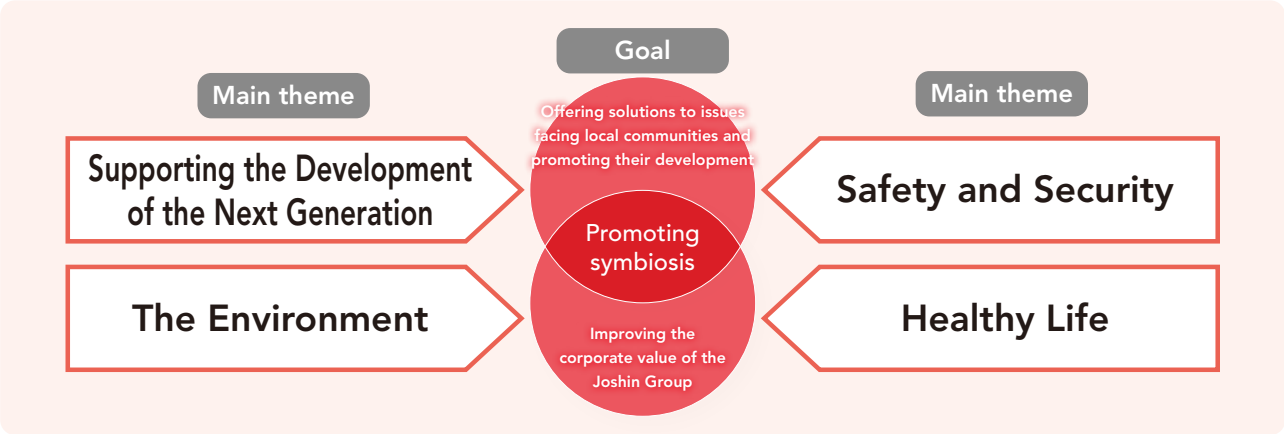


Promoting Synergies with Local Communities

The Joshin Group believes that our brand value increases when we successfully develop a good relationship with local communities as part of our business operations, and by offering solutions to issues facing local communities while promoting their development through our business activities. These efforts toward symbioses with local communities create business benefits and value. By putting these benefits and value into the cycle of capital, we will contribute to the development of these communities and improve our corporate value.



Support Following the 2024 Noto Peninsula Earthquake

Following the Noto Peninsula Earthquake in 2024, we provided a variety of support for recovery for many reasons including because the Group operates in those communities. Beginning from January 2024, we have collected assistance through donations at our stores, and provided matching assistance from the Company to the generous donations received from customers and employees, donating five million yen to the Japan Red Cross. In February 2024, in response to a request for support for home appliances in free housing provided to victims by Osaka Prefecture, we donated home appliances (electric kettles, air purifiers, and humidifiers, 40 of each) to support the disaster victims.

E-Sports Project Conducted in Cooperation with Local Governments

As the Group considers project activities for achieving "Promoting synergies with local communities" that is positioned as a material issue, we believe that contributing to community revitalization in cooperation with local governments, and nurturing the next generation and providing them with opportunities for new experiences, is one of our important missions. One area is the e-sports that are particularly popular among the younger generations and are receiving attention as an area where we can increase our corporate value, and we are actively involved in projects related to e-sports.

**E-sports project activity results (fiscal 2023)**  
We support the E-Sports MICE Content Verification Project conducted by Izumisano City in Osaka Prefecture, and provided donations using the corporate version of the hometown tax system, which were used in the following two events hosted by Izumisano City.

- E-Sports Camp 2023 Summer e-sports camp for high school students
- E-Sports Game Creator Academy Spring 2024 job experience event that parents and children participate in together

In addition in February 2024, we provided the eSPORTS Arena Kobe Sannomiya on the 9th floor of Joshin Sannomiya 1 Bankan as the championship venue for the HYOGO High School E-Sports Championship for high school students organized by Hyogo Prefecture.



Scene from the E-Sports Camp 2023 Summer held in August 2023



HYOGO High School E-Sports Championship held in February 2024

Corporate Governance

Basic Concept of Corporate Governance

Our management philosophy is "Connecting people and society to the future with a smile" and our management vision is "Becoming an infrastructure hub for a better life through the power of home appliances and ICT." To realize the goals of our vision and philosophy, the Group chose seven material issues (materiality) that we should address first.

The Company examined these issues from the viewpoints of their risks and opportunities, while incorporating them into our management strategies and business portfolio. We intend to continue improving our corporate governance system to better manage the value creation processes that we have built up, using our capital flow in a beneficial cycle to create more social and economic value.

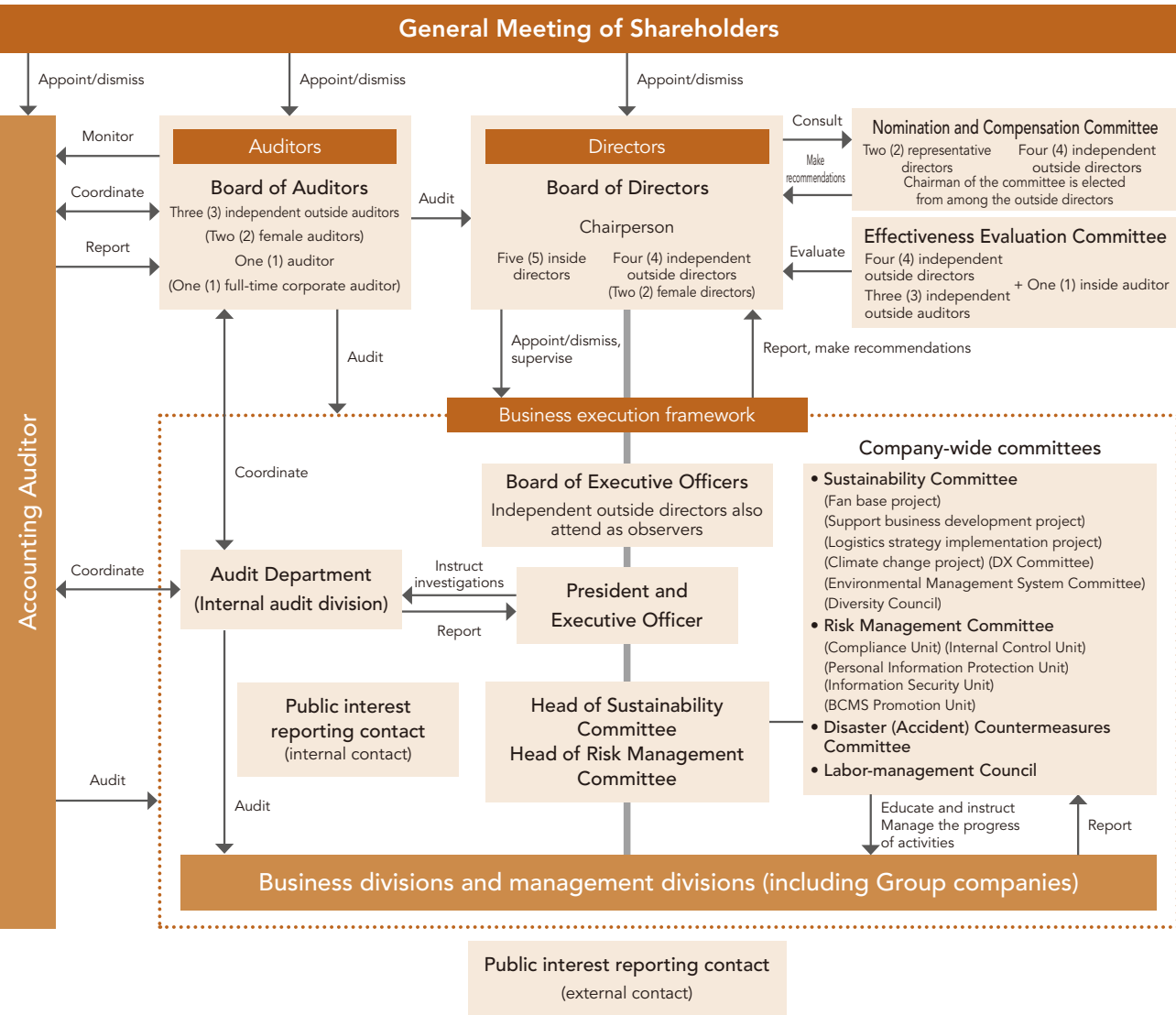
History of Enhancing Corporate Governance

To improve the supervisory function of the Board of Directors and the execution divisions, the Group ensures diversity of the Board of Directors by increasing the number of independent outside directors, appointing female directors, and in other ways. At the same time, the Group is working on improving management effectiveness by establishing the Board of Directors Effectiveness Evaluation Committee, which is made up of a majority of outside directors, as well as the Nomination and Compensation Committee. As a result of appointments at the General Meeting of Shareholders held in June 2024, the percentage of independent outside officers among all directors is 44.4%, and the percentage of female directors is 22.2%. The percentage of independent outside officers among all directors and auditors is 53.8%, and the percentage of female officers is 30.8%. The Group will continue to strengthen the monitoring function of the Board of Directors, which supports the Company's value creation processes.

	2016	2017	2018	2019	2020	2021	2022	2023	2024
Ensuring diversity of the Board of Directors									
Skills matrix						• Developed the skills matrix	• Revised the skills matrix	• Revised the skills matrix and utilization policy	• Disclose the reason for skill set selection
Succession plan						• Formulated the succession plan			
Appointment of outside directors	From 2014 • Appointed one (1) outside director	• Increased to two (2) outside directors	• Increased to three (3) outside directors			• Increased to four (4) outside directors (44.4% composition)			
Appointment of female directors				• Appointed one (1) female director		• Increased to two (2) female directors (22.2% composition)			
Improving effectiveness of the Board of Directors									
Nomination and Compensation Committee						• Established the Nomination and Compensation Committee			
Performance-linked stock compensation plan						• Introduced performance-linked Board benefit trust scheme		• Revised performance-linked stock compensation plan * Also applies to executive officers other than directors	
Individual performance-linked compensation						• Introduced individual performance-linked compensation (for assessment criteria focused on monitoring functions)			
Executive officer system						• Introduced the executive officer system		• Transitioned to a delegation-type executive officer system	• Introduced performance-linked stock compensation plan
Training for officers						• Four (4) times a year	• Six (6) times a year	• Began practical training for management skills	
Evaluation of effectiveness of the Board of Directors						• Established the Effectiveness Evaluation Committee for the Board of Directors / Once a year			
Management strategies / Management plan								• Disclosed capital cost	• Update capital cost to most recent value
Enhancement of the Board of Auditors								• Appointed female independent outside auditor	• Increase to two (2) female independent outside auditors

(The percentage of independent outside officers among all directors and auditors is 53.8%. The percentage of female independent outside officers is 30.8%.)

Corporate Governance System



Board of Directors

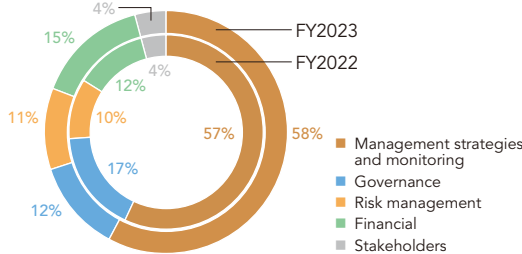
Roles and purpose of the meetings

As the highest decision-making management body, the Board of Directors assumes the role of a driver to create social value and improve corporate value. This is done by discussing important management issues, such as the medium- to long-term management policies and business strategies that adhere to the management philosophy, and by supervising business operation by directors and executive officers.

Structure of meetings

Of the nine directors, four are independent outside directors (44.4%) and two are female directors (22.2%). Of the four auditors, three are independent outside auditors (75.0%) and two are female auditors (50.0%). Of the 13 officers participating in Board of Directors meetings, seven are independent outside officers (53.8%) and four are female officers (30.8%). (Information on the diversity of skills is shown on pages 83 to 84.)

Allocation of Discussion Time



Major discussion details in fiscal 2023

- ◆ Medium- to long-term management strategies for the years leading up to 2050, and our ideal form for the milestone year of 2030
- ◆ Evaluation of the previous medium-term management plan (JT-2023 Management Plan) and identification of issues
- ◆ Formulation of the new medium-term management plan (JT-2025 Management Plan)
  - Recognition of the external environment
  - Material issues
  - Core strategies (fan base strategy)
  - Individual strategies (sales channels, service categories, business foundation, ESG)
  - Cash allocations (Growth investment + Shareholder returns + Reducing interest-bearing debt)
  - Recognition of capital costs and capital efficiency indicator plans
- ◆ Improving effectiveness of the Board of Directors as a driver of improving corporate value
  - Reinforcing the monitoring functions by delegating authority to the Board of Executive Officers
  - Skills matrix
  - Director compensation (strengthening performance links, expanding stock compensation, sustainability perspective)

Other Major Meetings

Major meetings	Roles and purpose of the meetings	Key points and major discussion points in fiscal 2023
<b>Nomination and Compensation Committee</b> Consisting of four (4) independent outside directors and two (2) representative directors Chairperson of the Committee is Kinya Naito, Independent Outside Director	Three (3) meetings held Established as an advisory body to the Board of Directors, in order to strengthen corporate governance by ensuring the independence, objectivity, and transparency 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 succession plans for the Chief Executive Officer.	Discussions focusing on revision of the skills matrix based on the medium- to long-term management plan and revision of the directors' compensation system. <ul style="list-style-type: none"><li>• Composition, number of members, and diversity of the Board of Directors (skills matrix)</li><li>• Proposal on the election of directors to the General Meeting of Shareholders</li><li>• Election of representative directors and chief executive officer</li><li>• Evaluation of the business execution by directors</li><li>• Composition of the compensation, compensation levels, and individual compensation of directors</li></ul>
<b>Effectiveness Evaluation Committee</b> Consisting of four (4) independent outside directors and four (4) auditors Chairperson of the Committee is Kinya Naito, Independent Outside Director	Three (3) meetings held Established as an advisory body to the Board of Directors, to analyze and evaluate the effectiveness of the Board of Directors and continuously improve its effectiveness. This advisory body is part of overall initiatives to strengthen corporate governance, while aiming to achieve sustainable growth and increase medium- to long-term corporate value.	The Committee evaluated whether the JT-2025 Management Plan, the new medium-term management plan, was formulated using a backcasting approach from our ideal state in 2030 based on the medium- to long-term management strategies for the years leading up to 2050. The committee also provided advice related to active management improvements based on viability evaluations and evaluations of plan progress for management strategies aimed at increasing management efficiency with a focus on capital costs and stock price.
<b>Board of Executive Officers</b> Consisting of five (5) executive directors, eleven (11) executive officers, and one (1) full-time corporate auditor Chairperson of the Committee is Ryuhei Kanatani, Representative Director, President and Executive Officer	50 meetings held The central body for business execution, consisting of executive directors and executive officers. Established to formulate the management strategies of the Board of Directors, improve the supervisory functions, and speed up the decision-making process for business execution through the delegation of authority for determining business execution. Independent outside directors, as well as auditors, also attend the meetings as observers in order to contribute to planning for the training of candidates for CEO and director positions.	In addition to managing the progress of the JT 2025 Management Plan, this board also focuses on improving the individual strategies for business execution aiming to achieve the plan. <ul style="list-style-type: none"><li>• Progress of core strategies for the JT-2025 Management Plan (fan base strategy)</li><li>• Progress of and improvements to the individual strategies for business execution in the JT-2025 Management Plan</li><li>• Growth strategy for more efficient management with a focus on capital costs and stock prices</li><li>• Revision of the compensation system for executive officers and individual compensation amounts based on the medium- to long-term management strategies</li><li>• Direction of capital policy</li><li>• Store openings, S&amp;B plan</li><li>• New Loyalty Program</li></ul>
<b>Sustainability Committee</b> Consisting of five (5) executive directors, eleven (11) executive officers, one (1) full-time corporate auditor, and other management executives Chairperson of the Committee is Ryuhei Kanatani, Representative Director, President and Executive Officer	12 meetings held An organization that works to achieve our management philosophy and our management vision by managing the seven materiality and 14 action items, together with the progress of important division-spanning internal projects that support this work. The Committee centrally manages financial and nonfinancial information for our business strategies, our ESG initiatives, and similar items.	In addition to coordination related to association of the core strategies of the JT-2025 Management Plan and individual business execution strategies, and to drilling down into key fiscal year-specific initiatives, the committee also manages the progress of the medium-term management plan, key division-specific actions, and important internal projects. <ul style="list-style-type: none"><li>• Progress of key measures of the JT-2025 Management Plan</li><li>• Progress of key internal projects</li><li>• Various industry guidelines from industry organizations that we are members of</li><li>• Progress of human rights due diligence</li></ul>
<b>Risk Management Committee</b> Consisting of five (5) executive directors, eleven (11) executive officers, one (1) full-time corporate auditor, other management executives, and one (1) labor union representative Chairperson of the Committee is Tetsuya Takahashi, the Representative Director, Vice President and Executive Officer	Four (4) meetings held An organ that analyzes and manages hazard risks, business risks, financial risks, and management risks that threaten the Company's efforts to maintain and continue business management, and supports stable management.	<ul style="list-style-type: none"><li>• Selected risk management items based on risk assessment</li><li>• Formulation of and progress management for a business continuity management system plan</li><li>• Progress of the compliance action plan</li><li>• Operating status of internal controls</li><li>• Operating conditions of the Public Interest Notification System</li><li>• Development and implementation status of the personal information protection system</li><li>• Data security and cyber risk management system</li><li>• Management of old seismic resistant equipment and hazard maps</li><li>• Response to severe disaster (the 2024 Noto Peninsula Earthquake)</li></ul>
<b>Labor-management Council</b> Consisting of a member of the central operation office of the labor union, executive directors, and executive officers	Convened 12 times (eight (8) Labor-management Council meetings and four (4) Company-wide Health Committee meetings) The highest council meeting held monthly and jointly by labor and management that draws officers of the central operation office of the labor union representing the employees and the executive directors and executive officers. A cooperative organization that aims to continuously improve the labor conditions and labor environment of the employees and promote workplace reforms and reforms for job satisfaction.	<ul style="list-style-type: none"><li>• General labor conditions of employees, D&amp;I, safety and health system</li><li>• Overtime working hours and intervals between working hours</li><li>• Annual paid leave and paternity leave-taking percentages</li><li>• Rate of taking childcare leave and nursing care leave, and shorter working hours for childcare and nursing care</li><li>• Physical checkup and complete medical checkup consultation rate</li><li>• Stress check analysis results, occurrence of harassment, workplace safety and health information</li><li>• Awareness of the management environment and sharing the opinions of union members of each workplace</li></ul>



Evaluation of the Effectiveness of the Board of Directors

To strengthen corporate governance in an aim to achieve sustainable growth and improve medium-to-long-term corporate value, the Board of Directors Effectiveness Evaluation Committee, consisting of outside directors and auditors each fiscal year, takes the lead in analyzing and evaluating the effectiveness, etc. of the Board of Directors, and the Company takes continual action to improve the effectiveness. Further, based on the belief that the diversity of directors has an impact

on the Board of Directors’ effectiveness and has a major impact on sustainable growth and the ability to increase the Company's corporate value over the medium- to long term, we compiled a list of the skills required of the Board of Directors as a whole into the skills matrix (see pages 83 to 84 for details). These skills are necessary to achieve the goals of our management strategies and for the effectiveness of the matrix for appointing director candidates.

(1) Evaluation process



(2) Key assessment items

- 1) Ensuring suitability of diversity and skills balance for the overall Board of Directors based on the skills matrix
  - 2) Culture that values free and open, constructive discussion and exchange of opinions among officials including outside directors
  - 3) Multifaceted discussion of medium- to long-term management strategies and management vision that make full use of diversity
  - 4) Compensation system that is based on a medium- to long-term perspective that supports sustainable management
- 5) Training for officers based on the skills matrix
  - 6) Reinforcing the functions of the Board of Directors by delegating authority to the Board of Executive Officers
  - 7) Functions of the Nomination and Compensation Committee that is in charge of appointing directors, deciding compensation, and formulating succession plans

(3) Initiatives for fiscal 2023, evaluation, and future policies

Initiatives for fiscal 2023 contents	In fiscal 2023, the Board of Directors launched the JT-2025 Management Plan (a medium-term management plan), demonstrated an awareness of capital costs for carrying out efficient management with a focus on capital costs, formulated a plan for capital profitability indicators such as ROE and ROIC, and worked for strengthening earning power and improving management efficiency.
Evaluation results for fiscal 2023	<p>Operation of the Board of Directors featured multifaceted discussions utilizing the diverse range of knowledge of the Board of Directors, strengthened monitoring through substantial delegation of authority to the Board of Executive Officers, identified medium-to long-term management responsibilities through revision of the directors' compensation system, and carried out other ongoing improvements, and we have concluded that the effectiveness of the Board of Directors has been maintained.</p> <p>At the same time, the results for capital profitability indicators during the first year of the medium-term management plan fell far below the plan, and discussions were incomplete regarding specific strategies aimed at the PBR improvement listed in the plan and at improving corporate value. As a result, we have concluded that it is necessary to further improve the resolution level for the growth strategies themselves by making KGI and KPI clearer in the future.</p>
Policy for fiscal 2024	Brushing up medium- and long-term management strategies and promoting more efficient management with a focus on capital costs (Repeated challenge for carrying over fiscal 2023 policies to fiscal 2024)

Training for Officers

In fiscal 2023, “improving officer skills based on the skills matrix” was positioned as a theme of the greatest importance. Training through outside courses was carried out focused on building up management skills that are lacking in individual directors, auditors, and executive officers among the “management skills” listed in the skills matrix (pages 83 to 84).

Management skills selected for the skill set	Number of training courses on related subjects
Corporate management	7
Finance, accounting, and capital policy	9
Legal affairs and governance	13
Management planning and business strategies	9

\* Two courses were conducted for each director, auditor, and executive officer.

As one part of the succession plans, the system was changed so that directors and executive officers serve as chief officers related to sustainability and risk management, and practical training is carried out for acquisition and improvement of management skills through actual work.

Management skills selected for the skill set	Number of training courses on related subjects
HR, personnel management, and diversity	1
ICT/DX	6
Environment and energy	1
Total	46

Compensation to Directors/Auditors

Policy to determine the compensation of directors/auditors

In order to maximize the performance of duties in line with the management strategies and management goals, compensation for officers of the Company is based on job position and contribution to performance. With the aim of sharing profits and risks with shareholders, the compensation system provides incentives to manage the Company from the perspective of shareholders. With the start of the medium-term management plan (JT-2025 Management Plan), management responsibilities have been further clarified, and the compensation system was revised to aim for improved corporate value over the medium to long term.

For outside directors who are independent from business execution, variable compensation such as performance-linked compensation is not necessarily appropriate. Therefore, outside directors are paid fixed compensation only.

Process of determining compensation to directors/auditors

The total amount of compensation for directors is set by resolution at the General Meeting of Shareholders, and monetary compensation is set within the range of 240 million yen per year, and stock compensation is set within the range of 50,000 points per year (1 point = 1 share). The Nomination and Compensation Committee, in which independent outside directors account for the majority of members with one of them serving as chairman, consults with the Board of Directors and deliberates on the allocation of compensation to individual directors based on the Regulation on Compensation for Directors, and the Board of Directors then makes the decision based on their report.

Composition of directors compensation

<Configuration and purpose of the compensation system for directors>					
1) Clarify management responsibilities by setting the component ratio of performance-linked compensation to 50%.					
2) Provide incentives for management aimed at improving corporate value from the perspective of the shareholders, with the component ratio of stock compensation set to 30%.					
3) Promote sustainability management from a medium- to long-term perspective, with the component ratio of compensation based on ESG indicators set to 20%.					

Fixed compensation (50%)		Variable compensation (50%)			
Fixed compensation (50%)	Individual performance-linked compensation (10%)	Financial indicator-linked compensation (20%)		Sustainability indicator-linked compensation (20%)	
		Operating income results-linked compensation (10%)	ROE-linked compensation (10%)	Environmental management indicator-linked compensation (10%)	Employee engagement indicator-linked compensation (10%)
Monetary compensation (70%) Short term			Stock compensation (30%) Long term		

\* The table above assumes that the level of achievement of performance targets is 100%. The composition of directors' compensation is common to all executive directors.

Directors compensation by position

Compensation for directors is based on “Directors and Executive Officers” compensation, and the standard monthly compensation is set at no more than 300% of the maximum monthly salary as set forth in the employee salary system. For individual allocations, a compensation multiplier is set according to the position.

Calculation of performance-linked compensation

Monetary compensation paid as short-term incentive compensation (20%)

1) Individual performance-linked compensation (10%)

Each fiscal year, the Nomination and Compensation Committee evaluates the results from execution of duties by each director from the perspectives of monitoring and managing, and decides the individual performance-linked compensation by multiplication using the performance-based coefficient, which is based on a comprehensive evaluation. The amount paid will vary between 50% and 150%, with 100% indicating achievement of the targets.

2) Financial indicator-linked monetary compensation (10%)

To encourage labor and management to work together to improve business performance, this type of compensation is based on the achievement of operating income, the same as year-end bonuses for employees. The amount paid will vary between 0% and 150%, with 100% indicating achievement of the targets. For details on position-specific base compensation amounts and performance-based coefficient, please see the Securities Report.

Stock compensation paid as long-term incentive compensation (30%)

Directors are awarded points for each position once a year, calculated by multiplying the base points for each position by the performance-based coefficient based on the performance of the immediately preceding fiscal year (one ordinary share of the Company per one point), and each director receives ordinary shares of the Company (some are converted to cash) upon their retirement.

1) Financial indicator-linked stock compensation (10%)

To reflect in the compensation the degree of improvement in capital profitability, shares are issued as compensation based on the degree of achievement of ROE targets in the medium-term management plan.

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

The Company has introduced this incentive to encourage directors to address the environmental issues caused by climate change within the management strategies from the perspectives of risk and opportunity, as well as to link the creation of the positive impact of our operations on society with the Company's sustainable growth. These incentives are awarded as shares for compensation based on an environmental management indicator (the CDP climate change score).

3) Stock compensation based on employee engagement indicator (10%)

The creation of an internal environment where diverse human resources can play an energetic, active role as well as investments in human resource development that improve employee engagement should improve customer satisfaction, or CS, (by creating new social value). In order to link this to the Company's sustainable growth, the Company continually measures engagement to monitor the progress as an engagement score and reflects this in directors' compensation.

Cross-Shareholdings

Currently, the Company strategically holds shares of listed companies from the perspective of enhancing the Company's corporate value over the medium to long term, with the aim of strengthening business relationships and promoting smooth business operations. The Company is gradually reducing the number of shares held, and as a general rule, will not purchase any new shares.

The Company conducts qualitative assessments of the shares currently held to maintain smooth and amicable business relationships with business partners and to establish smooth-running supply chains. In addition, every quarter the Board of Directors conducts quantitative reviews of the percentage of total assets as well as profits and dividends derived from business relationships and then sells the shares, if necessary. In the fiscal year ended March 31, 2014, the Company held 39 stocks, but as of March 31, 2024, this number had been reduced to 25 (7.4% of consolidated net assets).

The Company exercises its voting rights by comprehensively taking into consideration the governance system and business performance of the issuing company.

Advice from Outside Directors for the Future of Joshin



Introduction

Deeper discussion focused on management strategies and business strategies is more necessary than ever.

**Naito:** The fiscal 2023 Board of Directors conducted multilateral discussion utilizing a wide range of knowledge regarding the issues from the previous fiscal year: reinvigorating the Board of Directors, brushing up medium- and long-term management strategies, and promoting more efficient management with a focus on capital costs. It also carried out other discussions, such as strengthening of monitoring through a major transfer of authority to the Board of Executive Officers. At the same time, the fiscal 2023 results fell far below the capital profitability indicators in the new medium-term management plan JT-2025 Management Plan. Deeper discussion is now more important than ever regarding the management strategies and fan base strategy that represent a shared understanding of issues among the independent outside directors, and I hope to discuss these matters with all of you.

A Look Back at the First Year of the JT-2025 Management Plan

We must check whether the Board of Directors is effective and where the responsibility lies for the failure to achieve the targets.

**Naito:** Despite the large event following the championship victory of the Hanshin Tigers, which the Company is an official sponsor of, we did not take full advantage of this opportunity, and the results for fiscal 2023 failed to achieve the targets. There was some level of awareness that the Hanshin victory sale was a kind of festival, however it felt like the Board of Directors was not fully committed. The Board of Directors did not take any effective steps in response to the large postponement of buying prior to start of the Japan champion sale, or to the drop in sales after the sale concluded. We must recognize that advice to management and monitoring were not sufficient.

**Kawano:** I feel that monitoring of measures to connect the fan base strategy that is at the core of the new medium-term management plan to sales and profits was lacking. Everyone

on the frontlines must consider what they can propose to all customers, including the customers who are core fans and fans, challenge themselves, share examples of success, and deploy them across the Company as strategies. I believe that we needed to operate this cycle at a rapid pace, for example every quarter. In addition, what is important when we propose ideas to the customers is the link with the social value that the Company wants to demonstrate. The Company has presented the two social values of “helping to strengthen the resilience of an aging society” and “achieving household carbon neutrality.” By refining these proposals to produce high quality that matches these values and connecting them to sales, this will lead to profits. It is important that we create this kind of flow. I first want to check whether the message from management to the frontlines was primarily focused on profits.

**Nishikawa:** Although partly due to the existing corporate culture at the Company, I feel a lot of the proposals were for bottom-up type measures. While this is also important, steering a great ship requires a top-down strategy in the form of a company-wide strategy, as well as the leadership to carry it out.

Sustainable Management and Growth Strategies

Based on strong leadership, we should challenge ourselves to achieve structural innovations in home appliance sales itself on the dual axes of the fan base strategy and DX promotion.

**Kawano:** When I look at the recent external environment that faces our company, I feel that the future of the home appliance volume sales business is becoming increasingly uncertain. From my experience developing new businesses over many years and from my position in great support of the fan base strategy, I believe that a new area centering on renovations has potential. Our company has a base of fan customers that it has valued for 70 years, and as these customers grow older, the demand for renovations is expected to increase. Joshin Service, which is responsible for shipping, installation, and construction, also



believes the value of visiting customer homes is large. When we visit them, it gives us an opportunity to find out what they need. The fan base strategy is the core strategy that will support the Company in the future. In fiscal 2024, we assigned an officer in charge, and the system for implementing this strategy reached full speed. We have great expectations for this strategy, and should provide it proper support.

**Nishikawa:** As Ms. Kawano understands, I believe that structural reforms of home appliance sales are a prerequisite for sustainable management at the Company. In order to steadily carry them out, there are two key points, namely the fan base strategy and DX promotion.

First, the fan base strategy: this should not simply be action on an extension of the course we charted in the past. I believe it must consist of comprehensive action that will resonate with the customers. For example, take changes to the organization system. We will create an organization where all actions taken by the Company are linked to the fan base strategy at its core (for example, a Fan Base Strategy Division), demonstrate it inside and outside the Company, and develop a sense of unity within the Company as a whole. This organization should be given authority including sales, marketing, and PR. Changing the way that we have been working in the past with a focus on the fan base is one idea, and I think reference should be made to the institutional customer strategies operated by department stores.

Next, DX promotion: the Company system runs the risk of becoming siloed because each organization has prepared the items that it requires. We need to rapidly construct or transition to a comprehensive platform focused on realizing the fan base strategy starting from the customers.

**Yamahira:** To be ready for the future, the initiatives that we carry out each and every year from the base are also important, but at the same time the target figures in the new medium-term management plan are not easy figures to achieve. In order to achieve the targets, I believe we must constantly be reviewing the strategies for (1) stores, (2) products, (3) marketing and sales, and (4) costs, in order to determine whether continuing on our present course is the correct choice.

When we consider sustainability of the Company, over the long term there is the possibility of large-scale changes in the structure of the home appliance industry. In order for a company to continue growing and be sustainable in an age of high uncertainty, the management team must have sensitivity to identify the changes in the times, as well as passion and vision, and the ability to quickly take action. The key to success is spreading this concept throughout the Company.

**Naito:** The reason that we took up the subject of structural changes in home appliances in the agenda for this discussion was due to the concerns that we felt over the inventory and interest-bearing debt trends in the fiscal 2023 results. Since the





Company was founded, we have engaged in sales by placing all kinds of electrical products from large products such as refrigerators to dry-cell batteries on display in stores. There is room to reconsider whether it is actually necessary for the stores to maintain this level of product lineups. The Company has presented “helping to strengthen the resilience of an aging society” and “achieving household carbon neutrality” as the creation of two social values in the management philosophy structure. In order to provide value consistent with these policies in the future, we must consider reviewing the ways that we promote product lineups and product value, and consider the store strategies and product strategies that incorporate original elements for each individual store.

**Yamahira:** I consider the designated price system led by the manufacturer to be an opportunity for us to make best use of the customer service abilities that are a strength of the Company in the short term. However, whether or not we can continue with the same perspective in the medium and long term is a question that will require continued discussion by the Board of Directors in the future. At present, we have carved out five business categories. In order to grow them and establish them as the business portfolio of the Company, we must establish a medium- and long-term future image for each business, set targets for size and other characteristics, and the Board of Directors must check the progress of and reliably carry out the annual KPI for target achievement. For now, the strategy is to work to grow these businesses, and to develop businesses that will be a second pillar of the Company after home appliances. I intend to provide strong support for this strategy. Without solid earning power in our core business of home appliances, we will be unable to formulate the next growth strategies. Without investing the generated cash flow into not only our core business but also into growth investment, we will be unable to proceed to the next step. In the renovation business, there is much potential for the Company with its large base of customers, and I believe this may become an extremely attractive business if we adopt the correct strategies.

If we are able to clearly demonstrate to the market that we are developing these five businesses to be business pillars supporting the Company, PBR (Price Book-value Ratio) will also go up.

**Nishikawa:** In order to achieve these growth strategies, we must move forward with a broad range of measures at a rapid pace. This will require working together with third parties; however what is most important at this time is the formulation of strategies and policies within the Company. The Company itself must carefully consider what it wants to accomplish. When the what has become clear, in the implementation phase (how), we can achieve our goals by gaining assistance from third parties, and accumulate knowledge within the Company.

#### Initiatives for Employee Engagement

**In order to increase empathy with the management philosophy, trust in the management team, and motivation for work, we require top-down message communication and frontline leadership.**

**Naito:** Based on the results from the engagement survey, the Company is rated highly by its employees for the comfortable work and working environments. On the other hand, there remain issues related to empathy with the management philosophy and trust in the management team. If we do not improve these results, we will be unable to achieve strategy implementation by our employees. I feel that more messaging and communication of suitable measures for obtaining understanding of and trust in the management strategies are necessary.

**Kawano:** Dialogue is important in order to achieve greater penetration of the management philosophy and vision. For example, we should create opportunities for discussion at each store about what the employees can do on the frontlines in regards to the two social values of “helping to strengthen the resilience of an aging society” and “achieving household



carbon neutrality.” One more potential concern is the low level of engagement among female middle management. Through career support forums and other initiatives, we are slowly making progress in female career development. We are also making steady progress with other D&I programs, focusing on practical effectiveness.

**Nishikawa:** I believe the roles of the management positions that connect the management team and frontline staff are important. One other step we can take is developing leaders who can be role models for employees.

**Yamahira:** The turnover rate at the Company is extremely low, and I feel that there is a truly comfortable working environment. The Diversity Promotion Office is also carrying out improvements to working conditions and compensation. However, in order to reach a higher level of engagement, it is necessary for the employees to feel a higher level of motivation. If all employees understand their roles within the Company, align the vectors of their goals with the management philosophy and vision, and can truly feel growth, this will be a large strength for the entire Company. For this purpose, it is necessary to carry out proactive initiatives, including by management and workplace leaders.

#### Advice from Outside Directors

**The management team must exercise leadership and carry out strategies from a top-down perspective, and must further strengthen monitoring of business performance and the progress of agenda items through the Board of Directors.**

**Yamahira:** We recognize that now is an extremely important phase for achieving the medium-term management plan and realizing the vision that extends beyond it. Although all members of the Board of Directors fulfilled their roles as an advisory board, I believe there is room for improvement in terms of monitoring and follow-up of strategies and business performance. We must further strengthen the reporting of agenda items and progress status at Board of Directors meetings, as well as follow-up of the contents. I will provide my full support as an Outside Director towards achieving our targets.

**Naito:** Fiscal 2023 also featured the Hanshin Tigers championship event, and I painfully feel the issues in the Company performance, especially considering the high expectations of those around us. We must not repeat that failure this fiscal year. All directors must take this to heart, and should consider the best approach to management. Each director should conduct discussions focused on being sensitive



in identifying changes in the external environment, and rapidly and promptly performing follow-up related to the progress of strategy and policy implementation, and of business results.

**Nishikawa:** I have two points I would like to make. The first is that the management team must exercise leadership and carry out strategies from a top-down perspective, and we must develop this kind of corporate culture. The other is that we must consider how we will react in different scenarios concerning potential large changes in our existing business caused by changes in the external environment, such as the designated price system and manufacturer direct sales.

**Kawano:** Right now the Company is preparing to make large changes aimed at the future. At this time, strengthening our human resources is also of great importance. When we make changes, we will also require different human resources than we did before. I intend to provide support so that strengthening of human resources leads to strengthening and improvement of the organization.

#### Response to Advice from Outside Directors





**Ryuhei Kanatani**  
Representative Director, President and Executive Officer

I thank you for the comprehensive advice to management and ideas regarding issues in our business execution that only Outside Directors can provide.

In fiscal 2023, which was the first year of the new medium-term management plan, the key management targets did not reach the initially forecast values, and the year left top management with regrets. Using this regret as a lever, we will accelerate the discussion and implementation of specific strategies for communicating the ideal image of the Joshin Group for 2030, described as “a company that supports the growth of local communities and contributes to the future of people and the environment,” within and beyond the Company, and for improving corporate value. We will steadily implement the three key points of the new medium-term management plan: “improving profitability,” “pursuing efficiency,” and “boosting growth potential.”

Directors and Auditors

Directors

Directors				
				
	Ryuhei Kanatani	Tetsuya Takahashi	Koichi Yokoyama	Koji Tanaka
Positions	Representative Director, President and Executive Officer	Representative Director, Vice President and Executive Officer	Director and Managing Executive Officer	Director and Managing Executive Officer
Career summary	March 1979 Joined the Company July 1993 Manager of General Affairs Department June 1998 Director, Manager of General Affairs Department March 2002 Director, General Manager of Sales Planning Division June 2002 Managing Director, General Manager of Sales Division April 2006 Managing Director, General Manager of Management Planning Division October 2006 Senior Managing Director, General Manager of Management Planning Division July 2008 Representative Director, Senior Managing Director, General Manager of Management Planning Division June 2011 Representative Director, Vice President, General Manager of Management Planning Division June 2016 Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department June 2019 Representative Director, President and Executive Officer (to present)	March 1986 Joined the Company June 2013 Manager of Tokyo & Tokai Sales Department June 2016 Executive Officer, Assistant General Manager in charge of Store Sales of Sales Division and Assistant General Manager of Local Sales Support Division October 2016 Executive Officer, General Manager of Sales Division and Manager of Kansai Sales Department June 2017 Director and Executive Officer, General Manager of Sales Division June 2019 Director and Managing Executive Officer, General Manager of Sales Division April 2021 Director and Senior Managing Executive Officer, in charge of Sales Strategy June 2021 Representative Director and Senior Managing Executive Officer, in charge of Sales Strategy April 2023 Representative Director, Vice President and Executive Officer, in charge of Sales Strategy (to present)	March 1985 Joined the Company April 2001 Manager of PiONE Sales Department September 2004 Manager of Kansai Sales Department and Manager of Central Area June 2005 Director, Manager of Kansai Sales Department April 2012 Director, General Manager of Sales Division April 2016 Director, General Manager of Development Division and Manager of Development Department June 2016 Director and Managing Executive Officer, General Manager of Development Division and Manager of Development Department April 2022 Director and Managing Executive Officer, in charge of Infrastructure Strategy (to present)	March 1986 Joined the Company April 2006 Manager of General Affairs Department June 2010 Director, Manager of General Affairs Department April 2016 Director, Assistant General Manager of Business Administration Headquarters June 2016 Director and Managing Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of General Affairs Department June 2019 Director and Managing Executive Officer, General Manager of Business Administration Headquarters April 2021 Director and Managing Executive Officer, in charge of Management Planning & Human Resources Strategy (to present)
	Term of office	26 years	7 years	19 years
	Number of Company shares held	58,800 shares (22,400*)	22,157 shares (14,257*)	34,312 shares (13,212*)
	Committee membership			
	Nomination and Compensation Committee	○	○	
	Board of Directors Effectiveness Evaluation Committee			
	Attendance at meetings of the Board of Directors and Board of Auditors	During fiscal 2022 18/18 During fiscal 2023 18/18	18/18 18/18	18/18 18/18
	Areas of experience/skills			
	Management skills	Corporate management Finance, accounting, and capital policy Legal affairs and governance Management planning and business strategies HR, personnel management, and diversity ICT/DX Environment and energy	○ ○ ○ ○ ○ ○ ○	○ ○ ○ ○ ○ ○ ○
	Skills related to business specialization	Home appliance retail business Housing environment business Marketing Logistics	○ ○ ○ ○	○ ○ ○ ○

\* Number of shares to be issued under the stock-based compensation plan

Reasons for skill set selection

Skill set		Reason for selection
Management skills	Corporate management	In order to achieve continual growth for the Group and improve corporate value by achieving our management philosophy “Connecting people and society to the future with a smile,” we require a wide range of knowledge and experience that can identify changes in the management environment and construct suitable management strategies from a long-term perspective.
	Finance, accounting, and capital policy	We must ensure our financial soundness, and balance growth investment and shareholder returns through efficient operation of capital. At the same time, we require extensive knowledge and experience that can connect the creation of new social value to continued growth of the Group and increase our corporate value.
	Legal affairs and governance	In order to increase corporate value through stable operation of the Group business, we require a broad range of legal knowledge including social norms and corporate ethics, and require the skills that can construct an effective corporate governance system that can connect the implementation of management strategies to continual growth.
	Management planning and business strategies	In order to achieve continual growth for the Group and increase our corporate value, we require the knowledge and experience that can construct a solid earnings base through effective recomposition of our business portfolio and can construct an external alliance system for creating new social value.
	HR, personnel management, and diversity	We require knowledge and experience related to management of diverse human resources in order to take the lead in training of the human resources who are the source of our organizational strength to control risks posed by changes in society, to seize new business opportunities, and to achieve sustainable growth for the Group, and to connect higher employee engagement to the creation of new customer value and increased corporate value.
	ICT/DX	In order to optimize the data flow from perspectives including delivering customer convenience and new experience value, improving operating efficiency, making fast and correct management decisions, business continuity, and security, we require a complete understanding of digital technologies and the knowledge and experience that enables us to take the lead in innovation.
	Environment and energy	We require the knowledge and experience that can rapidly incorporate medium- to long-term risks and opportunities resulting from environmental issues such as climate change, as well as energy problems, into our management strategies, and can create the new social value by achieving household carbon neutrality—a goal of the Group.

					Number of outside directors among all directors
Suguru Oshiro	Kinya Naito	Keiko Yamahira	Junko Kawano	Seiji Nishikawa	
Director and Managing Executive Officer	Outside Director Independent	Outside Director Independent	Outside Director Independent	Outside Director Independent	4/9
April 1986 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited) July 2002 Assistant General Manager of Sales Department II, Head Office Sales Division, The Asahi Bank, Ltd. (currently Resona Bank, Limited) April 2005 General Manager of Sales Department II, Nanba Branch, Resona Bank, Limited. April 2012 Joined the Company; Manager in charge of New Properties of Store Development Department April 2014 Executive Officer, Manager of Accounting Department and Manager of Management Planning Department June 2018 Director and Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of Management Planning Department April 2021 Director and Executive Officer, in charge of Financial Strategy, and Manager of Accounting Department April 2023 Director and Managing Executive Officer, in charge of Financial Strategy (to present)	April 1986 Admitted to the bar June 2003 Outside Auditor, Ikko Corporation (currently J Trust Co., Ltd.) April 2012 Vice President, Osaka Bar Association April 2014 Part-time Auditor, National University Corporation Osaka University June 2016 Outside Auditor of the Company Outside Director, FALCO HOLDINGS Co., Ltd. April 2017 Established Naito Law Office (to present) June 2017 Outside Director of the Company (to present) January 2020 Chairman, Development Investigation Committee, Osaka City	April 1983 Joined Kubota House Co., Ltd. (currently Sanyo Homes Corporation) June 2013 Director & Senior Executive Officer, Sanyo Homes Corporation June 2015 President & Director, Sanyo Homes Corporation April 2017 Chairman and Representative Director, Sanyo Homes Community Corporation June 2019 Outside Director of the Company (to present) June 2021 Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc.) (to present) June 2022 Outside Director, Shinagawa Refractories Co., Ltd. (to present) June 2024 Outside Director of Manuchi Steel Tube Ltd. (to present)	April 1986 Joined Recruit Co., Ltd. January 1997 Chief Editor of Travell July 2008 Joined Sumitomo Corporation February 2013 Director, Institute of Global Human Capital Strategies Co., Ltd. April 2020 Senior Researcher of Keio Research Institute at SFC (to present) June 2021 Outside Director of the Company (to present) December 2021 Director and Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present) April 2022 Outside Director, DyDo Group Holdings, Inc. (to present)	April 1980 Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation) April 2000 Chief Engineer, Information Systems Department, NTT DoCoMo, Inc. October 2001 Executive Chief Engineer, Information Systems Department June 2003 Department Manager, Information Systems Department June 2006 Department Manager, Information Systems Department and Executive Officer June 2012 Department Manager, Information Systems Department and Managing Executive Officer (CIO) June 2013 President and Representative Director, DOCOMO Systems, Inc. March 2021 Member of Mizuho Bank's Independent System Failure Special Investigative Committee June 2022 Outside Director of the Company (to present)	
5 years 14,174 shares (8,474*)	7 years 3,300 shares	5 years 700 shares	3 years -	2 years 400 shares	
	○ (Chairman)	○	○	○	
	○ (Chairman)	○	○	○	
18/18	18/18	18/18	18/18	14/14	
18/18	18/18	18/18	18/18	17/18	
○	○	○	○	○	Number of applicable directors
○	○	○	○	○	9
○	○	○	○	○	3
○	○	○	○	○	4
○	○	○	○	○	7
	○	○	○	○	6
		○	○	○	3
		○	○	○	5
		○	○	○	
		○	○	○	
		○	○	○	



Auditors

Auditors		<div><div></div><div>Hidetoshi Yamamoto</div></div> <div><div></div><div>Yoshio Hayakawa</div></div> <div><div></div><div>Kazumi Yoshikawa</div></div> <div><div></div><div>Kazuko Otsuki</div></div> <div>Number of outside auditors among all auditors</div>				
Positions		Full-time Corporate Auditor	Outside Auditor Independent	Outside Auditor Independent	Outside Auditor Independent	3/4
Career summary		April 1977 Joined the Company April 2002 Area Manager, PiTONE Sales Department September 2004 Manager of Hannan and Wakayama Area, Kansai Sales Department April 2012 Manager of Kansai Sales Department and Manager of Central Area June 2016 Executive Officer, Manager in charge of Hokuetsu Sales and Manager in charge of Hokushin Sales of Local Sales Support Division June 2017 Executive Officer in charge of Support Service of Sales Division April 2021 Executive Officer in charge of Support Service June 2021 Full-time Corporate Auditor (to present)	October 1980Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC), Osaka Office March 1985 Registered as a certified public accountant August 2003 Member of Tax System Examination Committee, The Japanese Institute of Certified Public Accountants July 2005 Senior Partner, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC) April 2007 Part-time Lecturer, School of Accountancy, Graduate School of Kansai University June 2011 Retired from ShinNihon & Co. (currently Ernst & Young ShinNihon LLC) July 2011 Established Hayakawa Accountant Office (to present) December 2011 Registered as a tax accountant May 2014 Part-time Auditor, Education Corporation Osaka Seikei Gakuen (to present) March 2015 Part-time Auditor, Rokko Butter Co., Ltd. (to present) June 2017 Outside Auditor of the Company (to present)	December 1995 Joined Chuo Audit Corporation May 1999 Registered as a certified public accountant April 2002 Registered as a tax accountant August 2007 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) December 2019 Established Yoshikawa Kazumi Certified Public Accountant Office (to present) September 2020 Director, SAKA NO TOCHU Co., Ltd. June 2022 Outside Auditor, VALTES CO., LTD. (now VALTES HOLDINGS CO., LTD.) (to present) September 2022 Outside Auditor, Ubie, Inc. (to present) June 2023 Outside Auditor of the Company (to present)	October 1996 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC) May 2000 Registered as a certified public accountant December 2015 Left Deloitte Touche Tohmatsu LLC January 2016 Joined Imaoka Certified Public Accountant and Certified Public Tax Accountant Office (to present) September 2021 Auditor, Osaka Research Institute of Industrial Science and Technology (to present) March 2023 Outside Director of Sakata INX Corporation (to present) June 2023 Outside Director of Ishihara Chemical Co., Ltd. (Audit and Supervisory Committee) (to present)	
Term of office		3 years	7 years	1 year	Newly appointed	
Committee membership						
Nomination and Compensation Committee						
Board of Directors Effectiveness Evaluation Committee		○	○	○	○	
Attendance at meetings of the Board of Directors and Board of Auditors	During fiscal 2022	Board of Directors 17/18 Board of Auditors 13/13	Board of Directors 18/18 Board of Auditors 13/13	Board of Directors - Board of Auditors -	Board of Directors - Board of Auditors -	
	During fiscal 2023	Board of Directors 18/18 Board of Auditors 13/13	Board of Directors 18/18 Board of Auditors 13/13	Board of Directors 14/14 Board of Auditors 10/10	Board of Directors - Board of Auditors -	

Using the Skills Matrix to Improve the Effectiveness of the Board of Directors

Based on the belief that the diversity of the directors who are on the Board of Directors determines the effectiveness of the Board and has a significant impact on sustainable growth and on improving corporate value over the medium- to long-term, the Board of Directors regularly deliberates on the balance and diversity of the Board of members, including the knowledge, experience, and abilities of directors, and identifies the skills required of directors and auditors, which are published in the skills matrix.

The Company sees the skills matrix as a tool to ensure the requisite skills and diversity of the Board of Directors by recruiting a wide range of human resources with strengths in specific fields. When appointing directors and auditors, the Company will select candidates with the required skills and experience in light of the skills matrix and follow the procedures to be approved at the Annual General Meeting of Shareholders.

We believe that the skills matrix will play an important role in our succession plan, and we use it, as indicated on the right, for evaluating core personnel in order to develop them as candidates for executive director and CEO positions. We continually provide training for the current directors, executive

officers, and executives in order to develop candidates for the next term. (See p. 77 for information on training for officers.) In particular, executive officers share a wide range of skills and knowledge required of directors, including experience with legal issues and governance, sales strategies, finance, human resources, and managing subsidiaries gained at meetings for the Board of Executive Officers, the Sustainability Committee, and the Risk Management Committee. Directors and auditors attend these meetings. In addition, the Board of Directors regularly receives reports on the results of the executive officers' performance, and the Company takes time to evaluate and develop them as employees capable of serving as directors and CEO in the future.

Purposes of the Skills Matrix

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 human resources with skills that the directors lack
4. Enhanced director training for new skills
5. Use in succession plans for directors
6. Use in succession plans for executive officers and other executives

Compliance Systems

Compliance Promotion System

The sustainability activities of the Company are actions to resolve issues in overall Group business activities and the system to promote compliance that creates the foundation to support these actions. The Board of Executive Officers determines policies on how to address various issues in our business activities and social challenges, and checks the status on a regular basis in order to improve corporate value.

We have formulated the Joshin Group Code of Conduct as the foundation for promoting compliance. This code shows the course of action that all employees working for

the Group should take, as well as the assessment criteria and the guidelines for action that must be followed. This Code of Conduct, along with the Joshin Group Anti-Corruption Policy, sets out the behavior required of various stakeholders, as well as compliance with laws and social norms, fair trade practices, conservation of the environment, handling personal information, policy on purchasing products, etc., and guidelines for activities within the supply chain. The Code of Conduct is used as a basic tool for training of employees by category including company orientation and schooling for promotion.

Compliance Promotion System



Operation of the Public Interest Notification System

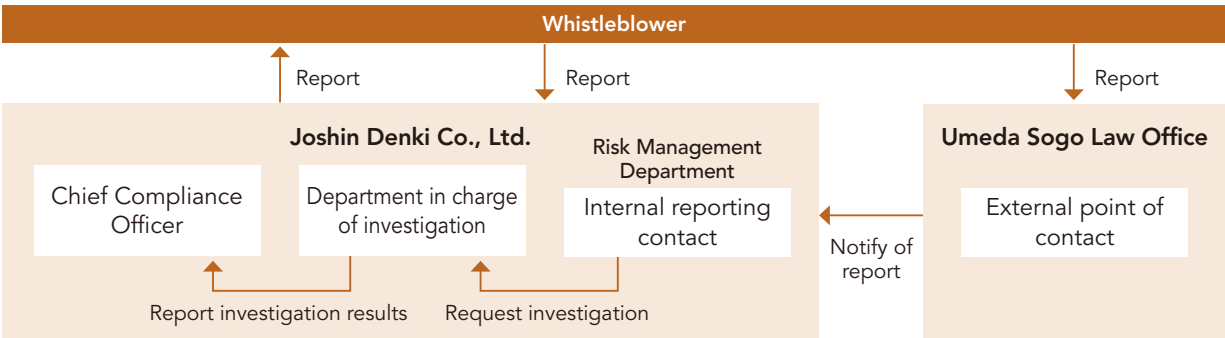
To prevent and promptly correct illegal and misguided acts, and to improve the capability to govern these acts, the Company uses a public interest notification system as our whistleblowing program. This system is made available not only to the employees of the Group, but also to the employees of franchisees, staff of business partners and contractors, as well as former employees as prescribed by laws.

It guarantees the protection of whistleblowers, including measures to prevent disadvantage to whistleblowers resulting from their reporting, and accepting of anonymous reports.

In order to prevent information that could identify the whistleblower from leaking, and to thoroughly communicate confidentiality obligations not only to employees involved with whistleblowing, but to all Group employees, these requirements have been applied to the Group Code of Conduct and regulations and procedures have been established.

[Whistleblower cases (number of cases) (FY 2023)]  
39 (38 harassment cases and 1 internal rule violation case)

Joshin Group Public Interest Notification System



Risk Management

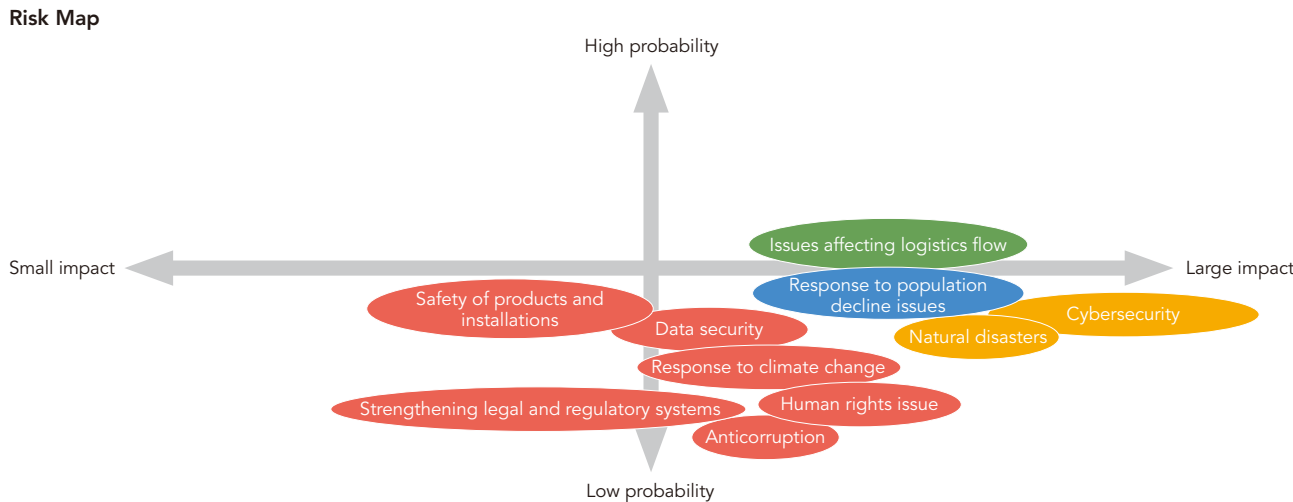
Risk Management System

To statistically assess, evaluate, and manage the various risks surrounding the Group, the Company has established the Risk Management Committee and created a Group-wide risk management (ERM) system. Once a year, this Committee identifies and assesses risks that may interfere with achievement of the targets in the JT-2025 Management Plan (medium-term management plan) and other risks that could impact the Group, and confirms the status of our response to high-priority risks.

Also, in the event of a material incident, the Disaster (Accident) Countermeasures Committee, chaired by the president and executive officer, is convened to facilitate initial measures and minimize the impacts on the management of the Group. Amid growing threats of major natural disasters, such as large earthquakes and heavy rain, as well as the risks of a cyberattack, the Company will fulfill all social responsibilities to stakeholders by ensuring early recovery and continuity of our business activities.



For recognized risks, a risk map is created with the risk degree of impact and probability of occurrence as the axes. Monitoring is being strengthened of the risk status and countermeasures in order to avoid or mitigate the risks.



Critical Risk Issues and Status of Our Response

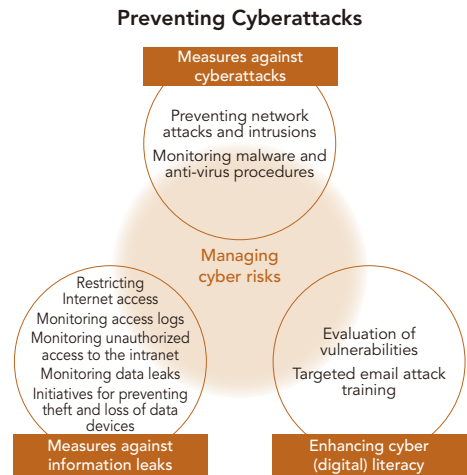
Classification	Risk issues (content)	Countermeasure
Hazard risks	Response to natural disasters, diseases, and fires in important facilities	<ul style="list-style-type: none"><li>Formulation of basic business continuity plan (BCP) policy and informing all employees throughout the Group</li><li>Acquisition of ISO 22301 certification under the international standard for business continuity management</li><li>Review of business continuity plans (BCPs) and disaster countermeasure manuals, as necessary</li><li>Continuing drills and training based on BCPs and the disaster countermeasure manuals</li></ul>
	Increased importance of cybersecurity	<ul style="list-style-type: none"><li>Prevention of network attacks and intrusion using firewalls and other means</li><li>Constant EDR/MDR monitoring of all business terminals and servers, including those in remote work environments</li><li>Ongoing targeted email attack training for all Group employees</li><li>Ongoing maintenance of website safety based on results of website vulnerability evaluations</li></ul>
Operational risks	Issues affecting logistics flow	<ul style="list-style-type: none"><li>Promotion of automation and labor-saving using IT systems</li><li>Rapid response to workstyle reform-related laws in coordination with contractors and the supply chain</li></ul>
Business risks	Response to population decline issues	<ul style="list-style-type: none"><li>Promotion of streamlining, automation, and labor savings for store operations by using ICT</li></ul>

Data Security

Cyber Risk Management Promotion System

In order to protect POS data, net shopping purchase information, and other valuable customer information, we have enacted a variety of measures for information security.

In addition to defense systems, such as firewalls, as countermeasures against cyberattacks, the Company operates a system that constantly monitors all business terminals and servers through EDR/MDR, in order to eliminate threats by immediately detecting the intrusion of malware and other unauthorized programs, then isolating the infected systems. External public servers are monitored 24 hours a day, 365 days a year by specialized security companies. Each year we also receive vulnerability diagnosis and immediately enact countermeasures to any vulnerabilities.



Promotion of Personal Information Protection

The personal information of customers and information used within the Company is managed using an information system based on high security standards. For personal information protection, since the Company became the first major retailer to acquire Privacy Mark certification in 2005, we have built and maintained an operating system that clears the strict compliance criteria, and both our real stores and EC store offer an environment that can be used securely.

Joshin Group Personal Information Protection Policy  
<https://www.joshin.co.jp/en/privacy.html>



Data Security and Personal Information Protection System



Initiatives for Strengthening Security

As initiatives for strengthening security in sales operations, we are carrying out a paperless transition in store operations such as accepting member card applications and issuing receipts. In addition to simplifying our operations, this has reduced accidents involving information leakage or loss. In our office

operations, we are strengthening security measures for sending and receiving email. We are also enacting security measures for business terminals, such as ensuring they are data-free and disabling connections to external devices.

Education and Training

The Group conducts training for information management and training for preventing personal information accidents once each year. (Textbook learning and test of understanding)

In order to prevent accidents and raise the level of knowledge related to external threats, we conduct response training for targeted email attacks several times each year.