position of the Group • Risk of not being able to raise the required funds as envisioned because of a deterioration in business performance or financial position or changes in financial conditions • Risk that if there is a sudden and major change in interest rates, this could increase the burden of interest payments and impact the financial position • Risk of an increase or decrease in shareholder capital from translation adjustments due to exchange rate fluctuations • Risk of a change in the amount of gains or losses for the fiscal year when translated into yen 	<ul style="list-style-type: none"> • The Group aims for a shareholders' equity ratio of 30% or higher in the medium-term management plan and, by investing in future growth and strengthening the financial structure while taking into consideration the financial leverage balance with appropriate internal reserves, reduces each financial risk and promotes sustainable growth.
Lawsuits, Etc.	<ul style="list-style-type: none"> • Risk of unexpected troubles with or lawsuits involving users, clients, employees, or other third parties • Risk of lawsuits related to patents or other types of intellectual property • Risk of a massive cost of responding to lawsuits and damage to the brand image, etc., which could have an impact on the Group's businesses and financial results. 	<ul style="list-style-type: none"> • The Group has positioned strengthening the compliance system and internal control system as an important management issue in order to ensure compliance with laws, regulations, rules, etc. The Group provides appropriate disclosures and guidance for the employees of the various Group companies and has implemented necessary preventive measures to sever connections with antisocial forces and detect and prevent misconduct.

EXTERNAL DIRECTOR INTERVIEW

The path to sustainable growth

The impact of the COVID-19 pandemic, which emerged last year, is still continuing this year, and has led to the emergence of “contact between people” as a new risk, and as a result, borders have been closed and human movement has been restricted. Another consequence was the birth of new ways of living that were different than what had gone before, such as the shift to virtual contact between individuals, leading to what could be called an inflection point in society.

It is undeniable that these changes in the environment also led to new business risks for companies. Finally, we have come to a situation in which we can no longer expect sustainable growth without a concerted united response from the public and private sector of each country to take global warming countermeasures.

In the medium-term management plan, which the Group has been promoting since FY2020, the goal will be to create mechanisms for sustainable growth that do not depend on our existing business model, and this year we have established the Sustainability Policy that provides the indicators for this. This policy pledges that we will use our business to create job and education opportunities for people all around the world, as well as working to resolve the challenges faced by society, and growing our operations further.

Anne Heraty hails from Ireland’s CPL, which joined the Group this year, and we have just welcomed her as an Internal Director of the Company. She has experience in promoting initiatives to tackle sustainability at CPL, and she has now begun to work for the Company on Group-wide initiatives to achieve the SDGs. In order to promote these SDGs, I believe that we must share our goals for



Ichiro Otani

SDGs as a group, and ensure they are reflected in our businesses as that is our path to sustainable growth. Moreover, I believe it is important to have internal controls and good governance to support those efforts.

The Audit and Supervisory Committee will not only engage in audits of the kind performed under the previous tripartite auditing system, but will also work continuously to apprehend changes on the front line, and strive to achieve positive communications with management and External Directors.

Furthermore, communications during the COVID-19 pandemic led to the birth of new business models that leverage IT, and this is also having an effect on the way we approach governance. The Audit and Supervisory Committee shall provide the necessary support to enable the Group to establish good governance and effective internal controls that respond to changes in the environment and to open the way for the Group to contribute to society through sustainable growth.

Becoming a company that fulfills its social responsibilities while also achieving growth for itself

The Corporate Principles of the OUTSOURCING Group are those of “enhancing the quality of life of everyone around the world by eliminating inequalities in working conditions and creating truly motivating workplaces,” and its business providing job opportunities and education opportunities for people around the world.

The goal of the Group is to enable anyone to live an independent and fulfilling life by acquiring through education the skills that are required by the market, while simultaneously working to provide value to stakeholders and, as a result of those actions, achieving growth for itself.

In February 2021, the Group identified priority issues, established KPIs based on the Sustainability Policy, and made the “OUTSOURCING Group SDGs Declaration.” In addition, in March 2021 a Sustainability Committee was set up, chaired by the Representative Director and with committee members selected from among Directors responsible for executing operations and External Directors.

Furthermore, in April 2021 the Group became a signatory to the United Nations Global Compact, supporting the Global Compact’s 10 principles in the four areas of Human Rights, Labour, Environment, and Anti-Corruption. This represents another step in the direction of achieving the Corporate Principles of “enhancing the quality of life of everyone around the world by eliminating inequalities in working condition and creating truly motivating workplaces.”

This sequence of initiatives shows that the Corporate



Atsuko Sakiyama

Principles have permeated every corner of the Company, and also shows the importance of each and every employee of the Group having a clear understanding of the KPI as it relates to their own activities and working to achieve them. Two of the strengths of the OUTSOURCING Group are its ability to act with a sense of urgency and its capacity to respond to change. By leveraging these qualities to achieve the KPIs that it has set itself, I expect it to resolve the problems facing the human resources industry and enhance quality of life for people everywhere, while at the same time achieving sustainable growth.

As an External Director working on the Sustainability Committee, I myself hope to support the progress of the Group’s activities in the desired direction.

Key Financial Trends

	(Fiscal year ended December 31)	Japanese GAAP						IFRS ^{*1}					
		2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Key Financial Summary													
Net sales / Revenue	(Millions of yen)	17,964	28,386	32,397	42,090	47,384	59,421	80,871	134,283	230,172	311,311	361,249	366,711
Gross profit	(Millions of yen)	3,386	6,007	6,738	8,472	9,281	11,963	16,290	27,764	45,816	62,400	70,784	71,129
Gross profit margin	(%)	18.9	21.2	20.8	20.1	19.6	20.1	20.1	20.7	19.9	20.0	19.6	19.4
EBITDA	(Millions of yen)	24	1,414	864	1,513	1,784	2,827	3,974	7,161	13,816	18,239	26,263	26,568
Operating profit	(Millions of yen)	(150)	1,173	563	1,000	1,202	2,010	3,111	5,563	11,360	14,591	15,342	14,337
Operating profit margin	(%)	(0.8)	4.1	1.7	2.4	2.5	3.4	3.8	4.1	4.9	4.7	4.2	3.9
Ordinary profit / Profit before tax	(Millions of yen)	22	1,401	702	1,153	1,357	2,197	2,890	4,939	10,395	12,555	13,319	9,143
Profit attributable to owners of the parent	(Millions of yen)	(215)	760	194	641	1,122	1,316	1,752	3,037	6,180	7,480	8,227	3,324
Depreciation / Depreciation and amortization	(Millions of yen)	(174)	(240)	(301)	(512)	(581)	(817)	(892)	(1,624)	(2,481)	(3,672)	(10,921)	(12,231)
Total assets	(Millions of yen)	9,365	10,707	11,921	13,866	20,343	24,132	42,648	90,355	124,645	186,141	239,907	302,873
Total net assets / Total equity	(Millions of yen)	2,933	3,475	3,670	4,511	5,915	7,569	11,040	10,001	26,757	60,657	65,040	68,200
Interest-bearing liabilities	(Millions of yen)	3,472	2,818	3,342	4,502	7,233	6,641	13,815	48,138	50,347	56,956	103,507	148,610
ROE (Return on equity / Return on equity attributable to owners of the parent)	(%)	(8.0)	24.6	5.8	17.0	23.8	21.6	21.1	33.7	37.8	18.7	14.2	5.4
ROA (Return on assets)	(%)	(2.8)	7.6	1.7	5.0	6.6	5.9	4.9	4.6	5.7	4.8	3.9	1.2
D/E ratio	(Times)	121.6	84.7	97.1	110.2	135.8	96.5	133.9	625.3	201.7	103.2	170.6	236.0
Equity ratio / Total equity attributable to owners of the parent to total assets	(%)	30.5	31.1	28.9	29.5	26.2	28.5	24.2	8.5	20.0	29.7	25.3	20.8
Payout ratio	(%)	(42.6)	13.7	59.3	18.0	16.8	39.0	32.8	24.1	30.4	30.3	36.7	37.9
DOE (Dividends on equity / Dividends on equity attributable to owners of the parent)	(%)	2.7	3.1	3.0	3.0	3.9	3.8	7.3	8.1	11.9	6.6	5.2	2.0
Net cash provided by (used in) operating activities	(Millions of yen)	(465)	765	412	1,062	1,298	2,284	1,887	1,246	10,132	8,496	22,560	22,498
Net cash provided by (used in) investing activities	(Millions of yen)	(8)	436	(274)	(755)	(1,982)	(1,351)	(4,326)	(28,717)	(8,498)	(30,018)	(8,572)	(8,720)
Net cash provided by (used in) financing activities	(Millions of yen)	668	(1,121)	319	697	1,800	(930)	5,362	31,688	5,389	32,442	(3,207)	26,905
Cash and cash equivalents at end of year	(Millions of yen)	1,634	1,713	2,166	3,248	4,520	4,671	7,501	11,746	19,108	29,451	40,246	81,720
Per Share Data^{*2}													
Basic earnings per share attributable to owners of the parent	(Yen)	(3.02)	10.49	2.69	8.89	15.50	17.96	21.33	34.85	62.53	69.42	65.48	26.41
Net assets per share / Equity attributable to owners of the parent per share	(Yen)	38.36	46.17	47.68	56.64	73.34	92.73	118.51	88.20	244.76	439.81	482.34	500.18
Annual dividend per share	(Yen)	1.28	1.44	1.60	1.60	2.60	7.00	7.00	8.40	19.00	21.00	24.00	10.00

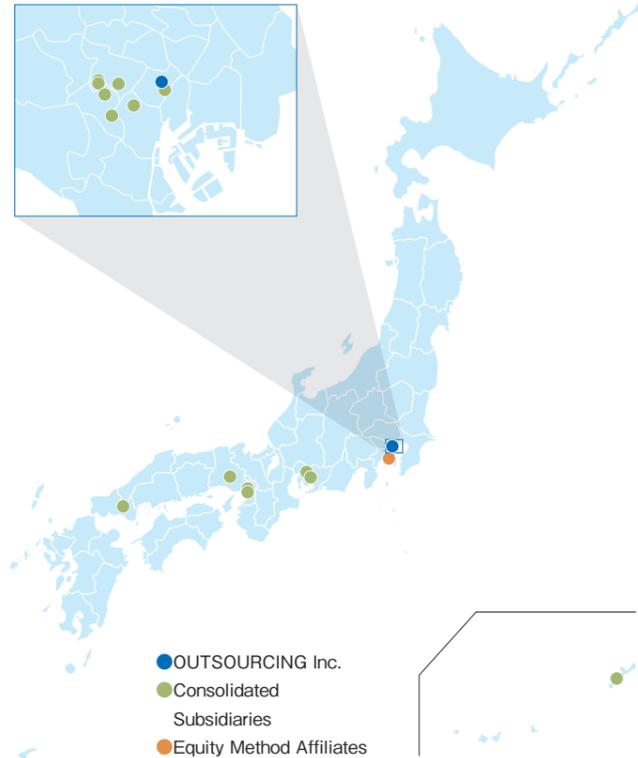
*1 In line with the finalization of provisional accounting treatments related to a business combination, part of the consolidated financial statements was retrospectively restated.

*2 The Company conducted a 100-1 share split of ordinary shares in 2010 and a 5-1 share split of ordinary shares in 2017. The figures for the per share information take the share splits into account.

Network (As of June 1, 2021)

Japanese Business Locations

Japanese Consolidated Subsidiaries: **47**



Kanto Area

- **OUTSOURCING Inc.**
- Oomura Industrial Co., Ltd.
- Outsourcing Quest Inc.
- RPM Co., Ltd.
- OUTSOURCING TECHNOLOGY Inc.
- Thinketh Bank Co., Ltd.
- Kyodo Engineering Corporation
- Mobile Communications Co., Ltd.
- OS Capital Partners Inc.
- KEN Technology Co., Ltd.
- OUTSOURCING Communications Co., Ltd.
- OTS Inc.
- Outsourcing Business Service Inc.
- PEO Construction Machinery Operators Training Center Co., Ltd.
- FUJITSU GENERAL OS TECHNOLOGY LIMITED

Kinki Area

- ORJ INC.
- OS LOGITEC Co., Ltd.
- Advantec Co., Ltd.

Chubu Area

- PEO Co., Ltd.
- enable Inc.
- AVANCE CORPORATION

Chugoku Area

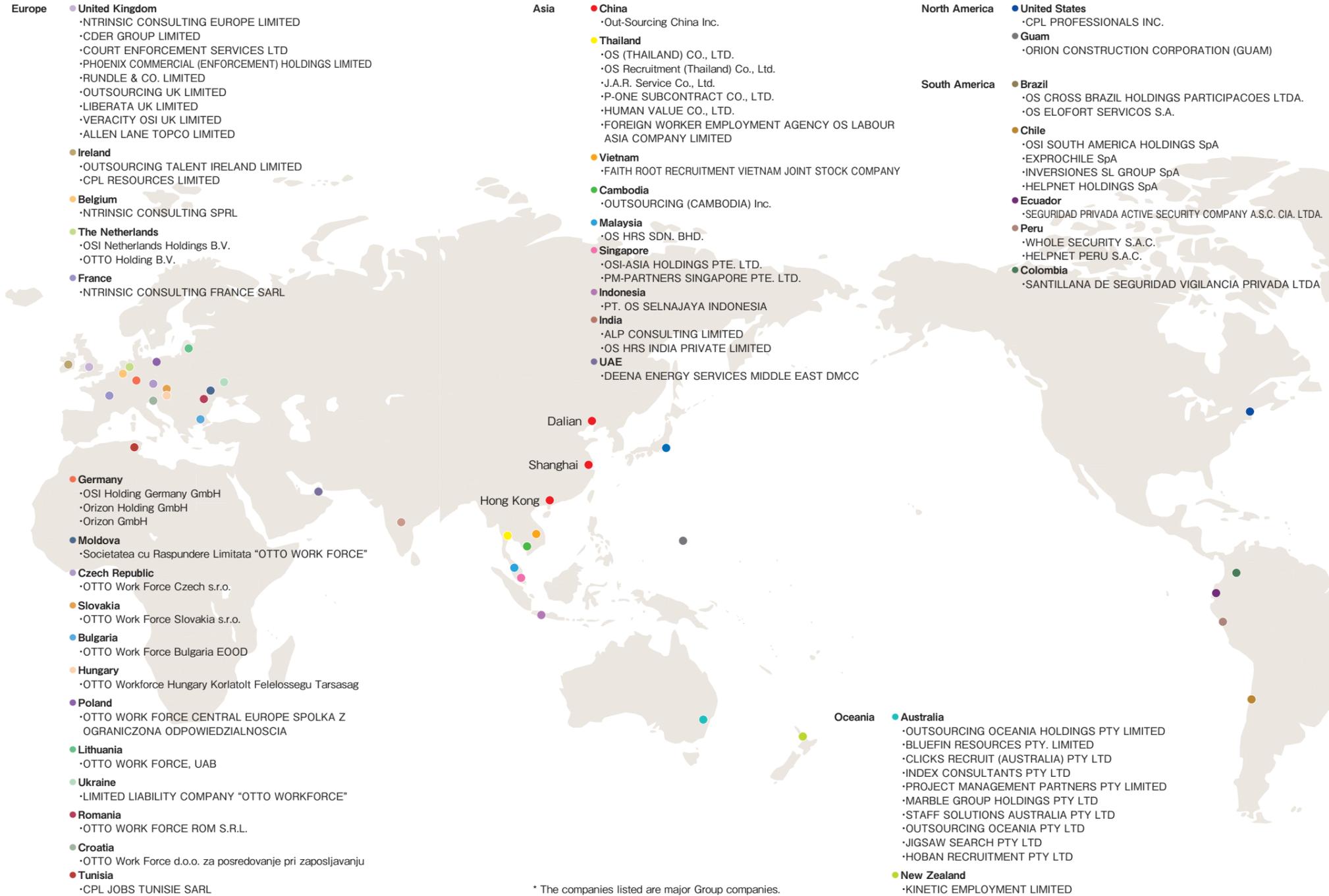
- Oshima Shokai Co., Ltd.

Okinawa Area

- AMERICAN ENGINEERING CORPORATION

Overseas Business Locations

Overseas Consolidated Subsidiaries: **203**



Corporate Profile and Share Information (As of December 31, 2020)

Corporate Information

Company name	OUTSOURCING Inc.
Established	January 1997
Head office	Marunouchi Trust Tower Main 19F, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
Number of employees (group)	93,028 (consolidated)
Subsidiaries and associates	Japanese group companies 44 companies Overseas group companies 166 companies
Main business	Domestic Engineering Outsourcing Business Domestic Manufacturing Outsourcing Business Domestic Service Operations Outsourcing Business Overseas Engineering Outsourcing Business Overseas Manufacturing and Service Operations Outsourcing Business
Memberships	KEIDANREN (Japan Business Federation)
Website	https://www.outsourcing.co.jp/en/

Officers (As of March 25, 2021)

Chairman and CEO	Haruhiko Doi
Executive Vice President	Kazuhiro Suzuki
Senior Executive Director	Atsushi Nakamoto
Director	Anne Heraty
External Director	Masashi Fukushima
External Director	Hideyo Nakano
External Director	Atsuko Sakiyama
External Director	Ichiro Otani*
External Director	Hiroshi Otaka*
External Director	Hideo Shiwa*
External Director	Masaru Namatame*

* Director who is an Audit and Supervisory Committee Member

Share Information

Securities code	2427
Listing	First section of the Tokyo Stock Exchange
Fiscal year	From January 1 to December 31
Ordinary general meeting of shareholders	March
Record date for year-end dividends	December 31
Record date for interim dividends	June 30 (Note) Upon decision to furnish the interim dividend
Shareholder registry administrator	Mitsubishi UFJ Trust and Banking Corporation
Accounting Auditor	Deloitte Touche Tohmatsu LLC

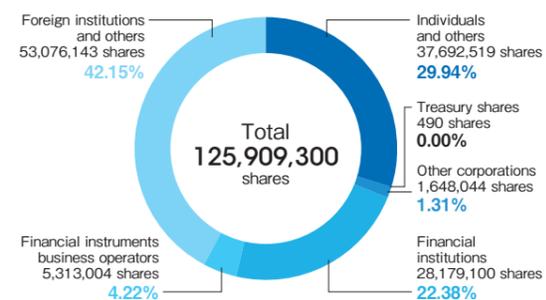
Major Shareholders

Name of shareholder	Number of shares held	Shareholding ratio (%)
Haruhiko Doi	15,761,400	12.52
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust Account)	8,348,300	6.63
JP MORGAN CHASE BANK 385632	8,245,354	6.55
CUSTODY BANK OF JAPAN, LTD. (Trust Account)	7,862,700	6.24
THE BANK OF NEW YORK MELLON 140051	5,931,000	4.71
JP MORGAN CHASE BANK 380072	3,323,700	2.64
SMBC NIKKO SECURITIES INC.	2,929,200	2.33
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	2,600,000	2.06
CUSTODY BANK OF JAPAN, LTD. (Trust Account-9)	2,380,600	1.89
THE BANK OF NEW YORK 133652	2,119,700	1.68

Status of Shares

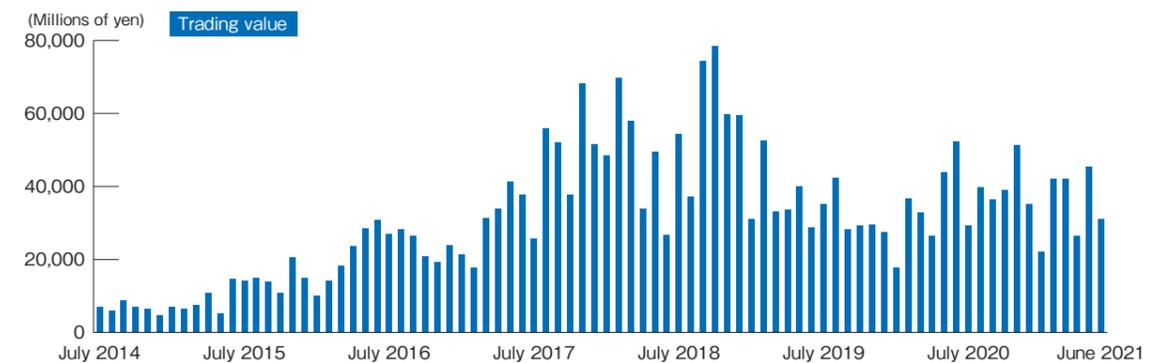
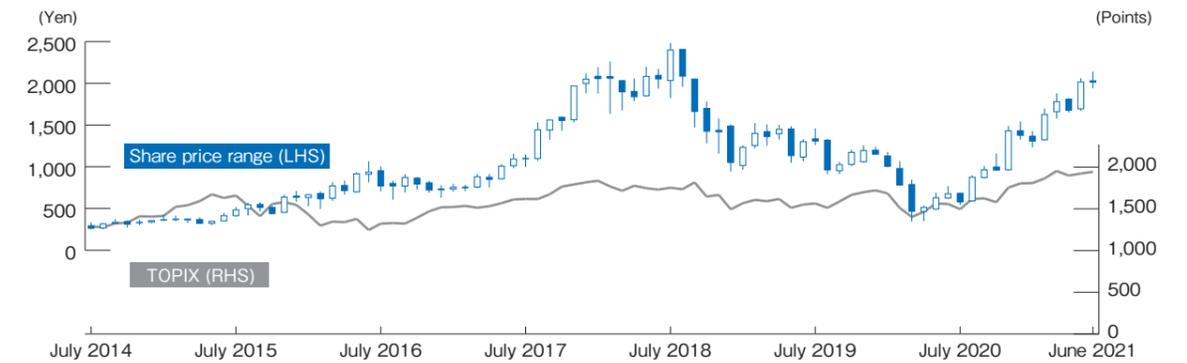
Total number of authorized shares	160,000,000 shares
Total number of issued shares	125,909,300 shares
Total number of shareholders	40,699

Shareholding by Shareholder Category



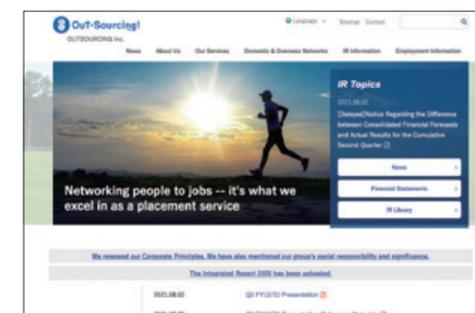
Share Price Range and Trading Value (As of June 30, 2021)

Note: The Company conducted a 5-1 share split of ordinary shares on October 1, 2017, and the data shows figures that were adjusted accordingly.



IR Contact Information
Marunouchi Trust Tower Main 19F,
1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005 Japan
E-mail: os-ir@outsourcing.co.jp

Detailed information for investors, information related to sustainability, and the latest information is available on the Company's website.



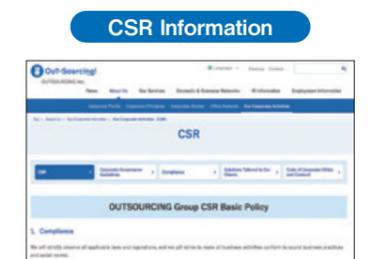
The Company's website provides the latest information regarding general activities of Group companies.

<https://www.outsourcing.co.jp/en/>



Financial results, as well as IR explanatory materials, Internal Control Reports, etc. are posted.

<https://www.outsourcing.co.jp/en/ir/>



Information on corporate initiatives, such as the CSR basic policy and compliance system of the Group as a whole, is posted.

<https://www.outsourcing.co.jp/en/company/csr/policy/>