



The USS Group plays an important role in society by operating an infrastructure for purchasing and selling used vehicles. The goal is to continue conducting business operations in a manner that earns the trust of customers, shareholders and the public. Operations are guided by USS management policies and the corporate philosophy and reflect the dedication to contributing to society while continuing to grow. Accomplishing these goals will require accurately determining the expectations of customers and employees concerning the USS Group and taking actions that make meaningful contributions to the regions where we operate and society.

## Activities with Customers

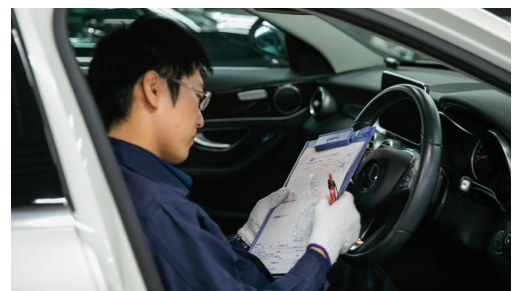
**Auto auctions are transactions between members who consign vehicles and members who submit bids for vehicles. Successfully operating these auctions requires the ability to provide member companies with a place where it is easy to do business. This is one of our most important obligations. We are also well aware that the used vehicles purchased at our auctions are ultimately sold to end users. To ensure that end users can buy and use these vehicles with confidence, USS must accurately inspect vehicles that are auctioned and maintain a framework for selling all vehicles at a suitable price. USS will remain a leader of the used car distribution industry and use many activities in order to create and maintain a market infrastructure that can be trusted by member companies as well as individuals who buy used cars.**

### Ensure the fairness and reliability of auto auctions

Providing places that member companies can use with ease for buying vehicles is one of our greatest obligations. We also have a responsibility to ensure the safety of the used vehicles sold at our auctions that are eventually purchased by end users. This is why every automobile consigned at our auctions undergoes an accurate inspection to enable vehicles to be sold at prices that properly reflect their value.

### Responsible management of vehicle data

To evaluate automobiles to be auctioned, we have a 10-step scoring system that uses our own rigorous inspection standards. At all our auction sites, inspections are performed by individuals who have completed the strict USS certification process. Inspection results are entered in a database to allow members to perform searches to view real-time information.



Prevention of fraudulent and other improper auction transactions

We use our own surveillance system and other activities for the thorough oversight of auction transactions. These activities are based on our firm commitment since our inception of conducting auctions that are fair and equitable.

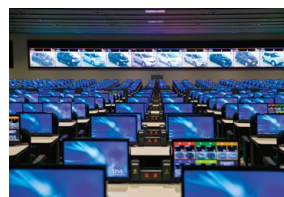
Proper management of member information

All participants in USS used car auctions are registered members and many are businesses that sell used cars. Since the information provided by members includes personal information, we handle this information very carefully in accordance with our personal information protection policy.

Operation of auctions that are easy to use

●USS members can participate in auctions in three ways.

USS members can participate directly in on-site auctions USS Auto Auctions at any of 19 USS sites throughout the country, also can use the Satellite Auctions "USS JAPAN" to participate via a satellite TV link or use the USS Internet Live service to submit bids via the Internet. USS auction sites hold on-site auctions once every week. These events allow members to inspect vehicles themselves prior to submitting bids.



USS Auto Auctions



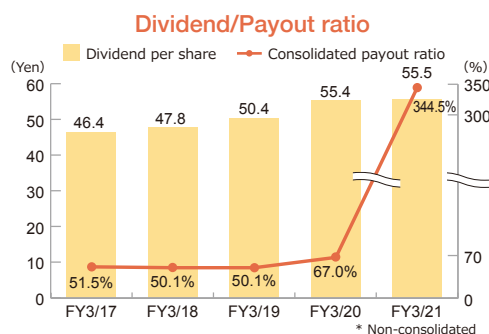
Dedicated satellite TV terminal for Satellite Auctions

Our commitment to shareholders and investors

We are dedicated to the growth of corporate value in order to earn the support and trust of shareholders and other investors. In addition, we disclose information properly and have many other activities to maintain strong lines of communication with shareholders and investors.

Distribution of earnings

USS uses the consolidated dividend payout ratio as the basis for a policy of paying dividends that reflect results of operations. The goals are dividend stability and the distribution to shareholders of a suitable amount of earnings. The guideline for the dividend payout ratio was increased to at least 55% beginning with the fiscal year that ended in March 2020.



Major activities in FY 2020

●Shareholders meeting (June 23, 2020)

The annual shareholders meeting used a virtual meeting format with hybrid participation.



The shareholders meeting

Pct. of voting rights exercised  
87.9%

●A dialogue with analysts of institutional investors

One-to-one meetings with analysts 148

A conference 12

Total of 160 company participations

●A dialogue with individual investors

Company information meeting for individual investors 12

\* There were two online meetings for results of operations

## Activities with Employees

The people who work at USS are the source of our group's ability to grow and remain competitive. We are dedicated to providing our people with an environment where they can realize their full potential and perform their jobs to the best of their ability. Another priority is providing workplaces where people can work with no worries and upgrade their skills while respecting one another. We also recognize the importance of maintaining a framework for fair and proper employee performance evaluations and compensation.

### Fair Evaluations and Compensation

#### Local emphasis for recruiting

We believe that recruiting people who live in areas near the auto auction sites where they will work contributes to the vitality of these areas. Our policy is to conduct initial interviews of job applicants at auction and other business sites. The next step is an interview at the head office. Following the interviews, new employees are assigned to USS Group locations under the basic premise that they will be able to work near their homes.

#### Respect for human rights

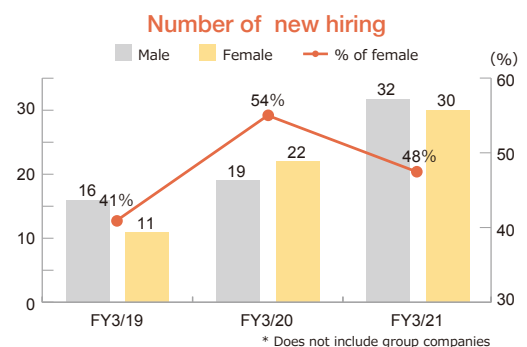
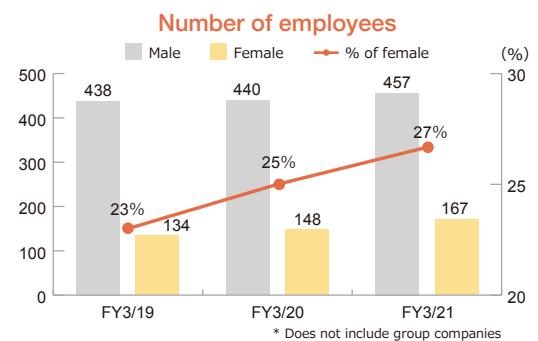
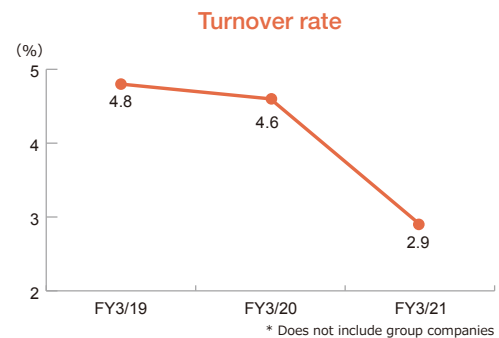
The USS Code of Conduct and Ethics prohibits discrimination in the USS Group's workforce based on race, ethnicity, nationality, gender, religion, beliefs, disability, sexual orientation, gender identity and other personal characteristics. As auto auctions in Japan are the primary activity of the USS Group, problems involving child labor and forced labor are unlikely to occur. There has never been an instance of these problems at the group. As part of our normal business activities, we perform checks for the prevention of infringements on human rights, discrimination, child labor and forced labor. Violations by employees of any of these guidelines can be reported by using the USS Corporate Ethics Help Line. There were no serious violations of human rights or incidences of discrimination at the USS Group during the fiscal year that ended in March 2021.

#### Our commitment to equal opportunity

The USS Group is dedicated to equal employment opportunities and compensation for everyone regardless of gender and other personal characteristics. We recruit people with many backgrounds in order to maintain a diverse workforce with outstanding skills. We treat everyone fairly, whether hired as a new graduate or as an experienced professional, regarding promotions and raises and ensure that our people have opportunities to advance and accomplish their goals. At USS, there is one female outside director (9.1% of board members).

#### Salary structure

The USS Group pays salaries at a rate that is higher than the minimum wage in the area where each employee is located. In addition, employees who are highly motivated and interested in improving themselves and our business activities receive favorable evaluations. We do our best to incorporate their ideas and suggestions in our business operations. In 2014, we established personnel and salary frameworks that placed emphasis on the performance and capabilities of individuals in order to retain people and enable employees to advance their careers. The average annual salary at the USS Group was ¥6,169,000 in the fiscal year that ended in March 2021.



### Average age of employees

	FY3/2019	FY3/2020	FY3/2021
Total	39.3	39.4	38.9
Male	40.8	41.1	41.2
Female	34.6	34.2	32.6

### Average time at the USS Group (years)

	FY3/2019	FY3/2020	FY3/2021
Total	12.6	13.1	13.0
Male	13.7	14.4	14.6
Female	8.8	9.4	8.8

## Upgrading education and training programs

### Training for new employees

We have a training program structured specifically for newly hired people in order to give them information about the used car auction industry, the knowledge needed to do their jobs and guidance on proper workplace behavior. Newly hired people first work with a mentor to learn about business operations and receive advice about any issues and uncertainties involving their responsibilities.

### Training for managers

Our management training programs cover individuals at the assistant general manager level and above. At these classes, managers study the basic thinking for the operation of auto auctions, how to establish targets and other subjects. This training includes classes led by instructors from outside the USS Group.

### Customer interaction and personal appearance

The USS Basic Policy for Customer Services has five components: (1) Proper personal appearance; (2) Always serve customers with a smile; (3) Always greet customers; (4) Use proper words and expressions; and (5) Proper conduct for telephone calls with customers. Once every week, we check the personal appearance of everyone up to and including general managers. Results of these checks are incorporated in performance evaluations.

### Training for automobile inspectors

Accurately performing inspections of vehicles to be auctioned is vital to the operation of our auctions. Inspections must be performed consistently at every auction site by using the same set of standards to ensure that decisions are made with accuracy. USS established its Inspector Certification Program in 2006 in order to improve the methods used for inspecting and evaluating vehicles and ensure the consistency of inspections. Every year, all inspectors are given a test covering practical skills concerning evaluations in order to assign certifications from level one to four. We have a team of instructors and trainers for this certification system who help inspectors improve their skills. Every geographic block of Japan has one instructor and every auction site has one trainer. Using this system allows us to perform accurate inspections based on a uniform set of standards nationwide.



## Productive and pleasant workplaces

### Prevention of long working hours

The USS Group closely manages the amount of overtime to maintain a pleasant workplace environment and prevent excessive working hours during peak periods of auction volume. Measures to perform tasks more efficiently and the use of shifts are two ways we are holding down working time. Furthermore, every auction site and subsidiary submits working time reports to the Board of Directors and other supervisory bodies. Directors and others hold discussions in order to determine actions to take as needed.

### Average monthly overtime (Target is no more than 20 hours)

FY3/2019	FY3/2020	FY3/2021
25.4	26.0	17.7

Average monthly overtime in FY3/21 was 17.7 hours, well below 26.0 hours in the previous fiscal year. Activities are continuing to hold this figure below 20 hours, including measures to improve efficiency and use the latest technologies. These measures contribute to maintaining a productive and pleasant workplace environment.

### Use of paid vacation

#### Pct. of annual vacation days used

FY3/2019	FY3/2020	FY3/2021
54.8%	50.0%	50.6%

#### Employees taking time off for child care

FY3/2019	FY3/2020	FY3/2021
1	11	10

## Workplace health and safety

Maintaining the health and safety for everyone at the USS Group is essential to our ability to continue to achieve steady growth. All employees receive periodic medical check-ups. Once individuals reach the age of 45, they must undergo more thorough annual examinations. There is no cost to employees. We plan to increase activities for preserving and improving the health of our workforce as well as for providing our people with pleasant and safe workplaces.

### Prevention of harassment

The USS Group has established Rules for Preventing Sexual Harassment and Rules for Preventing Power Harassment and has activities to be certain that everyone at the group is aware of these rules. The USS Corporate Ethics Help Line is available to employees who want to report harassment or receive more information. We have a framework for properly responding to all complaints and requests for consultations.

### Health and hygiene committees

Every USS Group business site with at least 50 people has a Health and Hygiene Committee that is responsible for improving workplace health and hygiene. As a rule, these committees meet once each month. Committee members discuss measures for keeping employees healthy and subjects involving workplace hygiene.

## Contributing to communities and society

In accordance with our management philosophy of "Contributing to Communities and Society" and as a responsible corporate citizen, we aim to actively engage with communities and contribute to the advancement and development of the region. Our auto auction sites enable the efficient reuse and recycling of cars, leading to the revitalization of used-car-related businesses and expansion of business opportunities in the areas where these sites are located. In addition, by creating employment in these areas and paying taxes to the local government, we believe that we can contribute to the vitality of the area to achieve co-existence and co-prosperity.

### Activities at auction sites

Since our auto auction sites are huge facilities, we have a strategy of locating these sites in industrial areas. We also take great care and consideration to ensure that the operation of the sites will affect the lives of local residents as little as possible. Furthermore, as there are large numbers of visitors and trucks transporting vehicles at our sites, we do everything possible to prevent accidents. When we receive comments or suggestions from residents regarding these concerns, we make whatever improvements we can to the utmost of our ability. We aim to respond in accordance with the characteristics of each site and to create auction sites that are trusted by everyone in the surrounding area.



Car transporter truck

### Participation in community activities

The USS Group cooperates with companies in areas where our auto auction sites or other operations are located and participates in discussions and clean-up activities to help create better communities. In addition, we cooperate with events held by neighborhood associations and with festivals and other activities to deepen our relationship with residents.