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## 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 thirteen-consecutive years through the fiscal year ended March 31, 2024.

There were no issues with inappropriate handling of personal information during the fiscal year ended March 31, 2024.

### 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 dedicated terminal 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 respond 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 25, 2024)

Percent. of voting rights exercised **86.6%**



The shareholders meeting

#### A dialogue with analysts of institutional investors (Results in FY2023)

One-to-one meetings with analysts

**185** people from **91** companies

Note: One-on-one meetings were held several times with some investors.

Conferences

**2** times / **18** companies

Facility tours

**2** times / **12** people from **12** companies

#### A dialogue with individual investors

Company information meeting for individual investors **17**

Note: Two of these seventeen meetings were pre-recorded webinars.

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## 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 the 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, 2024.

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

FY2021	FY2022	FY2023
17	21	24

#### 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 employee in the Group is aware of these rules.

The USS Group Internal Reporting System 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.

In 2022, we launched training with the aim of promoting active participation by women, and are holding training sessions about organization building and work-style reforms on an ongoing basis for management and female employees. Initiatives like these have produced female managers as role models, with two female managers (2.6% of all managers) as of April 1, 2024. We will continue to implement a range of programs to achieve our action plan goal of raising the percentage of female managers to at least 5% in fiscal 2025 and at least 10% in fiscal 2030.

### 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 monthly average overtime during the fiscal year ended March 31, 2024 was 29.2 hours due to the increase in the number of vehicles handled at auction. 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.

#### Management training to promote the active participation of women (FY2023)

Management level	No. of participants	Description
Manager of auction site & Acting manager of auction site	16 people	Held online training about promoting the active participation of women, with a female outside director as instructor
Female leadership	6 people	Held career counseling sessions with a female outside director

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. 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 instructors who rotate around 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. The new vehicle inspector training program provides employees group training at the Nagoya Auto Auction site right after they join the Company in an effort to develop and certify the skills of inspectors over eight months.

### Training for managers

We revised our human resource systems in October 2023 with the aim to strengthen organizational capabilities while appointing several new managers. These new managers undergo training for new management to strengthen leadership and management skills as well as evaluator training on the evaluation and development of staff. USS continues to conduct these training programs to develop future auction site managers.

## Comments from two new women in management



**Akiko Imaizumi**

Manager, Second Documentation Division, Auction Department, Tokyo Auto Auction

**Building an environment welcoming questions founded in the expertise I've gained thus far**

I have valued greater teamwork within the department while building trusting relationships with our other departments since I became started working in document operations after joining the Company in 2000. As the manager, I am currently responsible for assigning the right staff to the right positions as well as overseeing numerous document operations. It is also my duty to provide clear advice to any questions from my staff. I hope to build a workplace where it is easy for everyone to ask these questions by taking advantage of the past experience I have gained. In addition, I am working to train human resources. This includes training my staff to handle the tasks I had once done myself. I look forward to growing while having fun. I would be overjoyed if I can be a role model to help more women aim for management.



**Izumi Hamaguchi**

Manager, Documentation Division, Kobe Auto Auction

**Taking on a fully supportive role to realize a work-friendly environment**

I worked in the Computing Department for twelve years before gaining seven years of experience in the document department. Over that time, I have taken maternity as well as childcare leave twice. I feel my role in the future is to build a work-friendly environment based on my own experiences. To fulfill this duty, I will take care to engage in communication across departmental boundaries in order to act as a liaison between male supervisors and female employees. Many employees have concerns and struggle to adapt to a changing work environment after returning from maternity and childcare leave. I hope to be someone these employees can turn to for advice. I want to fulfill my role in management by supporting employees from the sidelines as a role model for the next generation.

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## 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 ended 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 regularly conduct this kind of survey to further enhance employee engagement in the future.

### Main data

Item	Breakdown	Unit	FY2020	FY2021	FY2022	FY2023
Employees	Number of employees	People	624	681	684	677
	Male employees (ratio)	People	457 (73%)	502 (74%)	508 (74%)	493 (73%)
	Female employees (ratio)	People	167 (27%)	179 (26%)	176 (26%)	184 (27%)
	Average age of employees	Age	38.9	39.6	39.7	39.8
	Male employees	Age	41.2	41.7	41.6	41.8
	Female employees	Age	32.6	33.8	34.2	34.5
	Average years of service	Years	13.1	13.4	13.0	13.3
	Male employees	Years	14.7	14.9	14.2	14.6
	Female employees	Years	8.8	9.3	9.4	9.6
	Number of new hiring	People	62	18	44	41
	Male employees (ratio)	People	32 (52%)	11 (61%)	31 (70%)	22 (54%)
	Female employees (ratio)	People	30 (48%)	7 (39%)	13 (30%)	19 (46%)
Management	Total number of managers	People	31	36	25	76* <sup>2</sup>
	Male managers (ratio)	People	31 (100%)	36 (100%)	25 (100%)	74 (97%)* <sup>2</sup>
	Female managers (ratio)	People	0 (0%)	0 (0%)	0 (0%)	2 (3%)* <sup>2</sup>
Management candidates* <sup>1</sup>	Total number of management candidates	People	297	333	364	317* <sup>2</sup>
	Male candidates (ratio)	People	260 (88%)	287 (86%)	312 (86%)	258 (81%)* <sup>2</sup>
	Female candidates (ratio)	People	37 (12%)	46 (14%)	52 (14%)	59 (19%)* <sup>2</sup>
Childcare leave	Employees taking time off for child care	People	7	10	14	14
	Male employees (acquisition rate)	People	2 (11%)	4 (31%)	6 (55%)	5 (28%)
	Female employees (acquisition rate)	People	5 (100%)	6 (100%)	8 (100%)	9 (100%)
Paid leave	Percentage of paid leave taken	%	50.6	64.4	63.3	69.6
Overtime	Average monthly overtime	Hours	17.7	23.2	29.3	29.2
Regular employee turnover rate		%	2.9	4.7	6.0	6.0
Employment ratio of people with disabilities		%	1.63	2.09	2.48	2.25

\*1 Starting from October 2023, management candidates refer to persons in a management role from deputy senior staff and leaders to supervisors and assistant management.

\*2 Note 2: Data current as of April 1, 2024.