

Directors & 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 July 1993 June 1998 March 2002 June 2002 April 2006 October 2006 July 2008 June 2011 June 2016 June 2019 Joined the Company Manager of General Affairs Department Director, Manager of General Affairs Department Director, General Manager of Sales Planning Division Managing Director, General Manager of Sales Division Managing Director, General Manager of Management Planning Division Senior Managing Director, General Manager of Management Planning Division Representative Director, Senior Managing Director, General Manager of Management Planning Division Representative Director, Vice President, General Manager of Management Planning Division Representative Director, Vice President and Executive Officer, General Manager of Business Administration Headquarters and Manager of Management Planning Department Representative Director, President and Executive Officer (to present)	March 1986 June 2013 June 2016 October 2016 June 2017 June 2019 April 2021 June 2021 April 2023 Joined the Company Manager of Tokyo & Tokai Sales Department Executive Officer, Assistant General Manager in charge of Store Sales of Sales Division and Assistant General Manager of Local Sales Support Division Executive Officer, General Manager of Sales Division and Manager of Kansai Sales Department Director and Executive Officer, General Manager of Sales Division Director and Managing Executive Officer, General Manager of Sales Division Representative Director and Senior Managing Executive Officer, in charge of Sales Strategy Representative Director, Vice President and Executive Officer, in charge of Sales Strategy (to present)	March 1985 April 2001 September 2004 June 2005 April 2012 April 2016 June 2016 April 2022 Joined the Company Manager of PitONE Sales Department Manager of Kansai Sales Department and Manager of Central Area Director, Manager of Kansai Sales Department Director, General Manager of Sales Division Director, General Manager of Development Division and Manager of Development Department Director and Managing Executive Officer, General Manager of Development Division and Manager of Development Department Director and Managing Executive Officer, in charge of Infrastructure Strategy (to present)	March 1986 April 2006 June 2010 April 2016 June 2016 June 2019 April 2021 Joined the Company Manager of General Affairs Department Director, Manager of General Affairs Department Director, Assistant General Manager of Business Administration Headquarters Director and Managing Executive Officer, Assistant General Manager of Business Administration Headquarters and Manager of General Affairs Department Director and Managing Executive Officer, General Manager of Business Administration Headquarters Director and Managing Executive Officer, in charge of Management Planning & Human Resources Strategy (to present)
Term of office (yrs.)		25 years	6 years	18 years	13 years
Number of Company shares held		50,900 shares (15,500)*	15,513 shares (9,013)*	30,600 shares (9,900)*	26,800 shares (9,900)*
Committee membership					
Nomination and Compensation Committee		○	○		
Evaluation of the effectiveness of the Board of Directors					
Attendance at meetings of the Board of Directors and Board of Auditors	During fiscal 2021	23/23	23/23	23/23	23/23
	During fiscal 2022	18/18	18/18	18/18	18/18
Areas of experience/skills					
Management skills	Corporate management	○	○	○	○
	Finance & accounting	○			
	Capital policy	○			
	Legal governance	○			○
	Management planning	○	○		○
	Business strategy	○			○
	HR & personnel management/Diversity	○			○
	ICT/DX		○		○
Skills related to business specialization	Environment & energy	○	○	○	○
	Home appliance retail business	○	○	○	
	Housing environment business		○		
	Marketing	○	○	○	
	Logistics		○		

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

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 page 75 for information on

 Suguru Oshiro		 Kinya Naito		 Keiko Yamahira		 Junko Kawano		 Seiji Nishikawa		Number of outside directors among all directors
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)	April 1986	Admitted to the bar	April 1983	Joined Kubota House Co., Ltd. (currently Sanyo Homes Corporation)	April 1986	Joined Recruit Co., Ltd	April 1980	Joined Nippon Telegraph and Telephone Public Corporation (currently Nippon Telegraph and Telephone Corporation)	
July 2002	Assistant General Manager of Sales Department II, Head Office Sales Division, The Asahi Bank, Ltd. (currently Resona Bank, Limited)	June 2003	Outside Auditor, Ikko Corporation (currently J Trust Co., Ltd.)	June 2013	Director & Senior Executive Officer, Sanyo Homes Corporation	January 1997	Chief Editor of Travail	April 2000	Chief Engineer, Information Systems Department, NTT DoCoMo, Inc.	
April 2005	General Manager of Sales Department II, Nanba Branch, Resona Bank, Limited.	April 2012	Vice President, Osaka Bar Association	June 2015	President & Director, Sanyo Homes Corporation	July 2008	Joined Sumitomo Corporation	October 2001	Executive Chief Engineer, Information Systems Department	
April 2012	Joined the Company; Manager in charge of New Properties of Store Development Department	April 2014	Part-time Auditor, National University Corporation Osaka University	April 2017	Chairman and Representative Director, Sanyo Homes Community Corporation	February 2013	Director, Institute of Global Human Capital Strategies Co., Ltd.	June 2003	Department Manager, Information Systems	
April 2014	Manager of Accounting Department	June 2016	Outside Auditor of the Company Outside Director, FALCO HOLDINGS Co., Ltd. (to present)	June 2019	Outside Director, Fujitec Co., Ltd. (to present)	April 2020	Senior Researcher of Keio Research Institute at SFC (to present)	June 2006	Department Manager, Information Systems	
June 2018	Executive Officer, Manager of Accounting Department and Manager of Management Planning Department	April 2017	Established Naito Law Office (to present)	June 2021	Outside Director of the Company (to present)	June 2021	Outside Director of the Company (to present)	June 2012	Department Manager, Information Systems	
June 2019	Director and Executive Officer, Assistant General Manager of Business Administration	June 2017	Outside Director of the Company (to present)	June 2021	Outside Director, Takara Leben Co., Ltd. (currently MIRARTH HOLDINGS, Inc. (to present)	December 2021	Director and Chief Marketing Officer, Life Shift Japan Co., Ltd. (to present)	June 2013	President and Representative Director, DOCOMO Systems, Inc.	
April 2021	Director and Executive Officer, in charge of Financial Strategy, and Manager of Accounting Department	January 2020	Chairman, Development Investigation Committee, Osaka City	June 2022	Outside Director, Shinagawa Refractories Co., Ltd. (to present)	April 2022	Outside Director, DyDo Group Holdings, Inc. (to present)	March 2021	Member of Mizuho Bank's Independent System Failure Special Investigative Committee	
April 2023	Director and Managing Executive Officer, in charge of Financial Strategy (to present)							June 2022	Outside Director of the Company (to present)	
4 years	7 years	4 years		2 years	1 year					
10,162 shares (5,162)*	2,500 shares	500 shares		-	200 shares					
	○ (Chairman)	○		○	○					
	○ (Chairman)	○		○	○					
23/23	23/23	22/23		16/16	(Newly appointed)					
18/18	18/18	18/18		18/18	14/14					
○	○	○		○	○					Number of applicable directors
○	○	○		○	○					9
○	○	○		○	○					3
○	○	○		○	○					4
○	○	○		○	○					7
	○	○		○	○					6
		○		○	○					3
		○		○	○					5





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

Auditors

Auditors						Number of outside auditors among all auditors
		Hidetoshi Yamamoto	Masayasu Hashimoto	Yoshio Hayakawa	Kazumi Yoshikawa	
Positions		Full-time Corporate Auditor	Full-time Outside Auditor Independent	Outside Auditor Independent	Outside Auditor Independent	3/4
Career summary		<p>April 1977 Joined the Company</p> <p>April 2002 Area Manager, PiONE Sales Department</p> <p>September 2004 Manager of Hannan and Wakayama Area, Kansai Sales Department</p> <p>April 2012 Manager of Kansai Sales Department and Manager of Central Area</p> <p>June 2016 Executive Officer, Manager in charge of Hokuetsu Sales and Hokushin Sales of Local Sales Support Division</p> <p>June 2017 Executive Officer in charge of Support Service of Sales Division</p> <p>April 2021 Executive Officer in charge of Support Service</p> <p>June 2021 Full-time Corporate Auditor (to present)</p>	<p>April 1982 Joined The Kyowa Bank, Ltd. (currently Resona Bank, Limited)</p> <p>July 1999 Branch Manager of Amagasaki Branch, The Asahi Bank, Ltd. (currently Resona Bank, Limited)</p> <p>July 2003 Branch Manager of Fukushima Branch, Resona Bank, Limited</p> <p>January 2011 Joined Resona Card Co., Ltd. Executive Officer, Resona Card Co., Ltd.</p> <p>June 2016 Outside Auditor of the Company (to present)</p>	<p>October 1980 Joined Showa Audit Corporation (currently Ernst & Young ShinNihon LLC), Osaka Office</p> <p>March 1985 Registered as a certified public accountant</p> <p>August 2003 Member of Tax System Examination Committee, The Japanese Institute of Certified Public Accountants</p> <p>July 2005 Senior Partner, ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>April 2007 Part-time Lecturer, School of Accountancy, Graduate School of Kansai University</p> <p>June 2011 Retired from ShinNihon & Co. (currently Ernst & Young ShinNihon LLC)</p> <p>July 2011 Established Hayakawa Accountant Office (to present)</p> <p>December 2011 Registered as a tax accountant</p> <p>May 2014 Part-time Auditor, Education Corporation Osaka Seikei Gakuen (to present)</p> <p>March 2015 Part-time Auditor, Rokko Butter Co., Ltd. (to present)</p> <p>June 2017 Outside Auditor of the Company (to present)</p>	<p>December 1995 Registered as a certified public accountant</p> <p>April 2002 Registered as a tax accountant</p> <p>August 2007 Joined Tohmatsu & Co. (currently Deloitte Touche Tohmatsu LLC)</p> <p>December 2019 Established Yoshikawa Kazumi Certified Public Accountant Office (to present)</p> <p>September 2020 Director, SAKA NO TOCHU Co., Ltd.</p> <p>June 2022 Outside Auditor, VALTES CO., LTD. (to present)</p> <p>September 2022 Outside Auditor, Ubie, Inc. (to present)</p> <p>June 2023 Outside Auditor of the Company (to present)</p>	
Term of office (yrs.)		2 years	7 years	6 years	Newly appointed	
Committee membership						
Nomination and Compensation Committee						
Evaluation of the effectiveness of the Board of Directors						
Attendance at meetings of the Board of Directors and Board of Auditors		<p>During fiscal 2021</p> <p>Board of Directors 16/16</p> <p>Board of Auditors 10/10</p> <p>During fiscal 2022</p> <p>Board of Directors 17/18</p> <p>Board of Auditors 13/13</p>	<p>Board of Directors 23/23</p> <p>Board of Auditors 13/13</p> <p>Board of Directors 18/18</p> <p>Board of Auditors 13/13</p>	<p>Board of Directors 23/23</p> <p>Board of Auditors 13/13</p> <p>Board of Directors 18/18</p> <p>Board of Auditors 13/13</p>	<p>Board of Directors –</p> <p>Board of Auditors –</p> <p>Board of Directors –</p> <p>Board of Auditors –</p>	
Areas of experience/skills						
Management skills	Corporate management	○	○		○	
	Finance & accounting		○	○	○	
	Capital policy					
	Legal governance	○	○	○	○	
	Management planning					
	Business strategy					
	HR & personnel management/Diversity					○
Skills related to business specialization	Environment & energy	○				
	Home appliance retail business	○				
	Housing environment business	○				
	Marketing		○			
	Logistics	○				

Executive Officers

Kazuyo Nabata	In charge of legal and risk management, responsible for the Risk Management Department and the Audit Department	Nobuhiro Eriguchi	In charge of smart life, Manager of the Smart Life Sales Department
Kensuke Motoi	In charge of logistics, Manager of Logistics	Tatsuhiko Kihara	In charge of ICT and DX, Manager of the Information System Department
Tatsuo Sakai	In charge of store business, Manager of the Kansai Sales Department and Manager of the Hokushinetsu Sales Department	Kazuya Hatashima	In charge of support services, President and Representative Director, Joshin Service Co., Ltd.
Koji Abe	In charge of merchandise policy, Manager of the Merchandise Department	Hajime Arauchi	In charge of EC store business, Manager of the Internet Sales Department
Kazuhiko Hashimoto	In charge of CRM and MA, Manager of the Sales Promotion Department	Kiminori Nishio	In charge of human resources and general affairs, Manager of the Human Resources and General Affairs Department

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, we chose the seven material issues (materiality) that we should address first.

The Company examined these issues from the viewpoints of

their risks and opportunities, while incorporated 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.

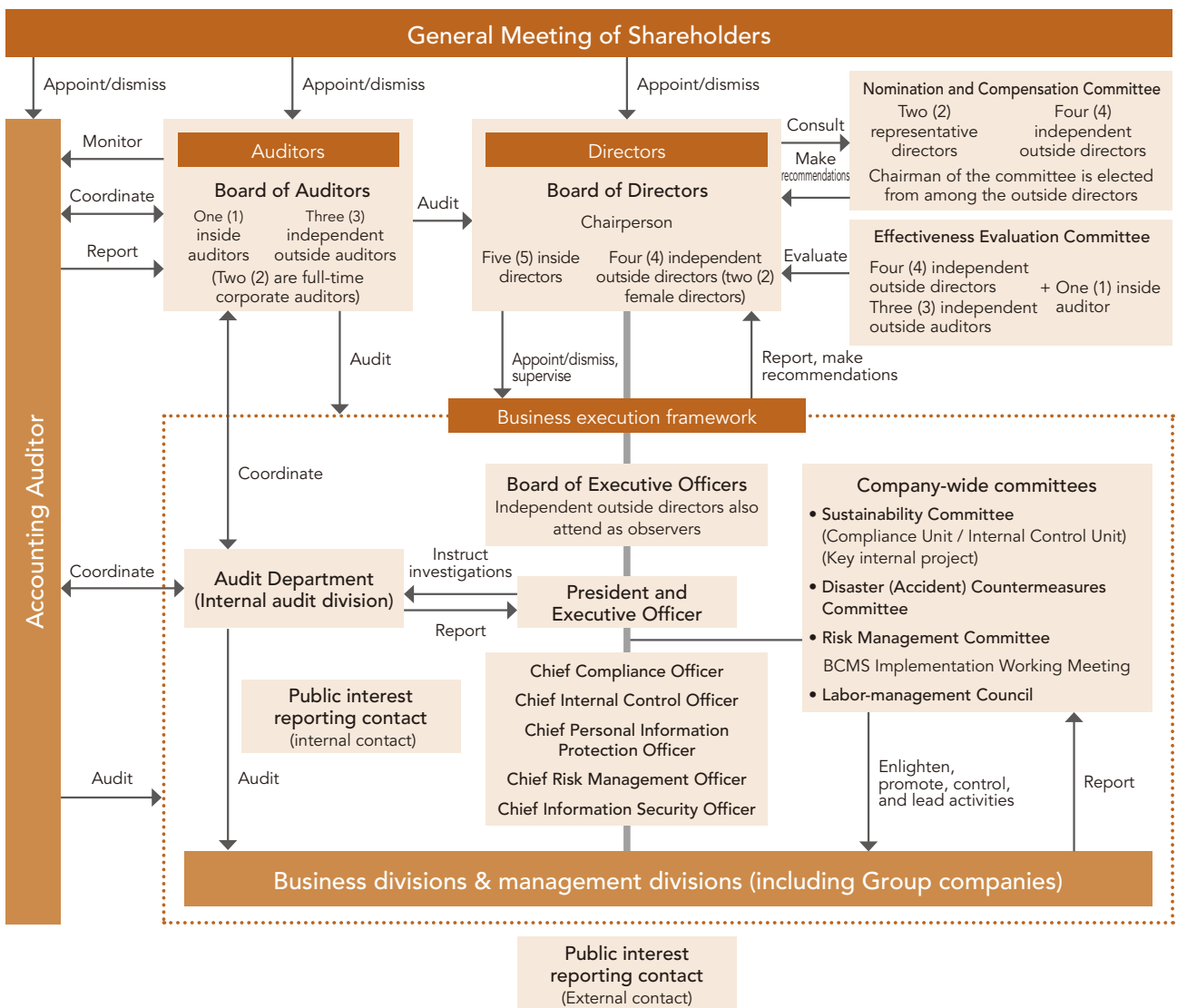
History of Enhancing Corporate Governance

To improve the supervisory function of the Board of Directors and the execution divisions, the Company 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 Company is working on improving management effectiveness by establishing the Effectiveness

Evaluation Committee for the Board of Directors, which is made up of a majority of outside directors, as well as the Nomination and Compensation Committee. We will continue to strengthen the monitoring function of the Board of Directors which supports the Company’s value creation processes.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
(Fiscal year)										
Ensuring diversity of the Board of Directors										
Skills matrix								• Skills matrix development	• Revised the skills matrix	• Revise the skills matrix and utilization policy
Succession plan								• Formulated the succession plan		
Appointment of outside directors		• 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)		
Training for Officers				• Four (4) times a year			• Six (6) times a year		• Began practical training for management skills	
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			• Revise performance-linked stock compensation plan * Also applies to executive officers other than directors
Individual performance-linked compensation							• Introduced individual performance-linked compensation (Evaluation criteria focused on monitoring)			
Executive officer system			• Introduced the executive officer system				• Transitioned to a delegation-type executive officer system			
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									• Disclose capital cost	
Enhancement of the Board of Auditors									• Appoint female independent outside auditor	

Corporate Governance System



Board of Directors

Roles and purpose of the meetings

The Board of Directors assumes the role of a driver to create social and 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 the business operation by directors and executive officers, as the highest decision-making management body.

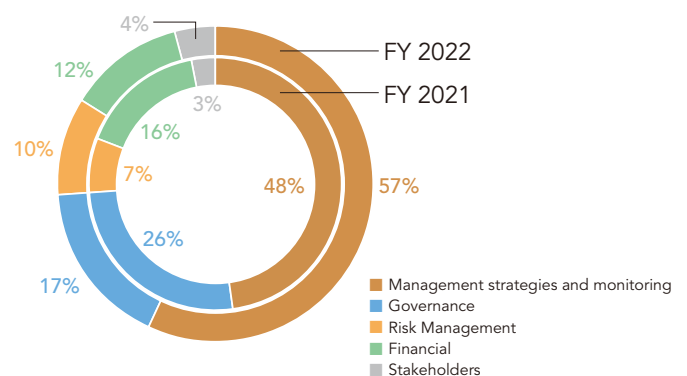
Major discussion details in fiscal 2022

- Medium- to long-term management strategies for the years leading up to 2050
- The way we should be (ideal form) in 2030 based on these management strategies
- Evaluation of the previous medium-term management plan and identification of issues
- External environmental factors on which the new medium-term management plan is based
- Core strategies of the new medium-term management plan (fan base strategy)
- Individual strategies of the new medium-term management plan
- Cash allocations
- Recognition of capital costs and capital efficiency indicator targets
- Revision of the skills matrix based on skill assessments
- Redesign of directors' compensation system based on the medium- to long-term management strategies
- Evaluation of the effectiveness of the Board of Directors and action plans for resolving issues
- Formulation of policies on human rights, purchasing, anticorruption, D&I, and disclosure

Structure of meetings

Of nine directors, four are independent outside directors (44.4%) and two are female (22.2%). Of the four auditors, three are independent outside auditors (75.0%) and one is a female auditor (25.0%). Of the 13 officers participating in Board of Directors meetings, seven are independent outside officers (53.8%) and three are female officers (23.1%). (Information on the diversity of skills is shown on pages 69 to 71)

Allocation of discussion time



Major meetings	Roles and purpose of the meetings	Key points and major discussion points in fiscal 2022
<p>Board of Auditors Consisting of four (4) auditors Three (3) independent outside auditors One (1) auditor Two (2) full-time corporate auditor</p> <p>Chairperson of the Board is Hidetoshi Yamamoto, Full-time Corporate Auditor</p>	<p>13 meetings held An organization that audits and supervises the management of the Company and business execution by the Board of Directors</p>	<p>Conducts audits and supervision of business execution by independent outside auditors, inside auditors, and fulltime corporate auditors</p> <ul style="list-style-type: none"> • Report of the audit results to and exchange of opinions with the top management twice a year • Deliberation on KAMs and exchange opinions with the accounting auditor • Confirmation of the progress of audits by the Internal audit division and advice • Request for the submission of the proposal on the election of new auditor candidates to the General Meeting of Shareholders • Determining whether to reappoint the accounting auditor and agreement regarding compensation
<p>Nomination and Compensation Committee Consisting of four (4) independent outside directors and two (2) representative directors</p> <p>Chairperson of the Committee is Kinya Naito, Independent Outside Director</p>	<p>Four (4) 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.</p>	<p>Discussions focusing on the revised skills matrix in conjunction with formulating the new medium-term management plan and the revised directors' compensation system.</p> <ul style="list-style-type: none"> • Composition, number of members, and diversity of the Board of Directors (skills matrix) • Proposal on the election of directors to the General Meeting of Shareholders • Election of representative directors and chief executive officer • Evaluation of the business execution by directors • Composition of the compensation, compensation levels, and individual compensation of directors
<p>Effectiveness Evaluation Committee Consisting of four (4) independent outside directors and four (4) auditors</p> <p>Chairperson of the Committee is Kinya Naito, Independent Outside Director</p>	<p>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.</p>	<p>The Committee evaluated whether JT-2025 Management Plan, the new medium-term management plan, was formulated using a backcasting approach from our ideal state in 2030, the goal of the medium- to long-term management strategies for the years leading up to 2050. The committee also evaluated the specificity and feasibility of the action plans for strengthening earnings and increasing management efficiency with a focus on capital costs. The committee also evaluated improvements for training officers with the objective of upgrading the skills of directors and officers.</p>
<p>Board of Executive Officers Consisting of five (5) executive directors, ten (10) executive officers, and three (3) full-time corporate auditors</p> <p>Chairperson of the Committee is Ryuhei Kanatani, Representative Director, President and Executive Officer</p>	<p>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.</p>	<p>In addition to managing the progress of our previous medium-term management plan, the Board also discussed individual strategies and numeric goals for business execution when formulating the new medium-term management plan.</p> <ul style="list-style-type: none"> • The way we should be (ideal form) in 2030 based on these management strategies • Identifying issues with the previous medium-term management plan • External environmental factors on which the new medium-term management plan is based • Core strategies of the new medium-term management plan (fan base strategy) • Individual strategies for business execution under the new medium-term management plan
<p>Sustainability Committee Consisting of five (5) executive directors, ten (10) executive officers, and full-time corporate auditors, and other management executives</p> <p>Chairperson of the Committee is Ryuhei Kanatani, Representative Director, President and Executive Officer</p>	<p>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.</p>	<p>In addition to managing the progress of the previous medium-term management plan, key division-specific actions, and important internal projects, the Committee shared information on individual business execution strategies and coordinated cooperation in key fiscal year-specific initiatives with the aim of formulating the new medium-term management plan.</p> <ul style="list-style-type: none"> • Progress of the previous medium-term management plan • Progress of key medium-term management plan measures • Progress of key internal projects • Coordination on individual strategies and key division-specific measures of the new medium-term management plan • Compliance Unit activities • Internal Control Unit activities
<p>Risk Management Committee Consisting of five (5) executive directors, ten (10) executive officers, full-time corporate auditors, other management executives, and one (1) labor union representative</p> <p>Chairperson of the Committee is Tetsuya Takahashi, the Representative Director, Vice President and Executive Officer</p>	<p>Four (4) meetings held An organ that analyzes and manages accident and disaster risks, business risks, financial risks, and management risks that threaten the Company's efforts to maintain and continue business management, and supports stable management.</p>	<ul style="list-style-type: none"> • Selected risk management items based on risk assessment • Revised business continuity plans • Revised operation standards of whistleblower system • Development and promotion of personal information protection system • Data security and cyber risk management
<p>Labor-management Council Consisting of a member of the central operation office of the labor union, executive directors, and executive officers</p>	<p>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 work style reforms and reform for job satisfaction.</p>	<ul style="list-style-type: none"> • General labor conditions of employees • Overtime working hours and intervals between working hours • Annual paid leave and paternity leave-taking percentages • Rate of taking childcare leave and nursing care leave, and shorter working hours for childcare and nursing care • Physical checkup and complete medical checkup consultation rate • Stress check analysis results, occurrence of harassment, workplace safety and health information • Awareness of the management environment and sharing the opinions of union members of each workplace

○ 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 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 69 to 71 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.

To improve the effectiveness of the Board of Directors, in fiscal 2022 we launched initiatives to upgrade the skills of individual directors and executive officers based on the skills matrix.

(1) Evaluation process



(2) Key assessment items

- | | |
|---|--|
| <ul style="list-style-type: none"> 1) Medium- to long-term management strategies and management vision 2) Concrete business plans for addressing material issues 3) Allocation of management resources, including investments in human capital 4) Reinforcing the effectiveness of the Board of Directors as well as the delegation of authority to the Board of Executive Officers | <ul style="list-style-type: none"> 5) Skills required by the Board of Directors 6) Succession planning 7) Training for officers based on the skills matrix 8) Compensation system that supports sustainable management |
|---|--|

(3) Initiatives for fiscal 2022, evaluation, and future policies

Initiatives for fiscal 2022 Contents	The Company steadily implemented an action plan linked to seven material issues and 14 action items, based on the new management strategies formulated in 2021. Further, in addition to working on the medium-term management plan that ends in fiscal 2022, we formulated JT-2025 Management Plan, a new three-year medium-term management plan that will be the second step of a package plan for the eight years leading up to fiscal 2030.
Evaluation results for fiscal 2022	During the previous medium-term management plan period, which coincided with the COVID-19 pandemic, we were unable to meet many of our quantitative objectives, such as our goal for profitability. Nonetheless, we overhauled our logistics system and deepened our one-to-one marketing, while reinforcing our sustainability initiatives, such as measures for combating climate change, and investments in human capital. In these ways, we created the business foundation of our next medium-term management plan. Based on the lessons learned through the COVID-19 pandemic, we formulated a new medium-term management plan that does not simply expand the business scale, but that is instead anchored in increasing earnings. The supervisory functions of the Board of Directors is steadily improving and we have concluded that the effectiveness of the Board of Directors has been maintained.
Policy for fiscal 2023	Brushing up medium- and long-term management strategies and promoting more efficient management with a focus on capital costs

○ Training for Officers

In fiscal 2022, we conducted six training sessions under the following five themes conducted by outside instructors, focusing on "strengthening of training for officers to improve the skills of directors and executive officers" as the main initiative for improving the effectiveness of the Board of Directors. To polish the management skills, indicated in the skills matrix (pages 69 to 71), we have made changes to our

sustainability promotion system so that directors and executive officers serve as chief officers in important internal meetings. Through this method, we have put into action a practical training system where trainees improve their management knowledge and skills through their work. This also assists with succession plans for candidates for directorship positions.

Training themes	Reason for theme selection
Corporate governance reforms	To formulate management strategies and new medium-term management plans with awareness of sustainability issues
Climate-related disclosure (TCFD)	To reflect climate change issues in our management strategies, in this way having a positive impact on society
Digital governance in the age of DX	To acquire the knowledge that leads innovation based on digital technologies
Improved corporate value from an investor's perspective (1) and (2)	To implement reforms for more efficient management with a focus on capital costs and stock prices to improve PBR
Cross-shareholdings	

○ 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 provides incentives to manage the Company from the perspective of shareholders.

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.

We revised our compensation system to directors/auditors when we launched our new medium-term management plan, JT-2025 Management Plan.

Overview and the purposes of revisions to the compensation system for directors/auditors

- 1) Clarify management responsibilities by expanding and improving performance-linked compensation
- 2) Motivate officers to increase corporate value over the medium to long term by expanding and improving our stock compensation (long-term incentives)
- 3) Promote sustainability management by adding ESG indicators to our compensation calculations

To ensure transparency and objectivity, the compensation system and compensation amounts are determined by the Board of Directors after consideration by the Nomination and Compensation Committee, in which outside directors account for the majority of members and one of them serves as chairman.

► 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. The Nomination and Compensation Committee, in which independent outside directors account for the majority of members and one of them serves 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

Major revised points

- 1) Revised the percentage of performance-linked compensation from 30% to 50%
- 2) Calculation performance-linked compensation: Added ROE and sustainability indicators
- 3) Revised long-term incentives: Increased from 20% to 30%

Before revisions

Fixed compensation (70%)	Variable compensation (30%)	
	Individual performance-linked compensation (10%)	Company performance-linked compensation (20%) Operating income
Monetary compensation (80%) Short term		Stock compensation (20%) Long term

After revisions

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 ¹ (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.

¹ Changed from stock-based compensation to monetary compensation. The percentage was also changed from 20% to 10%.

► Directors compensation by position

Criteria regarding compensation for directors is set as "Directors and Executive Officers" and the standard monthly compensation is set at no

more than 300% (revised from 200%) of the maximum monthly salary as set forth in the employee salary system. Maximum compensation multiplier according to position was also changed from 2.2 to 2.5.

► 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 of the business execution of each director, and the evaluation compensation (varying between 50% and 150%), with 100% indicating the achievement of the targets, and the fixed monetary compensation are combined and paid monthly as monetary compensation. The Individual performance-linked compensation is determined by multiplying the performance-based coefficient, which is based on an overall evaluation covering both monitoring and managing evaluations.

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 reflect 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 relationship and then sells the shares, if necessary. In the fiscal year ended March 31, 2014, the Company held 39 stocks, but as of June 30, 2022, this number had been reduced to 26.

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

Roundtable Talk with Outside Directors



Kinya Naito

Outside Director

Keiko Yamahira

Outside Director

Junko Kawano

Outside Director

Seiji Nishikawa

Outside Director

Frank and proactive recommendations based on career experience improves the effectiveness of the Board of Directors and helps create corporate value by establishing new business models.

**Roles and responsibilities of outside directors:
Outside directors leverage their career
experience to improve profitability and
corporate value**

Naito From my position as an attorney, I have made it my duty to support the Company's corporate value, including through compliance and internal controls, and to provide recommendations on other matters, such as the systematic preparation of the Company's infrastructure. I have been very happy to see in recent years that recommendations from us as outside directors have stimulated discussions by the Board of Directors.

Yamahira I use the expertise developed through my own experience in corporate management to focus on providing advice on topics such as sustainable growth, increasing capital efficiency and profitability, and enhancing our human capital. This year is the first fiscal year of our new medium-term management plan. I want to leverage our management resources, while fully considering the business environment in which we find ourselves, and focus on expanding into new fields and improving the profitability of our existing business segments.

Kawano I have been involved in business and service development in the B2C (business to consumer) field for many

years. I want to use this experience to provide effective advice on new businesses and services that contribute to creating new value as well as proposals for new lifestyles. It is absolutely vital that diverse employees play a more active role in Joshin Denki so we can anticipate the needs of diverse customers and address them through our business activities. I believe that one of my important roles is to provide advice from the perspective of promoting diversity and inclusion (D&I), such as promoting the advancement of women.

Nishikawa Since this is my first time as an outside director, I initially struggled with how I should best fulfill my role, but the message that outside director Naito shared in the integrated report in fiscal 2021 provided me with a much deeper understanding. You said that outside directors were expected to oversee the Company's management from an objective perspective, and that you also believed helping the CEO decisively make decisions by taking risks was also the role of an outside director. In addition, I think it is important for me to use my career experience in DX and ICT to provide advice to executives.

Improving the effectiveness of the Board of Directors: Aiming to provide honest advice from the perspectives of delegating authority to the Board of Executive Officers and raising the skill levels of Directors

Naito Within the Board of Directors' meetings, I always strive to speak openly. In past Joshin Denki's Board of Directors' meetings, mixed in with strategy-level projects, there were discussions on individual business activities, so I had been feeling there was a need to organize the proposals that we discuss. That is why we decided to make major revisions to the Regulations on Approval and Decision; we can now focus on only what is really needed to be discussed. A great deal of approval authority was delegated from the Board of Directors to the Board of Executive Officers, and we were able to reduce the number of Board of Directors' meetings, which had previously been twice a month, to an average of once a month, for 14 meetings over the course of the year. This freed up time in Board meetings and made it possible to devote more discussion to the current medium-term management plan, human resource development, and the like. I think this has been a major change over the past four years.

Nishikawa The Board of Executive Officers meetings are held once a week, and I participate once a month as an observer. I am sometimes worried about whether we are really gaining a complete picture of what is going on in the workplace in the ICT or DX fields, for example. I'm still new to this position, so right now I'm trying to confirm the background circumstances surrounding the discussions by the Board of Executive Officers and so on.

Kawano The agendas and materials from the Board of Executive Officers meetings are also shared with us outside directors, and looking them over, I sometimes wish that the discussions went a little deeper. If there are opportunities like roundtables where people could speak more frankly about medium- to long-term projects, I think we could achieve a deeper level of connection with these discussions, including sharing business perspectives.

Yamahira As you point out, in recent years, the primary functions of the Board of Directors have shifted from business execution to monitoring, supervision, and evaluation, so as an outside director there are times when I am not sure just how deep I should go in giving my input. I would like to explore improving the functions of the advisory board.

Naito Since fiscal 2017, we have been performing the training for officers to improve the effectiveness of the Board of Directors. However, since this training primarily consisted of classroom study, it has not really succeeded in improving the participants' practical skills. That is why we have revised our training system so that from this fiscal year onward officers will be able to choose and take training on their own to supplement the gaps in their skills. Unlike training provided by the Company, every person will be able to work on their own issues, which we hope will be even more effective. For the duties of officers, I think that it would be better to use a job rotation system. Right now, in an attempt to diversify officers' skills, we are trying out a system in which every officer is responsible for a project that spans multiple fields. I think we're making serious progress on improving our effectiveness.

Also, in recent years, there has been a growing shift to introducing performance-linked compensation for directors/auditors, in consideration of shareholders and investors. We have adjusted our fixed and performance-linked compensation percentages and our monetary and stock compensation percentages, reducing the portion of fixed and monetary compensation. This was a bold revision of our compensation system, and I think it is worth recognizing because it clearly highlights the weighty responsibility of directors for the Company's performance.



JT-2025 Management Plan, the new medium-term management plan: Promoting the effective use of customer information and the clarification of targets, while supporting the implementation of strategies

Naito Under JT-2025 Management, we are promoting a fan base strategy. Although we have collected tremendous amounts of customer information, we have not always realized what we should do with it. For example, there have been cases where we have not fully informed customers who have bought appliances when it is time to replace them. I think we need to delve deeper into customers who have the potential to become fans. It has become clear, statistically, that a lot of our sales comes from “fan” customers. Through our fan base strategy, we will tackle the issue of how to value our fans and further grow our fan base. This was a central discussion point when we formulated the new medium-term management plan.

Nishikawa DX (digital transformation) and ICT (information and communications technology) will be vital for realizing the new medium-term management plan, which is focused on a fan base strategy. We must use customer data, our most valuable asset, to rapidly, inexpensively, and continually develop systems for new services that focus on our customers’ needs. To do that, we need to change our current information system to a simpler, holistically optimized platform centered on customer data. We created the DX Committee within the Company, and they are developing a grand design that represents the ideal form of Joshin Denki’s entire information system. We plan to make this grand design the core for our system development, and I want to monitor the progress that we make.

Kawano The first thing I noticed since becoming involved in Joshin Denki’s management is that we needed to evolve our marketing strategies. Since we are in an age of overflowing information, it is extremely difficult to attract new customers through mass media advertising. However, we have fans that we have developed through our high-quality services. By having our fans come to our stores over and over again, having



positive experiences, and recommending us to others, we can approach new customers. This is how our growth strategy works. Japan’s population is shrinking, so if all we provide is a one-shot service, or selling appliances, then our business will also shrink. The fan base strategy is a response to these changes, and consists of us being a concierge for our customers, providing services that resolve some of the problems that our customers face throughout their lives so that they use our services over the long term. I am very pleased that we have placed this fan base strategy at the center of our business strategies. Further, I recognize the importance of accurately conveying the contents and objectives of this strategy to our stakeholders, so I also believe that we need to jointly evolve our communications strategy.

Yamahira This is the first year that we have launched a new medium-term management plan, after releasing our medium-to long-term vision in 2021. I think we have brushed up our plans from 2021 and clarified our business segments. We have got our sights set on 2030 as we implement this medium-term management plan, and I believe we will be formulating more concrete plans in the future. I recognize that we have launched our fan base strategy—positioned as the cornerstone of our sales strategy—with the desire to be a company that customers find useful and trustworthy, and that they can rely on again and again. As the framework for this strategy takes shape and we implement more concrete initiatives in the future, there is a sense of anticipation that the number of customers and fans we bring joy to will rise, which will contribute to improving our profitability. I will try to provide advice based on my own experience with marketing and management in the B2C (business to consumer) business field.

E-commerce (EC) also plays a major role in the new medium-term management plan. Last year, we put a new logistics center into operation, and the EC store is poised for even more growth as we move ahead with restructuring our logistics in the future.

At the same time, we have also focused on addressing the issue of PBR (profit before tax) falling below 1.0 x. Although the market decides share prices, as a company we must work to earn the recognition of the market. I believe that what we



need to do is to achieve the efficiency of the management of our existing businesses and make them even more profitable. We need to produce steady profits from our existing business segments and actively invest in other businesses, turning them into core businesses as growth drivers. Investing in ESG has become our main form of investment, and our own the climate change countermeasures are progressing according to plan. We must quickly inform investors and stakeholders about these initiatives through IR, SR, and corporate branding. The key to going ahead with these initiatives is our human resources. One of the exceptional things about the Company is how low our employee turnover is. However, because of that, our workforce has the undeniable image of lacking diversity, such as diversity of skills or values. I believe we need to hire people from outside, increasing the diversity of our skills and values so that our people can create innovation.

Naito I agree. I also think one of the issues we have to address for evaluating effectiveness is discussing PBR, paying close attention to capital costs. At the same time, I think we have made a lot of progress by including indicators for consolidated management and capital efficiency in the medium-term management plan. Without specific targets, we cannot have a clear roadmap. By setting numerical targets for capital costs, we have made people aware of what we can do to achieve these targets, which I think is a significant development.

The roles and aspirations of outside directors: Assisting with establishing new business models and creating social value over the medium to long term.

Nishikawa If things remain as they are, the home appliance mass retailer business will end up as a mature industry. So, how can we revive this as a new growth industry? To do that, we need to not only put into practice our slogan "To be a concierge to customers, drawing close to their daily lives" but also to refine our new medium-term management plan into a business plan with a more concrete business portfolio, such as launching new peripheral businesses. The external environment surrounding the home appliance industry is also undergoing

major changes. For example, specified prices and direct sales by manufacturers have the potential to bring about tremendous changes in the traditional business model for home appliance mass retailers. Now is the crucial point for addressing these extremely significant management issues. As an outside director in the midst of this, I will be working deeply on these initiatives.

Kawano Creating social value will be important for companies going forward, and I intend to provide support to make that possible. For example, one of the values we offer to society is "helping to strengthen the resilience of our aging society." To achieve this, we must further research the changes that are happening in consumers' lifestyles. People aged 65 and older account for 30% of the population, and the services that are needed differ completely depending on their living environment, health, and values. We will support richer lifestyles by maintaining an understanding of the physical changes that happen as a result of aging, paying close attention to the lifestyles of individual customers, and recommending home appliances with appropriate functions, services, renovations, and so on. I believe that this will enable us to "help strengthen the resilience of our aging society."

Yamahira Like other companies, it has become difficult to achieve significant growth in Japan through existing businesses alone, given the current Japanese business environment. We have re-examined other segments besides home appliance mass retailing from the medium- to long-term growth perspective. Changes in the business environment could require bold management decisions and the need to overcome challenges. Under these circumstances, we will make every effort to flesh out our management plan to develop these new segments into second and third business pillars.

Naito Right now, it looks like we have two business segments: real stores and the EC store. However, both of these are mainly for selling home appliances. To build new business pillars, we need to have the courage to consider M&As and to move into new business segments. I plan to do my best to provide advice from these perspectives.



Risk Management

Risk Management System

To statistically assess, evaluate, and manage the various risks surrounding the Group, in 2008 the Company established the Risk Management Committee (chaired by the Chief Risk Management Officer) and created a Group-wide risk management (ERM) system. Once a year, this Committee identifies and assesses risks that could impact the Group and the need to confirm the state 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.

* See pp. 73 and 74 for the system and an overview of the committees.

Critical risk issues and state of our response

Classification	Risk issues (content)	Year in which risk response began	Countermeasure	Impact
Hazard risks	Response to natural disasters, diseases, and fires in important facilities ¹	2016 2017 As necessary 2016	<ul style="list-style-type: none"> Formulation of basic business continuity plan (BCP) policy and informing of all employees throughout the Group Acquisition of ISO 22301 certification under the international standard for business continuity management Review of business continuity plans (BCPs) and disaster countermeasure manuals, as necessary Continue with drills and training based on BCPs and the disaster countermeasure manuals 	Large
	Increased importance of cybersecurity ¹	2002 2022 2016 2010	<ul style="list-style-type: none"> Prevention of network attacks and intrusion using firewalls and other means Constant monitoring of all business terminals and servers, including those in remote work environments (EDR/MDR) Ongoing targeted email attack training for all Group employees Ongoing maintenance of website safety based on results of website vulnerability evaluations 	Large
Operational risks	Increased importance of data security ²	2004 2005 2004 2004	<ul style="list-style-type: none"> Construction and operation of the personal information protection management system for all Group employees Acquisition of Privacy Mark certification Ongoing data security training for all Group employees Periodic confirmation of the state of data security implementation and operation by contractors as well as awareness training 	Large
	Issues affecting logistics flow ¹	2022 2022	<ul style="list-style-type: none"> Promotion of automation and labor-saving using IT systems Rapid response to work style reform-related laws in coordination with contractors and the supply chain 	Large
	Safety of products and installations	2007 2006 2014	<ul style="list-style-type: none"> Formulation of Voluntary Action Guidelines for Product Safety of Joshin Group Active promotion for ensuring customer safety in coordination with manufacturers Certified as a gold product safety company of PS Awards by METI (Ministry of Economy, Trade and Industry, Japan) 	Medium
	Anticorruption ¹	2004 2022	<ul style="list-style-type: none"> Formulation of the Joshin Group Code of Conduct, distribution to all employees, and ongoing awareness training Formulation and announcement of the Joshin Group Anti-Corruption Policy 	Medium
	Human rights issues ¹	2006 2023	<ul style="list-style-type: none"> Establish and operate an internal notification system with reporting points on internal and external public interest Established a Human Rights Awareness Promotion Office 	Medium
Business risks	Strengthening legal and regulatory systems	2022 2002	<ul style="list-style-type: none"> Provide information on legal revisions related to business planning through coordination between consulting attorneys and the people in charge of legal affairs Ongoing legal and compliance awareness training provided to all employees who are candidates for executive positions 	Medium
	Response to population decline issues	2012	<ul style="list-style-type: none"> Promotion of streamlining, automation, and labor savings for store operations by using ICT 	Medium
	Response to climate change	2021 2022	<ul style="list-style-type: none"> Formulation of Joshin Group Basic Environmental Policy and Environmental Action Guidelines Setting environmental targets for 2050 and implementing an action plan 	Medium

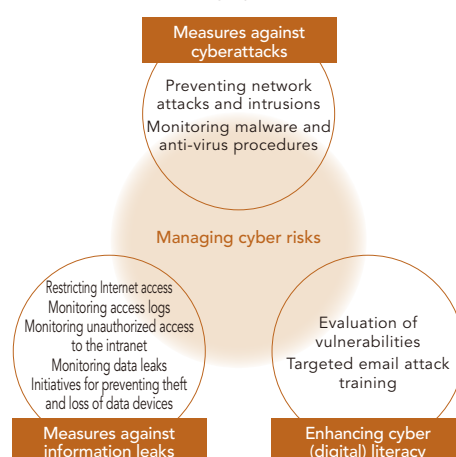
¹ Including contractors and the supply chain ² Including contractors

Preventing Cyberattacks

The personal information of customers and marketing information is managed using an information system based on high security standards. 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 its real stores and EC stores offer an environment that can be used securely.

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 programs, then isolating the infected systems. We raise awareness of external threats by actions involving all Group employees, such as training every year on defeating multiple targeted email attacks.

Preventing cyberattacks



Compliance Systems

○ Compliance Promotion System

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

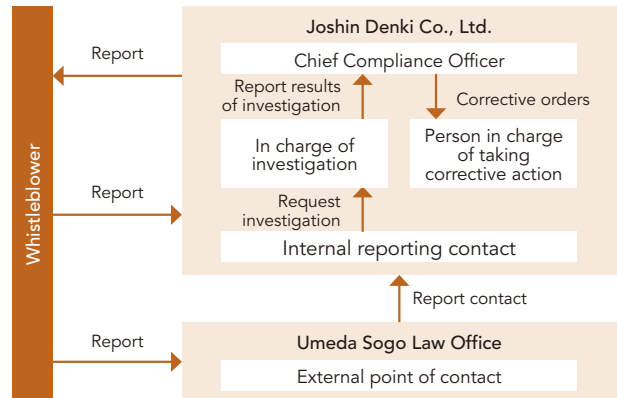


○ Operation of the Public Interest Notification System

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 Joshin Group, but also to the employees of franchisees, staff of business partners and contractors, as well as former employees. The system guarantees the protection of whistleblowers, including arrangements so they are not mistreated as a result of reporting and accepting anonymous reports.

Whistleblower cases (number of cases) (FY 2022)
61 (60 harassment cases and 1 internal rule violation case)

Joshin Group Public Interest Notification System



Message from an Executive Officer

As a home appliance retailer, ever since Joshin Denki was first founded, we have always focused on customer perspectives throughout business operations. Since home appliances are durable consumer goods, after-sales service is also important. That is why in 1956 we established a service division to offer all-in-one services that covered everything from sales to after-sales service. That system remains in place today. Further, by issuing member cards that can be used seamlessly in real stores and our online EC (e-commerce) store, we have been able to collect customer information in a database for use in improving member services and for diverse marketing programs. I have a mission at the Legal Affairs and Risk Management Division, where our highest priority is the creation and management of systems for continually ensuring safe and secure use of customer information, the foundation of our business, as well as employees' personal information. Our Risk Management Committee centrally manages the various risks that face the Joshin Group (such as disaster, business, and management risks), and we strive to set in place, operate, and manage systems for responding to risk.

Advances in digital technology and the acceleration of globalization are resulting in dramatic, rapid, and expansive changes in the social environment around us. When implementing the business strategies set out in JT-2025 Management Plan, we recognize that highly fair and transparent risk management is a vital issue for us, including in our supply and demand chains. We will continue to refine our risk management system so that it can support the further creation of corporate value.



Kazuyo Nabata
Executive Officer in charge of legal and risk management