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Hirofumi Nishira

Representative Director and President

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Stock Exchange Code: 3252

<https://www.jinushi-jp.com/en/>

The corporate governance of JINUSHI Co., Ltd. (the “Company”) is described below.

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

### **1. Basic Views**

We see Corporate Governance at the Company as a means of energizing the Board of Directors, the decision-making body of the Company, of monitoring senior management, and of preventing fraud.

The various methods used for the smooth corporate management of the Company are covered by corporate governance, and by increasing transparency for the stakeholders involved with the Company (shareholders, customers, employees, business partners, local communities, etc.), we aim to establish a system that realizes efficient management.

Based on the above basic approach, our basic policy is to implement Japan’s Corporate Governance Code to ensure rationality in our decision-making, and by further enhancing our corporate value, to respond to the expectations of all our stakeholders.

#### **(1) Management and business execution system**

The Company has established the Audit and Supervisory Committee from the perspective of ensuring the transparency and fairness of the decision-making process, as well as to realize effective corporate governance. While holding deliberations and resolutions on the basic policy associated with the Group’s management and important matters as its decision-making body, by placing important matters on the agenda and through regular reports on important matters, the Board of Directors also supervises the state of operational execution. Furthermore, in order to respond quickly and appropriately to rapid changes in the management environment, and to clarify the responsibilities of management, the Company sets the terms of office of executive directors at one year.

#### **(2) Management monitoring and supervisory system**

The Company elects multiple Outside Directors so that the Company’s management can receive appropriate suggestions and advice from an objective standpoint and outside perspective and to strengthen the supervisory function of the Board of Directors.

To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors associated with the nomination and remuneration of Directors, the Company has established an independent Nomination and Remuneration Committee under the Board of Directors with Independent Outside Directors as the main members.

When evaluating important items such as decisions on the nomination and remuneration of the senior management, items are first thoroughly deliberated and resolved at the Nomination and Remuneration Committee while sharing diverse opinions, and then proposed to the Board of Directors.

## [Reasons for Non-Compliance With the Principles of Japan's Corporate Governance Code]

### [Supplementary Principle 3.1.3 Sustainability Initiatives]

The JINUSHI Business, the Company's unique real estate investment method that only invests in land rather than owning buildings, is a model that produces an extremely small volume of greenhouse gas emissions and industrial waste.

Through the JINUSHI Business, the Company aims to contribute to the realization of a sustainable society.

Furthermore, we recognize that valuing ESG and continuing initiatives with those risks and opportunities in mind is essential in increasing medium- to long-term corporate value. Based on this view, the Company has formulated and announced ESG Guidelines and ESG Roadmap.

(<https://www.jinushi-jp.com/company/sustainability/esg/>) (available in Japanese only)

Specifically, through the ESG Committee, the Company is strengthening the disclosure of ESG information to stakeholders and is proactively promoting initiatives to address social issues, such as formulating sustainability policies and incorporating ESG elements into management strategies.

The Company is working to endorse the TCFD recommendations and to disclose information based on the TCFD framework, as well as considering disclosure of information related to investments in human capital and intellectual property.

### [Principle 4.11 Preconditions for the Board of Directors and Audit and Supervisory Committee Effectiveness]

As stipulated in Article 18 of the Company's Articles of Incorporation, the Company shall have up to ten Directors (excluding Directors who are Audit and Supervisory Committee Members) and up to five Directors who are Audit and Supervisory Committee Members. The Board of Directors is composed of Directors with superior character, insight, and high moral standards, as well as knowledge, experience, and skills. In this report, the Company has disclosed a so-called skill matrix that provides a list of the knowledge, experience, and skills of each Director.

Although all of the current Directors are both male and Japanese, we are continuing to evaluate how to ensure diversity, including both gender and internationality.

## [Disclosure Based on the Principles of Japan's Corporate Governance Code] **Updated**

The Company's disclosure based on the principles of Japan's Corporate Governance Code is as follows.

### [Principle 1.4 Shares Held as Cross-Shareholdings]

#### (1) Policy on cross-shareholdings

By working to maintain and strengthen business relationships with our business partners, business partners that we believe contribute to the medium- to long-term corporate value of the Company may acquire and own shares in the Company. Furthermore, based on the assessment results listed in (2), we decide whether to continue to hold or to sell shares.

#### (2) Details of assessment with regard to cross-shareholdings

Each year at the Board of Directors, we perform a comprehensive assessment of the economic rationale of share ownership, including the goal of ownership, trading conditions, and the capital cost of individual issues. We will continue to evaluate how to further improve these decision standards.

#### (3) Standards for exercising voting rights with regard to cross-shareholdings

In exercising our voting rights, the Company evaluates individual proposals and decides to vote for or against proposals from the standpoints of playing a role in the efficient, sound management of the issuing company and whether enhanced corporate value can be expected.

### [Principle 1.7 Related Party Transactions]

While the Company does not conduct related party transactions in principle, in the rare event that transactions are conducted between the Company and its officers or principal shareholders, to ensure that the interests of the company or shareholders are not damaged, the Board of Directors discusses and approves the transactions in question ahead of time in accordance with laws and regulations and receives reports on the status of transactions. The majority of the Board of Directors is composed of Independent Outside Directors, and the Board of Directors passes resolutions on related party transactions while fully considering the rationality and validity of the transactions and ensuring that they do not diverge from general transaction standards.

Furthermore, the Company requests the submission of a "Survey Form on Transactions with Related Parties" from its officers once each year, confirming the presence of transactions with related parties.

[Supplementary Principle 2.4.1 Ensuring Diversity]

The Company believes that responding to the various needs of society through honest corporate activities is the key to realizing enhanced corporate value.

Amid the recent irregular social conditions, even faster and more flexible decisions are required compared to the past. The Company believes that exchanging opinions among human resources with a wide range of values not bound by preconceived notions is precisely what makes effective decision-making possible and in turn contributes to enhanced corporate value.

The Company proactively conducts both regular hiring and midcareer hiring activities not bound by gender or nationality and builds a comfortable working environment, working to develop the next generation of management leaders.

Regarding the persons who have been appointed to Director or management positions at the Company as of March 1, 2023, the percentage of midcareer hires in management positions is 100%. There are currently no women or foreign national employees in Director or management positions.

However, in recent years, the Company has been proactively hiring female employees, and as of March 1, 2023, women made up around 24% of all our employees. Although there are no women who have been appointed to Director or management positions, the Company would like to increase this number from the current figure by striving to appoint human resources who can contribute to the enhancement of corporate value.

In addition, regarding the appointment of foreign national employees, the Company has a policy of considering the appointment of foreign national employees as necessary, such as when it can expect an expansion in the ratio of overseas business going forward.

To respond to the diversifying workstyles, the Company has introduced remote working, flex-time shifts and promoted the streamlining of meetings through shorter meeting times, working to improve work-life balance.

Furthermore, with the goal of a comfortable working environment for all our employees, we have created systems including a childcare and nursing care leave system and a short-time work system, proactively working to improve our work environment.

[Principle 2.6 Functioning as Asset Owner of Corporate Pension Funds]

Because the Company has no corporate pension system, the management of contributions to corporate pensions do not affect the Company's financial standing.

Furthermore, in the event a corporate pension system is introduced, we will pursue a responsible course of action based on a recognition of the expected roles of asset owners.

[Principle 3.1 Enhancement of Information Disclosure]

(1) Company objectives (e.g., management philosophy), management strategies and business plans

The Company has formulated management philosophy and a medium-term management plan.

(Management philosophy: <https://www.jinushi-jp.com/en/company/vision/>)

(Medium-term management plan: <https://www.jinushi-jp.com/>; available in Japanese only, "Notice Concerning the Formulation of the Medium-Term Management Plan" announced on February 14, 2022)

(Medium-term management plan: <https://www.jinushi-jp.com/en/>; "Results of Operations for the Fiscal Year Ended December 31, 2022" cf.P.23 announced on March 7, 2023)

(2) Basic views and policies on corporate governance based on each of the principles of the Code

\* Please refer to I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information 1. Basic Views.

(3) Policies and procedures of the Board of Directors in determining the remuneration of the senior management and Directors

\* Please refer to II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management [Director Remuneration] Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof.

(4) Policies and procedures of the Board of Directors in the appointment/removal of the senior management and the nomination of Director candidates

The Company has established Nomination and Remuneration Committee of which Independent Outside Directors consist the majority of the members.

The Representative Director and President is delegated by the Board of Directors to consult with the Nomination and Remuneration Committee on plans for Director candidates. After deliberation and resolution by the committee, the plans for the appointment/removal of Director candidates to be proposed to the general meeting of shareholders are resolved at the Board of Directors, and the candidates are nominated. Furthermore, members including Independent Outside Directors confirm the validity of Director candidates while receiving sufficient explanations from the Representative Director and President.

The Representative Director and President is also delegated by the Board of Directors to consult with the Nomination and Remuneration Committee on plans for candidates for Directors who are Audit and Supervisory Committee Members, and after deliberation and resolution by the committee, and with the consent of the Audit and Supervisory Committee, the plans for the appointment/removal of Director candidates to be proposed to the general meeting of shareholders are resolved at the Board of Directors, and the candidates are nominated.

- (5) Explanations with respect to individual appointments and removals of the senior management and nominations of Director candidates based on (4) above by Directors

When appointing and removing senior management and nominating Director candidates, the reasons for the individual appointments and removals are provided in the notice of the general meeting of shareholders.

[Supplementary Principle 4.1.1 Scope of Matters Delegated to the Senior Management]

The Board of Directors resolves not only on items stipulated by laws and regulations, but also items for discussion stipulated by the Board of Directors rules.

Important items such as the medium-term management plan and the management policy are evaluated by a meeting composed of all Directors (excluding Outside Directors) and proposed to the Board of Directors after deliberation by the Budget Committee, etc.

Furthermore, to clarify delegation to the senior management, decision-making authority is established through the administration authority standard table discussion items established by the administration authority rules.

Moreover, by receiving proper supervisory and auditing through the Audit and Supervisory Committee, we plan to work to ensure the effectiveness of governance by the Board of Directors.

[Principle 4.9 Independence Standards and Qualifications for Independent Outside Directors]

The Company selects candidates for Independent Outside Directors based on the independence standards established by the Tokyo Stock Exchange.

[Supplementary Principle 4.10.1 Authority, Roles, etc. of the Nomination and Remuneration Committee]

The Company has established a Nomination and Remuneration Committee, whose members are made up of a majority of Independent Outside Directors.

For the authority, roles, etc. of this committee, please refer to II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Supervision in Management 1. Organizational Composition and Operation [Voluntary Committee] Supplementary Explanation.

[Supplementary Principle 4.11.1 Views on the Balance Between Knowledge, Experience and Skills of the Board of Directors as a Whole, Diversity and Size]

In addition to conducting proper supervisory of operational execution at the Board of Directors, to conduct important decision-making through multi-faceted analysis, we believe that having a Board of Directors composed of Directors with diverse backgrounds is essential.

Furthermore, regarding the scale of the Board of Directors, after considering whether they can sufficiently exercise the above roles of the Board of Directors, we secure the appropriate human resources as necessary, and currently, the Company has seven Directors including Directors who are Audit and Supervisory Committee Members (including four Independent Outside Directors).

When electing Directors, regardless of gender or nationality, based on an evaluation of whether they possess the knowledge, experience, and skills related to the Company's business, laws and regulations, and other specialized fields, and whether they have excellent character and insight, the Representative Director and President is delegated by the Board of Directors to consult with the Nomination and Remuneration Committee on plans for Director candidates. After deliberation and resolution by the committee, the plans are resolved at the Board of Directors, and the candidates are nominated.

Given the particular importance of forecasting changes in the management environment and reflecting that forecast in the management strategy in selecting Independent Outside Director candidates, we work to select well-balanced candidates with expertise, including candidates with management experience at other companies and knowledge of corporate management.

Furthermore, in this report, the Company has disclosed a so-called skill matrix that provides a list of the knowledge, experience, and skills of each Director.

[Supplementary Principle 4.11.2 Status of Concurrent Positions of Directors and Audit & Supervisory Board Members With Other Listed Companies' Officers]

So that they can exercise their roles and responsibilities appropriately, the Company makes every effort to avoid having Directors who are not Audit and Supervisory Committee Members who concurrently serve as officers at other listed companies.

The status of Outside Directors who concurrently serve as officers at other listed companies is provided in the notice of the general meeting of shareholders, etc.

[Supplementary Principle 4.11.3 Analysis, Evaluation, and Disclosure of the Overall Effectiveness of the Board of Directors]

The Audit and Supervisory Committee meets regularly with the Representative Director to exchange opinions on the status of business execution and the operation of the Board of Directors, and to analyze and evaluate the effectiveness of the Board of Directors.

Board of Directors meetings are currently conducted in an environment that allows opposing opinions and scrutiny to be shared freely, which we believe ensures the effectiveness of the Board of Directors.

[Supplementary Principle 4.14.2 Policy on Training of Directors and Audit & Supervisory Board Members]

The Company provides training sessions particularly focused on compliance as opportunities to acquire necessary knowledge and to understand roles and responsibilities for those being appointed as Directors.

Furthermore, the Company provides information as necessary to Outside Directors to deepen understanding of the Group's management philosophy, management policy, business activities, and organization.

The Company also offers support by providing the necessary opportunities for Directors to acquire knowledge related to business, finance, organizations, and laws and regulations to fulfill their roles and responsibilities, as well as its good offices and the required expenses.

[Principle 5.1 Policy for Constructive Dialogue With Shareholders]

The Company values constructive dialogue with shareholders and investors. Twice a year, we hold financial results briefings for institutional investors and analysts in which the Representative Director explains the Company's business results. The Representative Director or person in charge of IR also proactively meet with investors as much as possible.

For meeting requests from shareholders, the General Manager of the HR and General Affairs Dept., who manages all divisions on a cross-sectional basis, cooperates with the person in charge of IR to oversee overall dialogue with shareholders, while taking sufficient consideration to facilitate constructive dialogue with shareholders.

The General Manager of the HR and General Affairs Dept. also shares information by providing feedback to the Board of Directors on opinions received from shareholders and other matters as appropriate.

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### [Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Tetsuya Matsuoka	5,737,700	31.37
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,253,000	6.85
Hirofumi Nishira	367,500	2.00
Custody Bank of Japan, Ltd. (Trust Account)	364,500	1.99
Kenji Irie	262,100	1.43
Yukinori Nagaoka	200,000	1.09
Nichirei Corporation	156,000	0.85
THE BANK OF NEW YORK MELLON 140040 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	102,500	0.56
BNP PARIBAS ARBITRAGE SNC (Standing proxy: BNP Paribas Securities (Japan) Limited)	101,500	0.55
Koji Nakamichi	100,000	0.54

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	N/A

Supplementary Explanation

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## 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime, Nagoya Stock Exchange Premier
Fiscal Year-End	December
Type of Business	Real Estate
Number of Employees (Consolidated) at End of the Previous Fiscal Year	Less than 100
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥10.0 billion to less than ¥100.0 billion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 10 to less than 50

## 4. Policy for 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 Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with audit and supervisory committee
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	7
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors Designated from among Outside 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
Hiroyuki Nishimura	From another company											
Akira Shimizu	CPA											
Yoshihiro Taniguchi	From another company											
Kensuke Shiwa	Attorney at law											

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category; and "△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past

- Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary
- Non-executive director or executive of the parent of the Company
- Executive of a fellow subsidiary of the Company
- Party whose major client or supplier is the Company or an executive thereof
- Major client or supplier of the Company or an executive thereof
- Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director
- Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

- h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., or f.) (the director himself/herself only)
- i. Executive of a corporation to which outside officers are mutually appointed (the director himself/herself only)
- j. Executive of a corporation that receives a donation from the Company (the director himself/herself only)
- k. Other

Outside Directors' Relationship with the Company (2)

Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hiroyuki Nishimura	○	○	-	The Company appointed Mr. Hiroyuki Nishimura based on the belief that he is suitable as an Outside Director who is an Audit and Supervisory Committee Member because he has a wealth of knowledge and experience accumulated as a person responsible for the compliance section in a financial institution. He is involved as a Nomination and Remuneration Committee Member from a standpoint of objectivity and neutrality in nominating the Company's candidates for Director and making decisions on remuneration and other such matters.
Akira Shimizu	○	○	Certified public accountant, licensed tax accountant SHIMIZU TAX OFFICE Partner of Higashiginza Audit Company Outside Audit & Supervisory Board Member of Faith, Inc.	Although Mr. Akira Shimizu has not been directly involved in corporate management in the past, other than as an outside officer, the Company appointed him based on the belief that he is suitable as an Outside Director who is an Audit and Supervisory Committee Member because he is capable of appropriately fulfilling the duties by capitalizing on his experience as an Audit & Supervisory Board Member of other listed companies and from a professional perspective as a certified public accountant and licensed tax accountant. He is involved as a Nomination and Remuneration Committee Member from a standpoint of objectivity and neutrality in nominating the Company's candidates for Director and making decisions on remuneration and other such matters.



Name	Audit and Supervisory Committee Member	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshihiro Taniguchi	○	○	Corporate Auditor of Aramis Company Limited	The Company once again appointed Mr. Yoshihiro Taniguchi based on the belief that he is suitable as an Outside Director who is an Audit and Supervisory Committee Member because he is capable of auditing the overall management of the Company and providing useful advice by capitalizing on his wealth of experience and broad insight accumulated as a full-time Auditor & Supervisory Committee Member at a listed company. He is involved as a Nomination and Remuneration Committee Member from a standpoint of objectivity and neutrality in nominating the Company's candidates for Director and making decisions on remuneration and other such matters.
Kensuke Shiwa	○	○	Attorney at law Representative of Shiwa Takahashi Law Office	Although Mr. Kensuke Shiwa has not been directly involved in corporate management in the past, the Company appointed him based on the belief that he is suitable as an Outside Director who is an Audit and Supervisory Committee Member because he has a high degree of expertise in corporate legal affairs as well as wealth of knowledge and experience as an attorney at law. He is involved as a Nomination and Remuneration Committee Member from a standpoint of objectivity and neutrality in nominating the Company's candidates for Director and making decisions on remuneration and other such matters.

#### [Audit and Supervisory Committee]

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

	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	4	1	0	4	Outside Director

Appointment of Directors and/or Employees to Support Duties of the Audit and Supervisory Committee

Not appointed

##### Reasons for Adopting the Current System

We currently have no employees to assist with the work of the Audit and Supervisory Committee, however the staff of the administration division provides support as necessary, and we believe that the required system is in place.

Cooperation Among Audit and Supervisory Committee, Accounting Auditor and Internal Audit Division

At the Company, while maintaining independence from each other as an audit organization, Directors who are Audit and Supervisory Committee Members, internal audits, accounting audits are coordinating and cooperating, and increasing the efficiency and effectiveness of audits.

Furthermore, the Company has established an Internal Audit Section as an organization under the direct supervision of the President which organizes and operates overall internal controls.

For example, when an accounting audit is performed by the Accounting Auditor, Directors who are Audit and Supervisory Committee Members exchange opinions to gauge the state of auditing, and information is regularly shared with the Internal Audit Section to confirm the progress of internal audits.

In implementing internal audits, internal auditors coordinate with Directors who are Audit and Supervisory Committee Members and exchange opinions with the Accounting Auditor in organizing and operating internal controls. During this process, they receive guidance as necessary and exchange and share information as necessary to increase the effectiveness of internal audits.

**[Voluntary Committee]**

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

	Committee Equivalent to Nomination Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
Total Committee Members	5	5
Full-time Members	2	2
Inside Directors	1	1
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors associated with the nomination and remuneration of Directors, the Company has established an independent Nomination and Remuneration Committee under the Board of Directors with Independent Outside Directors as the main members.

When evaluating important items such as decisions on the nomination and remuneration of the senior management, items are first thoroughly deliberated and resolved at the Nomination and Remuneration Committee while sharing diverse opinions, and then proposed to the Board of Directors.

**[Independent Directors]**

Number of Independent Directors	4
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Matters Relating to Independent Directors
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The Company designates all persons who are qualified as Independent Directors.

**[Incentives]**

Implementation of Measures to Provide Incentives to Directors	None
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Supplementary Explanation
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Recipients of Stock Options	
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Supplementary Explanation
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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	Selected directors
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Supplementary Explanation
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In the 23rd fiscal year (January 1, 2022 to December 31, 2022), remuneration of ¥120 million was paid to the Company's Representative Director and Chairman Tetsuya Matsuoka.

Additionally, as nobody was paid a total of ¥100 million or more in consolidated remuneration, remuneration has not been disclosed.

Furthermore, the Company discloses the total amount of remuneration by officer category, the total amount of remuneration by remuneration category, and the number of covered officers in our annual securities report.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof
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The Company established a Nomination and Remuneration Committee as a voluntary advisory committee to the Board of Directors.

The policy for determining remuneration for individual Directors is as follows.

Regarding the individual remuneration for each Director for the current fiscal year, the Board of Directors has confirmed that it has been determined in accordance with the policy for determining remuneration and that the details of the determined remuneration, etc. are consistent with the said determination policy, and therefore deemed that the method of determining the remuneration, etc. is in line with this policy.

Regarding the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), based on consultation with the Nomination and Remuneration Committee, whose members are made up of a majority of Independent Outside Directors, the Board of Directors fully respects and discusses recommendations of the Nomination and Remuneration Committee, and within the scope of the total amount of remuneration approved by the General Meeting of Shareholders, the Board of Directors decides the amounts of individual remuneration.

Specifically, the Company's results and the results of individual Directors are considered, and remuneration is composed only of fixed remuneration as an annual salary at a certain level based on the Director's role in business execution and their responsibilities (divided evenly over 12 months and paid as monthly fixed remuneration).

The Company has no short-term performance-linked remuneration (bonuses), medium- to long-term performance-linked remuneration (stock options, etc.), non-monetary remuneration, or retirement benefits.

The Board of Directors holds decision-making authority on policy related to decisions on the amount of remuneration for each Director and the calculation method. The Representative Director, designated by the Board of Directors, briefs the Nomination and Remuneration Committee on the plan for individual remuneration for each Directors (excluding Directors who are Audit and Supervisory Committee Members), and the committee deliberates on the plan. Thereafter, the Representative Director provides a briefing on the timeline of the formulation of the amounts of individual remuneration at the Board of Directors, and based also on a report on the recommendation from the Nomination and Remuneration Committee, the individual amounts of remuneration are decided at the Board of Directors.

Regarding remuneration for Directors who are Audit and Supervisory Committee Members, within the scope of the total amount of remuneration approved at the general meeting of shareholders, the amounts are decided based on discussion with Directors who are Audit and Supervisory Committee Members (Audit and Supervisory Committee). Specifically, remuneration is composed only of fixed remuneration as an annual salary at a certain level based on the role of supervising the business execution of Directors. We consider industry standards and decide the amounts of individual remuneration through discussion with Directors who are Audit and Supervisory Committee Members (Audit and Supervisory Committee).

Furthermore, at the 20th Annual General Meeting of Shareholders held on June 25, 2020, it was resolved to set the maximum amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) at no more than ¥800,000 thousand per year, and that the amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) would not include the salary for employees concurrently serving as Directors. It was also resolved to set the maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members at no more than ¥100,000 thousand per year.

#### **[Supporting System for Outside Directors]**

So that Outside Directors can smoothly supervise and monitor management and thoroughly fulfill their role in improving the Company's corporate governance, the Company has a system in place to provide the required materials and explain conditions as necessary through our HR and General Affairs division and Full-time Audit and Supervisory Committee Member.

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

### **- Management and business execution system**

From the standpoint of ensuring transparency and fairness in decision-making and realizing effective corporate governance, the Company established an Audit and Supervisory Committee.

While holding deliberations and resolutions on the basic policy associated with the Group's management and important matters as its decision-making body, by placing important matters on the agenda and through regular reports on important matters, the Board of Directors also supervises the state of operational execution.

Furthermore, in order to respond quickly and appropriately to rapid changes in the management environment, and to clarify the responsibilities of management, the Company sets the terms of office of executive directors at one year.

### **- Management monitoring and supervisory system**

The Company elects multiple Outside Directors so that the Company's management can receive appropriate suggestions and advice from an objective standpoint and outside perspective and to strengthen the supervisory function of the Board of Directors.

### **- Overview of corporate governance system**

The Company's Board of Directors is composed of Hirofumi Nishira, who makes management decisions and performs business execution as the Representative Director and President, and Directors Tetsuya Matsuoka and Kazuya Matsumoto, as well as Hiroyuki Nishimura, Akira Shimizu, Yoshihiro Taniguchi, and Kensuke Shiwa as Directors who are Audit and Supervisory Committee Members (all four are also Outside Directors). To prevent serious risks from materializing ahead of time, the Company has also established a system of corporate governance

with an Internal Audit Section under the direct supervision of the Representative Directors and an Accounting Auditor to audit the details of our financial statements and appropriateness of our accounting methods from a fair, third-party perspective.

- Establishment of a voluntary committee for decisions on nominations and remuneration

To strengthen the independence, objectivity, and accountability of the functions of the Board of Directors associated with the nomination and remuneration of Directors, the Company has established an independent Nomination and Remuneration Committee under the Board of Directors with Independent Outside Directors as the main members.

When evaluating important items such as decisions on the nomination and remuneration of the senior management, items are first thoroughly deliberated and resolved at the Nomination and Remuneration Committee while sharing diverse opinions, and then proposed to the Board of Directors.

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

To promote the sustainable growth of the Company and medium- to long-term improvement in corporate value, the Company's Board of Directors formulates and decides on large-scale policy such as corporate strategy to improve earnings power and capital efficiency. Based on this policy, the Board of Directors holds thorough discussion on individual issues and identifies and deliberates on risks. Furthermore, at the Board of Directors, the Directors supervise their mutual business execution. In addition to the above, by making all Directors who are Audit and Supervisory Committee Members Outside Directors, we have built a management supervisory system with a high level of effectiveness and independence.

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

#### **1. Measures to Energize General Meetings of Shareholders and Smooth Exercise of Voting Rights**

	Supplementary Explanations
Early Notification of General Meeting of Shareholders	The Company works to send notices of general meetings of shareholders as early as possible. The Notice of the 23rd Annual General Meeting of Shareholders was sent 24 days prior to the meeting on March 3, 2023.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The Company schedules general meetings of shareholders in a way that avoids peaks days.
Allowing Electronic or Magnetic Exercise of Voting Rights	Starting at the 18th Annual General Meeting of Shareholders held on June 27, 2018, we began to allow the exercise of voting rights via the internet.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	Starting at the 18th Annual General Meeting of Shareholders held on June 27, 2018, all institutional investors are able to join meeting from the “Electronic Voting System Platform” operated by ICJ, Inc.
Providing Convocation Notice in English (Summary)	Summarized English versions of the convocations notices are provided on the electronic voting system platform and on the Company’s website.
Other	Prior to sending convocation notices to shareholders, they are posted on the Company’s website and on TDnet.

#### **2. IR Activities**

	Supplementary Explanations	Explanation by Representative
Holding Regular Investor Briefings for Analysts and Institutional Investors	Twice a year, after the announcement of the interim and full-year financial results, the Company holds results briefings for institutional investors and analysts.	Yes
Posting IR Materials on Website	Annual securities reports, financial results summaries, materials for financial results, videos of financial results briefings, convocation notices for general meetings of shareholders, annual reports, quarterly securities reports, the medium-term business plan, and other various IR and PR information are posted on the Company’s website.	
Establishment of Department and/or Manager in Charge of IR	HR and General Affairs Dept. and Finance Dept.	
Other	We respond to individual IR press requests.	

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

	Supplementary Explanations
Implementation of Environmental Initiatives, CSR Activities, etc.	<p>As a member of society, the Company takes its social responsibility seriously through contributions to local communities and care for the global environment. (<a href="https://www.jinushi-jp.com/en/company/sustainability/">https://www.jinushi-jp.com/en/company/sustainability/</a>)</p> <p>- Japanese tennis players continue to be extremely successful, with continued victories on the world stage, and interest in tennis is on the rise throughout society. The Company supports the Japan Tennis Association's goal of further developing the sport by placing effort into spreading and enhancing tennis so people of all ages and genders can enjoy it. We have continued to demonstrate our support as a crown sponsor since the "80th All Japan Tennis Veteran Championships 2018."</p> <p>As a special sponsor, we support the "Japan Century Symphony Orchestra," which conducts most of its activities in Kansai but also gives performances throughout Japan.</p>
Formulation of Policies for Information Provision to Stakeholders	<p>For smooth corporate operations, we aim to establish a system to realize efficient management by increasing corporate transparency for stakeholders involved with the Company (shareholders, customers, employees, business partners, local communities, etc.).</p> <p>We have established Insider Trading Regulations to contribute to fair evaluations.</p>

## IV. Matters Related to Internal Control System

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

#### a. Basic Views

The Group considers the internal control system as the basis of corporate governance, and the development and implementation of the internal control system is the important duty of Directors. In addition, the Group considers that the development and implementation of internal control system strengthens the Company's competitiveness, prevents a scandal from happening, and raises corporate value for stakeholders, including shareholders.

#### b. Progress in Developing a Risk Management System

The Company has established internal rules and continuously managed and implemented them, while having worked to create a system to prevent contingency from happening by sharing information, thereby increasing operational efficiency. In addition, a department in charge of risk management shall be the HR and General Affairs Dept. If contingency occurs, a countermeasures headquarters, whose director-general shall be Representative Director, is established. The entire Company has been working to develop a system that enables a swift response with advice from corporate lawyers, Accounting Auditor, and corporate tax accountants.

#### c. Progress

1. System to ensure that execution of business activities by Directors and employees of the Company and the subsidiaries is in compliance with laws and regulations and Articles of Incorporation

(1) The Company has established the Compliance & Risk Management Committee as an advisory body to the Board of Directors to ensure that the execution of duties complies with laws and regulations and Articles of Incorporation.

(2) The Compliance & Risk Management Committee submits matters related to a revision to the compliance system and compliance issues that may have a significant impact on the Company and reports the deliberation result to the Board of Directors.

- (3) The Company has established a whistleblowing system that enables anonymous reporting when serious legal violations and other non-compliance acts are conducted or are going to be conducted within the company.
  - (4) In the events such as when related laws and regulations are established and amended, serious scandals and accidents occur in the Company and other companies, the Company swiftly notifies Directors and employees of such matters and conducts necessary training.
2. System relating to the storage and management of information relevant to the execution of duties of the Company's Directors
    - (1) General Manager of HR and General Affairs Dept. properly retains and manages the following documents (including electromagnetic records) together with the related documents in accordance with the document management rules.
      - Minutes of general meeting of shareholders
      - Minutes of the Board of Director's meeting
      - Financial statements
      - Approval application
      - Other important documents for management
    - (2) General Manager of HR and General Affairs Dept. retains and manages documents other than those referred to in the preceding note (1) for a period prescribed in the document management rules, depending on the importance of the document.
    - (3) General Manager of HR and General Affairs Dept. instructs Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to properly retain and manage documents in accordance with the document management rules.
  3. Regulations and other systems relevant to risk and loss management in the Company and its subsidiaries
    - (1) An officer in charge of each department has the authority and duty to establish a risk management control system in their respective area in charge.
    - (2) Each member must report risk forecast in their respective area in charge at internal meetings, etc. if there are any risks.
    - (3) Significant management risks reported to internal meetings, etc., are reported to the Board of Directors.
    - (4) In the events such as when related laws and regulations are established and amended, and serious scandals and accidents occur in the Company and other companies, the Company swiftly notifies Directors and employees of such matters and conducts necessary training.
    - (5) In the event that a large-scale accident, disaster, or scandal occurs, the Company puts in place measures, including establishing the crisis response headquarters, which consists of required personnel and the Representative Director serving as the director-general.
  4. System to ensure that the efficiency of execution of duties by Directors of the Company and its subsidiaries
    - (1) The Company has established a system that enables a Director's proper and efficient execution of duties, pursuant to the authority and decision-making rules based on Articles of Incorporation and internal rules.
    - (2) With the use of the following management control system, the Company increases efficiency in the execution of duties by Directors. (i) The Company has established its company-wide goals shared by Directors and employees, working to thoroughly communicate said goals, based on which the Company formulates a medium-term management plan. (ii) The Board of Directors sets each department's business targets and budget for each fiscal year based on the medium-term management plan to materialize the medium-term management plan. (iii) A Director in charge of each department determines a system enabling efficient business execution, including specific measures that each department should carry out, as well as the delegation of authority. (iv) Monthly business performance is swiftly digitized in the management accounting data through an IT system and reported to the Board of Directors and each Director. (v) The Board of Directors reviews the monthly result and has a Director in charge analyze factors in falling short of achieving the targets and report improvement measures to eliminate and mitigate such factors to the Board of Directors, and it revises the targets as necessary. (vi) Based on the discussions above (v), a Director in charge of each department improves



the efficiency of the business execution system, including specific measures that each department should undertake, as well as the delegation of authority.

5. Matters related to reporting to the Company regarding the execution of duties of directors, etc., of its subsidiaries  
The Company obliges each subsidiary to regularly report to the Company the progress of each company's business, the balance of assets, and other significant matters by establishing the rules of affiliated company management and other related rules.
6. Other systems to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries
  - (1) Representative Director and a Director in charge of business execution follow their respective segregation of duties to instruct subsidiaries to establish their appropriate internal control system.
  - (2) The Company ensures the appropriateness of business operation by dispatching a Director and an audit & supervisory board member to an important subsidiary.
  - (3) The Company respects the autonomy of a subsidiary to manage itself and holds prior discussions about regularly reported business details and important matters.
7. Matters regarding Directors and employees to support duties of the Audit and Supervisory Committee of the Company
  - (1) When the Audit and Supervisory Committee requests to appoint a Director or an employee who assists the duty of the Audit and Supervisory Committee (hereinafter, the "Assistant"), the Board of Directors shall have a selection process and obtain consensus about the appointment from the Audit and Supervisory Committee.
  - (2) Audit and Supervisory Committee may instruct and order the Assistant to take on tasks required for audits.
8. Matters concerning the independence of the Assistant from other Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) and ensuring the effectiveness of instruction to the Assistant of the Audit and Supervisory Committee of the Company
  - (1) In executing said duties, the Assistant shall obey only instructions and orders from the Audit and Supervisory Committee and shall not receive instructions and orders from other Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees.
  - (2) Exercising the right of personnel management, such as the evaluation of employee performance, personnel change, disciplinary measures concerning an assisting employee, shall require prior consultation with the Audit and Supervisory Committee and respect its opinion.
9. System whereby the Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees of the Company report to the Audit and Supervisory Committee of the Company, and other systems related to reporting to the Audit and Supervisory Committee
  - (1) When Directors and employees find an illegal fact and a fact that may cause significant damage to the Company, they must immediately report matters related to said facts to the Audit and Supervisory Committee.
  - (2) When Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees are asked to report a matter related to the execution of duties by the Audit and Supervisory Committee, they must swiftly report such a matter to the Committee.
10. System related to reporting to the Audit and Supervisory Committee of the Company by the directors and audit & supervisory board members, etc., and employees of subsidiaries, or those to whom these persons report.  
When the Audit and Supervisory Committee of the Company requests a report on a matter related to the execution of duties, and when finding a fact that may cause significant damage to the Company and its subsidiaries, the Company is thorough in requiring the officers and employees to immediately report such matters to the Audit and Supervisory Committee of the Company.  
In addition, each General Manager of the Company holds a regular meeting to report to the Audit and Supervisory Committee of the Company, and the Company has established a system to report the status of internal audit and compliance risk management within the Company.

Further, the Company has established a system for a department in charge of the whistleblowing system of the Group to regularly report to the Audit and Supervisory Committee of the Company on the status of whistleblowing by officers and employees of the Group.

11. System to ensure that a person who has reported to the Company's Audit and Supervisory Committee, etc. is not treated adversely based on the fact such a report has been made by the person  
The Company prohibits unfair treatment to the officers and employees of the Group who reported to the Audit and Supervisory Committee of the Group, due to said reporting, and communicates with the officers and employees of the Group on such a matter.  
In addition, the rules on whistleblowing prescribes that the whistle-blower shall not be dismissed or undergo any other unfair treatment for the reason of whistleblowing.
12. Other systems to ensure that audits by the Audit and Supervisory Committee of the Company are conducted effectively
  - (1) Representative Director shall hold a regular meeting with the Audit and Supervisory Committee upon a request from the Audit and Supervisory Committee, and exchange opinions on issues that need to be addressed by the Company, the status of developing the audit environment of the Audit and Supervisory Committee, and significant issues relating to audit, etc., in order to conduct an effective audit.
  - (2) When the Audit and Supervisory Committee Members attend the Board of Directors and other important meetings to state their opinions, Directors shall earnestly listen to them in order to conduct an effective audit.
  - (3) Directors (excluding Directors who are Audit and Supervisory Committee Members) or employees shall regularly report to the Audit and Supervisory Committee on monthly business performance and financial status. Also, they shall provide enough explanation, upon a request from the Audit and Supervisory Committee, on minutes, approval applications, and other important documents related to business execution, all of which shall be sent to and reviewed by full-time Audit and Supervisory Committee Members.
  - (4) The internal auditors shall work to ensure that the Audit and Supervisory Committee conducts the effective audit in close cooperation with the Audit and Supervisory Committee and Accounting Auditor.
  - (5) Audit and Supervisory Committee shall be regularly reported on the method and result of accounting audit by Accounting Auditor and shall exchange opinions.
  - (6) Audit and Supervisory Committee shall be regularly reported on an internal audit by internal auditors and hold a meeting, as necessary, to exchange information in close cooperation with one another.
  - (7) When it is deemed necessary in conducting an audit, the Audit and Supervisory Committee shall entrust an investigation to external experts, such as lawyers, certified accountants, and specialized institutions, or seek their opinions at the expense of the Company.
13. System to ensure the reliability of financial reporting  
The Company shall establish a system to develop and implement internal controls on financial reporting under the supervision of the Representative Director to ensure the reliability of the financial reporting and submit effective and appropriate internal control reports as stipulated in the Financial Instruments and Exchange Act. In addition, the Board of Directors is responsible for supervising the development and implementation of internal controls on financial reporting and shall monitor the status thereof.
14. Matters concerning the policy on the treatment of expenses or debts arising in the course of the execution of duties of Audit and Supervisory Committee Members including the procedure for advance payment and reimbursement of expenses arising in the course of the execution of said duties  
When an Audit and Supervisory Committee Member claims advance payment of expenses incurred for their execution of duties, the Company shall not refuse such payment, except for a case where it is proven that expenses or debts related to the claim are not necessary for executing the duties of the Audit and Supervisory Committee Member.

## 2. Basic Views on Eliminating Antisocial Forces and Progress of Related Efforts

### a. Basic Views

The Company shall resolutely cut off any relationships with antisocial forces that threaten the order of civil society and the sound activities of companies.

### b. Progress

- (1) The Company shall set out action guidelines for antisocial forces and its confrontational stance under the outline of countermeasures against the antisocial forces and groups and shall thoroughly communicate the action guidelines.
- (2) The Company shall designate the HR and General Affairs Dept. as the administrative department to demonstrate its resolve to reject any injustice requests from antisocial forces.
- (3) The Company shall ensure a system to coordinate with specialized agencies by attending liaison meetings held by the police or the National Center for Removal of Criminal Organization while working to centralize the management and collection of information related to antisocial forces.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	N/A
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Supplementary Explanation Relating to These Items
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### 2. Other Matters Concerning Corporate Governance System

#### a. Liability Limitation Agreement

Although the Company has not set forth the criteria and policies of the independence of an Outside Director designated as an Independent Director, the Company designates the Independent Director by giving due consideration to the fact that the Outside Director is the officer or employee of another company, etc., or, if applicable, a matter related to the relationship of interests between said another company, etc., and the Company, as well as a matter concerning the independence of outside officers of which the Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc. require disclosure.

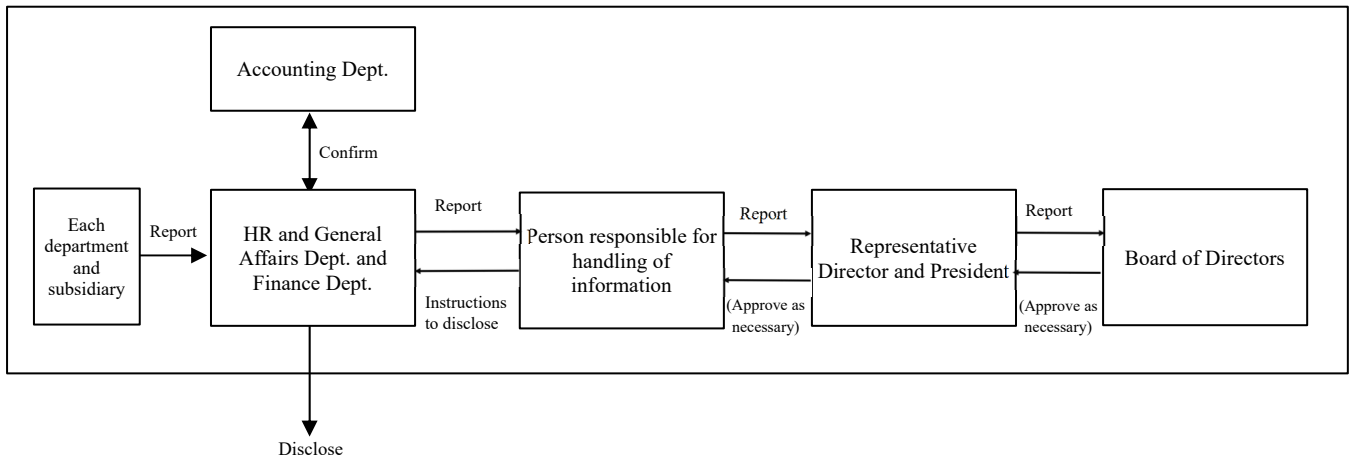
The Company has notified Tokyo Stock Exchange, Inc. and Nagoya Stock Exchange, Inc., that Mr. Hiroyuki Nishimura, a full-time Director who is an Audit and Supervisory Committee Member, as well as Messrs. Akira Shimizu, Yoshihiro Taniguchi, and Kensuke Shiwa, part-time Directors who are Audit and Supervisory Committee Members, are the Independent Directors defined by both Exchanges.

In addition, the Company has concluded a liability limitation agreement to limit the liability stipulated in Article 423, Paragraph 1 of the Companies Act to the amount prescribed by laws and regulations with Messrs. Hiroyuki Nishimura, Akira Shimizu, Yoshihiro Taniguchi, and Kensuke Shiwa.

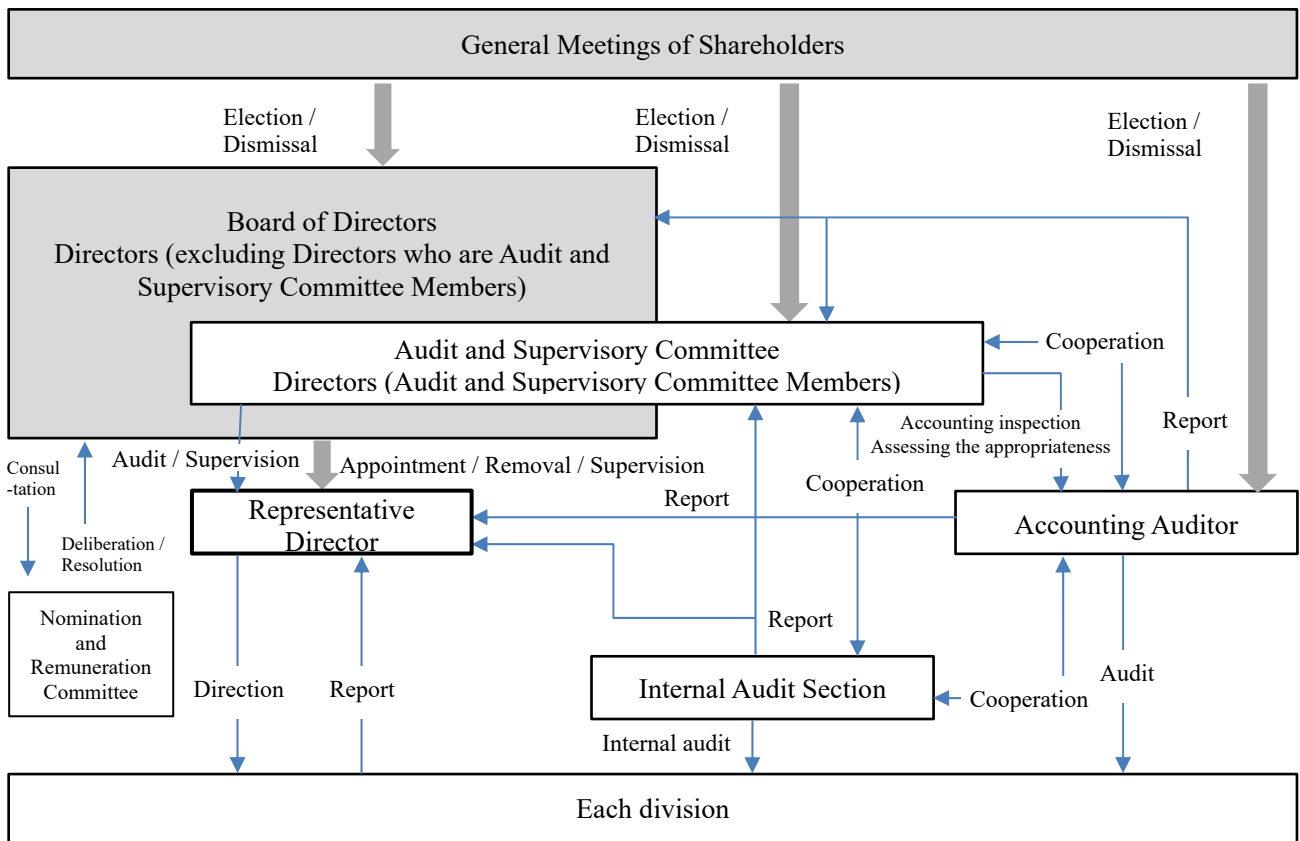
#### b. Directors and Officers Liability Insurance Policy

The Company has entered into a directors and officers liability insurance policy as provided for in Article 430-3, Paragraph 1 of the Companies Act with an insurance company, thereby covering losses and costs incurred by Directors and/or certain others in cases where they are liable for damages arising from their performance of duties (unless a coverage exclusion in the insurance policy is applied). The full amount of the insurance premiums for the insurance is borne by the Company. The term of the insurance policy is one year, and when the policy is renewed, the Company renews the policy with the same terms.

[Overview of Timely Disclosure System (Organization Chart)]



Overview of Corporate Governance System



## Skill Matrix

	Corporate management	Sales/Marketing	Finance/Accounting	Legal/Compliance/Audit	Sustainability	Overseas
Hirofumi Nishira	○	○			○	○
Tetsuya Matsuoka	○	○		○	○	○
Kazuya Matsumoto	○	○			○	
Hiroyuki Nishimura			○	○		○
Akira Shimizu			○	○		
Yoshihiro Taniguchi	○		○	○		
Kensuke Shiwa				○		