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## Corporate Governance Report

Last Update: February 27, 2023  
JAFCO Group Co., Ltd.  
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Securities Code: 8595  
<https://www.jafco.co.jp/english/>

The corporate governance of JAFCO Group Co., Ltd. (the "Company") is described below.

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

#### 1. Basic Views

With an eye to increasing corporate value over the medium to long term, the Company has established the following basic policies on corporate governance and will make continuous efforts for its enhancement:

- Build respectful relationships with stakeholders;
- Maintain transparency and fairness in decision making;
- Establish an appropriate supervising structure;
- Establish a corporate structure that ensures effective and swift business execution.

#### [Reasons for Not Implementing Each Principle of the Corporate Governance Code]

All principles are based on the Corporate Governance Code after the June 2021 revision.

##### Supplementary Principle 3.1.3 Sustainability Initiatives

The Company will work to disclose the impact of risks and profit-earning opportunities stemming from climate change on its business activities and profits in accordance with the Task Force on Climate-related Financial Disclosure (TCFD) framework or similar.

Please refer to [Disclosure based on each principle of the Corporate Governance Code] below for the implementation status of Supplementary Principle 3.1.3 other than the above.

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

Based on the above basic views, the Company has established the Corporate Governance Policy (the "Policy") which outlines the Company's concrete corporate governance measures. The Policy is posted on the Company's website:

- <https://www.jafco.co.jp/company/governance/> (Japanese)
- <https://www.jafco.co.jp/english/company/governance/> (English)

Descriptions of the items disclosed based on the principles of the Corporate Governance Code are as follows:

##### Principle 1.4 Cross-Shareholdings Chapter II 1(4) of the Policy

- The Company will not acquire additional cross-holding shares in other listed companies, except in the following cases:

- (i) When it determines that the holding would be beneficial in maintaining and strengthening a cooperative business relationship with the counterparty;
- (ii) When it determines that the value of the shares would be financially beneficial for the Company.

- The Board of Directors regularly examines the appropriateness of existing cross-shareholdings. When it determines that the continuous shareholding lacks rationale after reviewing the risks and returns from a medium- to long-term perspective as well as the objectives given above, the Company will make efforts to sell such stock to the extent possible.
- With regard to cross-shareholdings as of the end of March 2022, the Board of Directors examined the appropriateness of cross-shareholdings from the following perspectives at the meeting of the Board of Directors held in June 2022 after monitoring business transactions with the counterparties and the counterparties' financial status and business performance.
  - (i) Compliance with the Company's policy on holding of the relative shares;
  - (ii) Possibility of contributing to the Company' business promotion and higher corporate value over the medium to long term, such as through commitments to JAFCO-operated funds, etc.
- When executing voting rights regarding cross-shareholdings, the Company decides whether to vote for or against the proposal by taking into account the counterparty's situation and after discussing whether or not the proposal would contribute to its higher corporate value over the medium to long term.

#### Principle 1.7 Related Party Transactions Chapter II 1(6) of the Policy

- The Company shall engage in transactions with its officers only with the prior approval of the Board of Directors (and the Board-Audit Committee if applicable) and in accordance with laws and regulations.
- The Company shall engage in transactions with affiliated firms or major shareholders (including their subsidiaries) on fair terms and conditions with due consideration to market quotations, etc. The Board of Directors, representative directors or other applicable corporate bodies will evaluate and approve such transactions based on the detail and amount.

#### Supplementary Principle 2.4.1 Ensuring Diversity in the Promotion of Core Human Resources Chapter II 2(2) and (3) of the Policy

- As the business environment surrounding the Company dramatically changes, it requires increasingly diverse perspective to invest in start-ups that are working to address diverse social needs and issues. To this end, the Company accepts and respects diverse perspectives and values of employees, irrespective of gender, nationality, age, etc.
- For each division, the Company will promote diversity-focused recruitment and appointment to management positions. In particular, a small number of women among venture capitalists in the investment divisions is an outstanding issue, and the Company plans to undertake aggressive recruitment to this end.

#### 1. Appointment of women to managerial positions

##### (1) Approach to ensuring diversity

We have been actively recruiting women to general positions and appointing them to managerial positions. This policy will remain unchanged. We have been making appointment to managerial positions regardless of gender, etc. and recruited a number of manager-level female employees.

However, in the investment divisions, the majority of investment staff have been male employees over the years, and as a result, the appointment of female managers has been limited. Therefore, whether in the case of new graduate or mid-career recruitment, the Company will aggressively recruit women and promote them to managerial positions.

##### (2) Voluntary and measurable goals for ensuring diversity

- In order to increase the appointment of women to managerial positions, the Company plans to increase the ratio of female employees (number of female employees divided by total number of employees). By the end of March 2025, the Company aims to increase this ratio to over one-third of the total workforce.

- For the ratio of female managers (number of female managers divided by total number of managers), the Company aims to increase the ratio to over 20% on a company-wide basis through managerial personnel development and mid-career hires.

##### (3) Current status of diversity

Fiscal year ended March 31, 2022 (as of March 31, 2022)

- Female employee ratio: 29.6% on a company-wide basis
- Ratio of female managers on a company-wide basis: 16.2%

#### 2. Appointment of mid-career hires to managerial positions

##### (1) Approach to ensuring diversity

- We have been actively promoting mid-career recruitment of those with advanced specialized skills and those who have built extensive careers and experiences at other companies. For the appointment to managerial positions after employment, opportunities are provided equally, regardless of mid-career or new graduate hires. In recent years, there have been a number of cases where the Company has hired mid-career manager-level candidates with diverse career history. With the aim of securing diverse human resources, the Company will continue with aggressive mid-career recruitment and appointment of mid-career hires to managerial positions.

(2) Voluntary and measurable goals for ensuring diversity

- We aim to maintain the ratio of mid-career hires in managerial positions to the total number of managers at one-third or more. Mid-career hires in managerial positions include employees who were recruited in mid-career and appointed as manager later on and those who were hired as manager.

(3) Current status of diversity

Fiscal year ended March 31, 2022 (as of March 31, 2022)

- Number of mid-career hires in managerial positions (including contract employees) and their ratio to the total number of managers (mid-career managers divided by total managers): 27 (39.7%)

### 3. Appointment of foreign employees to managerial positions

(1) Approach to ensuring diversity

- With a focus on individual abilities, we have intermittently been hiring foreign employees. In line with the rapid change in the business environment and globalization, it has also become necessary for the Company to secure diverse human resources, including foreign employees. The Company will continue to promote recruitment of foreign workers and work on the appointment of foreign workers to managerial positions.

- At the Asian and U.S. subsidiaries, employees are recruited locally. Foreign employees are also appointed to management-level or higher positions and implement investment activities rooted in each region.

(2) Voluntary and measurable goals for ensuring diversity and the current status of diversity

- With the exception of subsidiaries in Asia and the U.S., the Company currently has no foreign employees. It aims to hire one or more foreign employees by the end of March 2024.

- At the Asian and U.S. subsidiaries, all staff are hired locally, and with the exception of one Japanese staff at the U.S. subsidiary, all local foreign employees are appointed to managerial positions, in principle. The Company will continue to maintain this situation.

[Human resource development policy, internal environment improvement policy, and implementation status for securing diversity]

- The Company's human resource development centers on the implementation of effective OJT. In particular, for new graduates, the Company provides one-on-one, hands-on training based on the instructor system, in addition to introduction training. In the investment division, with the aim of developing human resources capable to stand on an equal footing with entrepreneurs, new staff will take charge of investment candidates that they identify and be required to think and act on their own initiative from an early stage. For the instructor system, in particular, detailed measures are being taken at an organizational level, such as providing necessary feedback on the activities of instructors based on regular reporting to related parties.

- In addition to securing diverse human resources, their retention is also an issue. In recruitment, candidate's aptitude is assessed from various aspects based on interviews by multiple officers, related division managers, and investment staff. By having the division taking on new staff actively involved in recruitment activity, the Company supports the realization of career plans for diverse human resources after employment and ensures their retention.

- The policies and implementation status of the Company's human resource development and internal environment improvement are posted on the Company's website.

<https://www.jafco.co.jp/english/company/esg/>

#### Principle 2.6 Roles of Corporate Pension Funds as Asset Owners

The Company has adopted a defined contribution scheme for its pension system. While explaining the intent and outline of the system to its employees on an as-needed basis, it provides information on the asset management status, alternative financial instruments, and potential changes of allocation on a regular basis.

Principle 3.1(i) Company objectives (e.g., business principles), business strategies and business plans  
Chapter I 1 of the Policy

(1) JAFCO's Purpose

"Fuel perpetual growth; invest in bold visions"

Over many years of investment experience, the Company continued to invest in new challenges of companies and entrepreneurs, based on its conviction that continued investment leads to the realization of a sustainable society. As issues surrounding the global environment and the global economy become increasingly complex, the Company will create a cycle of new growth and contribute to the realization of a sustainable society by making bold investments in challenges that create new value and committing ourselves to their growth.

(2) JAFCO's Mission

"Commit to new business creation and jointly shape the future"

Since the establishment, the Company has created various innovative products/ services with entrepreneurs. The Company's mission is to open a new era with its stakeholders by committing to creating new businesses needed in the society. In realizing its purpose, we will continue to work towards our mission which defines the aspiration we have pursued since inception.

(3) Policy and Strategy for Achieving JAFCO's Purpose and Mission

The Company aims to achieve its purpose and mission by making venture/ buyout investment through funds.

To better clarify its commitment to entrepreneurs embarking on new businesses and fund investors, the Company will further increase competitiveness by enhancing its organizational strength accumulated since inception and introducing the partnership model whereby individuals also take management responsibility.

The essence of the Company's business strongly matches with the concept of ESG investment. The Company will incorporate ESG factors into the entire investment process from identifying high-potential companies aiming to solve social issues to investment exit, including supporting their growth through post-investment engagement. The company will boost competitiveness and corporate value by contributing to sustainability through business growth of its portfolio companies.

In realizing its purpose and mission, the following strategies will also be implemented.

i. Highly selective, intensive investment and management involvement

To create new businesses, the Company will narrow down investment targets and make bold investments in companies with high growth potential. It acquires influential stakes in its portfolio companies and accelerate their growth through deep management involvement.

ii. Sustain improvement in fund performance and increase supply of risk money

To stably secure sufficient investment capital, it is vital to achieve sustainable improvement in fund performance and steadily raise funds from outside investors. The Company will promote the circulation and expansion of risk money by distributing returns gained through the growth of its portfolio companies to fund investors/shareholders and promoting fundraising for a new fund.

iii. JAFCO as "Co-Founder"

During the startup phase of a portfolio company, the Company is required to be a "Co-Founder" rather than a fund provider. It aims to become an organization where each employee and the Company as a whole can play an active role as a "Co-Founder" by passing on and developing its spirit, expertise and experience that it has built up since establishment.

\* About the Company's business portfolio

- The Company specializes in venture/ buyout investment through fund management. The main income sources are management fees and success fees derived from fund operations and capital gains on direct investment in funds.

- Investment teams in Japan, Asia, and the U.S. manage their own funds based on their respective investment strategies. Investment teams that are deeply rooted in each region carry out everything from identifying investment candidates, making and executing investment decisions, to providing post-investment support. The Company diversifies regional risks through tri-polar investment activity based in Japan, Asia and the U.S.

- While promoting global solidarity as a group, the Company will pursue uniqueness in each region in accordance with their respective investment styles.

\* About business plans

Due to the nature of the venture/ buyout investment business, the Company is greatly impacted by volatility in stock markets and the IPO environment in Japan and overseas. Moreover, as the Company invests its own capital alongside its partners in funds, its earnings may fluctuate sharply over the short term. With the aim of enhancing its corporate value over the medium to long term, the Company strives to achieve long-term targets set for its fund performance. With the aim of enhancing corporate value that leads to higher shareholder returns, the Company has established its Basic Policy for Enhancing Corporate Value, which calls for an increase of profits through the promotion of growth strategies and the improvement of capital efficiency through the reduction of net assets. The policy is available on its website (<https://www.jafco.co.jp/ir/shareholder/dividend/>).

\*To realize the Company's purpose and mission

Since adopting the partnership model in 2018, the Company has been focusing on building a flat organization centered around Partners, who are responsible for fund management as top capitalists. Partners and employees have invested in funds alongside the Company since the SV6 Fund Series established in 2019, bearing the risk of fund performance while receiving carried interest based on fund performance and degree of individual contribution. The Company is also enhancing its long-accumulated organizational strength to further improve fund performance through deep involvement in the management of portfolio companies.

Principle 3.1(ii) Basic views and guidelines on corporate governance Chapter I 2 of the Policy

The Company's basic views on corporate governance are as shown in the section "1. Basic Views". The Company has established the Corporate Governance Policy, which is posted on the Company's website:

<https://www.jafco.co.jp/english/company/governance/>

Principle 3.1(iii) Board policies and procedures in determining the remuneration of the executive members and directors Chapter IV 2(3) of the Policy

- The Board of Directors decides the remuneration of directors (excluding directors serving as Board-Audit Committee members), corporate officers, partners, and presidents of major subsidiaries based on the "Policy for Determination of Remuneration of Directors, etc." (\*) and after deliberations by the Nomination and Remuneration Committee composed of all independent directors and the President. The decision on remuneration adequately reflects evaluation of the Company's business results, fund performance, and the degree of individual contribution.

(\*) Please see "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" under the "Director Remuneration" below for reference.

- The Board-Audit Committee expresses its opinion on directors' remuneration at the General Meeting of Shareholders when it deems it necessary.

Principle 3.1(iv) Board policies and procedures in the appointment/ dismissal of the executive members and the nomination of director candidates Chapter IV 2(4) of the Policy

Principle 4.11.1 Views on Board Composition Chapter IV 2(4) of the Policy

- Directors, corporate officers, and presidents of major subsidiaries are appointed by the Board of Directors after deliberations by the Nomination and Remuneration Committee.

- All directors (excluding directors serving as Board-Audit Committee members) are subject to election/re-election every year at the General Meeting of Shareholders. The Board-Audit Committee expresses its opinion on directors' election/ dismissal at the General Meeting of Shareholders when it deems it necessary.

- The Company shall select director candidates who have business skills, insight, experience, and expertise to serve as a director to allow the Board of Directors to fully exercise its operational and supervisory functions. The Company proactively selects suitable candidates from diverse background regardless of gender and nationality.

- The Company shall select independent director candidates who have abundant experience and deep insight into corporate management or specialist fields, and can be expected to fulfill the roles and responsibilities of an independent director. The selection is in accordance with the Company's "Standards for Independence of Independent Directors."

- In a case where a director has caused the Company to incur a tremendous loss or operational problems by committing a wrongful act, or violating laws, regulations, the Articles of Incorporation or the Company's internal rules, or has become difficult to execute duties by other reasons, such director shall be subject to dismissal proposal.
- A Partner is nominated with consensus of all partners and appointed upon the approval of the Board of Directors after deliberations by the Nomination and Remuneration Committee.
- In principle, a majority of the Board of Directors are independent directors, and the Board size shall be determined to allow high effectiveness in term of the Company's scale and business. The Company strives to ensure diversity in terms of gender, nationality, career history, and age.

The skill matrix of the Board of Directors listing experience and specialty required for directors serving the Company's Board of Directors and each director's expertise, experience and specialty is provided in the notice of convocation of the annual general meeting of shareholders, which is available on the Company's website (<https://www.jafco.co.jp/english/ir/shareholder/meeting>).

Please see "Experience and Specialty of the Company's Directors" for reference.

Principle 3.1(v) Explanations with respect to the individual appointments/ dismissals and nominations of executive members based on (iv) above

Reasons for the appointment of two (2) directors (excluding directors serving as Board-Audit Committee members) elected at the 50th Annual General Meeting of Shareholders on June 21, 2022 and four (4) directors serving as Board-Audit Committee members elected at the 49th Annual General Meeting of Shareholders on June 15, 2021 are explained in the respective Notice of Convocation of the respective Annual General Meeting of Shareholders.

The above convocation notice is posted on the Company's website:

<https://www.jafco.co.jp/english/ir/shareholder/meeting/>

Supplementary Principle 3.1.3 Sustainability Initiatives, Investments in Human Capital and Intellectual Property, etc. Chapter II 2(2) to (3) and Chapter II 4 of the Policy

(1) Sustainability Initiatives

- The Company will create new businesses with portfolio companies. It not only makes investments necessary to make the businesses successful, it also provides various support in line with the status and growth of portfolio companies.

- Beyond the role of an investor, the Company will work with portfolio companies on their businesses as a "CO-FOUNDER."

- The essence of the Company's investment activity matches strongly with the concept of ESG investment. The Company will incorporate the concept of ESG investment into its investment activity, including pre-investment assessment/ analysis and deep discussions and specific support that go beyond the framework of engagement with portfolio companies.

More information about the Company' investment activities can be found on our website (<https://www.jafco.co.jp/english/company/esg/>).

- The Company plans to promote dialog with portfolio companies based on ESG perspectives and establish an investment process including support for building a risk management structure at portfolio companies.

- The Project Promotion Division established in May 2022 mainly promotes the Company's sustainability projects and works to specifically incorporate sustainability concepts into its business strategy.

- In February 2022, the Company established/announced a purpose which defines its aspiration to remain committed to fueling perpetual growth through social and economic circulation, while contributing to the development of a start-up ecosystem by investing in bold visions. In line with this, we have published an integrated report, which provides information regarding value creation to our stakeholders, with a focus on the purpose. The Japanese version of the integrated report is available on the Company's website at: <https://www.jafco.co.jp/ir/library/integrated-report/>. The English version is scheduled to be available in March 2023.

Please note that the Company does not disclose the impact of risks and profit-earning opportunities stemming from climate change on its business activities and profits at this time. Please refer to aforementioned [Reasons for Not Implementing Each Principle of the Corporate Governance Code] .

(2) Investment in Human Capital and Intellectual Property, etc.

- The Company has introduced the partnership model with the aim of becoming a professional group where each employee thinks and acts proactively in an open and flat organization, consisting of investment divisions centered around Partners and other divisions. Prioritizing the recruitment and development of next-generation human resources who will succeed its mission as the most important theme, the Company will further promote investment in human capital.
- The Company has consistently placed importance on new graduate hiring and developing personnel through on-the-job training. In line with changes in the business environment and values in recent years, there is an increasing need to recruit personnel with diverse career backgrounds widely from external sources. Therefore, in addition to the annual recruitment of new graduates, the Company will actively implement mid-career recruitment to diversify human resources.
- The Company provides employees with opportunities and support to broaden experience and acquire expertise to allow them to enhance their professional skills. Employees are also encouraged to have side businesses.
- The Company will continue to take initiatives to increase individual employee engagement. As part of such efforts, it has introduced a scheme to allow employees to invest in JAFCO-operated funds.
- The Company has introduced a complete flextime system, allowing each employee to choose working hours and locations in accordance with their respective lifestyles. Flexible work styles create an environment that facilitates balance between work and childcare/ elderly care, carve out time for self-improvement and refreshment, and eventually allow the Company to leverage the diversity of employees. It will continue to invest in IT infrastructure to improve remote working environment.
- In addition to extensive experience and expertise built up through investment activity and fund operation since inception, the Company has accumulated abundant resources related to investment activity and post-investment support, and built a network of business firms including fund investors. It has compiled a proprietary portfolio-related database based on accumulated investment information and know-how to support investment activity, while also utilizing it to raise corporate value of portfolio companies. The current system was introduced after a major renewal in 2017. The Company will continue to invest in system development in a continuous and planned manner.
- Since October 2020, the Company's brand slogan has been "Your closest partner" and "& JAFCO" as the concept word. Amid big changes in the environment surrounding the start-up industry, the Company will further strengthen branding that appeals to entrepreneurs.
- While fair value valuation of unlisted securities has been implemented for the accounting of Asian and U.S. funds, it had not been reflected in the account settlement of the Company and its domestic funds. As a result, the disclosure of unrealized gains on unlisted domestic securities had been an issue, but in the second quarter of the fiscal year ending March 2022, the Company started disclosing reference figures based on international valuation standards. Using a globally used, dedicated platform which the Company uses in Japan, the U.S. and Asia, fair value valuation will be implemented based on an international guideline for fair market valuation.

Supplementary Principle 4.1.1 Matters Delegated to the Management Chapter IV 2(1) of the Policy

- With due attention to its responsibilities to shareholders, the Board of Directors makes important management decisions and supervises the execution of business with the aim of achieving sustainable growth and enhancing corporate value.
- The Board of Directors holds a regular monthly meeting, in principle, and an extraordinary meeting as necessary.
- Matters to be discussed at the Board of Directors meetings are set out in the Regulations on the Board of Directors. The Company's basic policy is that the Board of Directors, including independent directors, makes decisions on important operational issues based on thorough discussions. Therefore, the Company has no provision in the Articles of Incorporation that delegates decisions on important operational matters to directors.
- The Investment Committee composed of the President, partners, etc. has an authority to make investment decisions to allow quick decision-making. In the situation where a conflict of interest between the Company and JAFCO-managed funds may arise, such as in the case of investing its own capital, not only the Investment Committee but also the Board of Directors examine the case and make decisions.
- The decision-making authority on certain matters is delegated to representative director or executive member/ partner in charge (including any equivalent person), depending on the content and degree of importance, based on the Rules on Document Approval.

Principle 4.9 Independence Standards and Qualification for Independent Directors Chapter IV 5(3) of the Policy

The Board of Directors has established the "Standards for Independence of Independent Directors" in reference to the independence criteria set out by the Tokyo Stock Exchange. The Standards has been disclosed in the section "Matters relating to Independent Directors" below, the notice of convocation of the Annual General Meeting of Shareholders, and Independent Directors/Auditors Notification.

Supplementary Principle 4.10.1 Independent Nomination and Compensation Committee Chapter IV 7 of the Policy

The mandates and roles, as well as the policy regarding the independence of the composition of the Company's Nomination and Compensation Committee are stated in "II. Status of management organizations and other corporate governance systems related to management decision-making, execution and supervision 1. Matters related to organization composition, organizational management, etc."

Supplementary Principle 4.11.2 Concurrent Positions of Directors Chapter IV 2(4) of the Policy

The Company discloses major concurrent positions of directors in the notice of convocation of Annual General Meeting of Shareholders every year.

Supplementary Principle 4.11.3 Analysis, Evaluation and Disclosure of Board Effectiveness Chapter IV 8 of the Policy

The Board of Directors analyzes and evaluates its effectiveness every year and discloses the summary of the result on the Company's website:

<https://www.jafco.co.jp/english/company/governance/>

Supplementary Principle 4.14.2 Training Policy for Directors Chapter IV 11 of the Policy

- The Company provides and arranges training for directors necessary to fulfill their responsibilities.
- A newly appointed director will be given training on director responsibilities and corporate governance requirements, and will be provided continuous training on legal revisions, etc.
- An independent director will receive an explanation about the Company's business when assuming office, and will be provided information on management issues etc., as necessary.

Principle 5.1 Policy for Constructive Dialogue with Shareholders Chapter II 1(7) of the Policy

The Company has set the policy for constructive dialogue with shareholders as shown below:

<Policy regarding a structure/ measures to promote constructive dialogue with shareholders>

- The Company holds constructive dialogue with shareholders and other investors through investor relations to enhance its corporate value over the medium to long term.
- The executive member in charge of administration manages investor relations, and the IR team of the administration division carries out investor relation activities based on close cooperation with relevant internal departments.
- The Company holds an information meeting for institutional investors every six months, in which the President gives an explanation of the financial results. The summary and presentation materials of the meeting are disclosed on the Company's website.
- In principle, the director/ executive member in charge of administration shall, to the extent reasonable, attend individual meetings with institutional investors. The Company also makes efforts to provide opportunities for dialogue between independent directors and institutional investors.
- The Company arranges opportunities for the President, etc. to have dialogue with foreign investors during their regular overseas visits for IR purposes.
- The Company will hold meetings with its domestic and foreign institutional shareholders on an ongoing basis to help them deepen their understanding of its management policy and business strategy, and also to better grasp their views on exercising voting rights.
- The Company makes efforts to enhance information disclosure about the Company's management policy, investment activity and financial conditions, as well as investor relations materials, through its website. The Company will work to enhance the content of the convocation notice of the General Meeting of Shareholders to provide accurate information to shareholders. Such information will also be provided in English to the extent possible depending on importance.



- The opinions or suggestions obtained through dialogue with investors will be given as feedback to executive members as necessary, and be reported at the Board of Directors meeting to be utilized for the Company's future management.
- The Company appropriately controls the insider information in accordance with the internal rules to prevent external leaks.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	12,834,500	18.01
Custody Bank of Japan, Ltd. (Trust Account)	4,344,200	6.09
Hikari Tsushin Kabushiki Kaisha	4,050,600	5.68
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	3,260,846	4.57
STATE STREET BANK AND TRUST COMPANY 505103 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	2,285,809	3.21
THE BANK OF NEW YORK MELLON 140044 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,249,900	1.75
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch)	1,220,403	1.71
Nippon Life Insurance Company	1,158,600	1.63
STATE STREET BANK WEST CLIENT – TREATY 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1,089,600	1.53
STATE STREET BANK AND TRUST CLIENT OMNIBUS ACCOUNT OM02 505002 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	995,513	1.40

Controlling Shareholder (except for Parent Company)	-
Parent Company	None

Supplementary Explanation **Updated**

The information in the "Status of Major Shareholders" above is as of March 31, 2022.

Although the following Large Shareholding Reports (or Revised Reports) have been submitted, the changes are not reflected in the "Status of Major Shareholders" above because the Company is unable to confirm the actual number of shares owned as of the end of March 2022. The Company conducted a 3-for-1 stock split of common shares as of February 1, 2022 (hereinafter "Effective Date"). The number of shareholdings on a Large Shareholding Report (or Revised Report) submitted before the Effective Date is the number before the stock split and that on a Large Shareholding Report (or Revised Report) submitted on or after the Effective Date is the number after the stock split. Please note that the holding percentage enclosed in parentheses is the percentage of the total number of outstanding shares, including treasury shares.

- 1) Oasis Management Company Ltd. held 1,711 thousand shares (5.26%) as of February 4, 2021 (Large Shareholding Report dated February 12, 2021)
- 2) Two joint holders, including Asset Management One Co., Ltd., held 1,753 thousand shares (5.39%) as of April 30, 2021 (Revised Report dated May 12, 2021)

- 3) Two joint holders, including Lazard Asset Management LLC, held 1,882 thousand shares (6.21%) as of May 31, 2021 (Revised Report dated June 4, 2021)
- 4) Marathon Asset Management LLP held 1,935 thousand shares (7.18%) as of November 30, 2021 (Revised Report dated December 3, 2021)
- 5) Two joint holders, including Mitsui Sumitomo Trust Asset Management Co., Ltd., held 4,231 thousand shares (5.23%) as of March 15, 2022 (Large Shareholding Report dated March 22, 2022)
- 6) Three joint holders, including Nomura Securities Co., Ltd., held 4,478 thousand shares (5.53%) as of March 31, 2022 (Revised Report dated April 7, 2022)

### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Type of Business	Securities & Commodity Futures
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	From 100 to less than 500
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

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

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#### 5. Other Special Circumstances which may have Material Impact on Corporate Governance

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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

Organization Form	Company with board-audit committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	16
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	4
Of which, number of Independent Directors	4

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

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Shigeru Tamura	From another company												

Koji Tanami	Attorney-at-law												
Kenichi Akiba	Certified public accountant								△				
Yoshie Kajihara	From another company									△			

- \* Categories for "Relationship with the Company"
- \* "○" 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;
- "▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)
- i. Executive of a company, between which and the Company's outside directors are mutually appointed (the director himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Board-Audit Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Shigeru Tamura	○	○	Mr. Tamura doesn't fall under any category of "Relationship with the Company" in the section of "Outside Directors' Relationship with the Company (1)" above. MIC Medical Corporation ("MIC", currently Mediscience Planning Inc.), at which Mr. Tamura had been President and Chairman until May 2015, is one of the Company's former portfolio companies that have made IPO (investment: September 2006; IPO: November 2007). The Company invested in MIC through a JAFCO-operated fund, which had a mere 1.2% stake at the time of IPO, and all the shares were sold by July 2012.	Mr. Tamura has involved in the management of listed and unlisted companies as CEO, CFO, etc., and has abundant experience and deep insight. He also has experience in financial and investment businesses as well as international operations. He has leveraged his achievements, insight and knowledge to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective as the full-time Board-Audit Committee member. Also, he chairs the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that he will appropriately perform his duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects him to continue to perform the above role. Furthermore, he satisfies the criteria of the "Standards for Independence of Independent Directors"

				established by the Company, which is described in the section "Matters relating to Independent Directors" below. Due to the above, the Company has concluded that he would not have a conflict of interest with other shareholders and designated him as an independent director.
Koji Tanami	○	○	-	Mr. Tanami has held various important positions at government agencies and international organizations, and has extensive experience and insight in monetary, financial, tax and international matters, as well as expertise in legal affairs as an attorney-at-law. He has leveraged the above experience and insight to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. He also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that he will continue to appropriately perform his duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects him to continue to perform the above role. Furthermore, he satisfies the criteria of the "Standards for Independence of Independent Directors" established by the Company, which is described in the section "Matters relating to Independent Directors" below. Due to the above, the Company has concluded that he would not have a conflict of interest with other shareholders and designated him as an independent director.
Kenichi Akiba	○	○	In the fiscal year ended March 31, 2013, the Company paid ¥1.35 million to Mr. Akiba in remuneration for advice regarding consolidated accounting and the preparation of written opinions. In addition, the Company signed an advisory contract with him effective from April 2013 to February 2015 and received guidance on the background and opinions of accounting systems and accounting standards, for which the Company paid an annual fee of ¥1.5 million. Currently, there is no business relationship	Mr. Akiba is a certified public accountant with extensive knowledge in international accounting systems and has contributed to the development of accounting standards in Japan. He is also committed to research activities and human resources development as a graduate school professor. He has leveraged high level of expertise in financial accounting, etc. to contribute to the Company's important management decision-making while supervising the execution of its operations from an independent perspective. He also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that he will continue to appropriately perform his duties as an independent director serving as Board-Audit Committee member. Once reelected, the

			between him and the Company.	Company expects him to continue to perform the above role. Furthermore, he satisfies the criteria of the “Standards for Independence of Independent Directors” established by the Company, which is described in the section “Matters relating to Independent Directors” below. Due to the above, the Company has concluded that he would not have a conflict of interest with other shareholders and designated him as an independent director.
Yoshie Kajihara	○	○	The Company invested in Interactive Solutions Corporation (“Interactive Solutions”), at which Ms. Kajihara had been a director until July 2018, through a JAFCO-operated fund in October 2014 and May 2016. One of the Company’s employees is appointed as an independent director, but this is only for business development support purposes. The percentage of the amount invested in Interactive Solutions to the balance of unlisted investments (acquisition cost basis) by the Company (including funds) is less than 0.5% as of the end of March 2022. CCS Inc. (“CCS”), at which Ms. Kajihara had been an Executive Officer until October 2016, is one of the Company’s former portfolio companies that have made IPO (initial investment in September 1998; IPO in June 2004). The Company and its funds invested in CCS; all shares had been sold by November 2013 when Ms. Kajihara became an Executive Officer.	Ms. Kajihara has served as an executive, mainly in charge of accounting and management planning, at listed and unlisted companies and has abundant experience and deep insight in these fields. She has leveraged her achievements, insight, and knowledge to contribute to the Company’s important management decision-making while supervising the execution of its operations from an independent perspective. She also serves as a member of the Nomination and Remuneration Committee and actively contributes opinions at the committee meetings. Based on the above, the Company believes that she will appropriately perform her duties as an independent director serving as Board-Audit Committee member. Once reelected, the Company expects her to continue to perform the above role. Furthermore, she satisfies the criteria of the “Standards for Independence of Independent Directors” established by the Company, which is described in the section “Matters relating to Independent Directors” below. Due to the above, the Company has concluded that she would not have a conflict of interest with other shareholders and designated her as an independent director.

### [Board-Audit Committee]

#### Committee’s Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Board-Audit Committee	4	1	0	4	Outside Director

Appointment of Directors and/or Employees to Assist the Board-Audit Committee	Not Appointed
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Reason for Adopting Current Structure

The Board-Audit Committee currently has no director or employee assisting its duties full time, but the Internal Audit Division and the Administrative Division assist the Committee at the Committee's direction and as necessary.

Directors or employees to assist the duties of the Board-Audit Committee will be assigned as necessary, and personnel affairs of assistant employees will be discussed between directors and the Board-Audit Committee. The Board-Audit Committee shall have the authority to give directions and orders to its assistant employees in executing their assistant duties.

Cooperation among Board-Audit Committee, Accounting Auditors and Internal Audit Division

The Board-Audit Committee shall have opportunities to exchange information with the Internal Audit Division every month and share the issues based on the division's audit reports. In addition, the Board-Audit Committee shall have opportunities to discuss and exchange information and opinions with the external auditor with the aim of reviewing its audit reports and audit plans and updating itself with outstanding audit issues related to legal amendments, etc.

The Board-Audit Committee conducts audits based on the internal audit results when available. Based on discussions with the Committee, the Internal Audit Division conducts internal audits at the request of the Committee and reports the result to the Committee.

**[Voluntary Establishment of Nomination/Remuneration Committee]**

Establishment of Voluntary Committee(s) Equivalent to Nomination Committee or Remuneration Committee	Established
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Establishment of Voluntary Committee(s), Committee's Composition, and Attributes of Chairperson

	Name	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other Members	Chairperson
Voluntary committee equivalent nomination committee to	Nomination and Remuneration Committee	5	0	1	4	0	0	Outside Director
Voluntary committee equivalent remuneration committee to	Nomination and Remuneration Committee	5	0	1	4	0	0	Outside Director

Supplementary Explanation

The Nomination and Remuneration Committee has been established as a voluntary committee to perform functions of both of a nomination committee and a remuneration committee.

The Nomination and Remuneration Committee is composed of all independent directors and the President, with a majority consisting of independent directors. The chairperson is selected from the committee members who are independent directors to ensure independence, objectivity and fairness. Currently, the Nomination and Remuneration Committee consists of four independent directors and the President.

The Nomination and Remuneration Committee carries out deliberations of important items related to the nomination (including succession planning) and remuneration of directors, corporate officers,

partners, and presidents of major subsidiaries prior to its presentation to the Board of Directors, based on the nomination policy in the Policy and the policy on remuneration of directors, etc. The Board of Directors discusses and decides the relevant nomination and remuneration based on the deliberation at the Nomination and Remuneration Committee.

In the fiscal year ended March 31, 2022, the Nomination and Remuneration Committee met five (5) times with full attendance of all Committee members. The main deliberations items were the appointment of directors, including the change of President & CEO, the election of corporate officers and partners; basic and extraordinary compensation for directors, corporate officers, and partners; and the introduction of a stock compensation plan.

### [Independent Directors]

Number of Independent Directors	4
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Matters relating to Independent Directors
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The Company believes that the independence of each independent directors is secured as they meet the criteria of the "Standards for Independence of Independent Directors" established by the Company (described below), and the requirement for independent directors defined by the Tokyo Stock Exchange. Outside directors meeting qualifications of an independent director are all designated as independent directors.

#### < Standards for Independence of Independent Directors >

In order to ensure the independence from the Company, independent directors of the Company shall satisfy the following criteria:

(1) An independent director is not, and has not been in the past ten (10) years, an officer (limited to persons executing business) or employee of the Company or any of its subsidiaries (collectively referred to as the Company Group").

(2) An independent director is not, and has not been in the past three (3) years, any of the following:

- 1) A person executing business (\*1) of another company at which a person executing business of the Company serves, or has served in the past three (3) years, as a director or officer.
- 2) A major shareholder (a shareholder holding 10% or more of the voting rights directly or indirectly) of the Company or a person executing business of that shareholder.
- 3) A partner at the financial auditor of the Company or an employee engaged in auditing of the Company at the same.
- 4) A person executing business of a major lender of the Company (\*2).
- 5) A person executing business of a major business partner of the Company Group (\*3).
- 6) An expert in a field such as legal matters, accounting or taxation, a consultant or other such person receiving remuneration from the Company Group in excess of ¥10 million per year outside of remuneration for officers.
- 7) A partner or a person executing business of an organization such as a corporation or an association that provides services for legal matters, accounting, taxation or consulting, or other specialist services, where the organization is deemed as a major business partner.
- 8) A person executing business of an organization that receives a donation exceeding a certain amount (\*4) from the Company Group.

(3) A person who is a spouse or a relative within the second degree of kinship of, or who shares living expenses with, an independent director is none of the following (excluding persons without importance):

- 1) A person who executes business of the Company Group or has done so in the past three (3) years.
- 2) A person to whom any of the above(2) 1) to 8) applies.

(Notes)

\*1 A person executing business is an executive director, an executive (shikkoyaku), an administrative officer (riji), or other such equivalent manager (limited to persons executing business) or an important employee such as an executive officer.

\*2 A major lender of the Company is a lender of an amount equivalent to at least 2% of consolidated total assets.

\*3 A major business partner of the Company Group is a business partner whose transactions with the Company Group were equivalent to more than 2% of that business partner's annual consolidated net sales in its last fiscal year.

\*4 A donation exceeding a certain amount is a donation to an organization exceeding an amount in a year of ¥10 million or 2% of the relevant organization's total revenue or ordinary income, whichever is the larger.

#### [Incentives]

Implementation Status of Measures related to Incentives for Directors	Introduction of performance-linked remuneration plan, Other
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#### Supplementary Explanation

- The remuneration of directors (excluding directors serving as Board-Audit Committee members) shall be decided by the Board of Directors after deliberations by the Nomination and Remuneration Committee based on the "Policy for Determination of Remuneration of Directors, etc." The decision takes into account the Company's business results, fund performance and the degree of individual contribution.
- Monetary compensation for directors (excluding directors serving as Board-Audit Committee members) shall consist of basic compensation and extraordinary compensation. Part of basic compensation is linked to the Company's ordinary income and other business performance, and extraordinary compensation additionally takes into account fund performance.
- In addition, from the perspective of improving the Company's corporate value in the medium to long term, stock-based remuneration shall be paid to directors (excluding Board-Audit Committee members and independent directors).
- The remuneration of directors serving as Board-Audit Committee members consists only of basic compensation excluding performance-linked portion, and there is no extraordinary compensation nor stock-based remuneration. The remuneration system, which is not easily affected by the Company's performance, ensures their independence to the Company's management.

As for determining remuneration amounts, please see "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" under the "Director Remuneration" below for reference.

Recipients of Stock Options	-
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#### Supplementary Explanation

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#### [Director Remuneration]

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
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#### Supplementary Explanation

From April 1, 2021 to March 31, 2022:

Directors (excluding directors serving as Board-Audit Committee members and independent directors)  
183 million yen

Breakdown by compensation type:

Basic compensation (fixed) 70 million yen

Basic compensation (performance-linked) 20 million yen

Extraordinary compensation (performance-linked) 92 million yen

Independent directors 75 million yen

Breakdown by compensation type:

Basic compensation (fixed) 75 million yen



- Notes: 1. Part of basic compensation is paid to directors (excluding directors serving as Board-Audit Committee members and independent directors) as performance-linked remuneration. The details of the performance indices selected as a basis for calculating the said amount and the method of calculating the amount are as given in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" below. The reason for selecting the said performance indices is to reflect the Company's short-term performance. Of the above performance-linked basic compensation, ¥5 million paid between April and June 2021 was determined based on the performance index for the fiscal year ended March 31, 2020 and ¥15 million paid in and after July 2021 was determined based on the performance index for the fiscal year ended March 31, 2021 at the Board of Directors meetings. Business performance for the performance index for the year ended March 31, 2020 was capital gains of ¥15,359 million, reversal of investment loss reserves of ¥514 million, and ordinary income of ¥17,045 million, and that for the performance index for the year ended March 31, 2021 was capital gains of ¥11,260 million, additions to investment loss reserves of ¥2,679 million, and ordinary income of ¥11,707 million. Evaluation based on the above was at the 3 (base amount) of the 5-point rating scale.
2. Extraordinary compensation is paid to directors (excluding directors serving as Board-Audit Committee members) as performance-linked remuneration. The details of the performance indices selected as a basis for calculating the said amount and the method of calculating the amount are as given in "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods" below. The reason for selecting the said performance indices is to reflect not only the Company's short-term performance, but also fund performance, which is linked to the Company's medium- to long-term performance. The amount of the above extraordinary compensation was determined at the meeting of the Board of Directors based on the performance index for the current fiscal year. Year-over-year business performance for the said index was a 4.7% increase in ROI on funds, which is used as the index for fund performance, no change in total fund commitments from the end of the previous year, an increase of ¥6,652 million in ordinary income, an increase of ¥363 million in core income, and a decrease of ¥2,340 million in unrealized gains. Based on the above, the said compensation level for each position increased by 10% from the previous year.
3. Part of basic compensation (fixed) includes director stock ownership association enrollment promotion charge, for which ¥1 million is paid to directors (excluding directors serving as Board-Audit Committee members and independent directors) and ¥2 million to independent directors serving as Board-Audit Committee members, totaling ¥3 million.
4. The above remunerations do not include ¥36 million in remuneration as officer of major consolidated subsidiary paid to a director (excluding directors serving as Board-Audit Committee members and independent directors) and ¥2 million in fund performance-linked distributions to persons involved paid to a director (excluding directors serving as Board-Audit Committee members).

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

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The Company has established the Nomination and Remuneration Committee composed of all independent directors and the president to strengthen corporate governance and enhance fairness, transparency and objectivity in procedures related to nomination and remuneration of directors, corporate officers and partners (hereinafter "Directors, etc."). Based on the results of deliberations by the Committee, the Company determines the "Policy for Determination of Remuneration of Directors, etc." at the Board of Directors meeting.

The "Policy for Determination of Remuneration of Directors, etc." is posted on the Company's website: <https://www.jafco.co.jp/english/company/governance>

### [Supporting System for Outside Directors]

Independent directors currently have no director or employee assisting its duties full time, but the Internal Audit Division and the Administrative Division assists the Committee at the direction of the independent directors and as necessary. The full-time member of the Board-Audit Committee shares information with independent directors serving as members of the Board-Audit Committee.

Materials for meetings of the Board of Directors and the Board-Audit Committee will be distributed in advance, and independent directors will receive an advance briefing on the agenda of the board meeting in principle.

### [Status of Retired Representative Directors and Presidents, etc.]

Names of Advisors, etc. who Retired Representative Directors and President, etc.

Name	Title	Activities	Employment conditions (Full/part time, with/without compensation, etc.)	Date of retirement from President, etc.	Term
-	-	-	-	-	-

Total Number of Advisors who Have Retired from Representative Directors and President, etc.

0

Other Information

Currently there are no advisors.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

Structure for Business Execution and Supervision

[Organization]

The Company formed the Board of Directors and the Board-Audit Committee stipulated in the Companies Act as company organizations for important management decision-making and audit and supervision of business execution by directors.

[Board of Directors]

The Board of Directors is composed of six (6) directors, including four (4) independent directors, and the President serves as the chairman of the Board. The Board of Directors supervises importance management decision-making and the execution of duties by directors. Independent directors supervise management from a neutral and objective standpoint.

In the fiscal year ended March 31, 2022, the Board of Directors met thirteen (13) times with full attendance of all directors.

[Board-Audit Committee]

The Board-Audit Committee is composed of four (4) independent directors, and the full-time independent director chairs the committee. The Board-Audit Committee audits the execution of duties by directors and prepares audit reports. Independent directors who satisfy the criteria of the "Standards for Independence of Independent Directors" established by the Company are selected to ensure their independence.

In the fiscal year ended March 31, 2022, the Board-Audit Committee met fourteen (14) times with full attendance of all Committee members.

[Swift and Effective Business Execution]

The Investment Committee composed of the President, partners, etc. has an authority to make investment decisions to allow quick decision-making. Directors serving as Board-Audit Committee members also participate in the Investment Committee on an as-needed basis.

#### [Auditing]

The internal audit shall be conducted based on the Rules on Internal Audit. The Internal Audit Division, an independent section, conducts an audit on entire operations by one (1) full-time staff. The Internal Audit Division reports internal audit results to the President and the Board-Audit Committee, and to the Board of Directors when necessary. The Internal Audit Division receives reports on remediation measures taken based on the internal audit findings from auditee sections.

The Board-Audit Committee shall conduct audits based on the Regulations on Audits of the Board-Audit Committee. Members of the Board-Audit Committee attend the Board of Directors meeting and other important internal meetings. The Committee shall assign a member responsible for obtaining reports and explanations on business executions from directors and employees, inspecting important documents for managerial decision-making and examining the state of operations and assets at the head office and branch offices. The Board-Audit Committee exchanges opinions with the representative directors and has discussions with the Internal Audit Division and the external auditor on a regular basis. The Board-Audit Committee shall audit and supervise the business execution of directors based on information gathered and opinions exchanged through the above measures.

The Board-Audit Committee holds monthly meetings with the Internal Audit Division to share issues arising from internal audit reports. The Committee also reviews audit reports and audit plans of the external auditor and updates itself with outstanding audit issues related to legal amendments, etc.

Current external auditor of the Company is Ernst & Young ShinNihon LLC. Toshihiro Morishige and Kenjiro Tsumura, both certified public accountants, were external audit engagement partners for the fiscal year ended March 31, 2022. They have been engaged in the Company's audit for less than seven (7) years. Four (4) other CPAs and 26 staff assisted in audit preparation for the fiscal year.

#### [Appointment and Remuneration of Directors and Corporate Officers]

To ensure transparency and objectivity of nomination and remuneration of directors, important decisions regarding the nomination and remuneration of directors, corporate officers, partners and presidents of major subsidiaries are deliberated in advance by the Nomination and Remuneration Committee composed of all four (4) independent directors and the President. The Board of Directors discusses and makes decisions on the nomination and remuneration after deliberations by the Nomination and Remuneration Committee.

Please see the chart "Structure for Business Execution and Supervision" for reference.

#### Outline of Liability Limitation Agreements

In accordance with the provisions of Article 28 of the Articles of Incorporation and Article 427, paragraph 1 of the Companies Act, the Company and directors (excluding executive directors, etc.) signed an agreement that limits liability for damages as stipulated in Article 423, paragraph 1 of the Companies Act. The maximum amount of liability of each director (excluding executive directors, etc.) under such agreement is the amount prescribed by laws and regulations.

#### Outline of Indemnification Agreement

The Company has entered into an indemnification agreement with all directors as stipulated in Article 430-2, Paragraph 1 of the Companies Act, under which the Company shall indemnify them for the expenses provided for in item (i) and the loss provided for in item (ii) of the said paragraph to the extent provided for in laws and regulations. In order to ensure that the appropriateness of the execution of duties by the Company's directors is not impaired by said indemnification agreement, the Board of Directors' resolution approving the execution of an indemnification agreement shall be subject to the approval of all the independent directors (excluding the director to be covered by the said agreement).

#### Outline of Directors and Officers Liability Insurance Contract

The Company has entered into a directors and officers liability insurance contract, which covers directors, corporate officers, and important employees of the Company and its subsidiaries (excluding some of subsidiaries which have conducted a similar insurance contract on their own), and officers and employees of the Company who are appointed as directors of unlisted portfolio companies in Japan, with an

insurance company as provided for in Article 430-3, Paragraph 1 of the Companies Act. The contract covers the liability of the insured for compensation for damages, legal dispute fees, etc. arising from claims for damages from third-parties, shareholders, etc. However, there are certain exemptions such as in cases where violation of laws and regulations were knowingly committed. The premium, including the portion for riders, will be borne by the Company and its subsidiaries and there are no premiums to be borne by the insured individuals.

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

The Company is a company with Board-Audit Committee.

The Company focuses on private equity investment, a highly-professional business aimed at providing risk money. In light of nature and scale of the Company's business and the number of employees, the Board of Directors of the Company, consisting of a small group of members, makes an effort to ensure swift and appropriate decision making.

Under the above circumstances, the Company has adopted the current framework because it believes that the most effective governance structure is one that utilizes the roles of independent directors and the Board-Audit Committee (at least a majority of which are independent directors) to strengthen business execution auditing/ supervising functions and the corporate governance system, and further enhance corporate value.

In principle, a majority of the Board of Directors consist of independent directors to enhance the effectiveness of corporate governance.

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

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

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of convocation for the Annual General Meeting of Shareholders on June 21, 2022 was dispatched on May 25, 2022.
Scheduling AGMs Avoiding the Peak Day	The Annual General Meeting of Shareholders was held on June 21, 2022.
Allowing Electronic Exercise of Voting Rights	The Company allows electronic exercise of voting rights. The Company informs shareholders of the exercise of voting rights by electronic means and the website for exercising voting rights in the notice of convocation of the Annual General Meeting of Shareholders.
Participation in Electronic Voting Platform and other efforts to facilitate the exercise of voting rights for institutional investors	The Company participates in the Electronic Voting Platform.
Providing Convocation Notice in English	The Company prepares English translation of the notice of convocation of the General Meeting of Shareholders and provides it on its website.
Other	The Company provided the notice of convocation of the Annual General Meeting of Shareholders (in Japanese and English) on its website on May 13, 2022 prior to the dispatch. (Japanese original) <a href="https://www.jafco.co.jp/ir/shareholder/meeting/">https://www.jafco.co.jp/ir/shareholder/meeting/</a> (English translation) <a href="https://www.jafco.co.jp/english/ir/shareholder/meeting/">https://www.jafco.co.jp/english/ir/shareholder/meeting/</a>

### 2. IR Activities Updated

	Supplementary Explanations	Presentation by CEO
Regular Investor Briefings for Analysts and Institutional Investors	Twice a year (after the end of 2nd quarter and fiscal year)	Yes
Regular Investor Briefings for Overseas Investors	Once a year (visiting investors in Europe and U.S. after the end of each fiscal year) Visits to overseas investors scheduled for May of each year have been cancelled since 2020 due to the new coronavirus pandemic. Briefings through video conferences, etc. were held for investors on a request basis.	Yes
Posting of IR Materials on Website	Financial results, presentation materials, disclosure materials, annual/quarterly securities reports, notices of convocation of the annual general meetings of shareholders, integrated report, corporate governance reports, online IR information, etc.	
Establishment of Department and/or Manager in Charge of IR	IR team of the Administrative Division	

### 3. Measures to Ensure Due Respect for Stakeholders Updated

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	The Company presents its views on the relationship with its stakeholders, including shareholders, employees, fund investors, investee companies and society, in the "Corporate Governance Policy".
Development of Policies on Information Provision to Stakeholders	The Company shall make timely and appropriate disclosures in accordance with laws, regulations, and rules related information disclosure to ensure that the information will be beneficial to users. In addition, the Company shall actively provide information that is deemed essential or useful in understanding the Company (except for personal information, customer information and information that may violate the rights of others). The disclosure takes into account fairness of the information provided. The above policies are set out in the "Corporate Governance Policy" of the Company.
Other	The Company's purpose is "Fuel perpetual growth; invest in bold visions" and its mission is "Commit to new business creation and jointly shape the future." The nature of our investment activity matches strongly with the concept of ESG investment. Many startup companies are established with a motive to solve social issues and contribute to the society. By providing hands-on support and working together with management teams of startup companies, the Company contributes to the emergence of companies that will generate large social impacts in the future. The Company has invested in over 4,000 unlisted companies, provided IPO support to over 1,000 companies, and produced many companies representing Japan and various overseas countries. Among these include many companies whose business activities align with SDGs, or which have become big companies in Japan following an IPO and are proactively addressing SDGs to fulfill their social responsibilities. The Company will continue with its contribution to the achievement of SDGs through its investment activities. The Company participates as a demonstrator in the "Demonstration Project for the Use of Entrepreneur in Residence (EIR)" by the Ministry of Economy, Trade and Industry (METI), which is aimed at increasing start-ups and promoting open innovation through the use of the EIR program in Japan. In addition, we offer the Career Academy, an HR support

	<p>program aimed at promoting start-ups by people who have worked at large companies, etc. and expanding the start-up market in Japan (this program has been selected as a model project of the “Program for Supporting HR Innovation For Tech-startups &amp; (x),” or “SHIFT(x),” implemented by METI). We contribute to the development of the start-up ecosystem through these activities.</p> <p>As “Co-Founder” of cutting-edge startups, the Company also aims to be an advanced role model in terms of organization and workstyle. It provides an office space designed to inspire broad-minded collaboration and creation of new values, a remote work environment that allows employees to work from anywhere in an office-like environment through cloud/mobile IT systems, a full flex time system, etc., and has introduced a new personnel system to ensure fair assessment and distribution based on merit. The Company will continue with its reform efforts to help each member feel their own growth and a sense of satisfaction and fulfillment working at the Company.</p>
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#### IV. Matters Related to the Internal Control System

##### 1. Basic Views on Internal Control Systems and the Progress of System Development

The Company shall implement and operate the following internal control systems to ensure appropriate operations of the Company and its subsidiaries (collectively referred to as the “Company Group”) and the systems necessary for operations of the Board-Audit Committee.

**[Basic Views on the Internal Control Systems]**

- (1) Systems to ensure that execution of duties by directors, etc. and employees of the Company Group is in compliance with laws and regulations and the Articles of Incorporation
  - Based on the recognition that compliance with laws and regulations and the like is the precondition of all of corporate activities, directors, corporate officers, and partners of the Company Group (including personnel with equivalent duties; referred as “the Directors” hereinafter) shall lead efforts to ensure thorough compliance with laws and regulations by the Company Group from the group-wide perspective, and a compliance officer designated by the President of the Company shall supervise overall initiatives for the Company Group’s compliance with laws and regulations.
  - The Company shall create a global compliance policy that is common to the Company Group, and all group companies shall thoroughly implement systems for complying with laws and regulations and the like based on the policy in consideration of legal systems in the countries where they are located, their business scales, their organizational structures and other characteristics.
  - The Company shall sever any relationships with antisocial forces and stand firmly against them. The Company shall take an organization-wide initiative and establish a dedicated department that works closely with external professional institutions including police and attorneys-at-law.
  - The Internal Audit Division audits and reports the status of the Company Group’s compliance with laws and regulations and the like to the President and the Board-Audit Committee, and, as necessary, to the Board of Directors. The audited departments and subsidiaries shall promptly address any issues that need to be corrected or improved.
  - The JAFCO hotline shall be established and operated as means for officers, employees and others at the Company Group to directly provide information to the Company regarding conduct that is in violation of, or risks violating, laws and regulations.
- (2) Systems for retention and management of information pertaining to execution of duties by the Directors
  - In accordance with laws and regulations and internal rules, the Company shall appropriately retain and manage records concerning decision-making at the Board of Directors and other important meetings, and other important documents and information pertaining to execution of duties by the Directors.
- (3) Regulations and other systems concerning management of risk of loss at the Company Group

- The Directors shall retain authority and responsibility to implement systems and measures for risk management. In addition, the officer in charge of administration shall push forward the cross-company initiatives for the risk management of the Company Group.
  - At the Company, in order to manage risks associated with private equity investment, which is the Company's main business, investment decisions are made based on deliberations by the investment committee composed of the President, partners, etc. in accordance with internal rules. For making decisions, opinions of staff in charge of evaluation shall be asked separately from the investment division. In addition, the investment division shall update the status of business operations of unlisted portfolio companies on an as-needed and regular basis and take necessary actions.
  - At overseas subsidiaries, appropriate systems shall be established in consideration of the countries where they are located, their business scales, their organizational structures and other characteristics, with the aim of making investment decisions, assessing business operations of portfolio companies, and managing risks associated with private equity investment.
  - If a risk with a significant impact on the management of the Company Group becomes apparent, the Directors shall promptly report this to the Company's officer in charge of administration and the Company shall take appropriate actions in accordance with the risk.
- (4) Systems to ensure effective execution of duties by the Directors
- The Company clarifies the duties of the Directors, establish internal rules regarding the division of duties and official authority to achieve efficient operations through role sharing and a chain of command.
  - The Company holds monthly meetings of the Board of Directors and extraordinary meetings as necessary to determine important issues in business execution and supervise the status of business execution by Directors.
  - Thoroughly manage investment performance by enhancing portfolio management by the Company Group and its funds and regularly reporting the status at meetings of the Board of Directors.
  - In light of the characteristics of private equity investment, which differ by country and region, committees for investment and fund management and other necessary meeting bodies shall be established for each of tri-polar bases of the Company Group in Japan, Asia and the US, and efforts shall be made to enhance efficiency in decision making regarding private equity investment.
- (5) Systems for reporting to the Company on matters relating to execution of duties by directors of subsidiaries and systems to ensure properness of operations at the Company Group
- Directors, corporate officers or employees of the Company shall be assigned as officers at subsidiaries, and officers, etc. of subsidiaries shall periodically report to the Board of Directors of the Company on important execution of operations at respective subsidiaries.
  - Subsidiaries shall periodically report to the Company on their financial information and the performance of the funds they manage. Furthermore, the Company and subsidiaries shall collaborate to ensure proper operations through information exchange, etc. between departments that are relevant in the course of business.
  - The presidents of subsidiaries shall have the authority and the responsibility to implement systems and measures, etc. to ensure proper operations of respective subsidiaries.
  - Subsidiaries are also subject to internal audits by the Company and audits by the Board-Audit Committee of the Company.
- (6) Matters regarding Directors/employees who shall assist the Board-Audit Committee with their duties, independence of such Directors/employees from other directors (excluding Directors serving as Board-Audit Committee Members) and assurance of effectiveness of instructions to such Directors/employees
- Directors or employees who shall assist the duties of the Board-Audit Committee shall be assigned as necessary, and personnel affairs of such employees shall be discussed between Directors and the Board-Audit Committee.
  - The Board-Audit Committee shall have the authority to give instructions and orders to such employees in executing their assistant duties.
  - The Internal Audit Division's audit results shall be used for audits by the Board-Audit Committee. Based on discussions with the Board-Audit Committee, the Internal Audit Division shall conduct internal audits on matters requested by the Committee as needed and report the result to the Committee.
- (7) Systems for reporting to the Company's Board-Audit Committee by the Directors and employees of the Company Group and systems to ensure that reporting persons do not receive unfair treatment because of such reporting

- The Directors and employees shall report the status of their execution of duties and operations upon request from the Board-Audit Committee.
  - The Directors and employees shall promptly report matters that may cause a serious impact on the Company and its subsidiaries, violations of laws and regulations and the Articles of Incorporation, improper conduct by directors and serious matters reported to the JAFCO hotline, to the Board-Audit Committee.
  - The JAFCO hotline contacts shall include a member of the Board-Audit Committee of the Company.
  - Persons reporting matters to the JAFCO hotline or to the Board-Audit Committee of the Company shall not receive unfair treatment because of such reporting.
- (8) Matters regarding the policy for handling the expenses, etc. arising from the execution of duties by members of the Board-Audit Committee
- For various expenses associated with audits by members of the Board-Audit Committee, a budget necessary to ensure the effectiveness of the audits shall be established, and when the Board-Audit Committee requests payment of expenses, the accounting department shall handle the request after confirmation.
- (9) Other systems to ensure effective audits by the Board-Audit Committee
- Representative directors shall provide opportunities for members of the Board-Audit Committee to regularly exchange opinions.
  - The Directors shall secure opportunities for members of the Board-Audit Committee to attend important internal meetings or committees.
  - The Board-Audit Committee, the Internal Audit Division and the financial auditor shall have opportunities for regular consultations and reinforce their relationships through information and opinion exchanges.

#### **[Overview of the Operation Status of the Systems for Ensuring Appropriate Operations]**

An overview of the operation status of the systems for ensuring appropriate operations in the fiscal year ended March 31, 2022 was as follows.

##### **1. Compliance management**

- The Company took necessary measures to address revisions to laws and regulations related to the Company's business and corporate governance, etc., including laws related to financial services, personal information protection and corporate governance code, after discussing their impact on internal rules and workflow at relevant divisions.
- Once a year, all of the Company's officers and employees are asked to submit a pledge of compliance with laws and regulations and internal rules related to data management, restriction of insider trading and personal stock trading, etc., with the aim of raising compliance awareness.
- As for measures to sever any relationships with antisocial forces and prevent money laundering and terrorist financing, the Company conducts verification at the time of transaction related to fund investment, collect related information, and cooperate with external professional institutions, including the police and attorneys-at-law.
- The Company has established the Rules on Internal Control over Financial Reporting. Implementation, operation and evaluation of internal control over financial reporting are carried out in cooperation with the financial auditor.
- The Company has established the JAFCO hotline, which provides direct contacts with the Compliance Officer, the administration department and an independent director of the Company, to prevent improper conduct and detect violations of laws and regulations, etc. at an early stage. The hotline is made known companywide via the intranet and through other means.

##### **2. Risk management**

- The Internal Audit Division conducts internal audits of each division and overseas subsidiaries of the Company based on the internal audit plans, and reports the results to the President, the Board-Audit Committee and the Board of Directors.
- The director in charge of overseas operations regularly reports important matters related to investment and fund management at overseas bases and other overseas operations at the Board of Directors meetings.
- The status of compliance management and risk management is reported regularly to the Board of Directors.
- When it is judged highly likely at Company's valuation meetings that the estimated recovery amount of capital invested in an unlisted portfolio company falls below 70% of the acquisition cost, we record the estimated amount of loss based on the estimated recovery amount as an investment



loss reserve in accordance with the "Valuation Markdown Standard for Unlisted Operational Investment Securities" set by the Company.

- The Company worked to grasp issues related to portfolio companies' businesses, corporate governance, compliance and risk management, and the investment division took the initiative in addressing these issues with portfolio companies. Also, such information is shared in-house to the extent possible for future reference purposes.
- For operation of SV6, established in 2019, the Company has strengthened measures to prevent conflicts of interest, etc. in advance by asking the Advisory Board, composed of representatives of limited partners, for advice concerning potential conflicts of interest, etc. between the fund and the Company, etc.

### 3. Efficiency of execution of duties

- The regular meeting of the Board of Directors is held once a month, in principle, to make decisions on important management matters and oversee the status of business execution.
- Decision-making on investment in unlisted companies is conducted by the investment committee locally set up at each operating base in Japan, Asia and the US. This allows proper risk management and efficient execution of duties in line with the business environment in each region.
- Partners, investment staff in charge, and other members involved discuss and take concrete actions to realize the assumed growth scenario of portfolio companies on an as-needed and regular basis.
- Reports on portfolio status are made every month at the meeting of the Board of Directors to ensure strict portfolio management by each division/ subsidiary/ fund, and to improve fund performance.
- The Company works to conduct smooth operations and improve operating efficiency and productivity in the prolonged COVID-19 pandemic by continuously reviewing internal work process, while introducing and renewing IT and other operational infrastructures, promoting remote work, and reviewing remuneration/ evaluation systems and workstyles, etc.
- In September 2021, the Chubu, Kansai and Kyushu branches were integrated as the West Japan Branch. By merging the former branches' resources and knowledge of their members, the new branch will enhance investment activities and contribute to building a regional venture ecosystem.

### 4. Audit and supervision by the Board-Audit Committee

- The Board-Audit Committee members, led by a full-time member, cooperate with the Internal Audit Division and supervise the business execution by attending the investment committee and other important internal meetings and expressing opinions as necessary.
- Members of the Board-Audit Committee conduct interviews with directors, corporate officers, partners and investment and other division heads, and their members in charge, to receive explanations about important decision-makings and the status of execution of duties.
- Written approvals from representative directors or the director/ corporate officer in charge are circulated to a full-time member of the Board-Audit Committee. The Board-Audit Committee regularly receives reports separately on the status of such approvals from the division in charge.
- Employees at the internal audit and administration divisions assist in operation of the Board-Audit Committee as necessary.
- Members of the Board-Audit Committee exchange opinions with representative directors at the Nomination and Remuneration Committee, etc. The Board-Audit Committee also holds discussions with the Internal Audit Division and the financial auditor on a regular basis.
- It has been informed via the intranet and by other means that anyone who conducts internal reporting through the JAFCO hotline or to the Board-Audit Committee will not receive unfair treatment because of such reporting.

Please see the chart "Structure for Business Execution and Supervision" for reference.

## 2. Basic Views on Eliminating Anti-Social Forces

The Company rejects any relationship with anti-social forces which threaten the order and safety of our community. The Company declares the above intention in the Basic Views on Internal Control System and other internal rules, and has worked to eliminate anti-social forces on a company-wide basis by increasing awareness of management and employees through daily operations and compliance training.

With regard to the elimination of anti-social forces, the Company has designated a department to work closely with police, attorneys, and other professional bodies to prevent anti-social forces' involvement in investment and other business activities of the Company and any damage by the forces. As a member of

an association to prevent organized crime affiliated with the Metropolitan Police Department, the Company keeps itself updated with the latest information about anti-social forces through regular meetings and publications of the association, and deepens alliances with other member companies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation
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### 2. Other Matters Concerning to Corporate Governance System Updated

Internal structure for timely and fair disclosure is as follows.

#### 1) Internal structure for timely and fair disclosure

To protect information assets necessary for business operations, the Company has set out basic policy and responsibilities regarding information management in the Rules on Information Management. The Company has also set out how to control insider/ material information in the Rules on Controlling Insider Trading.

The Company's structure for timely and fair disclosure is outlined below:

- The officer in charge of administration has responsibility for company-wide information control.
- The officer in charge of administration attends the Company's decision-making meetings held on a regular or temporary basis to familiarize with important decisions made in the meetings. Important occurrences shall be reviewed by the manager of the relevant division and promptly reported through the officer of the same division to the officer in charge of administration (compliance officer) and other relevant officers. Furthermore, if officers or employees of the Company provide material information in the course of their business to recipients defined by law, this shall also be reported to the compliance officer. Based on this structure, facts related to material decision-making/ occurrences and transfer of material information are centralized in the hands of the officer in charge of administration.
- In principle, the Company discloses material information to the public as soon as possible. Also, when the Company provides material information to a recipient defined by law, it shall, in principle, disclose the information simultaneously to the public pursuant to laws and regulations. The information shall be released to the public by the administration division after consultation with the manager in charge of the information, the compliance officer and the officer/ manager in charge of administration based on the approval of the representative directors or the Board of Directors.

#### 2) Function to check the structure for timely disclosure

The Internal Audit Division conducts an audit of the information disclosure structure and supervises proper and timely disclosure of corporate information.

Please see the chart "Structure for Reporting and Timely and Fair Disclosure" for reference.

Also, please refer to the chart "Governance Initiatives" for the Company's major initiatives in corporate governance.

## 【Reference : Experience and Specialty of the Company's Directors】

The policy and procedure for selection of director candidates are stipulated in the Corporate Governance Policy of the Company as shown below.

- Directors, including CEO, and corporate officers are appointed by the Board of Directors based on deliberations by the Nomination and Remuneration Committee.
- All directors (excluding directors serving as Board-Audit Committee members) are subject to election/re-election every year at the General Meeting of Shareholders. The Board-Audit Committee expresses its opinion on directors' election/ dismissal at the General Meeting of Shareholders when it deems it necessary.
- The Company shall select director candidates who have business skills, insight, experience, and expertise to serve as a director to allow the Board of Directors to fully exercise its operational and supervisory functions. The Company proactively selects suitable candidates from diverse background regardless of gender and nationality.
- The Company shall select independent director candidates who have abundant experience and deep insight into corporate management or specialist fields and can be expected to fulfill the roles and responsibilities of an independent director. The selection is in accordance with the Company's "Standards for Independence of Independent Directors."

Experience and expertise required for directors serving the Company's Board of Directors and after the election at the 50th Annual General Meeting of Shareholder held on June 21, 2022 are as shown below.

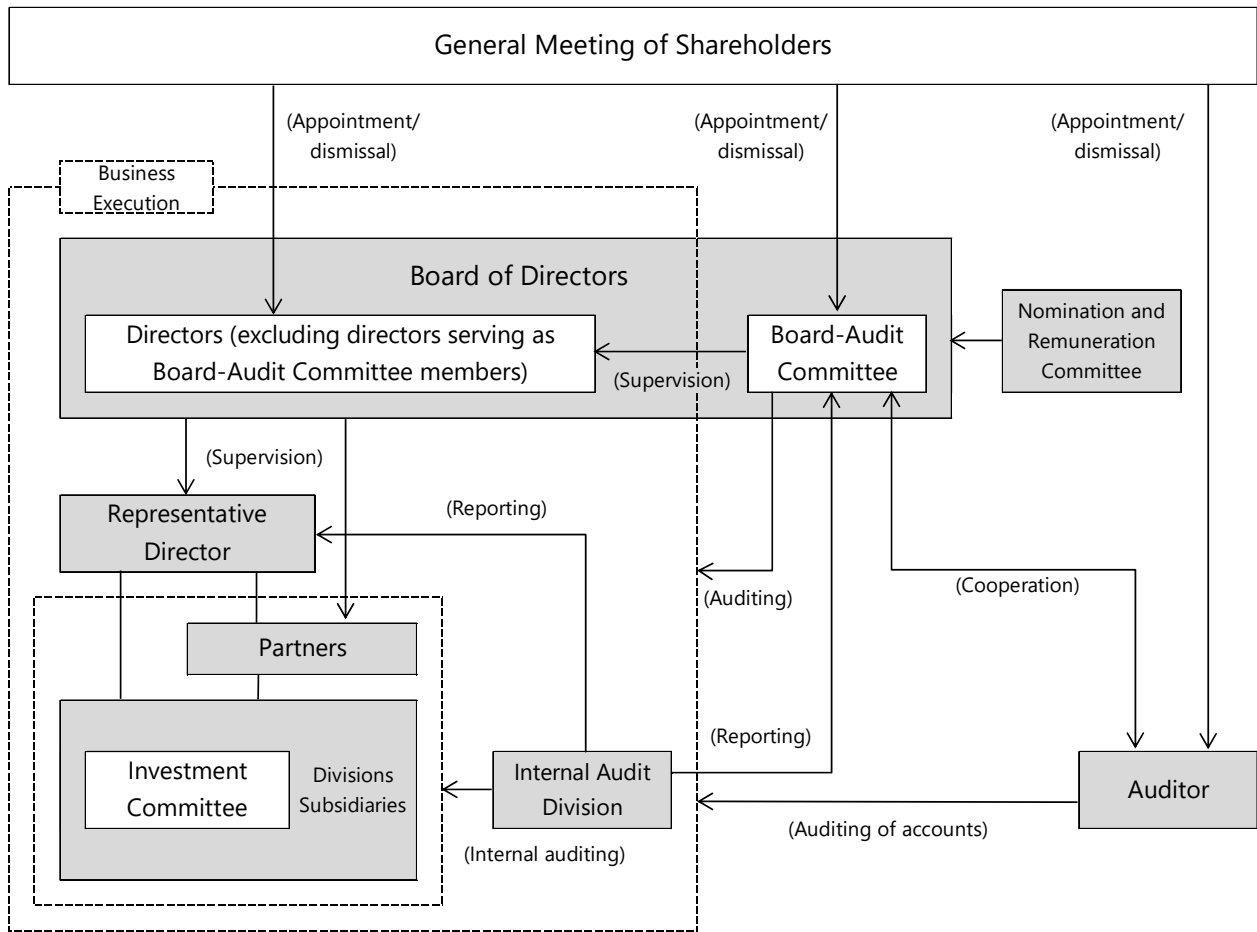
Experience:	1. Corporate management	Expertise*:	(a) Personnel/ labor affairs
	2. Investment		(b) Treasury accounting
	3. Fundraising/ fund operation		(c) Legal affairs/ compliance
	4. Overseas operation		(d) Finance
			(e) Academic research/ education

Directors	Experience/expertise	1	2	3	4	Expertise*				
						(a)	(b)	(c)	(d)	(e)
Shinichi Fuki		●	●	●	●	●	●	●	●	
Keisuke Miyoshi		●	●	●		●	●	●	●	
Shigeru Tamura	(Independent Director)	●	●		●	●	●		●	
Koji Tanami	(Independent Director)	●			●			●	●	
Kenichi Akiba	(Independent Director)						●		●	●
Yoshie Kajihara	(Independent Director)	●				●	●			

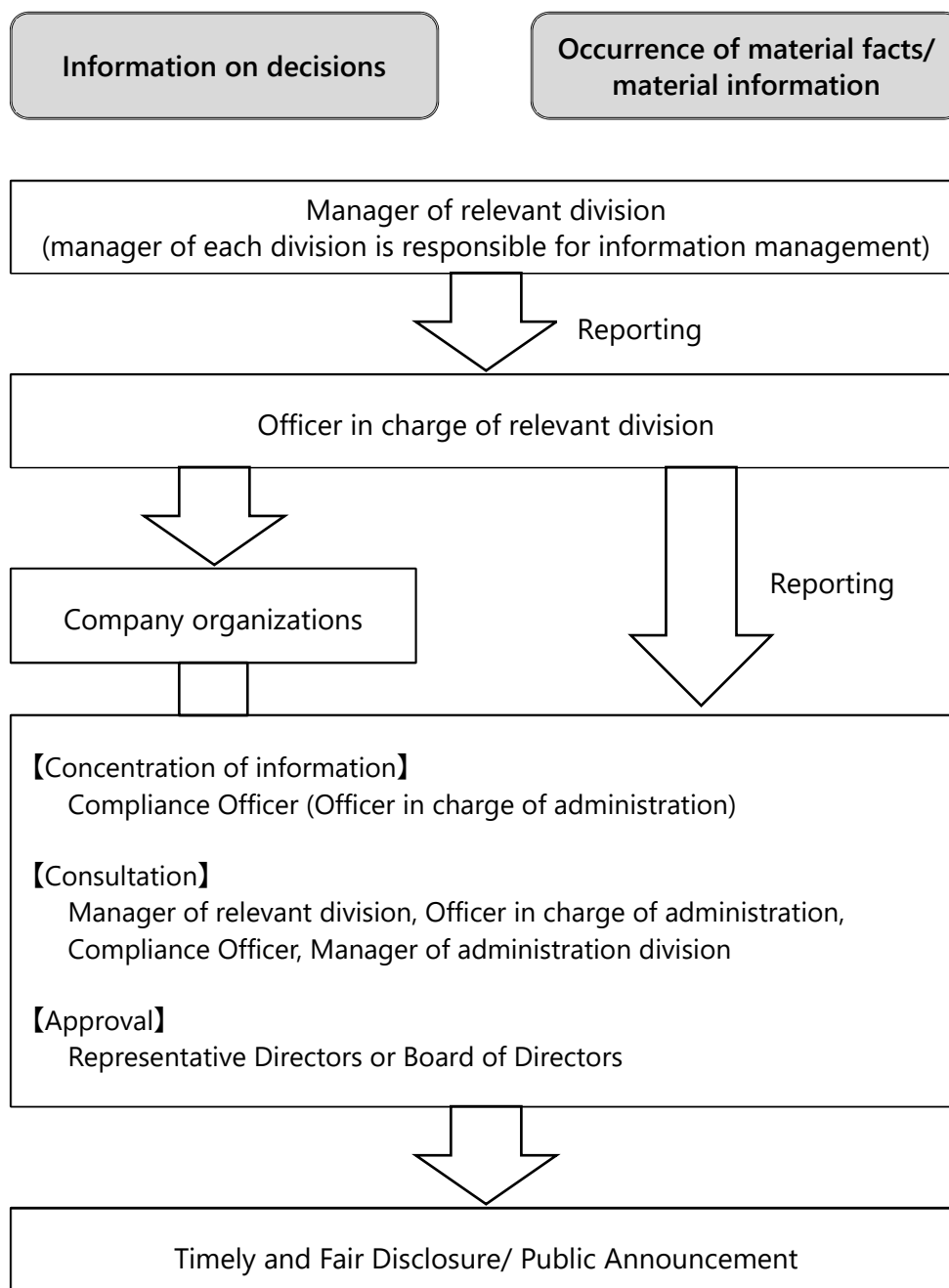
\* Note: Expertise

Directors Shinichi Fuki and Keisuke Miyoshi have experienced management team member recruitment, management figure analysis, investment legal affairs, fundraising arrangement, etc. at unlisted companies through their venture investment operations. Therefore, even if they have not worked in the relevant divisions, they are judged to have expertise in personnel/ labor affairs, treasury/ accounting, and legal affairs.

**【Reference : Structure for Business Execution and Supervision】**



**【Reference : Structure for Reporting and Timely and Fair Disclosure】**



## 【Reference : Governance Initiatives】

For JAFCO Group, which operate in a risky business of VC and buyout investments, it is extremely important to enhance management governance and carry out fair and prompt decision-making. We have been upgrading governance in stages each year, focusing on "management independence," "ensuring good balance between shareholder returns and strong shareholders' equity," and "transition to a partnership model." Our efforts continue to enhance governance.

