

## S

## Activities with customers

### Ensure the fairness and reliability of auto auctions

---

#### 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.

USS employees carry out all of these inspections.



#### Odometer inspection and control system

The used vehicle market has had issues of odometer tampering, which has lost the confidence and trust of car buyers. USS has employed an approach since its founding that strives to eliminate these types of fraud. Illegal practices such as tampering with odometers led to the creation of the Nippon Auto Auction Association in 2001 and its odometer and inspection control system.

This system aggregates vehicle VIN numbers and mileage in a database for vehicles up for auction at auto auctions throughout Japan. By comparing the automobiles up for auction against this database, auto auctions can of course identify any odometer tampering and also verify a history of any flooding and repairs.

#### Prevention of illicit transactions

USS has succeeded in operating auto auctions that always offer people a fair and equal standing since its launch. We strictly control these auto auctions via various proprietary monitoring and other systems to prevent any auctions unjustly overriding a winning bid, which ensures proper business transactions.

#### 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. In March 2022, JIPDEC granted USS license to use the PrivacyMark as a business operator. USS also holds regular training sessions to teach all employees how to properly handle sensitive personal information.

ARBIZ also acquired the ISO 27001 information security management system certification in the fiscal year ended March 31, 2012. Since its initial certification, the Company has maintained this certification for twelve-consecutive years through the fiscal year ended March 31, 2023.

There were no issues with inappropriate handling of personal information during the fiscal year ended March 31, 2023.

### Greater convenience at auto auctions

---

#### Building welcoming auction sites

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.

#### Communication with USS members

Each auto auction site provides a wide range of information to members. Our members rave about our services for taking the chance to provide information according to their needs as an opportunity to help resolve business concerns and difficulties.

### Appealing auto auction sites

USS auto auction sites categorize sections for auctions by the type of used vehicle and price range. For example, an area dedicated to hybrid, EV and other eco-automobile auctions gives members an easy way to auction and bid on various eco-vehicles. These types of auctions responding to changes in the market also help differentiate USS from its competitors.

Members who take part in these events can also choose a gift from local specialty products or one that helps support the reconstruction of disaster-afflicted areas. This is one of many initiatives that strives to enhance member satisfaction. These gifts are even sent to members who request them on occasion.

### Need-driven adoption of equipment and systems

USS always strives to ensure smooth transactions. We accept the inspection and registered seal certificates, proof of transfers, and other various documentation necessary to transfer the title of a vehicle during an auction. USS also verifies the payments for vehicles.

USS is also currently in the process of rebuilding and renovating its old auction sites. The construction and renewals are not only focusing on the building itself but also the tables, chairs, and the rest of the interior design. Every aspect is intended to transform the old venue into a more accommodating and welcoming auto auction site.

Members who visit each USS auto auction of course come to bid on a vehicle. However, many also have a need for an informational exchange with other members. USS has set up couch and café spaces to facilitate this type of open communication. Moreover, our restaurants serve food free of charge to accommodate the many members who spend a long period of time at our auction sites. USS has even set up a massage and other relaxation facilities.

### Member claim processing

USS has established a mediation and arbitration system to handle any claims brought by successful bidders.

We built this claim management system to share more information throughout the company to quickly address any claims. Our system aggregates information in a database from details about the complaint and the representative handling the issue to the time it took to resolve a matter. We are then able to use this data to response to any similar claims that arise. As an initiative capitalizing on data, USS analyzes the circumstances of claims related to each inspector to enhance the skills of every inspector.

## Our commitment to shareholders and other investors

### Proper information disclosure and communication

#### Shareholders meeting (June 20, 2023)

The 43rd annual shareholders meeting used a virtual meeting format with hybrid participation.

Percent. of voting rights exercised **88.6%**



The shareholders meeting

#### A dialogue with analysts of

**institutional investors** (Results in FY2022)

One-to-one meetings with analysts **86** people  
Note: One-on-one meetings were held several times with some investors. **from 189** companies

Conferences **3** times / **24** companies

Facility tours **1** time / **11** people  
**from 9** companies

#### A dialogue with individual investors

Company information meeting for individual investors **23**

Note: There were four online meetings for results of operations.

# S

## Activities with employees

### Respect for human rights and diversity

#### 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 Group Internal Reporting System. There were no serious cases of discrimination or violations of human rights in the Group during the fiscal year ended March 31, 2023.

#### Issues Reported to the USS Group Internal Reporting System

FY2020	FY2021	FY2022
14	17	21

#### 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.

#### Our commitment to equal opportunity

The USS Group is dedicated to equal employment opportunities and compensation for everyone regardless of gender. USS recruits people with many backgrounds in

order to maintain a diverse workforce with outstanding skills. We actively hire these excellent human resources as both new graduates and as experienced professionals. At USS, 28.5% of directors are women and there are two female outside directors.

We also started training to encourage women to more actively participate in May 2022. Our programs not only provide the training on organization building and work-style reforms for management but also female employees. The ratio of female managers in the fiscal year ended March 31, 2023 was 0%. USS will aim to increase the number of women in management to at least 5% by the fiscal year ending March 31, 2026 and 10% or more by the fiscal year ending March 31, 2031.

### Workplace health and safety

#### Employee health promotion and management

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.

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 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.

The average overtime during the fiscal year ended March 31, 2023 was 29.3 hours. This year-on-year rise in overtime is due to an increase in the number of vehicles in its auto auctions during the fiscal year ended March 31,

#### Management training to promote the active participation of women

Management level	No. of participants	Description
Management	Approx. 60 people	<ul style="list-style-type: none"> <li>• 90 minutes of e-learning</li> <li>• 90 minutes of online group training</li> </ul>
Female employees who are management candidates	Approx. 50 people	<ul style="list-style-type: none"> <li>• Two 90-minute sessions of online and in-person group training</li> </ul>

2023, which in turn increased the workload year on year.

We have set a monthly overtime target of 20.0 hours or less. USS will enhance its efficiency and introduce leading-edge technologies to build a more work-friendly environment.

USS has set a relatively short work day for the automotive distribution domain, but the difference in standard annual working hours is minimal because of the few number of annual holidays. The shorter work day is also another reason for the larger amount of overtime. In light of this insight, we have increased the number of annual holidays as of April 2023 and adjusted the length of the work day to mitigate this overtime.

## Upgrading education and training programs

### 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 inspector undergoes annual written and practical examinations to acquire a certification from level one to four. USS has assigned one instructor to each territory and one trainer at each auction site throughout Japan to guide and develop the skills of automobile inspectors and manage inspection certification programs. These training programs strive to build a consistent inspection framework. We have updated our traditional training program to more quickly develop vehicle inspectors in anticipation of an increasing number of vehicles at our auctions in the fiscal year ending March 31, 2024.

We conduct mechanical training to teach the basic mechanisms and structures of automobiles. This program aims to close any knowledge gap between employees. Employees from our business and vehicle inspection departments targeted by this training program can capitalize on what they learn in their sales and inspection activities.

### 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.

In July 2022, USS introduced a management and compliance training system as e-learning programs for managers.

## TOPICS

### Rapid development of vehicle inspectors toward business expansion

USS has determined the standards for evaluating employees as vehicle inspectors requires a level three vehicle inspector certification. New employees have typically taken roughly three years to acquire a level three certification, but we have been able to condense this training to one year from entry into the company through an intensive education program. This more rapidly develops the skills of our junior employees. The new training program for vehicle inspectors unburdens new employees of their daily tasks to quickly teach the knowledge and skills of vehicle inspectors. New employees participate in group training over three months at the Nagoya auction site after learning the basics about auto auctions and vehicle inspections during their first month at USS. The program aims to provide the fundamental skills for employees to acquire a level four certification. Thereafter, each employee returns to their own auction sites to learn practical skills under a trainer with the aim of earning a level three certification. This training program will address the lack of vehicle inspectors while responding to the increasing number of cars at auctions in the future.



FY2023 group training

Roughly  
**one-third the time**  
necessary to acquire a level three  
vehicle inspector certification  
(Three years to one year)

# S

## Training for new employees

We have a training program structured specifically for newly hired people centered upon teaching proper business manners. Newly hired people first work with a mentor to learn about business operations and receive advice about any issues and uncertainties involving their responsibilities.

## Survey on Group-wide human resource management

The USS Group is aware promoting internal communication is most important when striving to improve employee communication. That is why everyone in the company respects one another's opinions and ideas in an effort to build a work-friendly environment.

In the fiscal year ending March 31, 2024, we conducted

an employee survey to gather feedback on internal recruitment practices, transfers and other job rotation opportunities as well as stratified training by occupation and position. As a result, we discovered a certain number of employees hope to advance their careers through job rotation opportunities via transfers. USS will continually conduct this kind of survey to further enhance employee engagement in the future.

## Main data

Item	Breakdown	Unit	FY2019	FY2020	FY2021	FY2022
Employees	Number of employees	People	588	624	681	684
	Male employees (ratio)	People	440(75%)	457(73%)	502(74%)	508(74%)
	Female employees (ratio)	People	148(25%)	167(27%)	179(26%)	176(26%)
	Average age of employees	Age	39.4	38.9	39.6	39.7
	Male employees	Age	41.1	41.2	41.7	41.6
	Female employees	Age	34.2	32.6	33.8	34.2
	Average years of service	Years	13.1	13.1	13.4	13.0
	Male employees	Years	14.4	14.7	14.9	14.2
	Female employees	Years	9.4	8.8	9.3	9.4
	Number of new hiring	People	41	62	18	44
	Male employees (ratio)	People	19(46%)	32(52%)	11(61%)	31(70%)
	Female employees (ratio)	People	22(54%)	30(48%)	7(39%)	13(30%)
Management	Total number of managers	People	33	31	36	25
	Male managers (ratio)	People	33(100%)	31(100%)	36(100%)	25(100%)
	Female managers (ratio)	People	0(0%)	0(0%)	0(0%)	0(0%)
Management candidates*	Total number of management candidates	People	284	297	333	364
	Male candidates (ratio)	People	252(89%)	260(88%)	287(86%)	312(86%)
	Female candidates (ratio)	People	32(11%)	37(12%)	46(14%)	52(14%)
Childcare leave	Employees taking time off for child care	People	11	10	10	14
	Male employees	People	0	2	4	6
	Female employees	People	11	8	6	8
Paid leave	Percentage of paid leave taken	%	50.0%	50.6%	64.4%	63.3%
Overtime	Average monthly overtime	Hours	26.0	17.7	23.2	29.3
Regular employee turnover rate		%	4.6%	2.9%	4.7%	6.0%
Employment ratio of people with disabilities		%	1.57%	1.63%	2.09%	2.48%

\* Management candidates refers to people in a management role from deputy senior staff to manager.