

Last Update: June 26, 2023  
Japan Elevator Service Holdings Co., Ltd.  
Katsushi Ishida,  
President and Representative Director CEO

Inquiries: Kimihiko Imamura,  
Director, Deputy President and Senior  
Executive Officer CFO  
Securities Code: 6544  
<https://www.jes24.co.jp/en>

The corporate governance of Japan Elevator Service Holdings Co., Ltd. (the “Company”) is described below.

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

### 1. Basic Views

#### [Basic approach]

The Company recognizes that strengthening corporate governance is one of its key management tasks in order to sustainably increase its corporate value and stabilize its management.

We place particular emphasis on strengthening the monitoring function of management, ensuring compliance and prompt, accurate and fair disclosure of information to all stakeholders, and intend to improve further.

#### [Basic policy]

1. Ensure that the rights and equality of shareholders are substantially secured,
2. Work in an appropriate manner with various stakeholders, including employees, customers, suppliers, creditors and local communities,
3. Disclose company information appropriately and to provide highly useful information,
4. Ensure that the Board of Directors fulfils its roles and responsibilities appropriately, based on its fiduciary responsibility and accountability to shareholders, and
5. Engage in constructive dialogue with shareholders in order to contribute to the Company's sustainable growth and medium- to long-term enhancement of corporate value.

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

The Company complies with all the principles outlined in the Code as revised in June 2021.

### [Disclosure Based on the Principles of the Corporate Governance Code]

#### [Principle 1-4: Stocks held for strategic purposes]

The Company does not hold any listed shares as strategic shareholdings.

#### [Principle 1-7 Related Party Transactions]

The Company requires prior approval of the Board of Directors for any conflict of interest or competing transactions between the Company and its directors. In addition, the Board of Directors Regulations stipulates that the director who conducted such transactions shall report material facts regarding such transactions to the Board of Directors. Related-party transactions other than those mentioned above are properly monitored in accordance with the rules and regulations established by the Board of Directors.

#### [Supplemental Principle 2-4(i) Ensure diversity within the company]

##### (i) Company's approach to ensuring diversity

The Company recognizes the importance of having a diverse workforce to ensure sustainable growth in response to changes in the social environment. We have traditionally hired without regard to gender, nationality, etc., and will continue to do so in the future, taking into account our business plans and promoting the hiring of diverse personnel. We also make decisions on the promotion of female, foreign and mid-career employees to management positions based on the above policy and fair and impartial personnel evaluations.

Information on our diversity is disclosed in our Sustainability Report.

(<https://www.jes24.co.jp/ir/>)

**(ii) Voluntary and measurable targets and status of ensuring diversity**

1) Promotion of female employees to management positions

The number of female manager in the Company and its major domestic companies is 20.

We have a high proportion of personnel in technical positions performing elevator maintenance and, due to the nature of the work, the proportion of male tends to be high. As the number of technical personnel is expected to increase in proportion to the increase in the number of elevator maintenance contracts, we do not set a target for the proportion of female in management positions for the time being, but will strengthen human resources development and the internal environment with the aim of increasing the number of female managers to more than the previous year.

2) Promotion of foreign nationals to management positions

We are conducting business in the ASEAN region, and have appointed six foreign nationals (including two females) to the management of our consolidated subsidiaries in the ASEAN region. Based on the characteristics of the business in each country, we are promoting business development mainly by local nationals.

We hire foreign nationals regardless of nationality. However, the Company has not set a goal for appointing foreign nationals to management positions and will consider doing so based on its business plan.

3) Promotion of mid-career hires to management positions

Mid-career hires account for more than 95% of management positions in the Company and its major domestic companies.

We recruit new graduates and mid-career employees. We actively recruit experienced mid-career workers in a wide range of technical, sales, and clerical positions, and as a result of our human resource development and internal environment improvement efforts, the ratio of mid-career hires to management positions is high. We do not set specific targets for the promotion of mid-career hires to management positions, as it is our policy to promote suitable personnel to management positions, regardless of whether they are new graduates or mid-career hires.

**(iii) Policies and implementation status regarding development of human resources and internal environment to ensure diversity**

As part of its human resources development efforts, the Company promotes the improvement of technical skills through its own internal qualification system (STEP24) and has established an environment where experienced and inexperienced personnel can grow step by step according to their technical level. We have also established a training system that responds to the diversity of our human resources, including a hierarchy-based training system that enables employees to take the most appropriate training depending on their year of employment, position and other factors. In addition, as it is essential to improve internal systems and the internal environment in order to promote the success of diverse human resources, we promote the use of various work systems, such as parental and nursing care leave and shorter working hours, as well as the development of an environment that enables flexible working styles, such as expanding the application of telework and systems for direct return trips to the workplace.

**[Principle 2-6: Corporate pension plans should function as asset owners]**

Since the Company has adopted a non-funded defined benefit plan and has not adopted a corporate pension plan, there is no impact on employees' asset formation and financial position due to the investment of corporate pension fund.

**[Principle 3-1: Enhancement of information disclosure]**

**(i) The company's goals (management philosophy, etc.), management strategies, and management plans**

Our management philosophy is as follows: "Safety above anything else." "No cutting corners even when others don't see it." Building on trust." It is posted on our website.

In addition, management strategies and management plans are announced at financial results briefings and posted on the Company's website.

Management Philosophy: <https://www.jes24.co.jp/en/company/philosophy.html>

Financial Results Presentation Materials: <https://www.jes24.co.jp/en/ir/presentation.html>

**(ii) Basic Policy on Corporate Governance and Basic Views**

Our basic philosophy and basic policy on corporate governance are described in "Section I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information" "1. Basic Views" of this report.

**(iii) Policies and procedures for the Board of Directors in determining the remuneration of senior management and directors**

The information is included in Section II 1. "Director Remuneration" "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof" of this report.

**(iv) Policies and procedures for the Board's selection and removal of senior management and nomination of candidates for directors and Audit & Supervisory Board members**

<Policy>

**(1) Candidates for senior management and directors**

The Company's policy regarding the appointment of senior management and the nomination of candidates for the Board of Directors is that they have the performance, ability, experience, and knowledge appropriate to the responsibilities of their positions. It is our policy to propose the dismissal of senior management to the Board of Directors when it is recognized that there has been a wrongful act or a serious violation of laws and regulations or the Articles of Incorporation in the execution of duties, or when it becomes clear that there is a lack of requirements for appointment.

In nominating candidates for outside directors, we place importance on candidates who have management experience, expertise, or other knowledge and expertise that cannot be obtained from internal directors alone, as well as an independent position that is free from any risk of conflict of interest between the Company and its general shareholders.

**(2) Candidates for Audit & Supervisory Board member**

It is our policy to nominate candidates for Audit & Supervisory Board member who can audit the business execution of directors from a fair and objective standpoint and contribute to improving the soundness and transparency of management.

<Procedures>

Senior management is appointed by the Board of Directors based on a proposal by the Representative Director.

Candidates for directors are nominated based on proposals by the Representative Director, deliberated by the Board of Directors, and put on the agenda for the General Meeting of Shareholders.

Audit & Supervisory Board members, with the consent of the Audit & Supervisory Board, submit proposals to the General Meeting of Shareholders for approval by the Board of Directors.

**(v) Explanation of individual elections, dismissals, and nominations by the board of directors of senior management and nominations of candidates for directors and Audit & Supervisory Board members**

The Company discloses the reasons for the election, dismissal, and nomination of candidates for directors and Audit & Supervisory Board members in the notice of the Annual General Meeting of Shareholders.

**[Supplemental Principle 3-1(iii): Sustainability Initiatives]**

At a meeting of the Board of Directors held on November 16, 2021, the Company resolved the "Basic Sustainability Policy \*" in order to contribute to the sustainable development of society and enhance corporate value over the medium to long term. In addition, to strengthen and promote ESG management, the Board of Directors approved the establishment of the Sustainability Committee at its meeting held on April 14, 2022. Our various sustainability initiatives and disclosures based on TCFD recommendations are disclosed in our Sustainability Report. (<https://www.jes24.co.jp/en/sustainability/>)

\*<Sustainability Basic Policy>

Based on our corporate philosophy of "Safety Above All," "Never Cutting Corners Because They Are Invisible," and "Building on Trust," the Company has identified two materiality issues: (1) "Quality and Safety" and (2) "Occupational Safety and Employee Engagement" that we must give priority to by leveraging our strengths through our business activities. We work to realize a sustainable society, aiming to be a company that is trusted and needed by all stakeholders.

**(i) Quality and safety**

The Company considers "maintaining quality" and "providing security" as its major social responsibility, and aims to contribute to society by providing high quality and safe services that satisfy our customers.

**(ii) Occupational safety and employee engagement**

The Company believes that the most important foundation supporting our business is our human resources, and we are committed to ensuring the safety of our employees and creating an environment in which each and every employee can easily work and perform their duties with a sense of fulfillment, which will lead to the sustainable development of our group.

**[Supplemental Principle 4-1(i) Scope of Delegation to Management]**

The Company's Board of Directors Regulation stipulates the matters to be deliberated by the Board of Directors.

In addition, internal regulations define the scope of delegation to the management team and its authority.

**[Principle 4-9: Criteria for Independence of Independent Outside Directors and Qualifications]**

The Company considers an outside officer (outside director or outside Audit & Supervisory Board member) to be independent if, in addition to the independence criteria set out by the Tokyo Stock Exchange, none of the following criteria are met.

1. A person who is a manager or employee of the Company or its affiliated companies (hereinafter referred to as the "Company Group"),
2. A shareholder or an executive officer who directly or indirectly holds 10% or more of the total voting rights of the Company,
3. A person whose main business partner is our Group (a person who received payment from our Group of 2% or more of the person's annual gross income in the most recent fiscal year) or a person who executes the business of such a person,
4. Major business partner of the Company's group (a party paying 2% or more of the Company's annual consolidated net sales as of the end of the most recent fiscal year) or a person who executes the business of the Company's group,
5. A consultant, accounting expert, and legal expert who receive more than 10 million yen per year as advisors to the Company's group, in addition to their remuneration as directors and Audit & Supervisory Board members,
6. A person who have been in the above 2-5 categories for the past 3 years,
7. A close relative (spouse or relative up to the second degree of kinship) of a person falling under any of the above categories 1 to 6, and
8. Any other party that is deemed likely to cause a conflict of interest with general shareholders

**[Supplementary Principle 4-10(i) Nomination and Remuneration Committee]**

For information on the Nomination and Remuneration Committee's approach to independence, authority, role, etc., please refer to "Section II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" "1. Organizational Composition and Operation" "Directors" "Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)" and "Supplementary Explanation" of this report.

**[Supplementary Principle 4-11(i): The balance, diversity, and size of the board of directors' knowledge, experience, and capabilities]**

In order to ensure the knowledge, experience, balance, and diversity necessary for the Company's sustainable growth and enhancement of corporate value over the medium to long term, the Board of Directors selects outside directors based on their broad knowledge and extensive experience, as well as their expertise in corporate finance, accounting, and other areas. In addition, internal directors are selected based on their deep understanding of the business environment and the characteristics of the Company, as well as their experience, knowledge, and expertise, in order to ensure that they can appropriately address the challenges they face. Furthermore, we have established a skill matrix listing the knowledge, experience, and abilities of each director, etc., and disclose this information on page 46 of the Reference Document for the Notice of the 29th Annual General Meeting of Shareholders.

**[Supplementary Principle 4-11 (ii) Concurrent Position of Directors and Audit & Supervisory Board members]**

We believe that the status of the Company's officers' concurrent positions at other companies is within a reasonable range, given the time and effort required to serve on the Board of Directors or Audit & Supervisory Board.

In addition, the important concurrent positions of directors and Audit & Supervisory Board members are disclosed annually in the Convocation Notice of the Annual General Meeting of Shareholders and in the Annual Securities Report.

**[Supplementary Principle 4-11(iii): Analysis and assessment of the effectiveness of the board of directors]**

The Company conducted a questionnaire survey of all directors and Audit & Supervisory Board members to evaluate the effectiveness of the Board of Directors as a whole, and reported the results of the evaluation obtained from the responses to the survey to the Board of Directors. Based on the results of the questionnaire, we believe that the Company's Board of Directors generally operates appropriately and that the effectiveness of the Board of Directors as a whole is ensured.

**[Supplementary Principle 4-14 (ii) Training of Directors and Audit & Supervisory Board member]**

To enable directors and Audit & Supervisory Board members to obtain the knowledge and information necessary to fulfill their duties, the Company provides opportunities for them to attend outside seminars at the

Company's expense.

**[Principle 5-1: Policy on constructive dialogue with shareholders]**

**(1) Dialogue policy and system for promoting dialogue**

- (i) Designation of management or directors who are attentive to the overall dialogue with shareholders  
Dialogue with shareholders and investors is overseen by the Representative Director. In principle, the actual interview will be conducted by the representative director and IR staff, depending on the purpose of the meeting.
- (ii) Measures for organic coordination of internal departments, etc. assisting in the dialogue  
In order to enhance the effectiveness of dialogue with shareholders and investors, the IR Office plays a central role in coordinating information with the Company's divisions and subsidiaries.
- (iii) Efforts to enhance means of dialogue  
The Company holds briefings for individual investors, holds financial results briefings for institutional investors and visits institutional investors, and provides financial results and other materials on its website.
- (iv) Measures for effective feedback of shareholders' opinions and concerns  
The knowledge and other information obtained through dialogue is fed back to the Board of Directors, management and related departments as necessary to disseminate and share information.
- (v) Policies for managing insider information in dialogues  
We strive to disclose corporate information in a fair, equitable, and timely manner in accordance with our separately established Disclosure Policy. We manage insider information by limiting the number of contact points for IR activities, refraining from dialogue during the quiet period, and complying with insider trading prevention and control rules.  
Disclosure Policy: <https://www.jes24.co.jp/en/ir/policy.html>

**(2) Activities**

The status of dialogue between management and shareholders in the year ended 31 March 2023 is as follows

- (i) IR meetings  
The number of IR meetings held from April 1, 2022 to March 31, 2023 was 190.
- (ii) Main persons involved in dialogue with shareholders  
Representative Director, General Manager of Investor Relations Office (Managing Executive Officer)
- (iii) Outline of shareholders with whom dialogue was held  
81 domestic investors, 109 overseas investors  
We meet with fund managers, analysts, etc.
- (iv) Main themes of dialogue  
The main topics of dialogue were related to the growth potential and profitability of the Company, including information on the Company's financial results and the status of initiatives in the medium-term management plan.  
The opinions of shareholders identified in the dialogue are fed back to the management as necessary, so that necessary improvements can be made.

**[Principle 5-2 Development and publication of management strategies and plans]**

**(1) Medium-term management plan**

In May 2022, the Company announced its medium-term management plan, VISION 2027. The plan aims to achieve sustainable growth and increase corporate value by addressing social and global environmental issues as well as business growth from a medium- to long-term perspective.

By the year ending 31 March 2027, we aim to achieve sales of 60 billion yen and an operating margin (before goodwill amortization) of 20%. In addition, the company's shareholder return policy is to maintain a dividend payout ratio of at least 40%.

**(2) Actions to realize cost of capital and share price-conscious management**

As a prime listed company, the Company manages its business with an awareness of its share price.

The share price is the value of the company as assessed by the market, and we believe that improving capital efficiency and dialogue with shareholders are important for increasing corporate value. We consider ROE (return on equity) as a measure of capital efficiency.

Our ROE for the year ended 31 March 2023 was 25.1%, which is above the cost of shareholders' equity. We regularly analyze the current situation and, where issues are identified, set policies and targets for improvement, which are reported to the Board of Directors.

## 2. Capital Structure

Foreign Shareholding Ratio	30% or more
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**[Status of Major Shareholders]**

Name or Company Name	Number of Shares Owned	Percentage (%)
KI Corporation	25,294,500	28.40
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy agent: Custody Business Department, The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	12,659,629	14.21
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,973,500	13.44
The Custody Bank of Japan, Ltd. (Trust Account)	4,498,800	5.05
J.P. MORGAN BANK LUXEMBOURG S.A. 384513 (Standing proxy agent: Settlement Sales Department, Mizuho Bank, Ltd.)	1,507,000	1.69
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy agent: Settlement Sales Department, Mizuho Bank, Ltd.)	1,306,162	1.46
BBH FOR MATTHEWS ASIA GROWTH FUND (Standing proxy agent: Bank of Mitsubishi UFJ, Ltd.)	1,194,100	1.34
The Dai-ichi Life Insurance Co. (Standing proxy agent: The Custody Bank of Japan, Ltd.)	1,155,200	1.29
TAIYO FUND, L.P. (Standing proxy agent: Bank of Mitsubishi UFJ, Ltd.)	1,099,400	1.23
Japan Elevator Service Employee Stock Ownership Plan	1,075,472	1.20

Name of Controlling Shareholder, if applicable (excluding Parent Company)	Not applicable
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Name of Parent Company, if applicable	Not applicable
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**Supplementary Explanation**

The above [Status of Major Shareholders] is based on the register of shareholders as at 31 March 2023.
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**3. Corporate Attributes**

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	March
Business Sector	Services
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	¥10 billion or more and less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

Not applicable
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**5. Other Special Circumstances which May have Material Impact on Corporate Governance**

Not applicable
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## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System	Company with Audit & Supervisory Board*
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\*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

#### [Directors]

Number of Directors Stipulated in Articles of Incorporation	14
Directors' Term of Office Stipulated in Articles of Incorporation	1
Chairperson of the Board	Chairman
Number of Directors	8
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

#### Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Hitoshi Watanabe	CPA												
Noriko Endo	From another company												
Mika Yano	From another company												

\*Categories for "Relationship with the Company"

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- A Person who executes business of the Company or a subsidiary
- A person who executes business or a non-executive director of a parent company
- A person who executes business of a sister company
- A person or an entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director or Audit & Supervisory Board member remuneration from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- A Person who executes business for a client of the Company (excluding persons categorized as any of "d", "e", or "f" above) (applies to self only)
- A Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- A Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

#### Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hitoshi Watanabe	Independent	-	He has a high level of expertise and a wealth of experience as a certified public accountant who has been involved in audits of many companies at auditing firms, etc. He is appointed as an outside director to utilize his expertise in strengthening the corporate

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			governance of the Company. He is independent of the Company and its management, and is designated as an independent director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.
Noriko Endo	Independent	-	She is appointed as an outside director in order to utilize the knowledge she has gained through her research on public policy and her coverage activities as an editor of an economic newspaper, as well as her experience as an outside director at other listed companies, to strengthen our corporate governance. She is independent of the Company and its management, and is designated as an independent director based on the judgment that there is no risk of a conflict of interest between her and general shareholders.
Mika Yano	Independent	-	She has extensive experience, achievements, and insight in corporate legal affairs as a lawyer in the State of New York, U.S.A., as well as experience as a corporate manager. She is appointed as an outside director to utilize her experience in strengthening the corporate governance of the Company, and has appropriate attributes as an independent director. In addition, she is independent of the Company and its management, and is designated as an independent director based on the judgment that there is no risk of a conflict of interest between him and general shareholders.

#### Voluntary Committees

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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#### Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

##### Voluntarily Established Committee Equivalent to Nomination Committee

Committee's Name			Nomination and Remuneration Committee			
All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
3	0	1	2	0	0	Inside Director

##### Voluntarily Established Committee Equivalent to Remuneration Committee

Committee's Name			Nomination and Remuneration Committee			
All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
3	0	1	2	0	0	Inside Director

#### Supplementary Explanation

In order to strengthen the independence, objectivity and accountability of the Board of Directors' functions in relation to the nomination and remuneration of senior management and directors, the Board of Directors resolved at its meeting on 23 June 2022 to establish a Nomination and Remuneration Committee as an advisory body to
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the Board of Directors. The Committee consists of three members, the Representative Director and two outside directors, and is chaired by the Representative Director. The independence of the Committee is ensured by having a majority of its members be independent outside directors. The Committee deliberates on matters related to the election and dismissal of directors, as well as policies and procedures necessary to determine directors' remuneration and other matters, and provides advice and recommendations to the Board of Directors.

#### [Audit & Supervisory Board Member\*]

\*Referred to in Corporate Governance Code reference translation as "kansayaku"

Establishment of Audit & Supervisory Board	Established
Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Audit & Supervisory Board Members	3

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments

In order to carry out efficient and effective internal audits, the general manager of the Internal Audit Office exchanges information with the Audit & Supervisory Board and the audit firm from time to time, while at the same time making every effort to actively create opportunities for information sharing with the various business units.

Appointment of Outside Audit & Supervisory Board members	Appointed
Number of Outside Audit & Supervisory Board members	2
Number of Independent Audit & Supervisory Board members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Hitoshi Maeda	From another company													
Shigeru Haga	From another company													

\*Categories for "Relationship with the Company"

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- A person who executes business of the Company or its subsidiary
- A non-executive director or accounting advisor of the Company or its subsidiaries
- An executive or non-executive director of a parent company of the Company
- An Audit & Supervisory Board member of a parent company of the Company
- A person who executes business of a sister company
- A person or an entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- A consultant, an accounting expert, or a legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member remuneration from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- A person who executes business for a client of the Company (excluding persons categorized as any of "f", "g", or "h" above) (applies to self only)
- A person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- A person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

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#### Outside Audit & Supervisory Board Members' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Hitoshi Maeda	Independent	-	He is appointed as an outside Audit & Supervisory Board member because of his extensive experience and broad insight as a manager. He is independent of the Company and its management, and there is no risk of a conflict of interest between him and the Company's general shareholders.
Shigeru Haga	Independent	-	He has been engaged in research on human error and accident prevention from his professional viewpoint as a university professor for many years. In addition, he has broad knowledge in the field of safety through his experience as an advisor at a business company. Therefore, the Company appointed him as an outside Audit & Supervisory Board member. He is independent of the Company and its management, and there is no risk of a conflict of interest between him and the Company's general shareholders.

#### [Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members]

Number of Independent Directors and Independent Audit & Supervisory Board Members	5
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#### Other Matters Concerning Independent Directors and Independent Audit & Supervisory Board Members

The Company designates all outside directors who meet the qualifications of independent directors as independent directors.
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#### [Incentives]

Implementation Status of Measures related to Incentives Granted to Directors	Other
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#### Supplementary Explanation for Applicable Items

The Company has introduced a restricted share remuneration scheme to provide Directors (excluding outside Directors) The Company has introduced a restricted share remuneration scheme for the purpose of providing incentives to directors (excluding outside directors) to continuously increase the Company's corporate value and to promote further value sharing with shareholders.
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Persons Eligible for Stock Options	Other
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#### Supplementary Explanation for Applicable Items

Stock options have been granted with the aim of motivating and motivating him in obtaining long-term support from external collaborators.
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#### [Director Remuneration]

Status of Disclosure of Individual Directors' Remuneration	No disclosure for any directors
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## Supplementary Explanation for Applicable Items

The total amount of remuneration is disclosed in the Business Report and Annual Report.  
 Directors: 155 million yen to 11 directors (including 20 million yen to 4 outside directors)  
 Audit & Supervisory Board members: 21 million yen to 3 members: (including 9 million yen to 2 outside members)  
 The total amount of remuneration, etc. of directors includes the amount of remuneration for the grant of restricted shares.  
 \*The total amount of remuneration and the number of Audit & Supervisory Board members include three directors who retired at the conclusion of the 28th Annual General Meeting of Shareholders held on 23 June 2022.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Established
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## Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

The Company's Board of Directors, at its meeting held on February 16, 2021, approved a policy for determining the details of individual director remuneration.

**1. Basic Policy**

The Company's basic policy is to set the remuneration of individual directors at an appropriate level based on their respective responsibilities when determining their remuneration. Specifically, the remuneration for executive directors shall consist of base remuneration as fixed remuneration and stock-based remuneration, while outside directors, who are responsible for supervisory functions, shall be paid only base remuneration in light of their duties.

**2. Policy regarding the determination of the amount of remuneration, etc. for each individual for basic remuneration (monetary remuneration) (including policy regarding the determination of the timing or conditions of granting remuneration, etc.)**

The basic remuneration of the Company's directors shall be a monthly fixed remuneration, which shall be determined in accordance with their position, responsibilities, and years in office, comprehensively taking into consideration the level of other companies, the Company's performance, and the level of employee salaries.

**3. Policy regarding the determination of the details of non-monetary remuneration and the method of calculation of the amount or number of non-monetary remuneration (including policy regarding the determination of the timing or conditions of granting remuneration, etc.)**

Non-monetary remuneration shall be in the form of restricted stock with a restriction period of up to 35 years, and shall be granted at a time determined by a resolution of the Board of Directors to the executive directors determined by the same resolution. The grantee, the number of shares to be granted, and the timing of the grant shall be determined by comprehensively taking into consideration the position, responsibilities, the level of other companies, and the Company's business performance.

**4. Policy regarding the determination of the amount of monetary and non-monetary remuneration as a percentage of the amount of remuneration, etc., paid to each individual director**

The ratio of remuneration for each type of executive director shall be determined based on monthly fixed remuneration, while taking into consideration his/her position, responsibilities, the level of other companies, and the Company's business performance, as well as taking into account the Company's overall performance.

**5. Matters concerning the determination of the details of remuneration, etc. of individual directors**

The Chairman of the Board of Directors shall be authorized to delegate the specific details of the amount of remuneration for each individual director based on a resolution of the Board of Directors, and the details of such delegation shall be the amount of base remuneration for each director. In order to ensure that such authority is properly exercised by the Chairman of the Board of Directors, the Chairman of the Board of Directors shall consult with the President of the Board of Directors, etc., and shall determine the amount of remuneration for each individual with respect to such consultation. The number of shares of restricted stock (stock-based remuneration) to be allocated (granted) to each individual shall be determined by a resolution of the Board of Directors.

**[Support System for Outside Directors and/or Outside Audit & Supervisory Board Members]**

The Company's Corporate Planning Department is in charge of the secretariat of the Board of Directors meetings and provides support services such as information dissemination to outside directors and outside Audit & Supervisory Board members, prior distribution of Board of Directors meeting materials, and other operational assistance and paperwork as required.

**2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)****(Directors and Board of Directors)**

As of the date of submission of the Annual Securities Report, the Company's Board of Directors consists of eight directors (including three outside directors). In addition to regular monthly meetings, extraordinary meetings of the Board of Directors are held whenever important matters arise.

In the 29th fiscal year (1 April 2022 - 31 March 2023), a total of 18 Board of Directors meetings were held, with an average attendance rate of 100.0%.

**(Audit & Supervisory Board and Board members)**

The Audit & Supervisory Board meets once a month in principle, and when necessary, the Audit & Supervisory Board members hold discussions and exchange opinions with each other in order to ascertain the status of compliance by directors with laws, regulations, the Articles of Incorporation and other rules, and to ensure that operational and accounting audits are conducted effectively. The Audit & Supervisory Board is chaired by Kei Tachibana, an inside Audit & Supervisory Board member, and other members are Hitoshi Maeda and Shigeru Haga, both outside Audit & Supervisory Board members.

Audit & Supervisory Board members attend meetings of the Board of Directors and other important meetings, inspect important documents, ask questions of officers and employees, and perform other audit procedures to ensure proper monitoring of management. The Company also strives to conduct appropriate audits in cooperation with the Internal Audit Office and the accounting auditor.

**(Nomination and Remuneration Committee)**

In order to strengthen the independence, objectivity, and accountability of the Board of Directors' functions related to the nomination and remuneration of senior management and directors, the Company's Board of Directors, at its meeting held on June 23, 2022, resolved to establish a Nomination and Remuneration Committee as an advisory body to the Board of Directors. For information on the Nomination and Remuneration Committee's approach to independence, authority, role, etc., please refer to "Section II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management" "1. Organizational Composition and Operation" "Directors" "Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)" and "Supplementary Explanation" of this report.

**(Sustainability Committee)**

The Company has established a Sustainability Committee directly under the Board of Directors with the aim of promoting sustainability initiatives linked to the management plan by resolving sustainability issues and identifying risks and opportunities, in order to achieve sustainable growth and increase corporate value over the medium to long term. The committee consists of the director in charge of sustainability and members deemed appropriate based on their duties. The committee identifies environmental, social, governance and other sustainability issues, and manages and supervises various measures.

**(Group Management Meeting)**

The Company has established a Group Management Meeting for the purpose of thorough implementation of management policies as a group and discussion or sharing of management information and issues. The meeting is composed of the director in charge, the general manager, the general manager of the Internal Audit Department, and the representative directors of subsidiaries, and is held once a month in principle, and whenever necessary.

**(Internal Audit Office)**

The Company has established an Internal Audit Office under the direct control of the Representative Director. The Internal Audit Office, consisting of one person, audits all divisions of the Company and all subsidiaries for rationality, efficiency, appropriateness, and appropriateness of business execution in accordance with the annual internal audit plan. Audit results are reported to the Representative Director, who gives instructions for improvement to the person in charge of the audited department, and the status of improvement is monitored

through follow-up audits, etc.

(Compliance Committee)

The Company has established a Compliance Committee as a body to ensure that compliance is observed by the Group. The Committee is composed of the director in charge, the general manager, the general manager of the Internal Audit Office, a full-time Audit & Supervisory Board member, and a representative director of a subsidiary, and meets as necessary.

(Details of limited liability contracts)

Pursuant to Article 427, paragraph 1, of the Companies Act, the Company and each of the outside directors and Audit & Supervisory Board members have entered into an agreement limiting their liability for damages under Article 423, paragraph 1, of the same Act. The maximum amount of liability for damages under such an agreement is the minimum liability limit stipulated in Article 425(1) of the Companies Act. Such limitation of liability is limited to cases where the outside directors and Audit & Supervisory Board members perform their duties in good faith and without gross negligence.

### 3. Reasons for Adoption of Current Corporate Governance System

The Company has adopted a company-with-a-board-of-directors and a company-with-Audit & Supervisory Board system, which has a dual checking function of supervision by the Board of Directors and auditing by the Audit & Supervisory Board. In addition, the management monitoring function is strengthened by having outside directors and outside Audit & Supervisory Board members attend board meetings and speak from a highly independent standpoint. We also believe that the current system, in which Audit & Supervisory Board members, the internal audit, and auditing firm work together as appropriate to monitor business execution, and in which internal and external management oversight functions are fully exercised, is optimal for ensuring the effectiveness of corporate governance.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	The Company began posting the information contained in the Reference Documents for the General Meeting of Shareholders, etc. (Measures to Be Provided Electronically) on the Company's website and the website of the Tokyo Stock Exchange one business day prior to the statutory deadline. In addition, the notice of convocation of the general meeting of shareholders is sent out one business day prior to the statutory date.
Scheduling of the General Shareholders Meeting During Non-Peak Days	The Company aims to hold its meetings on non-intensive days, but takes into account the administrative schedule and the availability of venues for booking.
Electronic Exercise of Voting Rights	Voting rights can be exercised via the internet, smartphones, etc.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Voting rights can be exercised via the electronic voting platform for institutional investors operated by ICJ Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	An English translation of the electronic provision of measures is available on the Company's website and on the website of the Tokyo Stock Exchange.

#### 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	An information disclosure policy has been prepared and published on the Company's website.	
Regular Investor Briefings held for Analysts and Institutional Investors	As a general rule, the Company holds results briefings twice a year, once in the second quarter and once in the financial year. Briefing documents are available on the Company's website.	Held
Regular Investor Briefings held for Overseas Investors	In addition to quarterly announcements of financial results and explanations on our website, we hold conference calls with overseas institutional investors as necessary. We also participate in conferences for overseas institutional investors organized by securities firms, where our management holds briefings and interviews.	Held
Online Disclosure of IR Information	IR information is available on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The IR Office is the department in charge of investor relations.	

#### 3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company is promoting environmental initiatives and tree planting in cooperation with local communities at JIC and JIL located in Wako City. We are working to promote environmentally friendly operations by increasing the efficiency of solar power

	generation and air conditioning. We will continue to promote environmental initiatives through co-existence and cooperation with local communities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	By being aware of its fundamental responsibility to society and ensuring compliance, the Company aims to actively contribute to increasing corporate value, which is valued by all stakeholders, as a company that earns the trust of society, and to improve corporate quality by ensuring fairness, transparency and efficiency in the execution of company operations.

## IV. Matters Concerning the Internal Control System

### 1. Basic Views on Internal Control System and Status of Development

The Board of Directors of the Company resolved at its meeting on 15 October 2015 to adopt a basic policy for the establishment of an internal control system in accordance with the implementation of the Companies Act. Based on that basic policy, the Company has established an internal control system structure. In addition, the system has been reviewed in line with changes in the business environment and other factors.

*(1) Systems to ensure that the execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation*

- 1) Directors and employees shall act in accordance with the "Code of Conduct" and "Compliance Rules", and in compliance with laws, the "Articles of Incorporation," and social norms.
- 2) The "Compliance Committee" shall be established to oversee compliance-related efforts and to provide compliance education to directors and employees of the Company and its subsidiaries.
- 3) The "Internal Audit Office," which is independent of the executive divisions as the internal audit division, shall audit the status of compliance.
- 4) In the event that directors and employees discover material violations of laws and regulations or other important facts concerning compliance at the Company, they shall immediately report such violations to the Information Management Officer, and shall supplement such violations with a system "Hotline Rules" to eliminate omissions in the discovery of such violations and other important facts. The whistleblower service, which is available via dedicated e-mail, website, and written mail, is outsourced to Fair Links Consulting, Inc.
- 5) When an Audit & Supervisory Board member finds a problem in the operation of the Company's legal compliance system and internal reporting rules (hotline rules), he/she may express his/her opinion and request the Company to formulate remedial measures.

*(2) System for the storage and management of information related to the execution of duties by directors*

Information related to the execution of duties by the Company's Directors shall be stored and managed appropriately and reliably in a highly retrievable state according to the storage medium, in accordance with laws and regulations, the Document Management Regulations, and the Regulations for the Protection of Personal Information and Specified Personal Information. The Company's Directors and Audit & Supervisory Board members shall have access to these documents at all times.

*(3) Rules and other systems for managing risk of loss*

- 1) The heads of the Company, its subsidiaries, headquarters, branches, branch offices, departments, offices, divisions, sales offices, etc. of the Company shall perform their duties within the scope of authority granted to them in accordance with the Rules on Division of Duties and Administrative Authority, etc. When performing duties that exceed the authority granted, they shall apply for and obtain approval from a higher authority in accordance with the Rules on Administrative Authority, and shall manage the risk of losses associated with the performance of the duties for which approval is granted.
- 2) The representative directors, general managers, and branch managers of the Company and its subsidiaries shall assume various business risks that may occur in the relevant headquarters, offices, and branch offices, and shall strive to avoid such risks in advance, and in the event of the occurrence of a fact that could be a risk, shall respond promptly and appropriately to prevent and minimize the spread of damage.
- 3) In the event of unforeseen circumstances or the need to respond to newly arising risks, the Company and its subsidiaries shall report the matter to the Board of Directors, which shall determine a responsible person and take prompt action.

*(4) Systems to ensure the efficient execution of duties by directors*

- 1) The Board of Directors of the Company and its subsidiaries shall make decisions on management execution policies, matters required by law and other important management matters, and supervise the execution of business by the directors of the Company and its subsidiaries.
- 2) As a system to ensure that the directors of the Company and its subsidiaries execute their duties efficiently, meetings of the Board of Directors of the Company and its subsidiaries shall be held once a month in principle, and extraordinary meetings shall be held as necessary.
- 3) The Board of Directors of the Company and its subsidiaries shall formulate and review management targets and budgets, the directors of the Company and its subsidiaries shall perform their duties to achieve them, and the Board of Directors shall manage their performance.

*(5) Systems to ensure proper business operations of the corporate group consisting of the Company and its subsidiaries*

- 1) The Company and its subsidiaries shall endeavor to ensure proper business operations of the Company and



its subsidiaries by making the management policies common to the Company and its subsidiaries known to the Company and its subsidiaries as a whole.

2) Regular meetings attended by the directors of the Company and the representative directors of the Company's subsidiaries shall be held to share information among the Company and its subsidiaries.

3) In order to ensure proper business operations at the Company and its subsidiaries, the Company and its subsidiaries shall establish matters to be managed by each company in accordance with the Affiliate Company Management Regulations applicable to the Company and all of its subsidiaries.

4) The Internal Audit Office of the Company shall conduct or supervise internal audits of the Company and its subsidiaries to ensure the effectiveness and adequacy of internal control over the overall operations of the Company and its subsidiaries.

5) A system shall be established for the immediate reporting of the discovery of violations of laws and regulations and other important compliance-related matters within the Company and its subsidiaries.

*(6) Matters concerning employees assigned to assist Audit & Supervisory Board members' duties when Audit & Supervisory Board members request the assignment of such employees, matters concerning the independence of such employees from Directors, and matters concerning ensuring the effectiveness of Audit & Supervisory Board members' instructions to such employees*

The Company shall assign employees to assist the duties of the Audit & Supervisory Board members when required by the members. The Audit & Supervisory Board members shall have the authority to direct and order the employees, and their appointment, transfer, evaluation, and disciplinary actions shall be made after hearing the opinions of the Audit & Supervisory Board and exchanging views with the directors, thereby ensuring the independence of such employees from the directors. The Company shall ensure the independence of such employees from directors.

*(7) System for reporting to the Company's Audit & Supervisory Board member by directors and employees, as well as directors, Audit & Supervisory Board member, employees and employees who execute business of subsidiaries, or those who receive reports from them*

Audit & Supervisory Board members attend meetings of the Board of Directors and other important decision-making meetings, and receive reports on important matters from directors, employees, and others. In addition, the Audit & Supervisory Board members receive reports from directors, employees, etc. on the status of management of subsidiaries, etc. Notwithstanding the foregoing, the Audit & Supervisory Board members may, at any time and as necessary, request reports from the directors, employees, etc. of the Company and its subsidiaries.

*(8) Systems to ensure that a person who makes a report under the preceding item will not be subjected to any disadvantageous treatment on the basis of such report*

The Company shall prohibit any disadvantageous treatment of any person who makes a report to the Audit & Supervisory Board members by reason of such report, and shall ensure that the directors and employees of the Company and its subsidiaries are informed of such prohibition.

*(9) Matters concerning the policy for the treatment of expenses or debts arising from the execution of duties by Audit & Supervisory Board members*

When an Audit & Supervisory Board member makes a request for advance payment of expenses, etc. to the Company for the performance of his/her duties, the Company shall promptly comply with such request, except in cases where the expenses or obligations in connection with such request are not deemed necessary for the performance of the Audit & Supervisory Board members' duties.

*(10) Other systems to ensure that Audit & Supervisory Board member audits are conducted effectively*

1) In accordance with the Audit & Supervisory Board Member Auditing Standards, the Audit & Supervisory Board member may attend meetings of the Board of Directors and other important meetings, inspect important corporate information, and request explanations from directors, employees, and others as necessary.

2) In order to conduct efficient audits, the Audit & Supervisory Board member shall hold periodic discussions or exchanges of opinions with the accounting auditors, etc., to complement each other's audits.

3) The Audit & Supervisory Board members shall meet regularly with the Representative Director to confirm business execution policies and exchange opinions on issues to be addressed by the Company, risks surrounding the Company, the state of the audit environment, and important audit-related issues.

4) Ensure management transparency by having at least half of the Company's Audit & Supervisory Board members be outside Audit & Supervisory Board members.

*(11) System to ensure the reliability of financial reporting*

1) In order to ensure proper accounting treatment and improve the reliability of financial reporting, the Company shall develop and improve the effectiveness of its internal control system for financial reporting.

2) The Company, its subsidiaries and their internal audit offices shall evaluate the effectiveness of internal

control over financial reporting each fiscal year. The department receiving the effectiveness evaluation shall take measures to correct and improve the situation when necessary.

### **2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development**

The Company and its subsidiaries shall not have any relationship, including business relationships, with antisocial forces that pose a threat to social order and sound corporate activities. In addition, the entire organization shall take a firm stand against unjustified demands from antisocial forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

Not applicable
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### 2. Other Matters Concerning the Corporate Governance System

#### [Summary of Timely Disclosure System]

The Company recognizes that important corporate information is the basis for the fairness and soundness of the market and for investors' trust in the market. To provide information fairly, equally, accurately and promptly, the Corporate Planning Department and the IR Office handle the information disclosure with the Information Management Officer as the supervisor, and timely and appropriate disclosure is made in accordance with the Timely Disclosure Manual.

#### *(i) Information on the facts of the decision*

The Corporate Planning Department or the Investor Relations Office compiles the matters to be discussed at the Board of Directors meetings and decisions made by subsidiaries, report them to the Information Management Officer, who examines whether there are material facts subject to timely disclosure and whether such disclosure is necessary. In the event that disclosure of information is required, such information will be disclosed immediately after approval by the Board of Directors in accordance with the Rules and Regulations of the Board of Directors.

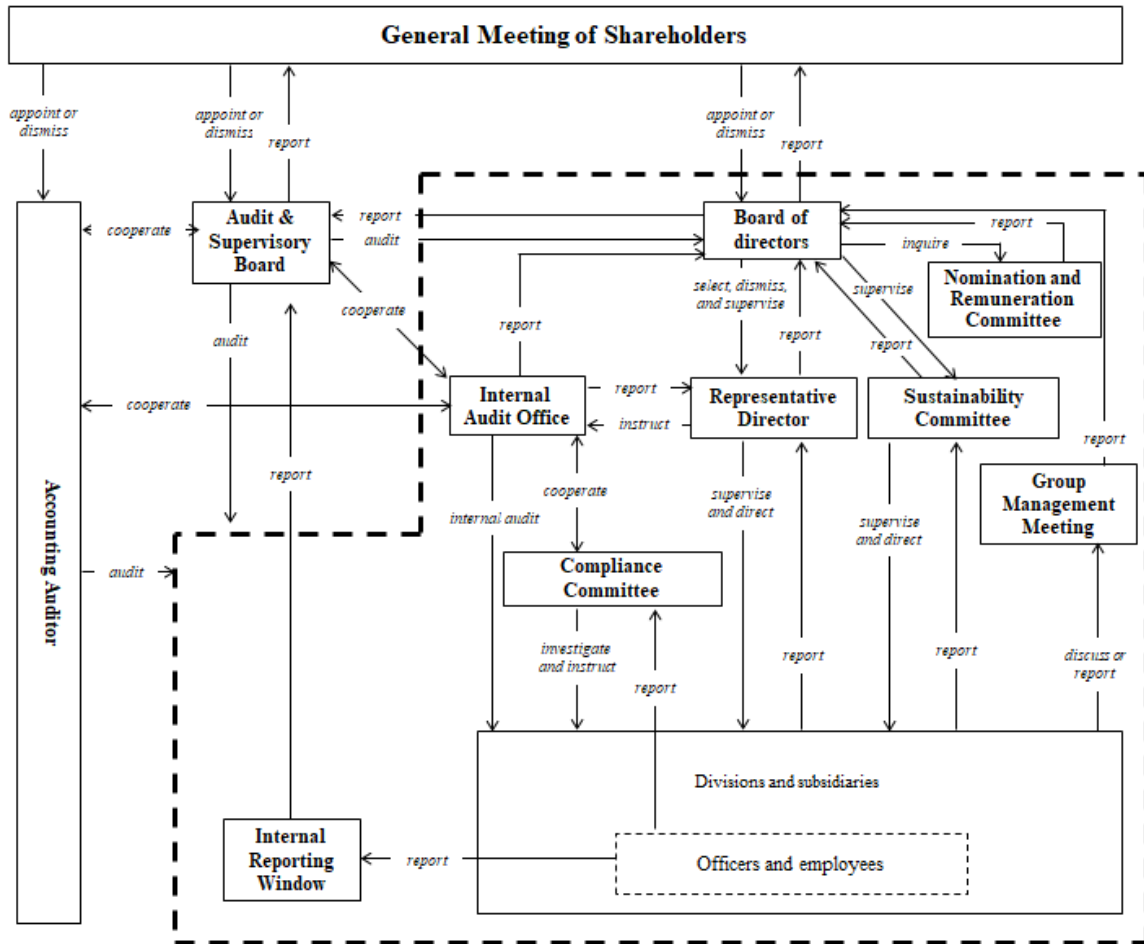
#### *(ii) Information on the fact of occurrence*

In principle, information regarding the occurrence of an event is gathered by the Information Management Officer, and the Board of Directors makes a decision on disclosure and deliberates and approves the draft disclosure documents. However, in urgent cases, the Representative Director makes the decision on disclosure, and a subsequent Board of Directors meeting adopts a new resolution.

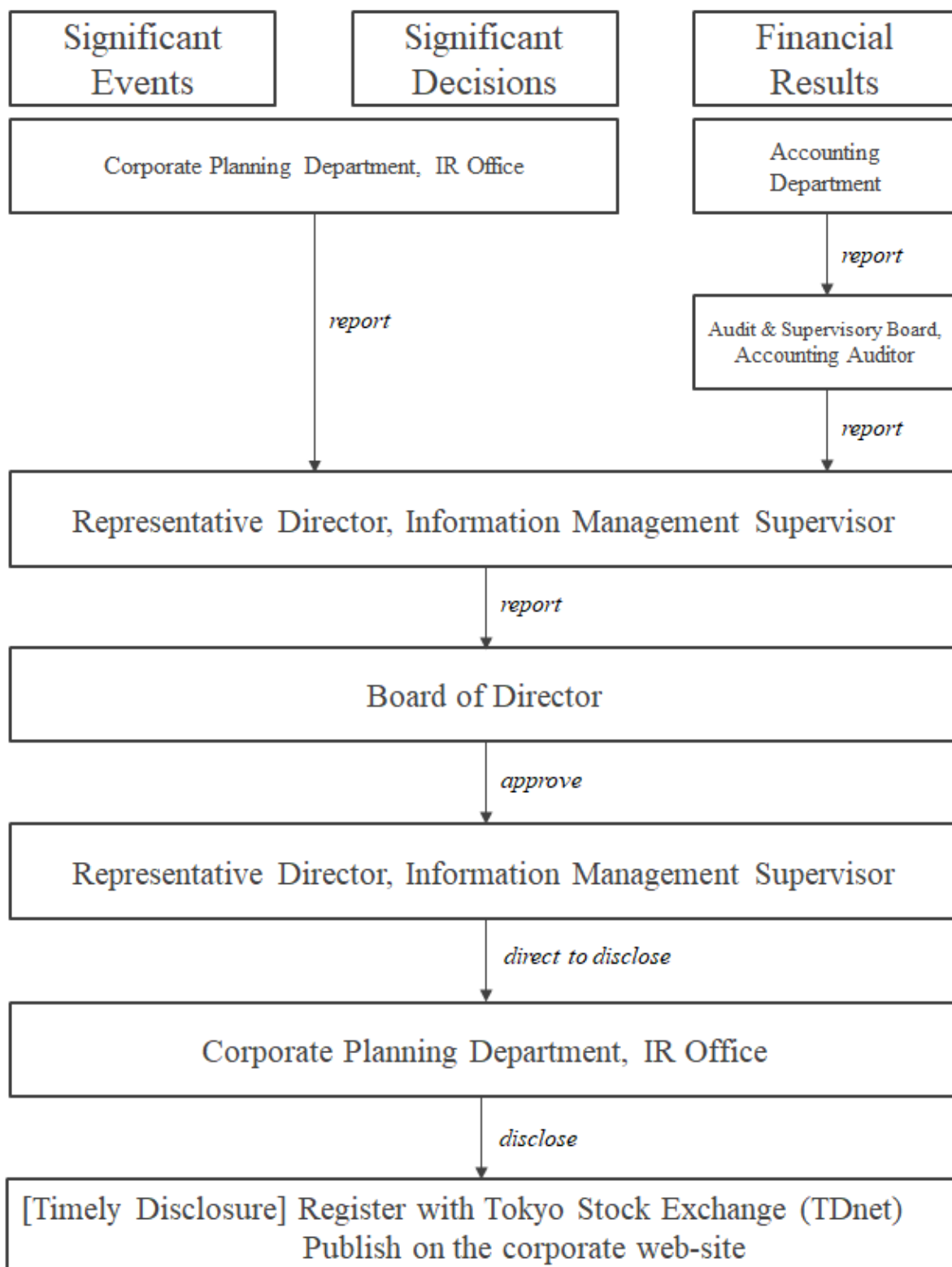
#### *(iii) Information on financial results*

Financial information is compiled by the Accounting Department as financial information and disclosed immediately after approval by the Board of Directors.

[System of Corporate Governance]



[System of Timely Disclosure]



END