

[Notes of caution]

This document is an English translation of the Japanese original. In the event of any differences or inconsistencies between the Japanese and English versions, the Japanese language version shall take precedence.

## Corporate Governance Report

Last Update: August 1, 2023

**Japan Investment Adviser Co., Ltd.**

Naoto Shiraiwa, President and CEO

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Stock code: 7172

<https://www.jia-ltd.com/>

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

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

#### 1. Basic Views

JIA Group strive to achieve sustainable growth and improve our corporate value, through effective corporate governance. Therefore, we will practice the following:

- 1) Corporate ethics, legal compliance, and improvement in understanding and awareness of diversity
- 2) Improvement in the effectiveness of the internal control system
- 3) Highly transparent management system
- 4) Building trustful relationships with stakeholders

At meetings of the Board of Directors of JIA, Inside Directors and highly independent Outside Directors have deliberations to make swift, transparent decisions. In addition, Audit & Supervisory Board Members strictly oversee and check the legality and efficiency of business operations of Directors, the appropriateness of their decision-making process, etc. and strive to improve their function to audit business administration.

#### [Reasons for Non-compliance with the Principles of the Japan’s Corporate Governance Code] **Updated**

[Supplementary Principle 4-10-1 Establishment of Independent Advisory Committee]

JIA has established the Nominees and Compensation Advisory Committee, which consists of at least three Directors, including Independent Outside Directors. The majority of members of this committee are Internal Directors. JIA will keep discussing the composition of the committee.

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

[Principle 1-4 Cross-Shareholding]

JIA does not hold any listed shares strategically.

[Principle 1-7 Related Party Transactions]

When JIA makes an important transaction with a related party, the Board of Directors needs to make a resolution in advance, so that said transaction will not harm the common interests of our company and shareholders. When making a resolution, the Board of Directors has discussions from multiple aspects, while considering the necessity of said transaction and the opinions of independent Outside Directors, and checking whether the conditions of said transaction are not significantly different from those of normal transactions with a third party. We have established a system for continuously monitoring the situation of said transaction, etc. and reporting them at a meeting of the Board of Directors of JIA, when necessary.

[Supplementary Principle 2-4-1 Ensuring Diversity in the Promotion to Core Human Resources]

In order to globalize and diversify its business, JIA recruits “personnel who can immediately work on actual tasks” while focusing on expertise, advanced business skills, and aptitude. As a result, mid-career workers who possess

diverse values, ways of thinking, and backgrounds have already started working as core personnel. JIA deploys and promotes appropriate employees according to their abilities, qualities, experiences, and skills, without excessively taking into account their genders, nationalities, etc. JIA considers that diverse viewpoints and values reflecting different experiences, skills, and attributes in our company will help us secure sustainable corporate growth. In particular, JIA actively worked on the empowerment of women, and received Three Stars of Eruboshi as an excellent enterprise that engages in the empowerment of women in March 2023.

[Status of efforts for ensuring diversity in the appointment of women, foreign nationals, and mid-career hires to management positions and in the recruitment of core personnel]

i. Women

JIA implements measures for establishing an environment in which every employee can exert his/her ability regardless of gender and for increasing the ratio of female managers.

With a goal of increasing the ratio of female managers (line managers) to 20% or higher, we recruit and train personnel.

As of the end of the term ended December 2022, the ratio of female managers was 6%.

The general business owner's action plan produced in accordance with the Act on the Promotion of Women's Active Engagement in Professional Life and the action plan produced in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children are shown in Section III. Implementation of Measures for Shareholders and Other Stakeholders 3. Measures to Ensure Respect for Stakeholders' Positions for your reference.

ii. Foreign Nationals

In line with the globalization of our business, we have an overseas subsidiary in Ireland that will become the core of our group. Locally hired staff (20 persons, 8% of which is 85% of our group staff) and Japanese staff work closely together to conduct business activities. As of the end of the term ended December 2022, JIA (non-consolidated) had no non-Japanese employees. We will keep developing an environment in which personnel who can offer diverse ways of thinking inside or outside Japan can flourish as core personnel.

iii. Mid-career hires

Mid-career hires with diverse backgrounds in terms of values and ways of thinking are performing well as core personnel. In the term ended December 2022, we recruited 38 mid-career workers.

[Human resource development policy and internal environment development policy]

JIA believes that the steady growth of individual employees will lead to mutual stimulation and a positive growth cycle. The JIA Group aims to train employees as the most important capital and realize an in-house environment in which the employees can exert the abilities they have acquired to the maximum degree.

[Principle 2-6 Roles of Corporate Pension Funds as Asset Owners]

JIA adopted the defined contribution pension system for welfare of employees.

JIA is not involved with the management of accumulated funds in said pension system as an asset owner.

JIA selects financial institutions and instruments in an appropriate manner to support the formation of assets for employees, and educates employees about investment for asset management.

[Principle 3-1 ( i ) Corporate Vision (Management Philosophy, etc.), Management Strategy, and Management Plan]

The management philosophy of JIA is "Always be a company contributing to society by offering financial services."

JIA Group has formulated a three-year medium-term management plan starting from fiscal year 2023.

Please refer to the Company's website.

<https://www.jia-ltd.com/aboutus/philosophy/>

<https://www.jia-ltd.com/ir/library/>

The three core businesses are the Operating Lease, Renewable Energy, and Parts Out & Conversion businesses. In addition to these 3 core businesses, JIA operates the businesses of M&A Advisory, Insurance Agency, Private Equity, etc. The basic strategy of the JIA Group is to enhance its corporate value by offering the financial solution business related to the above-mentioned diverse businesses, and the media business to investors around Japan.

[Principle 3-1 (ii) Basic Views and Basic Policy on Corporate Governance]

These are described in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information, 1. Basic Views" of this document, and Annual Securities Report. Please refer to them.

[Principle 3-1 (iii) Policy and Procedure for Determining Compensation of Directors and Audit & Supervisory Board

Members]

These are described in “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management 1. Organizational Composition and Operation [Director Compensation]” of this document, and Annual Securities Report. Please refer to them.

[Principle 3-1 (iv) Policy and Procedure for Nomination and Dismissal of Directors and Audit & Supervisory Board Members]

Regarding the nomination of candidate Directors, the Nominees and Compensation Advisory Committee, which is a discretionary advisory body of the Board of Directors, deliberates those who possess plenty of experience, profound knowledge, and expertise suited for Directors of our company and the ability to make a judgment without emphasizing the interests of specific stakeholders too much, and recommends candidates to the Board of Directors, and then the Board of Directors makes a decision.

Regarding the nomination of candidate Audit & Supervisory Board Members, the Board of Directors chooses those who possess experience and broad knowledge required for serving as an Audit & Supervisory Board Member after obtaining the consent of the Audit & Supervisory Board.

We introduce candidate Directors and candidate Audit & Supervisory Board Members in proposals to be discussed at a general meeting of shareholders.

Regarding the dismissal of Directors and Audit & Supervisory Board Members, if any Director or Audit & Supervisory Board Member violates a law or regulation or obviously fails to fulfill his/her duty, the Nominees and Compensation Advisory Committee, which is a discretionary advisory body of the Board of Directors, will deliberate said matter, and then the Board of Directors will make a decision swiftly.

[Principle 3-1 (v) Providing Explanations for Individual Appointments and Nominations for the Positions of Director and Audit & Supervisory Board Member]

When appointing or dismissing candidate Directors or Audit & Supervisory Board Members, JIA discloses the background of each candidate and the reasons for said appointment or dismissal in a convocation notice for a general meeting of shareholders.

[Supplementary Principle 3-1-3 Disclosure Related to Sustainability]

- ( i ) JIA has formulated the basic policy for sustainability as follows, in order to achieve sustainable growth and improve corporate value for the JIA Group.

[JIA Group sustainable principle]

JIA will contribute to the realization of a sustainable society and improve corporate value sustainably through business activities under the corporate ethos. To do so, we will strive to solve various social issues to achieve SDGs together with our stakeholders.

Concrete measures for sustainability are shown in Section III. Implementation of Measures for Shareholders and Other Stakeholders 3. Measures to Ensure Respect for Stakeholders’ Positions for your reference.

- (ii) Investments in Human Capital and Intellectual Properties

JIA has established unique networks and know-how, which support the business base JIA Group has acquired. We will keep increasing these assets, without being satisfied with the status quo. To do so, we will actively work on the research based on the collaboration between industry and academia and the creation of investment opportunities through business alliances and M&A.

Regarding promising businesses that are not the core businesses of JIA, but would solve social issues, we will look for investors through the PE investment business and support their growth by financing them.

- (iii) Disclosure of Information based on TCFD Recommendations

JIA Group collects and analyzes necessary data on the risks and effects of climate change, and makes efforts to disclose information.

[Supplementary Principle 4-1-1 Overview of the Scope of Delegation to Management]

The Board of Directors makes decisions about important managerial items and supervises business execution from the viewpoints of sustainable corporate growth and mid/long-term corporate value improvement. The items not mentioned in the Companies Act or the regulations for authority of management as important items that require a solution of the Board of Directors will be delegated to the management.

[Principle 4-9 Independence Standards for Outside Officers]

The criteria for judging independence are described in “II. Business Management Organization and Other Corporate

Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management [Independent Officers], Other matters concerning independent officers” of this document and Annual Securities Report. Please refer to them.

[Principle 4-11-1 Diversity and Size of the Board of Directors]

In the Board of Directors of JIA, the knowledge, experience, and abilities for fulfilling its roles and duties are well-balanced. We will keep discussing gender and internationality. Our independent Outside Directors include those who have the experience of business administration in other companies. In addition, we appoint those who possess sufficient knowledge of finance and accounting as Audit & Supervisory Board Members.

The skill matrix of Directors is disclosed at the end of the convocation notice for each annual meeting of shareholders. The skill matrix shows the qualities and experience directors should have and their balance in the Board of Directors.

[Supplementary Principle 4-11-2 Concurrent Appointments of Directors and Audit & Supervisory Board Members]

The concurrent posts of Directors and Audit & Supervisory Board Members of JIA are described in the Convocation Notices for General Meetings of Shareholders, Annual Securities Report, and the section for introducing executives in the website of JIA.

The important concurrent posts of Outside Directors and Audit & Supervisory Board Members are described in “II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management [Items related to Directors] and [Items related to Audit & Supervisory Board Members]” of this document. Please refer to them.

[Supplementary Principle 4-11-3 Analysis and Evaluation of Effectiveness of the Board of Directors]

In JIA, all Directors and Audit & Supervisory Board Members conduct self-evaluation once a year, and report the results of analysis and evaluation to the Board of Directors.

Outside Directors and Audit & Supervisory Board Members receive sufficient support, including explanations on important issues of the Board of Directors, business administration, etc., so active discussions about the Board of Directors were conducted.

Accordingly, the Board of Directors of our company recognizes that the Board of Directors functions well, being effective for making decisions about important managerial items and supervising business execution.

Concrete items to be evaluated include the number of directors, the composition of the Board, including diversity, methods for operation, including information provision for prior discussions, the supervision of management situations by Outside Directors, the timeliness and comprehensiveness of information provision for objective management judgments, and the profoundness of deliberation and examination for making a resolution.

The results of analysis and evaluation in fiscal 2022 indicate that the Board of Directors is appropriate in all of the evaluation items, and its effectiveness was confirmed.

As remaining issues to be solved, they pointed out the diversity of gender, knowledge, etc. of Directors, the necessity to change the scope of delegation for individual execution judgments, the early distribution of reference material for prior discussions, etc. We will make efforts to improve them and enhance the effectiveness and functions of the Board of Directors.

[Supplementary Principle 4-14-2 Policy on Training Directors and Audit & Supervisory Board Members]

JIA conducts appropriate education and training, so that Directors and Audit & Supervisory Board Members can fulfill their roles and duties properly. Corporate lawyers regularly give lectures about the obligations and responsibilities of Directors and Audit & Supervisory Board Members.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]

JIA holds constructive dialogues with shareholders, in order to achieve sustainable growth and improve its mid/long-term corporate value.

The Director and General Manager of Corporate Administration Division manages the dialogues, and the PR/IR group serves as an exclusive section.

The section in charge of IR cooperates closely with related sections, and engages in IR activities.

For shareholders and investors, the President and CEO holds results briefing sessions, while executives in charge and the PR/IR group deal with inquiries from them by telephone, email or through personal interviews.

The opinions, etc. of shareholders received through dialogue are shared by the Representative Director and President and the Board of Directors.

The “Disclosure Policy,” which summarizes the basic policy for disclosing IR information, is described in the IR page of the website of JIA at: <https://www.jia-ltd.com/en/ir/disclaimer/>. Please refer to the website.

As for insider information management, the Company has produced the group-wide “Regulations for Preventing Insider

Trading,” so that executives and employees of companies of the JIA Group would follow them. Like this, JIA is striving to manage important facts appropriately and prevent insider trading.

## 2. Capital Structure

Percentage of Shares by Foreign investors	Less than 10%
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### [Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
KODO Holding Co., Ltd.	7,400,000	24.51
Naoto Shiraiwa	6,875,000	22.77
Custody Bank of Japan Ltd. (Trust account)	3,282,300	10.87
The Master Trust Bank of Japan Ltd. (Trust account)	1,573,800	5.21
Teiji Ishikawa	440,000	1.46
Yoshitaka Murata	440,000	1.46
Sojitz Corporation	200,000	0.66
BNP PARIBAS LONDON BRANCH for PRIME Brokerage Segregation ACC for Third Party	175,119	0.58
Yoshihiko Kusuda	140,000	0.46
Nomura Securities Co., Ltd.	138,252	0.46

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

### Supplementary Explanation

1. The status of the above major shareholders and percentage of foreign shareholders is based on the list of shareholders as of December 31, 2022.
2. The Company holds 540,420 treasury stocks, which are excluded in the above list. The percentage is calculated after deducting the number of treasury stocks from that of total outstanding shares.

### 3. Corporate Attributes

Stock Market and Market Section Listed on	Tokyo Stock Exchange, Prime Market
Fiscal Year-end	December
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 When the Company Engages in Transactions with Controlling Shareholder

None

### 5. Other Special Circumstances that May Have Material Impact on Corporate Governance

None

## 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 an Audit & Supervisory Board Members
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#### [Board of Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	10
Term of Office Stipulated in Articles of Incorporation	2 year
Chairperson of the Board	President
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Directors	4

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

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Takashi Mori	From another company									△		
Shunji Yanai	Other											
Akira Maekawa	Attorney at law											
Kiyoto Ido	Other											

\* 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

- Executive of the Company or its subsidiaries
- Non-executive Director or executive of a parent company of the Company
- Executive of a fellow subsidiary of the Company
- A 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, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a Director/Audit & Supervisory Board Member
- Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a legal entity)
- Executive of a client or supplier of the Company (which does not correspond to any d, e, or f) (the Director himself/herself only)
- Executive of a company which has the same individual(s) as the Company appointed as Outside Directors/Audit & Supervisory Board Members (refers only to the Director)
- Executive of a company or organization that has received a donation from the Company (refers only to the Director)
- Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Takashi Mori	○	<p>Mr. Takashi Mori came from the Sanwa Bank (present: MUFG Bank), but after resigning from that bank in 2005, he has never engaged in the business execution of the Sanwa Bank group. That bank is one of financing banks of the JIA Group, but it is not a business partner that significantly influences the decision making of JIA. The criteria for judging the independence of outside executives of JIA are as mentioned in "Independent Officers, Other matters concerning independent officers."</p> <p>The Company has concluded a contract for liability limitation with him.</p> <p>His term as an Outside Director is 10 years as of the end of the annual meeting of shareholders in 2023.</p>	<p>Mr. Takashi Mori has given helpful advice, proposals actively at meetings of the board of Directors since he was appointed as an Outside Director of the Company, based on his long-term extensive knowledge in the field of international finance and management experience in business companies. Accordingly, we elected him as an Outside Director, hoping that his knowledge, experience will be utilized for supervision of business administration.</p> <p>&lt;Reason for designation as an independent officer&gt; He is independent of the management that executes business, and there is no risk of causing a conflict of interest with general shareholders.</p>
Shunji Yanai	○	<p>Mr. Shunji Yanai serves as a judge of the International Tribunal for the Law of the Sea and a Director of Proudfoot Japan concurrently. The Company has concluded a contract for liability limitation with him.</p> <p>His term as an Outside Director is 7 years as of the end of the annual meeting of shareholders in 2023.</p>	<p>Mr. Shunji Yanai has served as Vice-Minister for Foreign Affairs, an Ambassador to the United States of America., and the Judge of International Tribunal for the Law of the Sea, so he possesses profound knowledge of international affairs and viewpoint of diversity.</p> <p>Since he was appointed as an Outside Director of the Company, he has given appropriate opinions, suggestions actively at meetings of the Board of Directors. Accordingly, we elected him as an Outside Director, hoping that his knowledge, experience will be utilized for supervision of business administration.</p> <p>&lt;Reason for designation as an independent officer&gt; He is independent of the management that executes business, and there is no risk of causing a conflict of interest with general shareholders.</p>



Akira Maekawa	○	<p>Mr. Akira Maekawa serves as a partner of the law office Iota, a councilor of the social welfare corporation Asumi Fukushikai, a conciliation commissioner of Tokyo Summary Court, an auditor of Incorporated Association Jin-Bun-Chi Forum and an auditor of TRI bank Kanagawa concurrently. The Company has concluded a contract for liability limitation with him.</p> <p>His term as an Outside Director is 5 years as of the end of the annual meeting of shareholders in 2023.</p>	<p>Based on his knowledge and experience as a legal specialist, Mr. Akira Maekawa has given appropriate opinions, suggestions, etc. actively from the viewpoints of risks management and compliance at meetings of the Board of Directors since he was appointed as an Outside Director of the Company. Accordingly, we elected him as an Outside Director, hoping that his knowledge, experience, etc. will be utilized for supervision of business administration.</p> <p>&lt;Reason for designation as an independent officer&gt; He is independent of the management that executes business, and there is no risk of causing a conflict of interest with general shareholders.</p>
Kiyoto Ido	○	<p>Mr. Kiyoto Ido serves as an Outside Director of Kuraray Co., Ltd. concurrently. The Company has concluded a contract for liability limitation with him.</p> <p>His term as an Outside Director is 2 years as of the end of the annual meeting of shareholders in 2023.</p>	<p>Mr. Kiyoto Ido has served as Director-General of the International Bureau of the Ministry of Finance, Executive Director of the Bank of Japan, and Outside Director of a business corporation, and has a high level of insight into domestic and international financial conditions and corporate governance. Since he was appointed as an Outside Director of the Company, he has given appropriate opinions, suggestions, etc. actively at meetings of the Board of Directors. Accordingly, we elected him as an Outside Director, hoping that his knowledge, experience will be utilized for supervision of business administration.</p> <p>&lt;Reason for designation as an independent officer&gt; He is independent of the management that executes business, and there is no risk of causing a conflict of interest with general shareholders.</p>

Voluntary Establishment of Committee(s) Corresponding to a Nomination Committee or Compensation Committee	Established
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Establishment of voluntary committees, their structure, and attributes of their chairmen

	Committee name	Total No. of members	Fulltime members	Inside Directors	Outside Directors	Outside experts	Other	Chairman
Voluntary committee equivalent to the nomination committee	Nominees and Compensation Advisory Committee	3		2	1			Inside Director
Voluntary committee equivalent to the remuneration committee	Nominees and Compensation Advisory Committee	3		2	1			Inside Director

Supplementary Explanation

The Company has established the Advisory Committee on Nomination and Remuneration as an advisory body to the Board of Directors in order to enhance the fairness, transparency and objectivity of procedures related to the nomination and remuneration of Directors and to improve corporate governance. The committee consists of three or more members (Directors of the Company), and the chairman is an Inside Director.

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit & Supervisory Board Members	3

Cooperation Among Audit & Supervisory Board Members, Accounting Auditors and the Internal Audit Department

Our Internal Audit Office, Audit & Supervisory Board Members, and Accounting Auditors are exchanging information and cooperating as needed to mutually complement and conduct efficient audit operation.

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

Outside Audit & Supervisory Board Member's Relationship with the Company (1) **Updated**

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	L	m
Hitoshi Komatsuzawa	From another company													
Hitoshi Imuta	From another company													

\* Categories for "Relationship with the Company"

\* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category; "△" when the Audit & Supervisory Board Member fell under the category in the past

\* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

- a. Executive of the Company or its subsidiaries
- b. Non-executive Director or accounting advisor of the Company or its subsidiaries
- c. Non-executive Director or executive of a parent company of the Company
- d. Audit & Supervisory Board Member of a parent company of the Company
- e. Executive of a fellow subsidiary of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an Audit & Supervisory Board Member
- i. Major shareholder of the Company (or an executive of the major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier of the Company (which does not correspond to any f, g, or h) (refers only to the Audit & Supervisory Board Member)
- k. Executive of a company which has the same individual(s) as the Company appointed as Outside Directors/Audit & Supervisory Board Members (refers only to the Audit & Supervisory Board Member)
- l. Executive of a company or organization that has received a donation from the Company (refers only to the Audit & Supervisory Board Member)
- m. Others

Outside Audit & Supervisory Board Member's Relationship with the Company (2) **Updated**

Name	Designation as Independent Audit & Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons of Appointment
Hitoshi Komatsuzawa	○	Mr. Hitoshi Komatsuzawa serves concurrently as a part-time Audit & Supervisory Board Member of Nihon Securities Journal Inc. The Company has concluded a contract for liability limitation with him. He has served as an Audit & Supervisory Board Member of JIA for 9 years 8 months as of the end of the annual meeting of shareholders in 2023.	Mr. Hitoshi Komatsuzawa has a wealth of management experience and knowledge in financial institutions and business companies. Since his appointment as an Outside Audit & Supervisory Board Member of the Company, he has actively and meaningfully provided advice and suggestions to the Audit & Supervisory Board. In addition, he has provided effective suggestions and recommendations from the perspective of management oversight to the Board of Directors. He was appointed, with the hope that he will keep utilizing his knowledge, experience, etc. for auditing JIA.  <Reason for designation as an independent officer> He is independent of the management that executes business, and there is no risk of causing a conflict of interest with general shareholders.
Hitoshi Imuta	○	The Company has concluded a contract for liability limitation with him. He was appointed as an Audit & Supervisory Board Member of JIA in August 2023.	Mr. Hitoshi Imuta possesses plenty of experience of business administration in a business company, a track record as a financial expert, and broad knowledge, so he is expected to fulfill his role to a sufficient degree in effective audit in our corporate group. He was appointed, with the hope that he will keep utilizing his knowledge, experience, etc. for auditing JIA.  <Reason for designation as an independent officer> He is independent of the management that executes business, and there is no risk of causing a conflict of interest with general shareholders.

**[Independent Officers (Directors/Audit & Supervisory Board Members)]**

Number of Independent Officers	6
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**Other matters concerning independent officers**

For securing the appropriateness of corporate governance and tightening it further, JIA has established the criteria for the independence of Outside Directors or Audit & Supervisory Board Members.

Criteria for judging independence

The Outside Directors or Audit & Supervisory Board Members who do not fall under any of the following items are

considered to be independent.

1. Those whose major business partner is JIA or those who execute the business thereof
2. A major business partner of JIA or those who execute the business thereof
3. A lawyer, certified public accountant, tax accountant, consultant, or the like who receives money or property benefits whose amount exceeds a specified amount in addition to the remuneration for executives from JIA (or a member of a group, such as a corporation and an association, that receives property benefits)
4. A major financing institution of JIA or those who execute the business thereof
5. A person or a Director of a group, such as a corporation and an association, that receive a donation or subsidy whose amount exceeds a specified amount from JIA or those who execute the business thereof
6. Those who execute the business of a company whose Outside Director executes or executed the business of JIA
7. A major shareholder of JIA or those who execute the business thereof
8. Those who fell under any of the above items 1 to 7 in the past 3 years
9. Close relatives or the like of those who fall under any of the above items 1 to 8 (limited to those who are in important positions)
10. Close relatives or the like of Directors, executive officers, managers, or other important employees of JIA or a subsidiary thereof

(Notes)

1. “Those whose major business partner is JIA” mean those who have received a payment accounting for 1% or higher of annual consolidated sales thereof in the latest fiscal year
2. “A major business partner of JIA” is the one that has paid an amount accounting for 1% or higher of annual consolidated sales of JIA in the latest fiscal year.
3. “Those who execute the business” mean executive directors, executive officers, managers, or other employees of a company.
4. “A major financing institution” means the one that provides JIA with a loan equivalent to 2% or higher of consolidated total assets of JIA in the latest fiscal year.
5. “A specified amount” is 10 million yen per year.
6. “A major shareholder” means a shareholder who holds voting rights accounting for 10% or higher of a total number of voting rights of JIA. Shareholding ratio is calculated while excluding treasury shares, and JIA is not considered as a major shareholder.
7. “Those who are in important positions” mean directors, excluding outside ones, executive officers, and employees in the division chief position or higher positions.
8. “Close relatives or the like” mean spouses and relatives within the second degree of kinship.

**[Incentives]**

Incentive Policies for Directors	Stock Options
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**Supplementary Explanation**

Stock options were adopted for the purpose of enhancing Directors’ willingness and motivation to improve the JIA Group.

The Board of Directors determine the Directors receiving stock options and the number of stock options after deliberations and discussions, completing fair procedures.

Recipients of Stock Options	Inside Director, Eternal Director, Inside Auditor, Eternal Auditor, employee, subsidiary Director, subsidiary Auditor and subsidiary employee.
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**Supplementary Explanation**

As JIA aims to improve the business performance and corporate value of the JIA Group from the mid/long-term standpoint, it has issued share acquisition rights to the executives and employees of JIA and its subsidiaries, for the purpose of enhancing their willingness and motivation and strengthening solidarity in the JIA Group.

If all of share acquisition rights that were provided after payment are exercised, the number of common shares of JIA will increase by the amount equivalent to 1.9% of the total number of outstanding shares. Said share acquisition rights can be exercised only when business performance goals are attained. It is recognized that the achievement of said goals would improve the corporate value and shareholder value of JIA.

Accordingly, it is considered that the issuance of said share acquisition rights would contribute to the benefits of existing shareholders, and the effects of stock dilution are reasonable.

## [Director Compensation]

Disclosure of Individual Directors' Compensation	Individual compensation is not disclosed.
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### Supplementary Explanation

The total amount of remuneration for each of the Directors and Audit & Supervisory Board Members is disclosed in the Annual Securities Report and Business Report. There is no one whose total amount of remuneration, etc. is more than 100 million yen.

The amount of remuneration and other financial benefits paid to Directors and Audit & Supervisory Board Members in the fiscal year ended December 31, 2022 (annual amount) was 198 million yen (for 11 persons), of which 186 million yen was paid to 8 Directors (of which 22 million yen was paid to 4 Outside Directors), 12 million yen was paid to 3 Audit & Supervisory Board Members (of which 6.6 million yen was paid to 2 Outside Audit & Supervisory Board Members).

The amounts paid to Directors do not include the salaries of employees of directors who also serve as employees.

Policy on Determining Compensation Amounts and Calculation Methods	Established
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### Disclosure of Policy on Determining Compensation Amounts and Calculation Methods

The compensation for each Director is determined by the Board of Directors within a total amount determined at the General Shareholders' Meeting, while taking into consideration the position and scope of duties.

The Directors of our company receive fixed compensation only, and performance-based compensation has not been adopted.

The Company reached the following resolution on the compensation for individual directors at the Board of Directors' meeting held on March 18, 2021.

- Basic Policy

The Company's basic policy is to aim for a compensation system linked to shareholder interests in the medium term, so that the compensation of the Company's Directors will function sufficiently as an incentive to sustainably enhance corporate value, and to ensure that the compensation of individual directors is determined at an appropriate level based on their respective responsibilities and the Company's business performance.

- Policy on Determining the Details and Method of Calculating Performance-Linked Compensation and Non-Monetary Compensation

The Company does not pay performance-linked compensation or non-monetary compensation.

- Policy on Determining the Ratio of the Monetary Compensation, Performance-Linked Compensation, etc., or Non-Monetary Compensation, to the Compensation of Individual Directors

Regarding the ratio of compensation for Directors by type, the Company only pays basic compensation.

- Policy for Determining Time or Conditions for Providing Compensation, etc.

The basic compensation is fixed monthly and paid in cash.

- Matters concerning decisions on the contents of compensation for individual Directors

The decision-making authority for the amount of basic compensation to be paid to each Director shall be delegated to Mr. Naoto Shiraiwa, President and Representative Director, in accordance with a resolution of the Board of Directors. The President and Representative Director shall also determine the amount of basic compensation to be paid to each Director in accordance with their position and responsibilities within the total amount of compensation, etc. determined at the General Shareholder Meeting, while taking into account the Company's business performance, etc. In making such a decision, the Company respects the contents of the report of the Nomination and Compensation Advisory Committee, which was established based on the resolution of the Board of Directors and includes Outside Directors as members. The Board of Directors has confirmed that the President and Representative Director is in a position to appropriately grasp and evaluate the responsibilities and performance of each Director in the fiscal year under review, and that it is consistent with the content of the decisions made by the Board of Directors.

- Matters concerning changes in the decision-making policies, etc. related to compensation for individual directors

In the event that there are matters that require a consideration of whether or not to review the decision-making policies regarding the content of compensation for individual directors, such as changes in social conditions, the business environment in the Company, and institutional designs in the Company, the President and Representative Director shall review such matters from time to time and make changes as necessary through a resolution of the Board of Directors.

In view of the above policy, for the period up to the conclusion of the 18th Annual Shareholders' Meeting to be held in March 2024, the compensation of Directors in charge of business execution and Outside Directors in charge of supervisory function shall be paid only as fixed compensation, and the Company's business performance shall be taken into consideration in determining the amount of compensation.

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

The Corporate Administration Division supports Outside Directors and Audit & Supervisory Board Members. Concretely, it explains the details and progress of businesses of JIA to them when necessary, and disclose necessary material and information swiftly, to support the business operations of Outside Directors and Audit & Supervisory Board Members.

## 2. Matters Concerning the Functions of Business Execution, Auditing, Oversight, and Nomination and Compensation Decisions (Overview of Current Corporate Governance System) **Updated**

### 1. Board of Directors

The Board of Directors of JIA is composed of 8 Directors, including 4 Outside ones, and has the authority to determine the business execution of JIA and supervise the execution of duties of Directors.

The Board of Directors holds a regular meeting once a month and an extraordinary meeting when necessary. The Board of Directors makes a decision about important items regarding business administration, receives reports on business execution from Directors when necessary, and oversees the business execution of Directors.

JIA has concluded a contract for limiting the liability for damages mentioned in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. The upper limit of liability set forth in said contract is as specified by law. Such limitation of liability is only permitted when the Outside Director has performed his/her duties, giving rise to the liability in good faith and without gross negligence.

(a) Number of meetings of the Board of Directors, and the situation of attendance by Directors

In the term ended Dec. 2022, the Board of Directors held a total of 14 meetings. The situation of attendance by Directors is tabulated below.

Name	Attendance at meeting of the Board of Directors (number of times attended / number of meetings)
Naoto Shiraiwa	100% (14 times / 14 times)
Teiji Ishikawa	100% (14 times / 14 times)
Yoshitaka Murata	100% (14 times / 14 times)
Takeshi Sugimoto	100% (14 times / 14 times)
Takashi Mori	100% (14 times / 14 times)
Shunji Yanai	100% (14 times / 14 times)
Akira Maekawa	100% (14 times / 14 times)
Ido Kiyoto	100% (14 times / 14 times)

### 2. Audit & Supervisory Board Members

JIA has adopted the system of Auditors, and the Audit & Supervisory Board is composed of 1 full-time Audit & Supervisory Board Member and 2 Outside Audit & Supervisory Board Members.

The full-time Audit & Supervisory Board Member attends important meetings, such as the meetings of the Board of Directors, browses documents about important decisions, investigates and checks the business operations and assets of each business department, based on the audit policy, methods, and plans produced by the Audit & Supervisory Board. In addition, the full-time Audit & Supervisory Board Member regularly exchanges information, opinions, etc. with the Representative Director, Accounting Auditors, and the Internal Audit Office.

The Audit & Supervisory Board holds a regular meeting once a month and an extraordinary meeting when necessary. Audit & Supervisory Board Members exchange opinions, share information, and so on regarding the contents of audit.

Full-time Audit & Supervisory Board Member Osamu Kobayashi, Audit & Supervisory Board Member Hitoshi Komatsuzawa and Audit & Supervisory Board Member Hitoshi Imuta have considerable knowledge of finance and accounting as follows.

- Full-time Audit & Supervisory Board Member Osamu Kobayashi has many years of experience in financial inspection services since joining the Ministry of Finance.
- Audit & Supervisory Board Member Hitoshi Komatsuzawa is a former member of the Japan Finance Corporation for Small Business (current Japan Finance Corporation) and has experience in multiple corporate revitalizations as a manager.
- Audit & Supervisory Board Member Hitoshi Imuta is a former member of the Nomura Securities Co., Ltd. and has experience in the management of several business companies, a proven track record as a financial expert, and extensive insight.

JIA has concluded a contract for limiting the liability for damages mentioned in Article 423, Paragraph 1 of the Companies Act in accordance with Article 427, Paragraph 1 of the Companies Act. The upper limit of liability set forth in said contract is as specified by law. Such limitation of liability is only permitted when the Audit & Supervisory Board Member has performed his/her duties, giving rise to the liability in good faith and without gross negligence.



(a) Number of meetings of the Audit & Supervisory Board, and the situation of attendance by Audit & Supervisory Board Members

In the term ended Dec. 2022, the Audit & Supervisory Board held a total of 13 meetings. The situation of attendance by Audit & Supervisory Board Members at the meetings of the Audit & Supervisory Board and the Board of Directors is tabulated below.

Name	Attendance at meeting of the Audit & Supervisory Board (number of times attended / number of meetings)	Attendance at meeting of the Board of Directors (number of times attended / number of meetings)
Osamu Kobayashi	100% (13 times / 13 times)	100% (14 times / 14 times)
Hitoshi Komatsuzawa	100% (13 times / 13 times)	100% (14 times / 14 times)
Hisao Yamaguchi	100% (13 times / 13 times)	100% (14 times / 14 times)

### 3. Internal Audits

Internal audits of our company are conducted by the Internal Audit Office, which reports directly to the Representative Director.

The Internal Audit Office conducts audits of business operations and internal controls in accordance with internal audit regulations and internal audit plans. Audit results are reported to the Representative Director and full-time Audit & Supervisory Board Member each time an audit is conducted. The Representative Director instructs the audited division to take action on matters that require improvement.

In addition, the status of audit implementation, instructions for improvement, and the status of improvement are periodically reported at the Board of Directors meetings. All Audit & Supervisory Board Members attend the Board of Directors meetings and receive reports from the Internal Audit Office on audit plans, internal audit results, and the results of the evaluation of internal control over financial reporting.

### 4. Nominees and Compensation Advisory Committee

JIA has Nominees and Compensation Advisory Committee, which is composed of 3 Directors, including Independent Outside Directors.

JIA consults with Nominees and Compensation Advisory Committee when submitting a proposal for the appointment or dismissal of a director, the dismissal of the Representative Director, the determination of the compensation for a director, or other important items to the Board of Directors.

The committee held a meeting three times in the term ended December 2022, to discuss the appointment of directors and the revision of compensation amounts. All committee members attended those meetings.

### 5. Sustainability Committee

The JIA Group established a sustainability committee, which is chaired by the Representative Director of JIA. Its purpose is to formulate important policies for sustainability-oriented management and implement measures under the policies without fail in the JIA Group.

### 6. Compliance Committee

The JIA Group established a compliance committee, which is chaired by the Representative Director of JIA. Its purpose is to formulate important policies for the establishment of a compliance system management and implement measures under the policies without fail in the JIA Group.

### 7. Risk Management Committee

The JIA Group established a risk management committee, which is chaired by the Representative Director of JIA. Its purpose is to formulate important policies for the establishment of a risk management system and implement measures under the policies without fail in the JIA Group.

### 8. Accounting Audits

JIA has concluded an audit contract with Grant Thornton Taiyo LLC. Through the audit by said audit corporation, JIA confirms accounting problems and makes efforts to improve the appropriateness of its accounting process.

The following certified public accountants executed the tasks.

Grant Thornton Taiyo LLC	Designated Unlimited Liability Partner, Engagement Partner	Hiroshi Tsurumi
Grant Thornton Taiyo LLC	Designated Unlimited Liability Partner, Engagement Partner	Keita Kawashima

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

As a Company with a Board of Company Auditors, the Company ensures the enhancement of monitoring and supervisory functions along with transparency and soundness of management by ensuring the full functionality of management oversight by Audit & Supervisory Board Members.

In addition to conducting audits and supervision of the execution of duties by Directors by three Audit & Supervisory Board Members (including two Outside corporate Auditors), half of the Directors are appointed as Outside Directors (four), and a system has been established to strengthen the management supervision function and ensure the appropriateness of decision-making by the Board of Directors.

In addition, JIA has established a system for soliciting opinions from legal advisors as necessary.

Accordingly, it can be concluded that the Company has established a sufficient governance system.

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

#### 1. Measures to Ensure Dynamic General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meetings	The convocation notice for the 17th annual meeting of shareholders was sent on March 9, 2023, and submitted to Tokyo Stock Exchange on February 28, 2023.
Scheduling General Shareholder Meetings on Days When Numerous Other Companies Are Not Holding Theirs	Dates on which many companies hold meetings of shareholders are avoided, so that many shareholders can attend the general meeting of shareholders of JIA. The 17th annual meeting of shareholders was held on March 28, 2023.
Allowing Electronic Exercise of Voting Rights	Shareholders can exercise their voting rights electronically by using the voting website designated by Sumitomo Mitsui Trust Bank, Limited, the administrator of the shareholder register.
The Environment surrounding the Exercise of Electronic Voting Rights for institutional investors	As we adopted the online platform for exercising voting rights for institutional investors, which is operated by ICJ, Inc., in 2022, it became possible to exercise voting rights with an electromagnetic method.
Convocation Notice in English Provided	The reference material for the 17th annual meeting of shareholders was provided in English.
Other Matters	The voting results are disclosed on the Company's website without delay after the conclusion of the General Shareholders' Meeting. In addition, the status of approval or disapproval for each proposal is disclosed in the extraordinary report, together with the numbers of "for," "against" and "abstain" votes.

#### 2. IR Activities

	Supplementary Explanations	Explanation from Representative
Formulation and Public Disclosure of the Disclosure Policy	JIA has set the policy for disclosing IR information, and announced it in its website at <a href="https://www.jia-ltd.com/en/ir/disclaimer/">https://www.jia-ltd.com/en/ir/disclaimer/</a> .	
Regular Investor Briefings for Analysts and Institutional Investors	In FY2022, the following briefing sessions were held. A session for briefing results for institutional investors on August 2, 2022 (hosted by the Securities Analysts Association of Japan, held at Nikkei Kayabacho Seminar Room 1) A session for briefing results for institutional investors on February 13, 2023 (held at the venue and webinar)	Yes
Posting of IR Materials on Website	The website includes financial results and other items to be disclosed timely, PR material, securities report, quarterly reports, corporate governance reports, and convocation notices for general meetings of shareholders. JIA discloses its financial results, explanatory material, timely disclosure material other than financial results, PR material, corporate governance reports, notices of convocation of general meetings of shareholders (reference documents), and voting results in English. <a href="https://www.jia-ltd.com/ir/">https://www.jia-ltd.com/ir/</a> <a href="https://www.jia-ltd.com/en/ir/">https://www.jia-ltd.com/en/ir/</a>	

Establishment of Department and/or Manager in Charge of IR	The Director in charge of IR is the Director and head of Management Department and the section in charge of IR is the PR & IR Group of Corporate Planning Department.	
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### 3. Measures to Ensure Respect for Stakeholders' Positions

	Supplementary Explanations	
Internal regulations and other guidelines stipulate that stakeholders' viewpoints shall be respected.	JIA Group stated that it respects the positions of stakeholders in “JIA Group sustainable principle” which stipulates the basic policy for realizing sustainability-oriented business administration.	
Implementation of environmental preservation, CSR, and other activities	<p>In the Parts Out &amp; Conversion business, the JIA Group curtails the generation of waste aircraft and parts by utilizing aged aircraft after their lease periods in cooperation with airline companies.</p> <p>JIA is working to reduce CO2 emissions through Renewable Energy Business to realize a decarbonized society. In the Renewable Energy Business, JIA started the development and operation of solar power plants in 2014, and the cumulative output of power plants we developed reached about 365,038 MW. We invested in a power generation project using the methane gas obtained through the fermentation of food waste as part of the project for commercializing new power sources following solar power, by utilizing our knowledge nurtured through solar power generation.</p> <p>JIA is working on weeding with sheep as an environment-friendly “chemical-free weeding” to reduce the impact on the environment, as solar power plants require regular weeding.</p> <p>JIA engages in collaborative research for “realizing carbon neutral society and revitalizing forestry” with Tokyo University of Agriculture and Technology (TUAT). The joint research is aimed at establishing “a method of reforestation planted forests after logging of artificially planted Japanese cedar and cypress forest” and “decarbonized society such as carbon neutrality” using fast-growing trees from the perspective of forestry science and woody biomass science.</p> <p>We contribute to local communities through the issuance of donation-type private placement bonds underwritten by local banks. A portion of the issuance fee was donated to local governments, local medical organizations, organizations working to reduce food loss, and School attendance support.</p>	
Formulation of policies and other guidelines to provide information to stakeholders	<p>JIA considers that a duty as a listed company is to disclose corporate information timely and appropriately to all stakeholders, including shareholders, investors, and local communities, and recognizes well that it is indispensable to fulfill this duty as a company listed a sound securities market. Keeping it in mind, the Company will disclose corporate information swiftly, accurately, and fairly to shareholders and investors.</p> <p>JIA set Disclosure Policy, to distribute financial reports, including our business administration information, and information on our corporate activities to shareholders and investors swiftly, accurately, and fairly.</p>	

Others	<p>JIA formulate the General Employees Action Plan Pursuant to the Act on the Promotion of Female Participation and Career Advancement in the Workplace, in order to maintain a working environment in which female employees can flourish as managers and both men and women can work for a long period of time.</p> <p><b>【Period of the plan】</b> from April 1, 2022 to March 31, 2026</p> <p><b>【Goal 1】</b> To increase the ratio of female managers (line managers) to 20% or higher*</p> <p>*This goal is much higher than the average in the financial industry: 14.1%.</p> <p><b>【Goal 2】</b> To improve the system for supporting employees in raising children while working</p> <p>JIA also formulated the action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children, as follows, so that employees can raise their children while working and all employees can exert their abilities to a sufficient degree.</p> <p><b>【Period of the plan】</b> from April 1, 2022 to March 31, 2024</p> <p><b>【Goal 1】</b> To increase the ratio of male employees who have taken childcare leave to 30% or higher during the period of the plan</p> <p><b>【Goal 2】</b> To improve the system for shortened working hours for childcare (expanding the eligible age range)</p>
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## IV. Matters Related to the Internal Control System

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

The following is the overview of the decisions made and the operational status regarding the system to ensure compliance by the Directors of JIA and the JIA Group companies with laws and the Articles of Incorporation in the execution of their duties, and other systems to ensure appropriate business operations of the corporate group consisting of JIA and its subsidiary companies:

#### 【Overview of the decisions made about the system to ensure appropriate business operations】

<b>1. System to ensure compliance by the Directors and employees of the Company and its Group companies with laws and the Articles of Incorporation in the execution of their duties</b>
(1) The Directors and employees of JIA and JIA's subsidiary companies (hereinafter collectively referred to as "the JIA Group") shall comply with social ethics, laws, the Articles of Incorporation, various internal regulations, and other applicable rules and engage in appropriate and sound corporate activities on the basis of the Corporate Philosophy.
(2) The Board of Directors shall develop internal regulations related to execution of duties, including the Rules of the Board of Directors and Rules on Administrative Authorities, and the employees execute their respective duties pursuant to the internal regulations so specified.
(3) The status of compliance shall be reported by the Compliance Committee to the Directors and the Audit & Supervisory Board Members, and the person in charge of each department shall build and promote a framework of legal compliance upon understanding compliance-related issues specific to their departments.
(4) The Internal Audit Office, which is under the direct supervision of the President, shall regularly audit such matters as business execution and compliance by each department and report audit results to the president and the Audit & Supervisory Board Members.
(5) The JIA Group has set up points of contact for internal reporting in order to properly deal with violation of law, legally questionable acts, and other similar matters.
<b>Overview of the operation of the above system</b>
<ul style="list-style-type: none"><li>• The JIA Group strives to raise awareness regarding the implementation of appropriate and sound corporate activities based on the Management Philosophy and the observance of internal rules through internal training, internal newsletters, etc. In particular, all employees are required to attend compliance training courses on the prevention of insider trading and harassment to prevent misconduct.</li><li>• The JIA Group sees to it that its Directors and employees understand the contents of the JIA Compliance Manual, and that they confirm this every year in addition to the time of joining the Company.</li><li>• The Representative Director receives reports on the activities of each division through regular audit reports by the Internal Audit Department and regular meetings of the Compliance Committee, of which he is the chairperson, after which he directs appropriate improvement measures. Items of high importance are reported to the Board of Directors.</li><li>• The JIA Group has established a whistle-blowing system in which only outside lawyers can choose to serve as contact points, and is working to protect whistle-blowers and to identify and remedy problems as early as possible.</li></ul>
<b>2. System for storing and managing information associated with business execution by the Directors</b>
(1) Records, ringisho (drafts circulated to obtain managerial approval), and other important information associated with business execution by the Directors shall be documented in paper form or electromagnetic media, and properly stored and managed pursuant to the law and internal regulations.
(2) The Directors and the Audit & Supervisory Board Members shall be allowed to refer to such documents and other relevant information as necessary.
<b>Overview of the operation of the above system</b>
<ul style="list-style-type: none"><li>• The JIA Group has established the "Document Management Regulations" to provide details of record documents, requests for approval, and other important information related to the execution of duties by Directors and appropriately stores and manages them. The Company has established a system that enables the provision of information at any time in response to requests from Directors and Audit &amp; Supervisory Board Members.</li></ul>
<b>3. Risks of Loss Management Regulations and Other Systems</b>
(1) The Board of Directors shall formulate internal regulations for dealing with various risks, including compliance, personal information, natural disaster, security, and system failure, and regularly review them.

- (2) The person in charge of each department and the person in charge of each Group company shall report on risk information and other relevant information to the Directors and the Audit & Supervisory Board Members, and monitor and deal with risks in a cross-organizational manner. Each department in charge shall properly cope with risks by providing education and training, and developing and distributing manuals in regard to risk management.
- (3) When an unforeseen event has unfolded, headquarters for emergency response shall be set up under the command of the President, and the event shall be swiftly and accurately handled in cooperation with outside specialized agencies, such as advisory law offices, as necessary, in order to prevent further loss.
- (4) The Internal Audit Office shall audit the risk management status at each department and report audit results to the President, and the Board of Directors shall regularly review the risk management structure.

**Overview of the operation of the above system**

- In accordance with the JIA Risk Management Rules and related regulations, the JIA Group has established a system to prevent the occurrence of risks and minimize losses through appropriate responses.
- The Representative Director receives reports on the activities of each division through regular audit reports by the Internal Audit Department and regular meetings of the Risk Management Committee, of which he is the chairperson, after which he directs appropriate improvement measures. Items of high importance are reported to the Board of Directors.

**4. System to Ensure the Efficient Execution of Duties by Directors**

- (1) In order to enhance the decision-making and supervisory functions of the Board of Directors and streamline execution of duties by the Board, the President and each Director shall execute their own duties under the command and direction of the President in accordance with the decisions reached by the Board of Directors within the scope of authority and responsibility defined by the internal regulations.
- (2) The Board of Directors shall hold meetings regularly once every month or at any time as needed, in order to formulate the Corporate Philosophy, business policies, medium-term business plans, business objectives, including an annual budget, as well as matters specified by law, and supervise execution of duties. Each department shall institute and implement concrete measures to attain the objectives so defined.
- (3) Each department shall ensure swiftness and efficiency through delegation of authority and clarification of responsibility pursuant to the internal regulations.

**Overview of the operation of the above system**

- JIA holds extraordinary meetings of the Board of Directors as necessary, as well as regular board meetings every month in order to make decisions on the execution of duties and supervise execution of duties. During the current fiscal year, the Board of Directors held 14 meetings.

**5. System to Ensure Appropriate Business Conduct by the Corporate Group, Consisting of the Company and its Subsidiaries**

- (1) JIA's subsidiary companies shall effectively manage business by complying with social ethics, laws, the Articles of Incorporation, and the internal regulations and ensuring appropriate business conduct in accordance with the JIA Group's Corporate Philosophy.
- (2) Pursuant to JIA's various regulations and rules, JIA's subsidiary companies shall propel forward development of regulations required to ensure that execution of duties by their Directors and employees comply with laws and the Articles of Incorporation, and regulations related to storage and management of information on execution of duties by their Directors.
- (3) Pursuant to JIA's various regulations and rules, JIA's subsidiary companies shall ensure appropriate business conduct by propelling forward establishment of systems to ensure that their Directors efficiently execute their duties and developing systems suited for the business and organizational structure of each Group company.
- (4) JIA's subsidiary companies shall propel forward establishment of regulations related to management of risks of loss, develop a system for understanding and comprehensively managing individual risks, and take proper measures in order to prevent further loss when an unforeseen event has taken place.
- (5) JIA's subsidiary companies shall give JIA necessary reports on business operations
- (6) JIA's Audit & Supervisory Board Members and the Internal Audit Office shall audit the status of business execution by the Directors and employees of JIA's subsidiary companies in cooperation with the Audit & Supervisory Board Members and the management department of the subsidiaries.

**Overview of the operation of the above system**

- The JIA Group strives to raise awareness regarding the implementation of appropriate and sound corporate

activities based on the JIA Group Management Philosophy and to comply with its internal rules through internal training, internal newsletters, etc. In particular, all employees are required to attend compliance training courses to prevent insider trading and harassment to prevent misconduct.

- The JIA Group defines the department in charge of each subsidiary separately in the "Affiliate Management Regulations." The department in charge receives periodic reports on the status of the development and operation of various regulations of subsidiaries and monthly business conditions to confirm the effectiveness of internal controls.
- The Audit & Supervisory Board Members of the Company regularly exchange opinions and share issues with the Audit & Supervisory Board Members or administrative departments of subsidiaries, and the persons in charge of internal audits at the Company periodically conduct internal audits of subsidiaries and report to the Representative Director.

#### 6. Employees who assist A&SB Members in auditing, and such employees' independence from Directors

- (1) JIA shall swiftly appoint employees as assistants to the Audit & Supervisory Board Members upon their request.
- (2) The employees shall be free from the command and instructions of the president, managers, or other personnel in equivalent positions when the employees have received instructions from the Audit & Supervisory Board Members in order to ensure the effectiveness of their instructions and the employees' independence from the Directors.
- (3) The employees shall never be treated unfairly in regard to human affairs or other treatment in the JIA Group because they followed instructions from the Audit & Supervisory Board Members.

##### Overview of the operation of the above system

- The Company does not currently have any employees to assist Audit & Supervisory Board Members. However, the Company will have employees to assist Audit & Supervisory Board Members in their duties, upon their request.

#### 7. System for Reporting to Company A&SB Members

- (1) The Audit & Supervisory Board Members shall be allowed to attend important meetings, such as Board of Directors meetings, refer to ringisho and other important documents as needed, and ask the Directors and employees for explanations in order to take a grip on the process of important decision-making and the status of execution of duties.
- (2) The Directors, the Audit & Supervisory Board Members, and employees of the JIA Group shall make reports swiftly to JIA's Audit & Supervisory Board or its members about matters that have significant influence on the Group's business or business performance, the implementation status of internal audits, the reporting status through the internal reporting system, other matters required for execution of duties by the Audit & Supervisory Board Members, as well as matters specified by law. Important matters reported by the JIA Group companies to JIA's Directors and employees shall be included in these matters to be reported.
- (3) JIA shall ensure that a person who has made a report as set forth in the preceding paragraph shall never be treated unfairly because of the report.

##### Overview of the operation of the above system

- The Audit & Supervisory Board Members attend important meetings, such as meetings of the Board of Directors, and understand the process of important decision-making and the status of business execution. In addition, they refer to ringisho and other important documents and ask the Directors and employees for explanations.
- Audit & Supervisory Board Members receive reports on the status of whistle-blowing through the whistle-blowing system. In addition, they receive reports from full-time Audit & Supervisory Board Members who have been designated as contact points. The Audit & Supervisory Board Members then request the Directors and employees to explain and improve upon the contents of these reports.
- Directors and employees of the Company and its subsidiaries who report to the Audit & Supervisory Board Members are prohibited from being treated disadvantageously for this reason, and the Company has made this known to them.

#### 8. Policy on management of expenses and debt incurred in execution of A&SB Members duties

- (1) When an Audit & Supervisory Board Member has submitted a request to JIA, pursuant to the Companies Act, for advance payment or reimbursement of expenses necessary for execution of duties, JIA shall bear such expenses upon receiving the request.

##### Overview of the operation of the above system

- The Company promptly processed expenses incurred in the course of the duties of Audit & Supervisory Board Members in accordance with the procedures of Audit & Supervisory Board Members.



<b>9. Other systems for ensuring effective performance of audits by the A&amp;SB Members</b>	
(1)	The Audit & Supervisory Board Members shall forge a relationship of deep mutual understanding with the president through regular meetings with the president, information exchange, and report and discussion about business execution.
(2)	The Audit & Supervisory Board Members shall establish a structure of highly effective and efficient audits through coordination with the Internal Audit Office and the accounting auditor.
<b>Overview of the operation of the above system</b>	
	<ul style="list-style-type: none"> <li>The Audit &amp; Supervisory Board Members regularly hold a session for exchanging opinions with the Representative Director, the Internal Audit Office, and the accounting auditor, to improve their audit.</li> </ul>

<b>10. System to Ensure Reliability of Financial Reporting in the Corporate Group</b>	
(1)	The JIA Group shall establish an effective and appropriate internal audit framework pursuant to the Financial Instruments and Exchange Act and other applicable laws and regulations in order to ensure the reliability of financial reporting.
<b>Overview of the operation of the above system</b>	
	<ul style="list-style-type: none"> <li>In order to improve the reliability of financial reports, the JIA Group has established necessary organizations and secured and deployed necessary personnel.</li> <li>The JIA Group formulated regulations, including “accounting regulations,” and promotes the enrichment of the internal control system for financial reports and the improvement of its effectiveness.</li> </ul>

## **2. Basic Views on Elimination of Antisocial Forces and State of Preparedness**

The Company’s basic views on elimination of antisocial forces and the state of preparedness are detailed below.

### **(1) Basic Views on Elimination of Antisocial Forces**

- 1) JIA Group cuts off any relationship with antisocial forces, including business relationships, and refuses unreasonable demands from antisocial forces. The Group will terminate business relationships with any individuals, corporations, or organizations when they are proven to be related to antisocial forces.
- 2) JIA Group establishes education programs for preventing any damage by antisocial forces, and develops countermeasures and facilitates full understanding of them by its executives and employees.
- 3) JIA Group establishes a relationship of cooperation with the police and outside specialized agencies, such as advisory law offices, for coping with emergencies arising from unreasonable demands from antisocial forces.

### **(2) State of Preparedness for Eliminating Antisocial Forces**

- 1) JIA Group established a management division for responding to unreasonable demands from antisocial forces, etc. and preventing transactions with them, and makes efforts to distribute information to all employees via in-house newsletters.
- 2) JIA Group has established the “Policy on Anti-Social Forces” and related manuals, and the Directors and employees promote operations in accordance with these regulations.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
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#### Supplementary Explanation

None

### 2. Other Matters Concerning Corporate Governance System

#### Internal system for timely disclosure of Company information

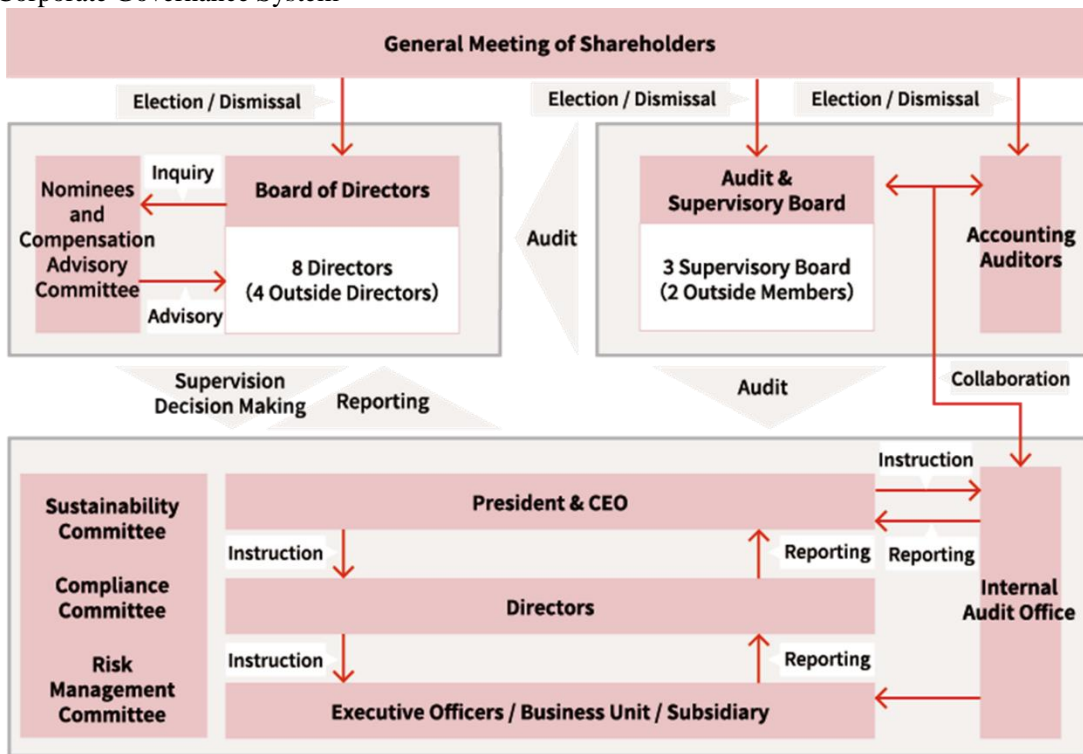
Information disclosure is overseen by the Director and General Manager of the Administration Division, and conducted by the PR & IR Group of the Corporate Planning Department (hereinafter referred to as the "Group in charge of Timely Disclosure") as a part of the dedicated department, in accordance with the Timely Disclosure Rules, and the Group also serves as the contact point for the Tokyo Stock Exchange.

The Group in charge of Timely Disclosure strives to inform internal departments of the importance of Timely disclosure, and internal departments report to and consult with the Group in charge of Timely disclosure regarding decisions and facts that arise in the course of business activities that are considered to have a significant impact on investors' investment decisions. Such important information is collected from other departments in the Administration Division to the Group in charge of Timely Disclosure through internal reporting or the process of approval by the prescribed resolution.

Important matters such as decisions, occurrences, and financial information of subsidiaries are also required to be approved or reported as prescribed by the Company, and important or potentially important corporate information within the Group is collected from each department within the Company to the Group in charge of Timely Disclosure without omission or delay through the process of internal reporting by subsidiaries to the department in charge of the relevant subsidiary or approval by the Company.

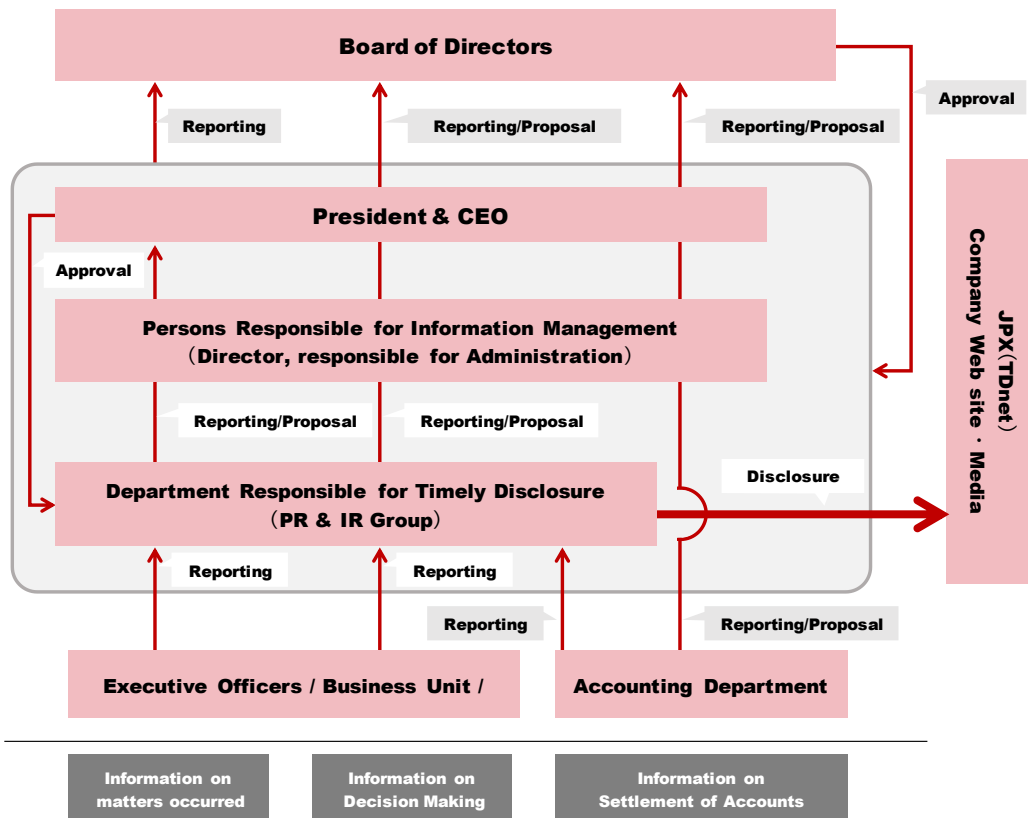
[Reference Material]

1. Diagram of Corporate Governance System



2. Timely Disclosure System Flowchart

<Determined items, events, financial results, etc. of the JIA Group>



[Reference] Management Structure

Position	Name		Corporate management	Financial industry/ government	Sustainability	Global experience	Legal affairs Compliance Governance	Finance Accounting Taxation
Director	Naoto Shiraiwa		●	●	●	●		●
	Teiji Ishikawa		●	●	●	●		●
	Yoshitaka Murata			●				●
	Takeshi Sugimoto			●	●		●	●
	Takashi Mori	Outside	●	●		●		
	Shunji Yanai	Outside				●	●	
	Akira Maekawa	Outside		●			●	
	Kiyoto Ido	Outside		●		●		
Audit & Supervisory Board Member	Osamu Kobayashi			●			●	●
	Hitoshi Komatsuzawa	Outside	●	●			●	●
	Hitoshi Imuta	Outside	●	●		●		●

Note: The above list does not represent all of the experience and knowledge possessed by each candidate.