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Joshin Denki Co., Ltd.
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The status of the Company's corporate governance is as follows.

I. Basic concept of corporate governance, capital structure, corporate attributes and other basic information

1. Basic concept of corporate governance

The Company aims to strengthen its efforts in the home appliance retail business, which we have developed over many years since our establishment, and to become a business management organization that can respond quickly and accurately to the rapidly changing business environment.

In order to accurately understand relevant industries' trend and sales frontline's situation and to make effective and efficient decisions, many of our directors are in charge of business execution. At the same time, with the aim of utilizing diverse and objective viewpoints different from those of people from within the Company as well as to strengthen the management system and further improve transparency, many outside directors and outside auditors have been designated as independent officers. In this way, we intend to enhance our corporate governance while further strengthening the current system of directors and auditors.

In addition, we will strive to promptly and accurately disclose information to shareholders and investors from the perspective of management transparency.

[Reasons for not implementing individual principles of the Corporate Governance Code] updated

The information is based on the revised code as of June 2021.

[Supplementary Principle 2-4-(1): Ensuring diversity in appointing core personnel, etc.]

1. Ensuring diversity

We believe that the active participation of diverse human resources is the source of our organizational strength and helps curb the risks posed by social changes, seize new business opportunities, and leads to sustainable growth. We are actively recruiting a wide range of human resources throughout the year – increasing the ratio of female employees and hiring career professionals with immediate ability in various fields, as well as promoting them to management positions.

(1) Promotion of women to management positions

Women account for 36.7% of the Group's total workforce (including non-regular employees) and 14.1% of full-time long-term employees. The share of women in manager positions is 4.3%, and their share is only 1.8% in section chief and above positions. We, however, will increase the number of female employees by enhancing the recruitment of female employees (55.3% of new graduates hired in fiscal 2024) and actively encouraging non-regular female employees to become full-time long-term employees. In addition, we are planning to increase the ratio of female managers to 20% by fiscal 2030 by promoting the creation of role models for appointment to executive positions and promotion to managerial

	FY 2022 Actual	FY 2023 Actual	FY 2030 Plan	FY 2050 Plan
Ratio of female full-time employees	13.0%	14.1%	30.0%	50.0%
Ratio of female employees*	36.5%	36.7%	50.0%	50.0%
Ratio of female managers	3.6%	4.3%	20.0%	50.0%
Incl. section chief and above	1.3%	1.8%		

* Including non-regular employees

(2) Appointment of non-Japanese employees to management positions

We do not bind foreigners to their "nationality," but rather classify each person as "a human resource with rich overseas experience and a global perspective." Although we do not currently set a specific numerical target for the number of non-Japanese employees, we will continue to proactively hire non-Japanese employees and appoint them to executive positions in anticipation of a future increase in the number of international customers.

	FY 2022 Actual	FY2023 Actual

		FY 2022	FY 2023
Number of non-Japanese employees		23	19
	As a percentage of all employees	0.26%	0.22%

Note: Number of employees as of March 31, 2024

(3) Appointment of mid-career hires to management positions

We believe that knowledge and experience in various fields are necessary to create diverse value and solve social issues. Accordingly, we plan to increase the percentage of mid-career hires (in the form of mid-career talent who can contribute immediately) to approximately 50% of planned new hires for each fiscal year.

	FY 2022 Actual	FY 2023 Actual
Mid-career hires as a percentage of all employees	37.6%	38.5%
Mid-career hires as a percentage of all management positions	27.4%	27.8%

Notes: Number of employees as of March 31, 2024
The number of mid-career hires includes non-regular employees.

2. Human resources development policy and internal environment improvement policy to ensure diversity and the current situation

We believe that employee ownership leads to sustainable growth by improving CS (creation of new social value). To facilitate the advancement of employee engagement through ensuring diversity and inclusion, we are nurturing our human resources and building a work environment that enables diverse people to thrive and play active roles. We are implementing these in line with our human resources strategy, which is based on "respect for human rights" and "health and productivity management."

The following documents are posted on our website to provide information on our human resource development policy and internal environmental improvement policy.

○Integrated Report
https://www.joshin.co.jp/en/ir/library/report.html

[Disclosure based on the principles of the Corporate Governance Code] updated

[Principle 1-4: Cross-shareholdings]

The Company currently holds listed stocks as policy from the perspective of enhancing the Company's corporate value over the medium to long term for the purpose of strengthening business relationships and promoting smooth business operations. We are gradually reducing the number of cross-held stocks and, in principle, will not newly hold such stocks.

Status of cross-shareholdings

Fiscal year ended	March 2020	March 2021	March 2022	March 2023	March 2024
Listed stocks (number of different stocks)	33	31	30	26	25

Regarding the current shares that are strategically held by the Company, the Board of Directors conducts quarterly qualitative verification of the purpose of holding such shares, including the maintenance of smooth and good business relationships with business partners and the establishment of supply chains, as well as quantitative verification of the percentage of total assets, profits from business relationships, dividends, etc. As for shares for which the significance of the holdings has been deemed to be diluted, we proceed to dispose of them as appropriate through dialogue and negotiation with the companies concerned. We will continue disposing of our cross-held shares in view of increasing capital efficiency.

Furthermore, regarding the exercising of voting rights, the Company shall exercise such rights in light of the purpose of holding such shares and by comprehensively taking into consideration the governance structure and business performance of the issuing company.

[Principle 1-7: Transactions with related parties]

Regarding all transactions which may cause conflicts of interest, such as transactions between related parties, the Company has established internal rules which require the Board of Directors to deliberate and pass resolutions on such transactions. In addition, the Company shall regularly confirm each year whether or not there are any transactions between the Company's officers and their close relatives (including companies in which such persons hold a majority of voting rights) and the Company. In addition, a whistleblowing system has been established as a part of the system to monitor and ensure the appropriateness of business operations.

[Principle 2-6: Demonstrating our function as an asset owner of corporate pensions]

The Company appoints personnel with experience and expertise in asset management, and who have been involved in asset management for many years at organizations entrusted with the management of corporate pension assets, as internal consultants.

In asset management, our basic policy is “sound and stable asset development for the employees,” under which we avoid fixed investment in domestic/international stocks and corporate bonds, and flexibly reconfigure our portfolio and change the stocks of the institutions we entrust with asset management in response to changes in the business environment. In addition, since fiscal 2019 we have been contributing to risk response premiums in preparation for a worsening business environment, thereby minimizing the potential impact on the Company’s financial position as much as possible.

In addition, verification of investment results is carried out by the Asset Management Committee on a quarterly basis to continuously improve operations, and reports on the stewardship activities of institutions entrusted with asset management are requested as a monitoring system.

[Principle 3-1: Enhancement of information disclosure]

(i) Our management philosophy structure and medium- to long-term management strategies are published in the “Integrated Report.” (“Integrated Report 2023” is available on our website (https://www.joshin.co.jp/ja/csr/archive/main/0/teaserItems1/01/link/2022_JCSR_en.pdf).) The “JT-2025 Management Plan” medium-term management plan covering the three-year period from April 2023 to March 2026 is available on our website.(https://www.joshin.co.jp/en/ir/management/medium-term.html)

(ii) Basic concept and basic policy on corporate governance

As disclosed in “Integrated Report 2023” and the “Corporate Governance Report,” our basic concept on corporate governance is to strengthen our efforts in the home appliance retail business, which we have developed over many years since our establishment, and establish a management control system that can respond quickly and accurately to the rapidly changing business environment, achieve sustainable growth, and improve medium- to long-term corporate value.

(iii) The total amount of directors’ remuneration is determined by the General Meeting of Shareholders, and monetary compensation has been set at no more than 240 million yen per year. A system of stock compensation has also been approved by the General Meeting of Shareholders. The Nomination and Compensation Committee, the majority of whose members are independent outside directors, one of whom chairs the committee, consults with the Board of Directors, deliberates on the allocation of compensation to individual directors based on the “Regulations on Compensation for Directors,” and the Board of Directors makes decisions based on the committee’s report. The “Regulations on Compensation for Directors,” which are the basis of the director compensation system, were substantially revised in April 2023. The purpose of the revisions is to change the executive compensation system to link director compensation to management strategy as part of the functional enhancement of the Board of Directors, which is the driver of management strategy, and to connect achievement of the strategy to the Company’s sustainable growth and enhancement of corporate value. Compensation for directors of the Company is determined based on the compensation multiplier by position of each director and the Company’s business performance. The revisions raised the amount of standard monthly compensation for “Director and Executive Officer” from no more than 200% to no more than 300% of the maximum monthly salary under the employee salary system, and the compensation multiplier is set at 1.0 for “Director and Executive Officer,” 1.2 for “Director and Managing Executive Officer,” 1.4 for “Director and Senior Managing Executive Officer,” 1.7 for “Director and Executive Vice President,” 2.0 for “Director and President,” and 1.7 for “Director and Chairperson.” Previously, an additional 0.2 was added to the compensation multiplier for the CEO, but the recent system revisions raised this to an additional 0.3, and also modified the structure so that an additional 0.2 is added to the compensation multiplier for representative directors. Furthermore, the ratio of fixed compensation to performance-linked compensation in the total amount of director compensation was revised to 50%:50% (from 70%:30%), the ratio of monetary compensation to stock compensation was revised to 70%:30% (from 80%:20%), management responsibility was clarified, and a revised compensation system was adopted that contributes to medium- to long-term enhancement of corporate value by introducing ESG indicators in the calculation basis for stock compensation. For executive officers, we transitioned to a delegation-based executive officer structure in April 2022, and introduced a compensation system similar to that of directors in April 2023, with a ratio of monetary compensation to performance-linked compensation of 80%:20%. The revised system is intended to further incentivize executive officers to contribute to improvement of medium- and long-term business performance and enhancement of corporate value by clarifying linkage with the compensation of directors and executive officers, and by enabling directors and executive officers to share the benefits and risks associated with stock price fluctuations with shareholders. Compensation of outside directors consists solely of fixed monetary compensation, the amount of which is determined on an individual basis, taking into consideration factors such as societal standards, career of the outside director concerned, and knowledge and experience in specialized fields.

Before revision

<table>
<tr><td rowspan="2">Fixed compensation (70%)</td><td colspan="2">Variable compensation (30%)</td></tr>
<tr><td>Linked to individual performance (10%)</td><td>Linked to company performance/operating profit (20%)</td></tr>
<tr><td colspan="2">Monetary compensation (80%)
Short term</td><td>Stock compensation (20%)
Long term</td></tr>
</table>

After revision

<table>
<tr><td>Regular compensation (50%)</td><td colspan="5">Variable compensation (50%)</td></tr>
<tr><td rowspan="2">Fixed compensation (50%)</td><td rowspan="2">Linked to individual performance (10%)</td><td colspan="2">Linked to financial indicators (20%)</td><td colspan="2">Linked to sustainability indicators (20%)</td></tr>
<tr><td>Linked to operating profit*1 (10%)</td><td>Linked to ROE (10%)</td><td>Linked to environmental management indicator (10%)</td><td>Linked to employee engagement index (10%)</td></tr>
<tr><td colspan="3">Monetary compensation (70%)
Short term</td><td colspan="3">Stock compensation (30%)
Long term</td></tr>
</table>

*The tables above are based on a model in which a payment rate of 100% indicates performance goal achievement. This compensation structure applies to all executive directors.

*1: Changed from stock compensation to monetary compensation with the ratio changed from 20% to 10%.

(iv) In the appointment and dismissal of directors, the Nomination and Compensation Committee, the majority of whose members are independent outside directors, one of whom chairs the committee, deliberates selection after consultation with the Board of Directors, and the Board of Directors makes candidate decisions based on its report. In its deliberations on the selection of candidates, the Nomination and Compensation Committee considers the overall balance of knowledge, experience, and capabilities of the Board of Directors and follows set guidelines concerning certain skills the Board of Directors considers optimal in light of the Company's fundamental thinking about the number of directors and diversity. The basis for the selection of director candidates should be whether the individual can contribute to the enhancement of the Company's corporate value over the medium to long term.

Auditors who can apply insights, based on their individual career backgrounds, to the Company's business operations and management, internal controls, and financial management, etc., are nominated with the consent of the Board of Auditors. When appointing outside directors and outside auditors, importance is placed on the wealth of experience and high level of insight such persons possess in their respective fields, and on the independence of such directors and auditors, and these functions are exhibited when serving on the Board of Directors and the Board of Auditors. Following the retirement of one full-time outside auditor whose term of office expired, a new female outside auditor was appointed by resolution of the 76th Annual General Meeting of Shareholders. As a result, the number of independent officers remains seven in total, including four of the nine directors and three of the four auditors, but the share of women in independent officers increased to four out of seven (+1). Accordingly, the ratio of women (4) to the combined total of directors and auditors (13) is 30.8%.

(v) The Company believes that the degree of diversity in directors determines the Board of Directors' effectiveness and has a significant impact on the Company's sustainable growth and increasing its medium- to long-term corporate value. Based on this idea, the Board of Directors regularly deliberates on the balance and diversity of its makeup in terms of directors' knowledge, experience, and abilities. The Board of Directors identifies skills required of directors and auditors, summarizes them in a "Skills Matrix," and discloses it in the reference documents of the "Notice of the Annual General Meeting of Shareholders" together with the reasons for selecting the skill sets and methods of utilizing it. When nominating director and auditor candidates, we select candidates who have necessary abilities and experience according to the skills matrix, and carry out necessary procedures for their election by the Annual General Meeting of Shareholders. We disclose the reasons for nominating the candidates in the reference documents of the "Notice of the Annual General Meeting of Shareholders." The Nomination and Compensation Committee, the majority of whose members are independent outside directors, one of whom chairs the committee, deliberates appointment and dismissal after consultation with the Board of Directors so that a fair and transparent process can be followed when appointing and dismissing directors and the Board of Directors makes decisions based on its report. The Board of Directors decides on a proposal for appointment and dismissal of auditors based on the results of discussions at the meeting of Board of Auditors.

[Supplementary Principle 3-1-(3): Initiatives for sustainability, etc.]

(1) Our approach to sustainability

We manage in a way that links our contributions to constructing a more sustainable society to the Company's sustainable growth and enhanced corporate value. We will achieve this by creating two forms of social value—"supporting and strengthening resilience in our aging society" and "achieving carbon neutrality in the home"—based on our management philosophy of "connecting people and society to the future with a smile."

In order to create the above two forms of social value, we have defined our management vision as "becoming an infrastructure hub for a better life through the power of home appliances and ICT" and have been working to achieve this vision. As important issues to be address, we have identified seven material issues (major challenges) and 14 challenges, and we have formulated initiatives for the intermediate point of 2030 with a view to what kind of company we want to be three decades from now, in 2050.

(2) Investment in human capital, intellectual property, etc.

We believe that employee ownership leads to sustainable growth by improving CS (creation of new social value). We are working to create employee ownership by actively investing in the development of human resources, as well as in building a work environment that enables diverse people to thrive and play active roles, thereby facilitating the advancement of employee engagement through ensuring diversity and inclusion. We implement these in line with our human resources strategy, which is based on "respect for human rights" and "health and productivity management."

Furthermore, since our founding, we have constantly built up positive relationships with our customers by practicing our Corporate Credo of "Thoughtfulness," which means to always think and act in consideration of the other's perspective. Likewise, through repeated trial and error, we have accumulated expertise in store development and the operation of brick-and-mortar stores and an e-commerce shop. We have also developed know-how in marketing and after-sale support based on customer information, while also crafting a corporate brand image through collaboration with sponsor companies. Moreover our tagline—"People, towns, smiles. Joshin"—functions as a tool for further building understanding of our management philosophy—"Connecting people and society to the future with a smile"—and our corporate brand image. All of the above are incredibly important intellectual properties that are indispensable to our value creation process. Going forward, we will continue to actively invest to increase our expertise and enhance our corporate brand image.

(3) Risks related to climate change and the impact of profit opportunities on the Company's business activities and earnings

In addition to endorsing the TCFD recommendations, the Company sees the transition to a decarbonized society as an "opportunity" and is working to create social value in the form of "achieving carbon neutrality in the home" by promoting the use of home appliances with high performance in energy generation, energy storage, and energy saving.

As part of our efforts to reduce greenhouse gas emissions from our business activities, we are working to reduce environmental impact by increasing the ratio of renewable energy sources, such as by installing solar power generation systems at our business sites and switching to CO_2-free power sources. We achieved the renewable energy ratio of 100% for business places receiving electricity under power purchase agreements in March 2024. We will continue our efforts toward attaining carbon neutrality for all our business places. On the information disclosure front, we disclose climate change-related information in accordance with the four areas of disclosure—governance, risk management, strategy, and metrics and targets—based on the TCFD recommendations. In addition, we have established a transition plan to address the goal of limiting the global average temperature rise to 1.5°C. Going forward, we will work to raise the level of information disclosure to cover IFRS S2 Climate-related Disclosures. As for greenhouse gas emissions, we assessed scopes 1, 2, and 3 emissions, and obtained third-party verification to ensure the reliability of our figures for scopes 1, 2, and 3 (categories 1 and 11) emissions. As a result of these efforts, we earned CDP's highest rating of "A" in the climate change category in fiscal 2023. We will continue to pursue sustainable management that creates "social values in harmony with the global environment" with all stakeholders in fiscal 2024.

The following documents are posted on the Company's website to disclose the details of our response policies for (1), (2) and (3).

○ Sustainability page (in Japanese only)
https://www.joshin.co.jp/ja/csr.html

[Supplementary Principle 4-1-(1): Scope of delegation to management]

As the highest decision-making body, the Board of Directors decides on important management matters such as medium- to long-term management policies and business strategies aimed at creating social and corporate value, and also entrusts each executive director with high-level judgment and decision-making as the person in charge of the business execution area for which he or she is responsible.

By defining the scope of delegation in detail through the Board of Directors regulations, executive officer regulations, regulations for division of duties, and rules for decision-making, the Board of Directors shall establish an organizational structure which enables each director to work in close coordination and make high-level and flexible decisions.

The Board of Directors holds regular meetings at least once a month, as well as extraordinary meetings as necessary, and the Board of Executive Officers meets once a week, in principle, to supervise the execution of duties by the directors and executive officers.

[Principle 4-9: Criteria to determine the degree of independence of independent outside directors and their qualifications]

Criteria to determine independence at the Company is based on satisfying both the requirements for outside officers required by the Companies Act and the independence standards required by stock exchanges, and appropriate personnel who can contribute to the enhancement of corporate value and shareholder interests are deemed eligible to be outside officers, and are registered with the stock exchanges as independent officers based on the approval of the General Meeting of Shareholders.

Criteria to determine independence are deliberated by the Nomination and Compensation Committee, in consultation with the Board of Directors as appropriate, and the Board of Directors decides the criteria based on the received report. The independence of individual outside officers is disclosed in the Corporate Governance Report.

[Supplementary Principle 4-10-(1): Approach, authority, and role of the independence of the composition of committees]

The Company has appointed a total of seven independent outside officers (including four women), out of which four are independent outside directors (including two women) and three are independent outside auditors (including two women), with the goal of ensuring management is transparent and objective. The ratio of women (4) to the combined total of directors and auditors (13) is 30.8%.

(1) Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee, which consists of four independent outside directors and two representative directors. The majority of the committee's members are independent outside directors, one of whom chairs the committee, in order to ensure the committee's independence. The committee deliberates on the appointment and dismissal of directors, succession planning, design of the compensation system, and the amount of individual compensation for directors, and the Board of Directors makes decisions based on its report.

(2) Evaluation Committee for the Board of Directors

The Company has established the Evaluation Committee for the Board of Directors, which consists of four independent outside directors and four auditors including three independent outside auditors, and has established a system under which independent outside directors provide appropriate advice to the Board of Directors from various perspectives through the evaluation of the effectiveness of the Board of Directors.

[Supplementary Principle 4-11-(1): Concept regarding the balance of knowledge, experience and skills, diversity and size of the Board of Directors as a whole]

Based on the belief that diversity of the directors comprising the Board of Directors affects its effectiveness and significantly impacts sustainable growth and the enhancement of corporate value over the medium to long term, the Company's Board of Directors has deliberated on the balance and diversity of the composition of the Board of Directors, including the knowledge, experience and abilities of the directors. As a result, the Company summarizes the optimal skills, etc., required by the Board of Directors in a "Skills Matrix" for directors and auditors and has published it in the "Notice of the Annual General Meeting of Shareholders" since the 73rd Annual General Meeting of Shareholders held in June 2021, as a nomination proposal prerequisite for directors and auditors.

The Company considers the skills matrix to be a tool to ensure diversity in the Board of Directors by recruiting a wide range of personnel with strengths in specific fields, and uses it to visualize the process to determine any excess or deficiency in skills among the directors and to balance such excess or deficiency through the appointment and dismissal of internal and outside directors.

In the "Notice of the 74th Annual General Meeting of Shareholders" we explained the thinking behind how we utilize the skills matrix. In addition to this, we have considered the management strategies we formulated in fiscal 2021 and redefined the skill sets that the Board of Directors deems necessary, including knowledge, experience, and capabilities. Items have also been organized into skills needed for corporate management and skills and experience required to achieve our business strategies or address our material issues. Furthermore, "ICT/DX" and "Environment & Energy," which were previously classified as skills related to business specialization, were redefined as management skills in light of recent trends, and we utilize this skills matrix as follows.

1. Identification of the necessary skills for the Board of Directors in light of the business strategy
2. Understanding the gap between the ideal composition of the Board of Directors and the current situation
3. Appointment of people who have skills that directors lack to the Board of Directors
4. Enhanced director training for skills that directors lack
5. Utilization in succession plans for directors
6. Utilization in succession plans for executive officers and other senior management

In addition, we disclosed the reason for selection of skill sets required for the Board of Directors, such as knowledge, experience, and abilities in the "Notice of the 76th Annual General Meeting of Shareholders."

The skills matrix is disclosed on page 20 of the "Notice of the 76th Annual General Meeting of Shareholders."

(https://www.joshin.co.jp/en/ir/meeting.html)

[Supplementary Principle 4-11-(2): Directors and auditors holding concurrent positions at other listed companies]

When a proposal on candidates for directors and auditors in the General Meeting of Shareholders is submitted, the status of concurrently held positions is disclosed in the business reports and reference documents of the "Notice of the Annual General Meeting of Shareholders." Some candidates may hold concurrent positions as outside officers of other listed companies, but this is not particularly considered to be an obstacle in their attendance at the meetings of the Board of Directors and the Board of Auditors of the Company, and the number of concurrent positions remains within a reasonable range.

[Supplementary Principle 4-11-(3): Analysis and evaluation of the effectiveness of the Board of Directors as a whole]

The Company continuously promotes efforts to improve the effectiveness of the Board of Directors, which plays a central role in the efforts of the Company to enhance its corporate value and shareholder profits over the medium to long term. For the fiscal year ended March 2024, the Evaluation Committee for the Board of Directors, which consists of outside directors and auditors, was established to investigate the effectiveness of the Board of Directors, targeting all directors and auditors who are members of the Board of Directors. The Company conducted anonymous questionnaires and interviews with the directors, and the results were reported to the Board of Directors, along with the opinions of outside directors. The Board of Directors confirmed that the Board of Directors is functioning effectively based on the analysis of the survey results, and also identified constructive opinions and suggestions obtained in the course of the survey as issues which can contribute to the further improvement of the effectiveness of the Board of Directors and is formulating action plans to address such issues. A summary of the evaluation results of the effectiveness of the Board of Directors for the fiscal year ended March 2024 was disclosed on June 18, 2024.

[Supplementary Principle 4-14-(2): Training policy for directors and auditors]

The Company provides opportunities for directors and auditors to improve their skills by acquiring the necessary knowledge and to remain up to date on the appropriate knowledge, so that such they can properly fulfill their expected roles and responsibilities. For directors, auditors and executive officers, we provide ongoing training to supplement skill gaps against the skills matrix, such as “management skills” and “skills related to business specialization,” for their performance of duties, or to periodically update their knowledge. In addition, we provide practical training for executive directors to update their knowledge on sustainability management and build practical experience by giving them a succession of responsibilities for overseeing important meetings on issues such as compliance, internal controls, risk management and environmental management. At the same time, the system to obtain advice from lawyers, certified public accountants, tax accountants, and other specialists on a case-by-case basis has been enhanced. As many of our directors are in charge of various operations in the Company and are engaged in tasks that require a high level of judgment, we believe that total training is indispensable for the execution of each operation in the Company.

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

We believe that constructive dialogue with shareholders will lead to sustainable growth and medium- to long-term enhancement of corporate value, and therefore the directors are proactively engaged in IR activities. Regarding specific activities related to IR, a forum for dialogue, such as financial results briefings, individual IR for institutional investors, and IR seminars for individuals are provided, and questions and requests received by phone or from the Company website are appropriately handled on a daily basis. We also made our disclosure policy public in December 2022. Given how timely and appropriate disclosure of important information of the Company that may be useful to stakeholders leads to deeper understanding of the Group, we will engage in IR activities that promote constructive dialogue. In principle, all in the position of Director and Executive Officer are engaged in meetings to have dialogue with shareholders.

[Measures to realize management that is conscious of the cost of capital and stock price] [English disclosure available]

In formulating and announcing the management strategy and management plan, the Company accurately grasps its cost of capital (cost of equity [CAPM] and the weighted average cost of capital [WACC]) with the aim of raising awareness of medium- to long-term improvement of corporate value by referring to the opinions of external organizations. The Company then presents the basic policies of earnings plan and capital policy as well as the target levels of "ROE" and "ROIC," which are indicators of the target capital profitability, and discloses the review of the business portfolio to realize these goals and the allocation of management resources, including capital investment and investment in human capital. ROE is also adopted as a standard for calculating performance-linked stock compensation for directors to clarify management responsibilities. These policies, strategies, and plans are announced in the Integrated Report, Medium-term Management Plan and other reports. The JT-2025 Management Plan, a three-year plan covering the period from April 2023 to March 2026, has been announced as the Medium-term Management Plan.

■ Medium-term Management Plan "JT-2025 Management Plan"

The medium- to long-term growth scenario is described in pages 11 to 15, the capital profitability and cost of capital, as well as cash allocation in pages 16 to 18, the shareholder returns in page 19, and the business strategy framework and individual strategies in pages 20 to 26.

https://www.joshin.co.jp/en/ir/management/medium-term.html

■ Integrated Report 2023

The medium- to long-term growth scenario is described in pages 27 to 38, and the cost of capital and cash allocation in pages 39 to 42.

https://www.joshin.co.jp/en/ir/library/report.html

We recalculated the cost of equity (CAPM)” and weighted average cost of capital (WACC) at the end of March 2024 and posted the updated figures in page 15 of the “Fiscal Year Ended March 31, 2024 (FY2023) Consolidated Financial Results.”

2. Capital structure

Foreign Shareholding Ratio	Less than 10%

[Status of major shareholders] updated

Name and/or title	Number of shares owned (stock)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	1,961,100	7.44
Joshin Denki Employee Shareholding Association	1,836,805	6.97
Resona Bank, Ltd.	1,200,010	4.55
Custody Bank of Japan, Ltd. (trust account)	904,575	3.43
The Dai-ichi Life Insurance Company, Limited	675,000	2.56
Sharp Corporation	542,500	2.05
Sompo Japan Insurance Inc.	506,500	1.92
Daikin Industries, Ltd.	432,792	1.64
Sumitomo Mitsui Trust Bank, Limited	420,000	1.59
Mitsubishi UFJ Trust and Banking Corporation	400,000	1.51

Existence of controlling shareholders (excluding the parent company)	-
Parent company	None

Supplementary explanation updated

1. "Status of major shareholders" is based on the shareholder registry as of March 31, 2024.
2. "Percentage (%)" in the above table is calculated after excluding treasury stock (1,653,495 shares).

3. Corporate attributes

Stock exchange listing and market segment	Tokyo Prime Market
Fiscal year	March
Industry	Retail
Number of employees (consolidated) as of the end of the previous fiscal year	1,000 or more
Net sales for the previous fiscal year (consolidated)	100 billion yen or more and less than 1 trillion yen
Number of consolidated subsidiaries as of the end of the previous fiscal year	10 or more and less than 50

4. Guidelines on measures to protect minority shareholders in transactions with controlling shareholders

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5. Other special circumstances which may significantly affect corporate governance

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II. Status of management control organizations and other corporate governance systems related to management decision-making, execution and supervision

1. Matters related to organizational structure, organizational management, etc.

Organizational structure	Company with a board of auditors

[Directors]

Number of directors as stipulated in the Articles of Incorporation	15 persons
Term of office of directors as stipulated in the Articles of Incorporation	1 year
Chairman of the Board of Directors	Representative Director, President and Executive Officer
Number of directors	9 persons
Appointment of outside directors	Nominated
Number of outside directors	4 persons
Number of outside directors who are designated as independent officers	4 persons

Relationship with the Company (1)

Name	Affiliation	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kinya Naito	Attorney at law											○
Keiko Yamahira	From another company											○
Junko Kawano	From another company											○
Seiji Nishikawa	From another company								△			

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

a. Person who executes business for the Company or its subsidiary
b. Person who executes business for or a non-executive director of the Company's parent company
c. Person who executes business for a fellow subsidiary
d. Person/entity for which the Company is a major client or a person who executes business for said person/entity
e. Major client of the Company or a person who executes business for said client
f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/Audit and Supervisory Board Member
g. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
h. Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
i. Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
j. Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)

k. Other

Relationship with the Company (2)

Name	Independent officer	Supplementary explanation on applicable items	Reason for appointment
Kinya Naito	Yes	Attorney at law (No business relationship with the Company)	Using his experience and expertise as a lawyer, Kinya Naito has been judged as a person who can provide advice and recommendations on the compliance management of the Company from an objective, broad and sophisticated perspective. Furthermore, he was designated as an independent officer because there are no special interests between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Keiko Yamahira	Yes	-	Keiko Yamahira has abundant experience and insight in corporate management, and has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad and sophisticated perspective. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Junko Kawano	Yes	-	Using her expertise and experience in the fields of management consulting and in the promotion of participation by women, Junko Kawano can provide advice and recommendations on the marketing strategies of the Company and regarding diversity management from an objective, broad and sophisticated perspective. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Seiji Nishikawa	Yes	-	Seiji Nishikawa has abundant experience and knowledge in the fields of ICT and DX, and has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad and sophisticated perspective. Furthermore, while he has previously worked for NTT DOCOMO, Inc. and DOCOMO Systems, Inc., the Company has had very few dealings with NTT DOCOMO, so this does not affect his independence. Therefore, he was designated as an independent officer because there are no special interests between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.

[Voluntary committee]

Existence of a voluntary committee corresponding to a nomination committee or compensation committee	Yes

Status of the establishment of a voluntary committee, composition of committee members, and attributes of the committee chairman (chairperson)

Voluntary committee corresponding to a nomination committee

Name of the committee	Nomination and Compensation Committee

Committee members (Persons)	Full time committee members (Persons)	Company directors (Persons)	Outside directors (Persons)	In-house experts (Persons)	Others (Persons)	Committee chairman (Chairperson)
6	0	2	4	0	0	Outside director

Voluntary committee corresponding to a compensation committee

Name of the committee			Nomination and Compensation Committee			
Committee members (Persons)	Full time committee members (Persons)	Company directors (Persons)	Outside directors (Persons)	In-house experts (Persons)	Others (Persons)	Committee chairman (Chairperson)
6	0	2	4	0	0	Outside director

Supplementary explanation

The Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors in order to strengthen corporate governance by ensuring the independence, objectivity, and transparency of the functions of the Board of Directors concerning decisions on the nomination and compensation of representative directors and directors, etc., as well as personnel matters such as plans of succession for the CEO.

The Nomination and Compensation Committee is a voluntary committee which performs functions corresponding to both a nomination committee and a compensation committee, and consists of independent outside directors, representative directors, and directors appointed by resolution of the Board of Directors, and the chairman of the committee who is elected from among the independent outside directors.

[Auditors]

Establishment of Board of Auditors	Established
Number of auditors as stipulated in the Articles of Incorporation	5 persons
Number of auditors	4 persons

Coordination between auditors, accounting auditor, and the internal audit department

The accounting auditor, EY Ernst & Young ShinNihon LLC, reports the details and results of audits to the Board of Auditors regarding the settlement of accounts and quarterly financial results, and seeks to actively collaborate with the Board of Auditors as needed to enhance the effectiveness of audits, such as through the exchange of information.

As an internal audit function, the Auditing Department, which reports directly to the President, conducts regular internal audits of each department to check the status of business execution, prevent fraud and errors, and provide advice on business improvement. The results of internal audits are regularly reported to the auditors on a monthly basis.

Appointment of outside auditors	Nominated
Number of outside auditors	3 persons
Number of outside auditors who are designated as independent officers	3 persons

Relationship with the Company (1) updated

Name	Affiliation	Relationship with the Company*

		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshio Hayakawa	Certified public accountant													○
Kazumi Yoshikawa	Certified public accountant													○
Kazuko Otsuki	Certified public accountant													○

* Categories for "Relationship with the Company"

a. Executive of the Company or its subsidiary

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. Corporate auditor of the parent company of the listed company

e. Executive of a fellow subsidiary of the listed a 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 in addition to compensation as an auditor

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

j. Executive of a client or supplier company of the Company (which does not correspond to f, g, or h) (the auditor himself/herself only)

k. Executive of a company, between which and the Company external directors/auditors are mutually appointed (the auditor himself/herself only)

l. Executive of a company or organization that receives a donation from the Company (the auditor himself/herself only)

m. Others

Relationship with the Company (2) updated

Name	Independent officer	Supplementary explanation on applicable items	Reason for appointment
Yoshio Hayakawa	Yes	Yoshio Hayakawa is a former employee of Ernst & Young ShinNihon LLC, the Company's accounting auditor. However, he has been retired for the past 11 years. After retiring from the auditing firm, he opened his own private accounting firm and served as a director of a school corporation and a business corporation which do not have business transactions with the Company.	Using his expertise and experience as a certified public accountant, Yoshio Hayakawa is judged as a person who can supervise Company directors from an impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision making from the Board of Directors. Furthermore, he was designated as an independent officer because there are no special interests between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Kazumi Yoshikawa	Yes		Kazumi Yoshikawa is experienced as a director and auditor at other companies in addition to her expertise and experience as a certified public accountant. The Company has judged that she is a person who can supervise Company directors from an impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision making from the Board of Directors. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.

Kazuko Otsuki	Yes		Kazuko Otsuki is experienced as a director at other companies in addition to her expertise and experience as a certified public accountant. The Company has judged that she is a person who can supervise Company directors from an impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision making from the Board of Directors. Furthermore, she was designated as an independent officer because there are no special interests between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.

[Independent officers]

Number of independent officers	7 persons

Other matters concerning independent officers

–

[Incentives]

Implementation status of policies regarding the granting incentives to directors	Performance-linked compensation system introduced

Supplementary explanation on corresponding matters

■Basic policy

- Encourage directors to perform their duties to the fullest in line with the management strategies and management goals.
- Provide advise on compensation to officers of the Company based on job position and contribution to performance.
- Compensation shall be designed to share profits and risks with shareholders, and provide incentives to manage the Company from the perspective of shareholders.
- Transparency and objectivity are ensured by having compensation to officers considered by the Nomination and Compensation Committee, in which outside directors make up a majority of members.

Persons to whom stock options are granted	-

Supplementary explanation on corresponding matters

–

[Compensation for directors]

Status of disclosure (of individual director compensation)	Individual compensation is not disclosed

Supplementary explanation on corresponding matters updated

[Details of compensation to directors]

1. Amount of compensation for directors and auditors

Directors: 9 persons, 216 million yen

Auditors: 5 persons, 45 million yen

Note: Of this amount, 58 million yen was paid to outside directors (7 persons) as remuneration, etc. The total amount of remuneration, etc. for directors includes a provision of 54 million yen for stock compensation recorded in the current fiscal year.

2. Bonus allowance for the directors

No payment was made for the interim fiscal year.

Existence of policy to determine the amount of compensation and method of calculation	Yes

Disclosed content on the policy to determine the amount of compensation and its method of calculation

■ Composition of compensation

Compensation of directors consists of fixed monetary compensation (50%), monetary compensation linked to individual performance (10%), monetary compensation linked to financial indicator (10%), stock compensation linked to financial indicator (10%), and, as stock compensation linked to sustainability, compensation linked to environmental management indicator (10%) and compensation linked to the employee engagement index (10%). Individual allocations are based on compensation multipliers set according to position and role.

The composition of officer compensation is summarized below.

<table>
<tr><th colspan="2">Composition of compensation</th><th>Composition ratio</th><th></th></tr>
<tr><td colspan="2">Fixed monetary compensation</td><td>50%</td><td rowspan="3">Monetary compensation 70%</td></tr>
<tr><td>Individual performance-linked monetary compensation</td><td>Linked to monitoring evaluation</td><td>10%</td></tr>
<tr><td>Financial indicator-linked monetary compensation</td><td>Linked to operating profit</td><td>10%</td></tr>
<tr><td>Financial indicator-linked stock compensation</td><td>Linked to ROE</td><td>10%</td><td rowspan="3">Stock compensation 30%</td></tr>
<tr><td rowspan="2">Sustainability indicator-linked stock compensation</td><td>Linked to environmental indicators</td><td>10%</td></tr>
<tr><td>Linked to employee engagement index</td><td>10%</td></tr>
</table>

Director compensation by position

The reference value of compensation for directors is defined as “Director and Executive Officer,” for which the standard monthly compensation is set at no more than 300% of the maximum monthly salary as set forth in the employee salary system. Compensation for each director is determined by the compensation multiplier based on the director’s position, and the Company’s business performance. The compensation multipliers according to position are as follows.

Position	Compensation multiplier	Compensation multiplier for representative director	Compensation multiplier for CEO	Compensation multiplier (total)
Director and Chairperson	1.7	–	–	1.7
Director and President	2.0	0.2	0.3	2.5
Director and Executive Vice President	1.7	0.2	–	1.9
Director and Senior Managing Executive Officer	1.4	–	–	1.4
Director and Managing Executive Officer	1.2	–	–	1.2
Director and Executive Officer	1.0	–	–	1.0

Summary of director compensation components

[Monetary compensation (70%)]

・Fixed monetary compensation (50%)

The amount is determined according to the director's position, and paid as fixed monthly compensation.

(Monetary compensation as short-term incentives)

・Individual performance-linked monetary compensation (10%)

Each fiscal year, the Nomination and Compensation Committee evaluates the results of the business execution of each director, and the amount paid varies between 50% and 150%, with 100% indicating achievement of the targets. This amount is added to the fixed monetary compensation and paid monthly as monetary compensation.

・Financial indicator-linked monetary compensation (10%)

To encourage both management and labor to work toward improvement of business performance, this compensation is determined according to achievement of the operating profit target, in the same way as year-end bonuses of employees. The amount paid varies between 0% and 150%, with 100% indicating achievement of the target.

[Stock compensation (30%)]

(Stock compensation as long-term incentives)

・Financial indicator-linked stock compensation (10%)

To reflect improvement of the profitability of capital in compensation, we grant shares of stock as compensation based on the level of achievement of the ROE target in the medium-term management plan.

・Stock compensation based on environmental management indicator (10%)

To embed environmental issues related to climate change into management strategy from the perspective of risks and opportunities, and connect our positive impacts on society to the sustainable growth of the Company, we have introduced this compensation as an incentive to encourage the active involvement of directors, and grant shares of stock as compensation based on an environmental management indicator (the CDP Climate Change score).

・Stock compensation based on employee engagement index (10%)

In order to link the improvement of CS (creation of social value) through the advancement of employee engagement to the Company's sustainable growth by actively investing in the creation of an internal environment in which diverse human resources can thrive and in the development of human resources, based on the four themes of "securing human resources in response to environmental changes," "diversity & inclusion," "work-life balance," and "respect for human rights," we continuously measure the progress of these activities as an "engagement score," and grant shares of stock as compensation based on the engagement score.

Stock compensation is provided for the purpose of encouraging the sharing of value between the Company's directors and shareholders, and to raise directors' awareness of contributing to improvement of medium- to long-term business performance and increasing corporate value. Once each year, directors are awarded points calculated by multiplying the number of basic points by position, which is the total of the number of position points set for each position plus the number of additional points set for each role, by a payment coefficient according to the level of achievement of the financial indicator and sustainability indicator targets. One point is equivalent to one share of the Company's common stock, and directors receive shares of the Company's common stock (a portion of which is sold and converted into cash) upon their retirement.

Position points are set as follows according to position.

Position	Position points
Director and Chairperson	2,040 pts.
Director and President	2,400 pts.
Director and Executive Vice President	2,040 pts.
Director and Senior Managing Executive Officer	1,680 pts.
Director and Managing Executive Officer	1,440 pts.
Director and Executive Officer	1,200 pts.

Additional points are set as follows according to role.

Position	Additional points
CEO	360 pts.
Representative Director	240 pts.

The payment coefficient is set according to the level of achievement of the financial indicator and sustainability indicator targets, and varies between 0.00 and 1.50, with 1.00 as the coefficient when the target is reached.

Variable compensation such as performance-linked compensation is not necessarily appropriate for outside directors, whose role is independent from that of business execution. Therefore, outside directors are paid fixed compensation only, which is determined on an individual basis, taking into consideration factors such as societal standards and the outside director's career background, and knowledge and experience in his/her field of expertise.

Auditors are paid fixed compensation only.

■Decision-making procedure

The decision-making policy for compensation of directors is to determine compensation by resolution of the Board of Directors within the total amount approved in advance by the General Meeting of Shareholders. When resolutions on Board of Directors Compensation Rules, including the Basic Policy for Decisions on Executive Compensation of Directors, are adopted by the Board of Directors, the results of deliberations by the Nomination and Compensation Committee, an advisory body to the Board of Directors that has outside directors as a majority of its members and is chaired by an outside director, are submitted to the Board of Directors to increase transparency and make decisions through a fair process. In determining the specific details of compensation of individual directors, the Nomination and Compensation Committee conducts a multifaceted review of the draft proposal that includes consistency with the decision-making policy, and the Board of Directors basically respects the committee's report in the belief that it is in line with the decision-making policy.

Decisions on the amount of compensation to auditors are made by consultation among the auditors within the total amount of compensation approved in advance by the General Meeting of Shareholders.

Note: Information on compensation of directors is disclosed in the following documents posted on our website.

1. "Securities Report" (in Japanese only)
2. "Notice of the Annual General Meeting of Shareholders" (attached "Business Report" in Japanese only)
3. "Integrated Report"

[Support system for outside directors (outside auditors)]

A system has been established to notify the date of the Board of Directors' meeting and its agenda in advance. The director in charge shall explain the purpose of the meeting as needed. Also, outside auditors shall provide a report on the trends in the Company during the auditors' meeting held once a month, and provide support and advice so the appropriate proposals can be made during the Board of Directors' meeting.

[Status of retired representative directors and chief executive officers]

Names of advisors and consultants who are former representative directors and/or chief executive officers

Name	Post/ Position	Business description	Work form/condition (Full-time, part-time, remuneration, etc.)	President, etc. Date of retirement	Term
NA	—	—	—	—	—

Total number of advisors and consultants who are former representative directors and chief executive officers	0 persons

Other items

2. Matters related to functions such as business execution, auditing and supervision, nomination, and determination of remuneration (overview of current corporate governance system) updated

Since many of the Company's directors are in charge of business execution, such directors have a thorough understanding of relevant industries' trend and sales frontline's actual conditions and make effective and efficient decisions. In addition, independent outside directors have been regularly appointed each year at the General Meeting of Shareholders since June 2014, with the aim of utilizing their diverse and objective perspectives which differ from those within the Company to strengthen the management system and further improve transparency. Four outside directors have been appointed at the shareholders' meetings held since June 2021. Moreover, the Company is working to enhance and strengthen the auditor system. Three of the four auditors are outside auditors, and two of which are women. This ensures diversity and independence. There are no personal, monetary or business relations, or other special interests between the Company and the outside auditors.

In addition to the regular meetings held at least once a month, the Board of Directors holds special meetings to make decisions on medium- to long-term management policies and business strategies for the creation of social and corporate value, matters stipulated by the law and other important management matters, and for the supervision of the status of business operations by each director, as needed. In June 2016, the Company introduced an executive officer system to improve the effectiveness of management and accelerate business execution by strengthening the functions of the Board of Directors and speed up decision-making. In April 2022, this was amended from a permanent position-based system to a delegation-based executive officer structure.

Based on the regulations of the Board of Auditors, the Board of Auditors establishes audit policies in accordance with laws and the Articles of Incorporation, and prepares the audit report based on the individual reports from each auditor. Auditors supervise and audit the decision-making process of the Board of Directors and the execution of duties by the directors by attending important meetings, including those of the Board of Directors, and by reviewing important documents.

In addition, the Company has established the Nomination and Compensation Committee as an advisory body to the Board of Directors in order to strengthen corporate governance by ensuring the independence, objectivity, and transparency of the functions of the Board of Directors concerning decisions on the nomination and compensation of representative directors and directors, etc., as well as personnel matters such as plans of succession for the CEO. The Nomination and Compensation Committee consists of independent outside directors, representative directors, and directors appointed by resolution of the Board of Directors, with the majority of members independent outside directors. The chairman of the committee is elected from among the independent outside directors.

As an internal audit function, the Audit Department, which reports directly to the President, conducts regular internal audits of each department to check the status of business execution, prevent fraud and errors, and provide advice on business improvement. The results of internal audits are reported to the President and auditors on a regular basis and whenever audits are carried out. In addition, the Audit Department, in coordination with the accounting auditor, has established a system to check for any deficiencies in the maintenance and operation of internal control of financial reporting for all processes within the scope of evaluation.

The Sustainability Committee (unification of “Corporate Management Committee” and “CSR Committee” that manage the progress of business strategies), which consists of executive directors, executive officers, full-time auditors, and department heads (including directors of subsidiaries), manages the progress of issues set by backcasting from long-term goals toward the realization of value creation for the Joshin Group, carries out activities of business divisions, and promotion, development, management, guidance, etc. in cross-departmental projects.

In order to establish a flexible management system that can respond quickly to changes in the business environment and to clarify management responsibility for each fiscal year, the Company shortened the term of office of directors from two years to one year at the General Meeting of Shareholders held in June 2003. The retirement benefit system for directors and auditors was also abolished at the General Meeting of Shareholders held on June 24, 2005.

As stipulated in Companies Act, Article 427, Paragraph 1, the Company has concluded a contract with all outside directors and outside auditors in order to limit compensation liability as stipulated in Article 423, Paragraph 1 of the same act. The limit on compensation liability under the said contract is set to the minimum liability amount stipulated by the law.

The Company has concluded a liability insurance contract for officers, etc. with an insurance company as stipulated in the Companies Act, Article 430-3, Paragraph 1 and has renewed the contract on July 1, 2023 with the same terms and conditions. Under the insurance contract, the Company will cover any damage that may occur for which an insured officer is held liable, which has occurred in the performance of his/her duties, or is subject to a claim pertaining to the pursuit of such responsibility. The insurance premiums are fully borne by the Company, including the special contract, so there is no substantial burden on the insured. The insurance policy is subject to certain exemptions, such as if the act was performed with due knowledge that such is in violation of laws and regulations.

The Company has also concluded an advisory contract with a law firm and can receive advice as needed. In addition, the accounting auditor, Ernst & Young ShinNihon LLC, conducts accounting audits and internal control audits from a fair and unbiased standpoint, and reports the details and results of audits to the Board of Auditors regarding settlement of accounts and quarterly financial results.

[Accounting auditor] (Fiscal year ended March 2024)

1. Name of accounting auditor

   Ernst & Young ShinNihon LLC

2. Amount of remuneration payable to the accounting auditor

   Total remuneration and other amounts payable by the Company for services under Article 2, Paragraph 1 of the Certified Public Accountants Act of Japan: 47 million yen

   Total amount of cash and other financial benefits payable by the Company and its subsidiaries: 56 million yen

   Notes:

1. In the audit contract between the Company and the accounting auditor, remuneration paid for audits under the Companies Act of Japan and remuneration paid for audits under the Financial Instruments and Exchange Act of Japan are not clearly distinguished. Therefore, the amount in item 1. above includes the amount of remuneration paid for audits under the Financial Instruments and Exchange Act.

2. The Company's Board of Auditors has reviewed the contents of the audit plan prepared by the accounting auditor, and the performance of duties and the basis for calculation of the estimated amount of remuneration in the previous fiscal year by way of obtaining the necessary documents from the Board of Directors, relevant internal departments and the accounting auditor, and by listening to reports. As a result, it has determined that the fees paid to the accounting auditor are in accordance with Article 399, Paragraph 1 of the Companies Act.

3. Description of non-auditing services

The Company pays compensation to the accounting auditor for "climate change response support services," etc. as services other than the auditing services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services).

3. Reasons for selecting the current corporate governance system updated

The Company introduced the executive officer system in June 2016. In addition to regular meetings of the Board of Directors held at least once a month and extraordinary meetings of the Board of Directors held as needed, meetings of the Board of Executive Officers are held weekly, in principle, and prior to the submission of proposals to the Board of Directors, a system to provide detailed information prior to such meetings is in place. As a result, more active discussions within the Board of Directors have been encouraged, leading to faster management decision making and stronger governance. Moreover, in order to utilize objective viewpoints that differ from those within the Company, strengthen the management system, and further improve transparency, one independent outside director was appointed since 2014, two since 2017, three since 2019, and four since 2021, while the number of outside auditors was increased from two to three with the election of one person by resolution of the 75th Annual General Meeting of Shareholders in June 2023, bringing the total number of independent outside directors and auditors to seven. In June 2024, following the retirement of an outside auditor (full-time), a female outside auditor (part-time) was newly elected by resolution of the 76th Annual General Meeting of Shareholders, making two out of four auditors women (+1). This ensures independence as well as diversity. By this system, valuable opinions and suggestions from a management perspective can be obtained and this information can be used to revitalize management. Furthermore, two women have been appointed as independent outside directors, and four out of seven independent outside officers are women. The Evaluation Committee for the Board of Directors, consisting of outside directors and auditors was established in fiscal 2016 as an advisory body to the Board of Directors, and works to strengthen corporate governance. The Company believes that the current management monitoring system that includes independent outside directors is functioning appropriately to improve corporate value.

III. Status of implementation of measures concerning shareholders and other concerned parties

1. Efforts to vitalize the General Meeting of Shareholders and to facilitate the exercise of voting rights

	Supplementary explanation
Early notification of convocation of General Meeting of Shareholders	The Company shall send these convocations approximately three weeks before the date of the General Meeting of Shareholders. The notice to convene the General Meeting of Shareholders shall be posted on TDnet and the Company's website (https://www.joshin.co.jp/en/ir/meeting.html) prior to the sending date.
Scheduling the General Meeting of Shareholders to avoid dates on which there are many other shareholders' meetings	The Company shall strive to avoid scheduling the General Meeting of Shareholders on dates corresponding to other shareholders' meetings whenever possible so that as many shareholders as possible can attend.
Exercising voting rights by electromagnetic methods	The exercise of voting rights using electronic platforms for exercising voting rights began from the 73rd Annual General Meeting of Shareholders held in June 2021.
Participation in electronic platforms for exercising voting rights and other efforts to improve the voting rights exercising environment for institutional investors	It is possible to participate in and use the electronic platform managed by the joint venture ICJ, Inc. established by the Tokyo Stock Exchange and other companies for exercising voting rights.

Providing notices (summaries) in English	The Company has been posting the English translations of the notices on the website since the 73rd Annual General Meeting of Shareholders held in June 2021.
Others	The Company posts a notice to convene the General Meeting of Shareholders on its website, and after the meeting, various corporate information along with the notice of any resolutions, is sent to the shareholders in writing.

2. Status of activities related to investor relations (IR) updated

	Supplementary explanation	Explanation by the representative directly
Creation and announcement of disclosure policy	The Joshin Group Disclosure Policy was made publicly available in December 2022. As a basic policy, with the aim of becoming a company that is trusted and supported by society, the Company thoroughly discloses information in a timely, accurate and fair manner from the perspective of all stakeholders, including shareholders and investors, and works on proactive and straightforward disclosure of information.	
Holding regular briefings for individual investors	The Company regularly holds IR seminars for individual investors in a timely manner, but the current participation is online.	No
Conducting regular briefings for analysts and institutional investors	The Company holds financial results briefings via live streaming with participation of all internal directors including representative directors, twice a year after releasing interim and fiscal year-end financial results. Moreover, in response to requests from institutional investors, analysts, etc. the Company shall hold individual briefings in the form of meetings in a timely manner.	Yes
Holding regular briefings for overseas investors	No. We hold IR meetings individually if requested.	No
Posting IR materials on the website	The Company posts brief notes on financial results (quarterly), briefing data for financial results, notices to convene the General Meeting of Shareholders, information about the Company, and other data to be timely disclosed on https://www.joshin.co.jp/en/ir.html	
Establishing an IR department (department in charge)	The Company has established the Management Planning Department as the department in charge of IR.	
Others	The Company carries out IR activities mainly targeting individual investors by publishing information regarding the Company and shareholder benefit programs in IR-related magazines. The Company also holds briefing sessions via video streaming and teleconferencing on the financial results of the first six months and the full year, in order to explain the financial results, business conditions, and future business development in detail.	

3. Status of efforts to respect the position of stakeholders updated

	Supplementary explanation
Regulations that respect the position of stakeholders through internal regulations, etc.	The Company made a commitment to and signed the U.N. Global Compact in July 2022. As part of this initiative, we established and announced the Joshin Group Human Rights Policy in December 2022, the Joshin Group Procurement Policy and Procurement Guidelines in February 2023, and the Joshin Group D&I Policy and Joshin Group Anti-Corruption Policy in March 2023.

	The Joshin Group Declaration on Actions stipulates respect for the position of our stakeholders, including customers, business partners, shareholders, and employees. In addition, to ensure all Group employees comply with the Joshin Group Declaration on Actions, we have codified our action guidelines in the Joshin Group Code of Conduct.
Implementation of environmental conservation activities, CSR activities, etc.	We have set “contributing to the creation of an enriching society that is in harmony with the global environment” as one of our material issues (major challenges) and are promoting the establishment of a resource-recycling society and addressing climate change issues. Through these and other efforts to achieve a society with net-zero carbon emissions, we are working to create social value by achieving carbon neutrality in the home and improve our corporate value. The Company’s efforts to address environmental issues have been organized and announced as the Joshin Group Environmental Principles, the Joshin Group Basic Environmental Policy, the Joshin Group Environmental Action Guidelines, and the Joshin Green Smile Challenge 2050. In practicing sustainability management, we actively disclose information on all four areas of “governance,” “strategy,” “risk management” and “metrics and targets” based on the TCFD recommendations. In fiscal 2023, in particular, we established a transition plan to address the goal of limiting the global average temperature rise to 1.5°C. Going forward, we will work to raise the level of information disclosure to cover IFRS S2 Climate-related Disclosures. For greenhouse gas (GHG) emissions in fiscal 2023, we assessed scopes 1, 2, and 3 emissions, and obtained third-party verification to ensure the reliability of our figures for scopes 1, 2, and 3 (categories 1 and 11) emissions. We obtained third-party verification for 98.1% of our total GHG emissions. As a result of these efforts, we earned the highest rating of “A,” an improvement from “B” in the previous year, in the climate change category of the questionnaire conducted by CDP, an international NPO, in fiscal 2023. We have begun efforts toward early realization of carbon neutrality at each business site. Having actively introduced photovoltaic systems through onsite and offsite power purchase agreements (PPAs), we have photovoltaic systems at 73 business sites (including introduction through feed-in tariff and PPA projects) as of March 2024. Going forward, we aim to increase off-grid consumption by introducing storage batteries and other means. We prepare for the risk of surging electricity bills with the targets of raising the percentage of off-grid consumption among our business sites that have PPAs to receive electricity from 10.37% in fiscal 2023 to 25% in fiscal 2030 and 50% in fiscal 2050. Moreover, we achieved a renewable energy ratio of 100% for business sites with power purchase agreements to receive electricity in March 2024. The rate of renewable energy conversion at all business sites, including tenants, is 59.4%, and we plan to realize 100% conversion to renewable energy by around 2040.

	The Company's head office building has acquired ISO 14001 certification, an international standard for environmental management systems. Furthermore, as part of our effort to engage in responsible corporate activities, we have installed chargers for electric vehicles at 82 stores as of March 2024 and target a 100% rate of installation for our stores where such installation is possible in fiscal 2024. In addition, our social mission is to maintain and create an environment where people in the local community can live in safety, comfort, and good health. We carry out sales promotion activities for energy-saving home appliances, actively promote energy saving, energy generation, and energy storage, and conduct activities such as estimating the installation cost of household charging outlets for electric vehicles and selling household storage batteries. In order to promote compliance and make policies regarding the social responsibilities which should be fulfilled by the Group, the Company has established a standard Code of Conduct for the Group through the operation of the Sustainability Committee. The Company has already enacted the Basic Policy on Information Security and the Personal Information Protection Policy, and has established an information security management system and a personal information protection management system. It is also expanding promotional activities for these across the entire Group in order to protect information assets, including the personal information of customers. As a result, Joshin was certified by the Japan Information Processing Development Center (currently the Japan Institute for Promotion of Digital Economy and Community) with the "Privacy Mark" on April 25, 2005, the first for a large corporate retailer, and the mark has been used since May 13, 2005. Furthermore, we have established systems and promote activities to fulfill our social responsibilities toward the stakeholders of the Group, including enactment of the Basic Policy on the Construction of the Internal Control System in May 2006 (last revised on June 20, 2023) and the Product Safety Voluntary Action Guidelines in December 2007. As a result, we were the first to receive the METI Minister's Award at the Best Contributors to Product Safety Awards in the large retailer category three consecutive times, in November 2008, November 2010, and November 2012. We were also first awarded METI's newly established Gold Product Safety Company mark in June 2014, and first received an additional "★" certification mark indicating a higher level of achievement under the program's follow-up assessment in 2019. In January 2017, we became the first major retailer in Japan to acquire ISO 22301:2012 certification for our business continuity management system to prepare for significant risks and respond to negative impacts efficiently and effectively. In 2021, we were also certified in the transition to the new standard, ISO 22301:2019. These initiatives are disclosed in our integrated report. (https://www.joshin.co.jp/en/ir/library/report.html)
Formulating policies for provision of information to stakeholders	The Joshin Group Disclosure Policy was made publicly available in December 2022. The Company stipulates the policy for disclosure of corporate information to stakeholders in the Joshin Group Code of Conduct and informs all employees of the Group. Based on these provisions, the Company has established an internal system to enable prompt, accurate, fair and timely disclosure to all stakeholders, including shareholders and investors, and provides information in a timely and appropriate manner through its website, briefings on six-month and full-year financial results, and IR seminars for individual investors.

IV. Matters related to internal control systems, etc.

1. Basic concept on internal control system and the status of its maintenance

The Company has established the following basic policy regarding the creation of an internal control system. Based on this basic policy, the Company has created and operates a system to ensure the appropriateness of the Group's operations as stipulated in the Companies Act and the Regulations for Enforcement of the Companies Act, as well as internal control over financial reporting as stipulated in the Financial Instruments and Exchange Act.

(1) System to ensure that the execution of duties by directors and employees are in compliance with laws and regulations and the Articles of Incorporation

1) The Sustainability Committee, chaired by the Representative Director, President and Executive Officer, shall oversee compliance in general.

2) To promote compliance, we shall enact the Human Rights Policy, D&I Policy, Procurement Policy and Procurement Guidelines, Anti-Corruption Policy, Basic Environmental Policy, Disclosure Policy, Basic Policy on Information Security, Personal Information Protection Policy, Product Safety Voluntary Action Guidelines, Code of Conduct, and other Group-wide policies. We shall provide guidance through training and other means to ensure that all officers and employees of the Company and its subsidiaries view compliance as an issue that concerns them, and conduct their business operations accordingly.

3) In the event that a compliance-related incident should occur, a system shall be established whereby the details of the incident and measures to handle it shall be reported to top management, the Board of Directors, the Board of Executive Officers, and the auditors through the Chief Compliance Officer (the director appointed under the sustainability promotion framework).

4) The Company shall establish the Whistleblower System Operating Standards and establish a contact point for consultation and reporting on organizational and individual violations of laws and regulations, and introduce a whistleblower system that specifically stipulates that whistleblowers will not be treated unfavorably on the grounds that they have made a consultation or report.

5) The Company shall not have any connections with antisocial forces and groups which threaten the order and safety of civil society, and shall thoroughly educate all employees in accordance with the Basic Policy on Exclusion of Antisocial Forces and the Joshin Group Code of Conduct to resolutely respond to such forces and groups, and shall establish a system to deal with such forces and groups.

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

1) Information and documents related to the execution of duties by directors shall be stored and managed in accordance with the Company's internal regulations and related manuals, etc., and the status of operation shall be verified and the regulations, etc. shall be reviewed as needed.

2) For information management, information security management standards and personal information management standards shall be established.

(3) Regulations for managing the risk of loss and other systems

1) As an organization for managing the risk of loss, the Risk Management Committee chaired by the Chief Risk Management Officer (the director appointed under the sustainability promotion framework) shall be established and the development of a risk management system shall be promoted by identifying, analyzing and evaluating various risks around the corporate group consisting of the Company and its subsidiaries, and implementing appropriate measures.

2) The Risk Management Committee shall closely cooperate with the Compliance Subcommittee established under the Sustainability Committee, the Internal Control Subcommittee which handles the internal control system, and other committees established for each individual business for risk management.

3) The Risk Management Committee shall establish the BCMS Implementation Working Meeting under the Risk Management Committee in order to develop and promote the Business Continuity Management System (BCMS) as a system for effective and functional business continuity even in the event of an emergency.

4) In the event of an unforeseen event, the Disaster (Accident) Countermeasures Committee shall be convened in accordance with the Risk Management Rules to prevent the spread of damage.

5) The Company shall establish the Audit Department, which reports directly to the President and shall be in charge of internal auditing of the Company and its subsidiaries. The Audit Department shall conduct internal audits on a regular basis in accordance with the Internal Audit Regulations. The Audit Department shall periodically review the items and methods of audit implementation.

6) The executive officer in charge of internal control shall report to the Board of Directors on the status of internal control operations in the Company and its subsidiaries on a quarterly basis.

(4) System to ensure that the execution of duties by directors is carried out efficiently

1) Management of the operation plan shall be based on the annual and medium-term management plans formulated each year according to the management philosophy, and each business line shall work to achieve its goals.

2) The Board of Directors shall hold regular meetings at least once a month to make decisions on important matters and to supervise the execution of duties by the directors.

3) Based on the Board of Directors regulations, executive officer regulations, regulations for division of duties, and rules for decision-making, the authority to make decisions on business execution shall be transferred to executive officers, and the monitoring functions of the Board of Directors shall be strengthened.

4) Directors and executive officers shall report the status of their own duties that they execute to the Board of Directors on a quarterly basis.

5) Independent outside directors shall be appointed to further vitalize deliberations by the Board of Directors and strengthen the management supervision function.

6) The term of office of the directors shall be one year in order to promptly respond to a rapidly changing business environment.

7) Digitalization shall be promoted in order to improve operational efficiency.

(5) System to ensure the appropriateness of business operations of the corporate group

1) Directors of subsidiaries shall be appointed from the directors, executive officers, and executives of the Company.

2) Auditors of subsidiaries shall be appointed from the auditors of the Company.

3) The Company and each of its subsidiaries shall appoint a person in charge of compliance promotion, and the Chief Compliance Officer shall oversee and promote compliance.

4) Regarding management of subsidiaries, the Company shall periodically request a report on their business activities and discuss important matters with them in advance, while respecting their autonomy.

5) As a system to ensure efficient execution of duties by the directors, etc. of the subsidiaries, (4) 1) 6)) shall apply mutatis mutandis to the subsidiaries.

(6) In cases where an auditor requests employees to assist in duties, matters related to the independence of such employees from the directors

1) In the event an auditor requests that an employee be appointed to assist him/her in his/her duties, such employee shall be appointed by resolution of the Board of Directors.

2) Specific personnel matters of such employees shall be determined by the Board of Directors with the consent of the auditors.

(7) System for directors, executive officers and other employees to report to auditors

1) If any director, executive officer or other employee discovers a fact which may cause significant damage to the Company, he or she shall immediately report it to the auditors in accordance with laws and regulations.

2) Directors, executive officers and other employees shall prepare the necessary reports and provide information in response to requests from each auditor in accordance with the provisions of the Board of Auditors.

3) Directors, auditors and employees of the Company's subsidiaries shall promptly prepare the appropriate reports when requested by the auditors of the Company to report on matters related to the execution of business.

4) The Company shall prohibit any disadvantageous treatment of its directors, auditors and employees and those of its subsidiaries who have reported to the auditors for the reason that they have made such reports, and shall inform all directors, auditors and employees of the Company and its subsidiaries to that effect.

5) The aforementioned 1) to 4) shall apply mutatis mutandis to outside directors in order for them to effectively perform their duties.

(8) System to ensure that audits by an auditor are carried out effectively

1) Auditors shall attend meetings of the Board of Directors and other important meetings, inspect major documents requiring managerial approval and other important documents related to the execution of business, and request explanations from directors, executive officers and other employees as needed.

2) Auditors shall receive reports from the accounting auditor regarding details of the accounting audit, exchange information, and actively collaborate with the accounting auditor to raise the effectiveness of the audit as needed.

3) Auditors shall receive reports from the Audit Department on the details of internal audits of the Company and each subsidiary company, exchange information, and actively collaborate to raise the effectiveness of the audit as needed.

4) In the event that an auditor requests prepayment or reimbursement of expenses to the Company in connection with the execution of his or her duties, the Company shall promptly process such expenses or debts after deliberation by the department in charge, unless such expenses or debts related to such request are proven not to be necessary for the performance of the auditor's duties.

5) The aforementioned 1) to 4) shall apply mutatis mutandis to outside directors in order for them to effectively perform their duties.

2. Basic concept on the elimination of antisocial forces and the status of its maintenance

The Company has established the following basic policy regarding elimination of antisocial forces.

In accordance with the "Guidelines for Enterprises to Prevent Damage Caused by Antisocial Forces" (published by the Meeting of Cabinet Ministers for Anti-Crime Measures), the Company and its Group Companies will resolutely oppose and reject any intervention by antisocial forces that threaten social order and safety.

In addition, the Company shall adhere to the following basic principles to fulfill its social responsibility as a business enterprise and to be a company that is trusted by society.

(1) Basic Principles to Prevent Damage Caused by Antisocial Forces

1) Organizational measures

2) Cooperation with external specialized agencies

3) Severing relations, including business transactions

4) Civil and criminal legal response in cases of emergency

5) Prohibition of backdoor transactions and funding

(2) Response based on basic principles

1) Unreasonable demands by antisocial forces can cause anxiety and fear in a person's mind, and if the manager or department in charge takes measures alone, he may be forced to comply with the demands. Therefore, the entire organization shall respond to the matter.

2) The Company shall ensure the safety of employees who respond to unreasonable demands from antisocial forces.

3) In preparation against unreasonable demands from antisocial forces, the Company shall establish close solidarity with external specialized agencies such as the police, the Center for Elimination of Boryokudan, lawyers, etc.

4) The Company shall not have any connection, including business relationships, with antisocial forces. The Company shall also reject unreasonable demands from antisocial forces.

5) The Company will take legal action, both civil and criminal, against unreasonable demands from antisocial forces.

6) The Company shall not engage in backdoor transactions to conceal the facts, even if unreasonable demands by antisocial forces are based on scandals in the business activities or misconduct of employees in the Company.

7) The Company shall not provide funds to antisocial forces.

V. Others

1. Introduction of takeover countermeasures

Introduction of takeover countermeasures	Yes

Supplementary explanation on corresponding matters **updated**

Basic policy regarding control of the Company

(1) Outline of the contents of the basic policy

The Company holds that persons who control decisions on the Company's financial and business policies (hereinafter referred to as "policy decisions") shall be persons who can ensure and enhance the corporate value of the Company and the common interests of its shareholders over the medium and long term, by taking full advantage of the trusted relationships built by the Company over many years with customers, business partners, employees, etc.

The Company does not unilaterally reject the large-scale purchase of Company share certificates and the like, as long as such purchase contributes to the corporate value of the Company and the common interests of its shareholders. In addition, whether a proposal for a large-scale purchase that would involve the transfer of control of the Company should be accepted or not should ultimately be decided based on the consensus of the shareholders.

However, there is a possibility of cases of large-scale purchase of shares or purchase proposals in which sufficient time or information may not be available for the Company or its shareholders to consider the details of the purchase proposal or alternative plans, cases where there is a mechanism to coerce shareholders into accepting the purchase, cases where the terms of the purchase are insufficient or inappropriate in light of the original corporate value of the Company, and cases which may damage the corporate value of the Company and the common interests of its shareholders in view of the purpose of the purchase or the management policy after the purchase.

The Company believes that a person who may damage the corporate value of the Company and the common interests of shareholders by such large-scale purchases or purchase proposals is not appropriate as a person to control policy decisions.

(2) Outline of specific measures to achieve the basic policy

1) Special initiatives which contribute to achieving the basic policy

Through various highly specialized stores and Internet shops, the Company offers home appliances, information and communication equipment, entertainment products, housing equipment-related products, renovation, etc. to support the comfortable lifestyles of its customers.

Additionally, the Company seeks to build a relationship of trust with its customers in the original founding spirit of "Sincere Service," including high expertise, lifestyle proposals, a wide product selection, reasonable prices, and reliable after-service.

At present, the environment surrounding the Company is continuing to undergo great changes. The population and the number of households is decreasing due to low birthrates and the aging of society and there are other demographic changes, such as the increase in the number of elderly living alone. ICT is becoming more advanced. The concept of diversity and inclusion—where we respect and accept individuality regardless of gender, age, nationality, or other characteristic—is taking root. Furthermore, there are major changes under way that affect the way the society we live in functions and the environment—such as climate change—that are altering our values. Amidst this, we are trying to adapt how we live our lives.

Considering the current state of societal transformations and social issues, and in accordance with the fundamental spirit of our Corporate Credo of Thoughtfulness (meaning "to always think and act in consideration of the other's perspective")—the basis for our philosophical system—in fiscal 2021, we updated our management philosophy for the first time in 57 years.

Management Philosophy

Connecting people and society to the future with a smile

Our management philosophy encapsulates the view we take of the future from a long-term perspective, our future ideal for what society should look like, and our desire to pass on to future generations a sustainable society in which no one is left behind.

We have organized our efforts to create new social value into two areas: supporting and strengthening resilience in our aging society and achieving carbon neutrality in the home. To do so, we formulated a management vision of “becoming a hub for the infrastructure of life through the power of home appliances and ICT.”

For our retail business, which mainly sells home appliances, we believe that there are two main factors that will have a major impact on our future. The first factor is the declining birthrate and aging population. The decrease in population and the number of households and the increase in the number elderly single-person households, due to the declining birthrate and aging population, have implications on issues such as changes to consumer purchasing behavior, shrinking market size, and a shrinking working population. While we are addressing this issue as a risk, we also regard it as a business opportunity. For this reason, we have chosen to support and strengthen the resilience in our aging society as an initiative for social value creation the Company should work on to support the sustainable development of society.

We consider “resilience” to mean not only “restoration to the original state” but also “adaptation to change.” In light of the ongoing transformation into a super-aged society, we aim to seek out opportunities in the changing environment while utilizing finance and capital, fixed capital, human capital, intellectual capital, and social capital to create and continue to offer new added value.

The second factor is climate change. In July 2021, we announced our support for the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Environmental problems such as climate change not only threaten biodiversity but are also serious risks that adversely impact the world economy. As a countermeasure to this issue, achieving a carbon-neutral society is a universal goal, and Japan has pledged before the world to aim for complete carbon neutrality by 2050. With the frequent occurrence of large-scale natural disasters around the world, there is growing recognition that tackling climate change is an urgent issue. Environmental issues pose a risk for companies, but there are also ways to turn increased awareness of the environment into an opportunity. Through home appliance sales, we will popularize home appliances with high performance in energy generation, storage, and saving (solar power generation, storage batteries, energy-saving appliances, etc.), and actively work on building a recycling-based society through the 3Rs (reduce, reuse, recycle) while contributing to the enhancement of social values.

We believe that the initiatives detailed above will raise the Joshin Group’s corporate value, thereby reducing the risk of large-scale purchases of Company shares, which would have a major negative impact on the interests of all shareholders.

2) Initiatives to prevent policy decisions from being controlled by inappropriate parties in light of the basic policy

The Company adopted a “Response Policy for Large Scale Purchases of the Company’s Shares (Anti-Takeover Measures)” by resolution of the Annual General Meeting of Shareholders held on June 22, 2007. The Company has since revised this policy five times, and updated it with the approval of shareholders.

(3) Decisions by the Board of Directors regarding special initiatives and their reasons

1) Regarding special initiatives which contribute to achieving the basic policy

Regarding special initiatives which contribute to achieving the basic policy, securing and enhancing corporate value are sought by providing customers with a comfortable lifestyle, striving to build relationships of trust, and enhancing corporate governance. This in turn leads to securing and improving the common interests of shareholders, without impairing the common interests of shareholders.

In addition, all of these initiatives are in line with the basic policy that persons who may damage corporate value and the common interests of shareholders are not considered appropriate as officers who control policy decisions, and work to maintain the status of the officers of the Company.

2) Regarding initiatives to prevent policy decisions from being controlled by inappropriate parties in light of the basic policy

The Board of Directors of the Company decided to renew the Response Policy in the event that a large-scale purchaser appears, in order to enable shareholders to make decisions with sufficient time and information, etc., and to deter large-scale purchases that violate the corporate value of the Company and the common interests of the shareholders. This Response Policy is considered to be an initiative that is in line with the basic policy.

Regarding the contents of the Response Policy, specific rules to which large-scale purchasers must comply shall be set in advance, and specific countermeasures shall be taken only in the event that a large-scale purchaser does not comply with these rules or in cases where even though the rules are observed, the Board of Directors determines that the corporate value of the Company and the common interests of its shareholders would be significantly impaired.

Consequently, this Response Policy is considered to be an initiative to secure the corporate value of the Company and the common interests of the shareholders, and does not impair the common interests of its shareholders.

In addition, in order for the Board of Directors of the Company to properly carry out the Response Policy and prevent arbitrary decisions by the Board of Directors, a committee independent of the Board of Directors has been established as a third-party organization. When taking a decision on whether or not to implement countermeasures against a large-scale purchaser, the Board of Directors shall consult with the independent committee, and based on the consultation, recommendations by the independent committee shall be respected to the maximum extent, thereby eliminating arbitrary decisions by the Board of Directors. For this reason, the purpose of the Response Policy is not to maintain the status of the directors of the Company.

Moreover, when the independent committee recommends that countermeasures be implemented, a requirement that shareholders be sounded out in advance can be attached.

Furthermore, the Response Policy shall satisfy three principles (I: Ensuring and enhancing the corporate value and shareholders' common interests, II: Prior disclosure and the will of the shareholders, and III: Ensuring necessity and reasonableness) as stipulated by "Guidelines Regarding Takeover Countermeasures for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests" jointly released by Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005, and shall be a very rational measure.

Similar to the Pre-response Policy, shareholders are scheduled to vote on the continuation of the Response Policy every three years. From this point as well, the Company believes that the Response Policy does not impair the common interests of shareholders.

For details of the Response Policy, please see the "Notice of Renewal of the Response Policy for Large-Scale Purchases of the Company's Shares (Anti-Takeover Measures)" posted on May 6, 2022 on the Company's website.

https://www.joshin.co.jp/ja/ir/news/news20220506102419/main/0/link/20220505162900.pdf (in Japanese only)

2. Other matters concerning corporate governance system, etc.

Overview of the timely disclosure system

1) Basic policy of the timely disclosure

As a listed Company that participates in the securities market, the Company recognizes that in order to build and maintain a relationship of trust with its shareholders and investors, the Company has the extremely important responsibility to provide prompt, accurate, fair and timely disclosure of important facts and financial information that may affect investment decisions and the Company and works to provide such.

2) In-house system for timely disclosure

The Company's internal system for timely disclosure is shown in the attachment.

3) Method of timely disclosure

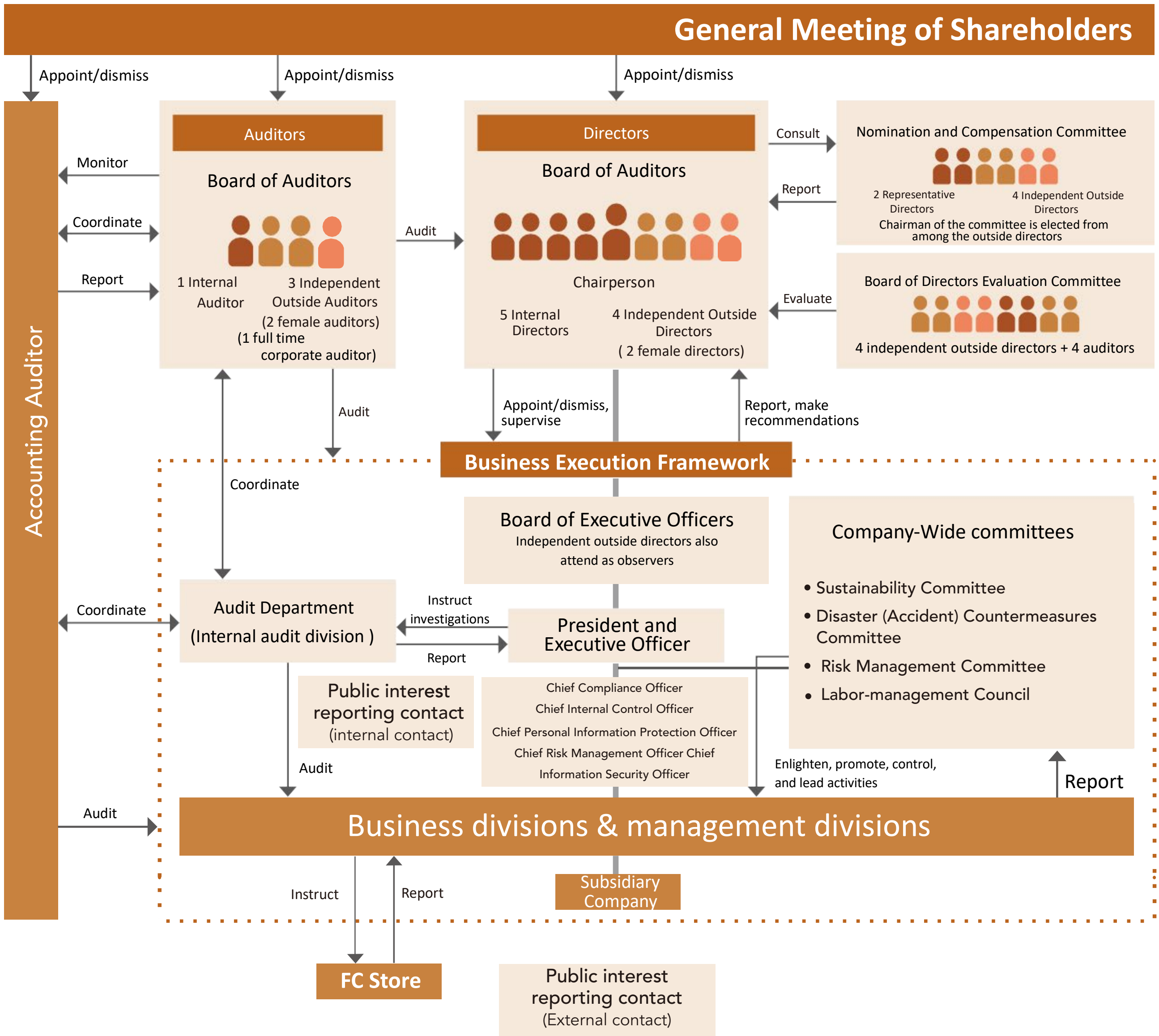
In principle, timely disclosure is made through the "Timely Disclosure Network (TDnet)" operated by the Japan Exchange Group. Resources are also posted to each press club. In addition, disclosure resources are promptly posted on the Company's website.

[Outline diagram (reference data)]

[Overview of the timely disclosure system (outline diagram)]

End

Corporate governance system



[Schematic diagram of timely disclosure system]