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For Immediate Release

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## **Notice Concerning Expansion of Functions of the Nominating and Compensation Committee**

The Company has established a voluntary Nominating and Compensation Committee as an advisory body to the Board of Directors. At the Board of Directors held today, we revised some of the rules of the Nominating and Compensation Committee in order to further enhance corporate governance, and the details are as follows.

### Details

#### 1. Purpose

In July 2017, the Company established a voluntary Nominating Committee to increase the transparency and objectivity of the procedures for deciding on officer nominations. In addition, in October 2020, it was reorganized into the current Nominating and Compensation Committee with the aim of enhancing the objectivity and transparency of procedures related to compensation for Directors.

Recently, we have revised the rules of the Nominating and Compensation Committee and the basic policy of the officer compensation system with the aim of further advancing the Group's corporate governance in line with changes in the business environment. While maintaining the traditional roles of the Nominating and Compensation Committee, we will aim to further enhance corporate value by improving the fairness, transparency, and objectivity of management, while considering the standpoint of all stakeholders.

#### 2. Main revisions

##### I. Structure of the Nominating and Compensation Committee

- ① The Nominating and Compensation Committee is composed of the President and CEO and Independent Outside Directors.
- ② The committee will consist of at least three members, a majority of whom will be Independent Outside Directors.
- ③ The committee can resolve to appoint advisors when necessary.

## II. Appointment of Nominating and Compensation Committee

- ① Recommendations for candidate committee members can be made by each Director of the Group.
- ② Based on these recommendations, the committee will resolve proposals for the appointment or dismissal of Directors and make a proposal to the Board of Directors.
- ③ The chairperson of the Nominating and Compensation Committee shall be selected through a mutual vote by the Independent Outside Directors.
- ④ The term of office of committee members shall be one year for the President and two years for the Independent Outside Directors.

## III. Policy of the officer compensation system

- ① Regarding the compensation structure, we will make significant changes to increase the proportion of variable compensation in the compensation structure for the purpose of strengthening the incentive effect on the Group's sustainable growth and medium to long-term improvement of corporate value.
- ② The evaluation system for the Executive Directors of the Group will be reviewed to better achieve the purpose described in (1) above.
- ③ The compensation level will also be reviewed while considering the business environment and industry standards.

End