

The status of the Company's corporate governance is as follows.

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

### 1. Basic concept

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

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

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

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

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

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

#### 1. Ensuring diversity

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

##### (1) Promotion of women to management positions

Women account for 36.8% of our group's total workforce (including non-regular employees) and 12.0% of full-time long-term employees. The percentage of female managers is only 3.2%, but we will increase the population of female employees by enhancing the recruitment of female employees (47.2% of new graduates hired in FY2022) and actively encouraging non-regular female employees to become full-time long-term employees. In addition, we are planning to increase the ratio of female managers to 20% by FY2030 by promoting the creation of role models for appointment to executive positions and promotion to managerial positions.

	FY 2021 Actual result	FY 2030 Planning	FY 2050 Planning
Ratio of female full-time employees	12.0%	30.0%	50.0%
Ratio of female employees(*)	36.8%	50.0%	50.0%
Ratio of female managers	3.2%	20.0%	50.0%

\*Including non-regular employees

##### (2) Appointment of Non-Japanese Employees to Management Positions

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

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

We believe that knowledge and experience in a variety of fields are necessary to create diverse value and solve social issues, and we plan to increase the ratio of mid-career hires by hiring about 50% of the planned hires for each fiscal year as immediately effective career hires.

Mid-career hires as a percentage of all employees	36.6%
Mid-career hires as a percentage of all management positions	25.5%

\*Number of employees as of March 31, 2022

\*The number of mid-career hires includes non-regular employees.

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

We believe that employee ownership leads to a sustainable growth by improving CS (creation of social value), and we are working to build a work environment in which diverse human resources can thrive and play an active role, and develop human resources, based on the four key phrases of "securing human resources in response to changes in the environment," "diversity and inclusion," "work-life balance," and "respect for human rights," as a prerequisite for enhanced employee engagement.

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

○Integrated Report

[https://www.joshin.co.jp/quality/csr/pdf/2021/E\\_2021\\_JCSR.pdf](https://www.joshin.co.jp/quality/csr/pdf/2021/E_2021_JCSR.pdf)

### **[Disclosure based on the principles of the Corporate Governance Code]**

[Principle 1-4: Cross-Shareholdings]

The Company currently holds listed shares as policy from the perspective of enhancing the Company's corporate value over the medium to long term for the purpose of strengthening business relationships and promoting smooth business operations. Although the total market value of cross-shareholdings has been trending upward due to fluctuations in the market value of shares, the number of shares held has been gradually decreasing, and in principle, new shareholdings will not be held in the future.

Regarding the current shares that are strategically held by the Company, the Board of Directors conducts quarterly qualitative verification of the purpose of holding such shares, including the maintenance of smooth and good business relationships with business partners and the establishment of supply chains, as well as quantitative verification of the percentage of total assets, profits from business relationships, dividends, etc. As for shares that are deemed to have diluted the significance of our holdings, we proceed to dispose of them as appropriate through dialogue and negotiation with the companies concerned.

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

[Principle 1-7: Transactions with related parties]

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

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

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

In asset management, our basic policy is "sound and stable asset development for the employees", under which we avoid fixed investment in the traditional four asset classes, flexibly reconfigure our portfolio in response to changes in the

management environment. In addition, as of fiscal 2019, we have been contributing to risk response premiums in preparation of a worsening management environment, and thereby minimizing the impact on the Company's financial position as much as possible.

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

[Principle 3-1: Enhancement of Information Disclosure]

(i) Corporate philosophy, management strategies, and management plans

In October 2021, we formulated a new medium to long-term management strategy, and in the process, revised its corporate philosophy for the first time in 57 years. The new corporate philosophy and medium to long-term management strategies are published in the Integrated Report 2021. (The "2021 Integrated Report" is also available on our website ([https://www.joshin.co.jp/joshintop/ir\\_en.asp](https://www.joshin.co.jp/joshintop/ir_en.asp))). The "JT-2023 Management Plan" medium-term management plan covering the three-year period from April 2020 to March 2023 is available on our website. ([https://www.joshin.co.jp/joshintop/ir\\_en.asp](https://www.joshin.co.jp/joshintop/ir_en.asp))

(ii) Basic concept and Basic policy on Corporate Governance

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

(iii) The total amount of directors' remuneration is set during the General Meeting of Shareholders, and monetary remuneration is set within the range of 240 million yen per year. The Nomination and Compensation Committee, which is chaired by the majority of independent outside directors, consults with the Board of Directors, deliberates on the allocation of compensation to individual directors based on the "Regulations on Compensation for Directors," and the Board of Directors shall decide based on its report. The criteria for remuneration for the directors are set as "Director and Managing Executive Officer" and the standard monthly remuneration shall be less than 200% of the maximum monthly salary under the employee salary system. Remuneration for Directors is determined based on the remuneration ratio and business performance of each Director. Remuneration ratio is set at 1.0 for "Directors and Executive Officers," 1.2 for "Directors and Managing Executive Officers," 1.4 for "Directors and Senior Managing Executive Officers," 1.7 for "Directors and Executive Vice President," 2.0 for "Director and President," and 1.7 for "Director and Chairman". The remuneration ratio for the CEO is separately set by adding 0.2 to this ratio. Of the total amount of remuneration for individual directors, 70% is set as fixed monetary remuneration, 10% as individual performance-linked remuneration (variable between 0% and 200%), and 20% as performance-linked stock remuneration (variable between 0% and 200%). The stock-based remuneration is determined by resolution at the General Meeting of Shareholders. The purpose of this system is to further clarify the linkage between business performance, stock value and directors' remuneration, and to increase awareness of the directors' contribution towards the improvement of business performance over the medium to long term, and to increase corporate value by sharing the benefits and risks of stock price fluctuations with the shareholders.

Remuneration for Outside Directors consists of fixed monetary compensation only and the amount is determined on an individual basis, taking into consideration factors such as societal standards, career of the Outside Director concerned, and knowledge and experience in specialized fields.

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

Auditors who can apply insights, based on their individual career backgrounds, to the Company's business operations and management, internal controls, and financial management, etc., are nominated with the consent of the Board of Auditors. When appointing Outside Directors and Outside Auditors, importance is placed on the wealth of experience and high level of insight such persons possess in their respective fields, and on the independence of such Directors and Auditors, and these functions are exhibited when serving on the Board of Directors and the Board of Auditors.

(v) Explanation of individual appointments, dismissals and nominations in the event of the appointment or dismissal of senior management and the nomination of candidates for Directors and Auditors by the Board of Directors

Candidates for Directors and Auditors are disclosed in the reference documents included with the "Notice of Convocation of the General Meeting of Shareholders" along with a brief personal history, details of concurrent positions

held by each candidate, and a skills matrix for the Board of Directors in line with the Company's management strategies. The Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors, one of whom chairs the Committee, deliberates appointment and dismissal after consultation with the Board of Directors so that a fair and transparent process can be followed when appointing and dismissing Directors and the Board of Directors makes decisions based on its report. The Board of Directors decides on a proposal for appointment and dismissal based on the results of discussions at the meeting of Board of Auditors.

Supplementary Principle 3-1-(3) Initiatives for Sustainability, etc.

(1) Our approach to sustainability

For us, sustainability is about working toward linking our contributions to constructing a more sustainable society to our sustainable growth and increased corporate value. We will achieve this by creating two types of social value, "supporting and strengthening resilience in our aging society" and "achieving carbon neutrality in the home" based on our management philosophy of "connecting the futures of people and society with smiles."

In order to create these two types of social value, we have defined our management vision as "becoming a hub for the infrastructure of life through the power of home appliances and ICT" and have been working to achieve this vision. As important issues to be addressed, we have identified 7 materiality themes (high-priority issues) and 14 issues to be addressed, and we have formulated initiatives for the intermediate point of 2030 with a view to what kind of company we want to be 30 years from now, in 2050.

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

In order to link the improvement of CS (creation of social value) through the advancement of employee engagement to sustainable growth, we are actively investing in the creation of an internal environment in which diverse human resources can thrive and develop human resources, and are working to build employee ownership with the four key phrases of "securing human resources in response to changes in the environment," "diversity and inclusion," "work-life balance," and "respect for human rights" as our themes. Furthermore, since our founding, we have constantly built up positive relationships with our customers by putting ourselves in their shoes when we think and act. Likewise, through repeated trial and error, we have accumulated real expertise in creating stores, while also crafting a corporate brand image through collaboration with sponsor companies. As well as renewing our corporate philosophy—"connecting the futures of people and society with smiles"—for the first time in 57 years, we established a new tagline—"People, towns, smiles. Joshin"—as a tool to further deepen understanding of our corporate brand image. All of the factors described above are incredibly important intellectual properties that are indispensable for our value creation process. Going forward, we will continue to actively invest to increase our expertise and improve our corporate brand image.

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

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

In addition, as a part of our efforts to reduce greenhouse gas emissions from our business activities, we are working to reduce the environmental impact by increasing the ratio of renewable energy sources, such as by installing solar power generation systems at our offices and switching to CO<sub>2</sub>-free power sources. In the future, we will continue to enhance the quality and quantity of disclosure based on TCFD or an equivalent framework.

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

○Integrated Report

[https://www.joshin.co.jp/joshintop/csr/2021/pdf/E\\_2021\\_JCSR.pdf](https://www.joshin.co.jp/joshintop/csr/2021/pdf/E_2021_JCSR.pdf)

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

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

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

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

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

Criteria to determine independence at the Company is based on satisfying both the requirements for outside officers

required by the Companies Act and the independence standards required by stock exchanges, and appropriate personnel who can contribute to the enhancement of corporate value and shareholder interests are registered with the stock exchanges as candidates for outside officers, with the approval of the General Meeting of Shareholders as independent officers.

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

[Supplementary Principle 4-10-(1) Approach, Authority, and Role of the Independence of the Composition of Committees]

The Company has appointed a total of six independent outside officers, out of which four are Independent Outside Directors (two of whom are women) and two are Independent Outside Auditors, with the goal of ensuring management is transparent and objective.

(1) Nomination and Compensation Committee

The Company has established the Nomination and Compensation Committee, which consists of four independent outside directors and two representative directors.

The Nomination and Compensation Committee, the majority of whose members are Independent Outside Directors, one of whom chairs the Committee in order to ensure the committee's independence, deliberates on the selection and dismissal of Directors, succession planning, design of the compensation system, and the amount of individual compensation for Directors, and the Board of Directors makes decisions based on its report.

(2) Committee for Evaluation of the Effectiveness of the Board of Directors

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

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

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

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

In the Notice of the 74th Ordinary General Meeting of Shareholders we explained the thinking behind how we utilize the skills matrix. Alongside this, we have considered the management strategies we formulated in fiscal 2021 and redefined the skillsets that the Board of Directors deems necessary, including knowledge, experience, and capabilities. Items have also been organized into skills needed for corporate management and skills and experience required to achieve our business strategies or materiality themes.

The relevant matrix is disclosed in section 19 of the "Notice of the 74th Ordinary General Meeting of Shareholders".

([https://www.joshin.co.jp/joshintop/news\\_pdf/20210527171304.pdf](https://www.joshin.co.jp/joshintop/news_pdf/20210527171304.pdf))

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

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

[Supplementary Principle 4 -11-(3) Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole]

The Company continuously promotes efforts to improve the effectiveness of the Board of Directors, which plays a central role in the efforts of the Company to enhance its corporate value and shareholder profits over the medium to long term. For the fiscal year ending March 2022, an "Assessment Committee for Board of Directors", consisting of outside directors and auditors, was established to investigate the effectiveness of the Board of Directors, targeting all directors and auditors who are members of the Board of Directors. The Company conducted anonymous questionnaires and interviews with the directors, and the results were reported to the Board of Directors, along with the opinions of outside directors. The Board of Directors confirmed that the Board of Directors is functioning effectively based on the analysis of the survey results, and also identified constructive opinions and suggestions obtained in the course of the survey as issues which can contribute to the further improvement of the

effectiveness of the Board of Directors and is formulating action plans to address such. A summary of the evaluation results of the effectiveness of the Board of Directors for the fiscal year ending March 2022 was disclosed on June 14, 2022.

[Supplementary Principle 4 -14-(2) Training Policy for Directors and Auditors]

The Company provides opportunities for Directors and Auditors to improve their skills by acquiring the necessary knowledge and to remain up to date on the appropriate knowledge, so that such persons can properly fulfill their expected roles and responsibilities. For Directors, Auditors, and Managing Executive Officers, training by external instructors is provided six times a year on Corporate Law, Financial Instruments and Exchange Act, and other legal authorities and obligations under laws and regulations, as well as training for officers needed to acquire and remain up to date on legal and other related knowledge and skills required for the management practices of the Company. At the same time, the system to obtain advice from lawyers, certified public accountants, tax accountants, and other specialists on a case-by-case basis has been enhanced. As many of our directors are in charge of various operations in the Company and are engaged in tasks that require a high level of judgment, we believe that total training is indispensable for the execution of each operation in the Company.

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

We believe that constructive dialogue with shareholders will lead to sustainable growth and medium to long-term enhancement of corporate value, and therefore the Directors are proactively engaged in IR activities. Regarding specific activities related to IR, a forum for dialogue, such as financial results briefings, individual IR for institutional investors, and IR seminars for individuals are provided, and questions and requests received by phone or from the Company website are appropriately handled on a daily basis.

## 2. Capital structure

Percentage of shares held by foreigners	Less than 10%
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[Status of major shareholders]

Name and/or Title	Number of shares owned (stock)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	2,695,500	10.04
Joshin Denki Employee Shareholding Association	1,790,146	6.67
The Dai-ichi Life Insurance Company, Limited	1,350,000	5.03
Resona Bank, Ltd.	1,200,010	4.47
Custody Bank of Japan, Ltd. (trust account)	896,975	3.34
Sharp Corporation	542,500	2.02
Sompo Japan Insurance Inc.	506,500	1.88
Daikin Industries, Ltd.	447,792	1.66
Sumitomo Mitsui Trust Bank, Limited	420,000	1.56
Mitsubishi UFJ Trust and Banking Corporation	400,000	1.49

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

## Supplementary Explanation

1. [Status of Major Shareholders] is based on the shareholder registry as of March 31, 2022.
2. Percentages (%) in the above table are calculated after excluding treasury stock (1,178,398 shares).

3. Corporate attributes

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

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

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5. Other special circumstances which may significantly affect corporate governance

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

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

Organizational structure	Company with Board of Corporate Auditors
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[Directors]

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

Relation with the company (1)

Name	Affiliation	Relation with the company (*1)											
		a	b	c	d	e	f	g	h	i	j	k	
Kinya Naito	Attorney at Law												○
Keiko Yamahira	From another Company												○
Junko Kawano	From another Company												○
Seiji Nishikawa	From another Company								○				

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or executive of a parent company of the Company
- c. Executive of a fellow subsidiary company of the Company
- d. A party whose major client or supplier is the Company or an executive thereof
- e. Major client or supplier of the Company or an executive thereof
- f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other assets from the Company besides executive compensation as an auditor
- g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- h. Executive of a client or supplier company of the Company (which does not correspond to d, e, or f) (the auditor himself/herself only)
- i. Executive of a company, between which and the Company external directors/auditor are mutually appointed (the auditor himself/herself only)
- j. Executive of a company or organization that receives a donation from the Company (the auditor himself/herself only)
- k. Others

#### Relation with the company (2)

Name	Independent Officers	Supplementary Explanation on Applicable Items	Reason for Appointment
Kinya Naito	○	Attorney at law (No business relationship with the Company)	Using his experience and expertise as a lawyer, Kinya Naito has been judged as a person who can provide advice and recommendations on the compliance management of the Company from an objective, broad and sophisticated perspective. Furthermore, he was appointed as an independent director because there are no special stakes between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Keiko Yamahira	○	-	Keiko Yamahira has abundant experience and insight in corporate management, and has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad and sophisticated perspective. Furthermore, she was appointed as an independent director because there are no special stakes between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Junko Kawano	○	-	Using her expertise and experience in the fields of management consulting and in the promotion of participation by women, Junko Kawano can provide advice and recommendations on the marketing strategies of the Company and regarding diversity management from an objective, broad and sophisticated perspective. Furthermore, she was appointed as an independent director because there are no special stakes between her and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
Seiji Nishikawa	○	-	Seiji Nishikawa has abundant experience and knowledge in the fields of ICT and DX, and has been judged as a person who can provide advice and recommendations on the corporate activities of the Company from an objective, broad and sophisticated



			perspective. Furthermore, while he has previously worked for NTT DOCOMO, Inc. and DOCOMO Systems, Inc., the Company's has very few dealings with NTT DOCOMO, so this does not affect his independence. Therefore, he was appointed as an independent director because there are no special stakes between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.
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[Voluntary Committee]

Existence of arbitrary committee corresponding to a nomination committee or compensation committee	Yes
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Status of the establishment of an arbitrary committee, composition of committee members, and attributes of the committee chairman (chairperson)

Arbitrary committee corresponding to a nomination committee

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

Arbitrary committee corresponding to the compensation committee

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

Supplementary Explanation

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

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

[Auditors]

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

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

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

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

Appointment of outside auditors	Nominated
Number of outside auditors	2 persons
Number of outside auditors appointed as independent directors	2 persons

Relation with the company (1)

Name	Affiliation	Relation with the company (*1)													
		a	b	c	d	e	f	g	h	i	j	k	l	m	
Masayasu Hashimoto	From another Company														○
Yoshio Hayakawa	Certified public accountant														○

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiaries

c. Non-executive director or executive of a parent company of the Company

d. Corporate auditor of the parent company of the listed company

e. Executive of a fellow subsidiary of the listed a company

f. A party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an auditor

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

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

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

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

m. Others

Relation with the company (2)

Name	Independent Officers	Supplementary Explanation on Applicable Items	Reason for Appointment
Masayasu Hashimoto	○	Masayasu Hashimoto is a former employee of Resona Bank, Ltd. which is the Company's bank of transaction.	In addition to his many years of experience in a financial institution and specialized knowledge, Masayasu Hashimoto has experience as a

		<p>However, he has been retired for the past 12 years. After retiring from the bank, he worked at Resona Card Co., Ltd. The amount of transaction between Resona Card Co., Ltd. and our Company is extremely small.</p>	<p>Managing Executive Officer in a credit card company. He has been judged as a person who can oversee the company directors from an objective, impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision-making from the Board of Directors.</p> <p>He is a former employee of Resona Bank, Ltd. and Resona Card Co., Ltd. However, the Company's share of bank transactions at Resona Bank, Ltd. are not remarkable, and the amount of transactions with Resona Card Co., Ltd. is also minimal, and would not affect his independence. Furthermore, he was appointed as an independent director because there are no special stakes between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.</p>
Yoshio Hayakawa	○	<p>Yoshio Hayakawa is a former employee of Ernst &amp; Young ShinNihon LLC, the Company's accounting auditor. However, he has been retired for the past 11 years. After retiring from the auditing firm, he opened his own private accounting firm and served as a director of a school corporation and a business corporation which do not have business transactions with the Company.</p>	<p>Using his expertise and experience as a certified public accountant, Yoshio Hayakawa is judged as a person who can supervise the company directors from an impartial and neutral standpoint and provide advice and recommendations to ensure valid and appropriate decision-making from the Board of Directors. Furthermore, he was appointed as an independent director because there are no special stakes between him and the Company, and there is no reason for concern regarding conflicts of interest with general shareholders.</p>

[Independent directors]

Number of independent directors	6 persons
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Other matters concerning independent directors

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[Incentive]

Implementation status of policies regarding the granting incentives to directors	Performance-linked compensation system introduced
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Supplementary explanation on corresponding matters

With the aim of sharing profits and risks with the shareholders, improving the medium- to long-term business results and raising awareness of the need to contribute to raising company value, directors of the company are granted points for each position once a year, calculated by multiplying the base points with the performance-based coefficient based on the performance of the immediately preceding fiscal year. One point is equivalent to one share of the Company's common stock. Each director will receive the shares of the Company's common stock (some of which will be converted to cash) upon retirement. Furthermore, the index related to performance-based stock compensation is the operating profit in the consolidated income statement. The said index was selected because it is the most straightforward indicator of sales performance of the group as a retail business and is connected to the performance-based bonus (year-end bonus) paid to the employees is determined to be the operating profit. Moreover, the objective is for labor and management to work together to execute the sales strategy. The method to determine the amount of performance-based stock compensation has been established in the stock delivery regulations and the details have been decided by the Board of Directors. The base points set as per position are: 3,060 pts for the "Chairman of the Board of Directors," 3,960 pts for the "Director, President and CEO," 3,060 pts for the "Director and Executive Vice President," 2,520 pts to the "Director and Senior Managing Executive Officer," 2,160 pts to the "Director and Managing Executive Officer" and 1,800 pts to the "Director and Operating Officer".

Persons to whom stock options are granted	
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Supplementary explanation on corresponding matters

[Compensation for directors]

Status of disclosure (of individual director compensation)	Individual compensation is not disclosed
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Supplementary explanation on corresponding matters

[Details of compensation to Directors]

1. Amount of compensation for directors and auditors

Directors: 10 persons, 150 million yen

Corporate Auditors 5 persons, 51 million yen

\*Of this amount, 48 million yen was paid to outside directors (6 persons) as remuneration, etc. The total amount of remuneration, etc. for directors includes a provision of 10 million yen for stock-based remuneration recorded in the current fiscal year.

2. Bonus allowance for the directors

No payment was made for the interim fiscal year.

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

[Support system for outside directors (outside auditors)]

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

[Status of retired representative directors and chief executive officers]

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

Name	Post/ Position	Business Description	Work form/condition (Full-time, Part-time, Remuneration, etc.)	President, etc. Date of retirement	Term
Katsuhiko Nakajima	Advisor	Advice on management, etc.	Part time, with remuneration	06/22/2021	2 years

Total number of advisors and a consultant who are former representative directors and chief executive officers	1 person
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Other items

The Company appoints advisors as decided by the Board of Directors. The Company may seek advice on matters of management from such persons due to their many years of experience and knowledge of the company's management, as needed. However, such persons are not involved in any decision-making regarding overall management.

2. Matters related to functions such as business execution, auditing and supervision, nomination, and determination of

## remuneration (overview of current corporate governance system)

Since half of the Company's directors are in charge of business execution, such directors have a thorough understanding of actual conditions in the sales field and make effective and efficient decisions. In addition, independent outside directors have been regularly selected each year at the General Meeting of Shareholders since June 2014, with the aim of utilizing their objective perspectives which differ from those within the company to strengthen the management system and further improve transparency. Four outside directors were selected during the shareholders' meeting held in June 2021. Moreover, the Company is working to enhance and strengthen the corporate auditor system. Two of the four corporate auditors are outside auditors, and three are full-time auditors. In addition, the Company has appointed one substitute auditor (outside auditor) in the event the number of auditors falls below that stipulated under the law. There are no personal, monetary or business relations, or other special interests between the Company and the outside auditors.

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

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

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

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

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

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

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

The Company has concluded a liability insurance contract for Officers, etc. with an insurance company as stipulated in the Companies Act, Article 430-3, Paragraph 1 and has renewed the contract on July 1, 2021 with the same terms and conditions. Under the insurance contract, the Company will cover any damage that may occur for which an insured officer is held liable, which has occurred in the performance of his/her duties, or is subject to a claim pertaining to the pursuit of such responsibility. The insurance premiums are fully borne by the Company, including the special contract, so there is no substantial burden on the insured. The insurance policy is subject to certain exemptions, such as if the act was performed with due knowledge that such is in violation of laws and regulations.

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

[Accounting Auditors] (Fiscal Year Ending March, 2022)

1. Name of the Certified Public Accountant who executed the audit and his affiliated auditing firm

Designated Limited Liability Partner/Managing Partner Yoshinori Hiraoka Ernst & Young ShinNihon LLC

Designated Limited Liability Partner / Managing Partner Satoshi Uchida Ernst & Young ShinNihon LLC

(Note) (1) The number of years of continuous auditing has been omitted because everyone has performed auditing for less than seven years.

(2) The auditing firm has already voluntarily taken measures to prevent its executive members from being involved in the accounting audit of the Company for longer than the specified length of time.

2. Details of auditing fees

Amount of remuneration, etc. pertaining to services under Article 2, Paragraph 1 of the Certified Public Accountants Act - 44 million yen

Amount of profit monetary and other financial benefits that the Company and its subsidiaries should pay - 56 million yen

3. Details of non-auditing services

The Company shall pay compensation to the accounting auditor for advisory and guidance services related to supporting efforts to tackle climate change, etc., for services other than the services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services).

3. Reasons for selectin the current corporate governance system

The Company introduced the Managing Executive Officer System in June 2016. In addition to regular meetings of the Board of Directors held at least once a month and extraordinary meetings of the Board of Directors held as needed, meetings of the Board of Managing Executive Officers are held weekly, in principle, and prior to the submission of proposals to the Board of Directors, a system to provide detailed information prior to such meetings is in place. As a result, more active discussions within the Board of Directors have been encouraged, leading to faster management decision-making and stronger governance. Moreover, women have also been appointed as Managing Executive Officers. In order to utilize objective viewpoints which, differ from those within the company, strengthen the management system, and further improve transparency, we one independent outside director was appointed since 2014, two since 2017, three since 2019, and four since 2021, bringing the total number of independent outside directors to six, including two outside auditors. By this system, valuable opinions and suggestions from a management perspective can be obtained and this information can be used to revitalize management. Furthermore, two women have been appointed as independent outside directors. Three of the four auditors are full-time auditors, and efforts to enhance and strengthen the auditor system are being made. The Assessment Committee for Board of Directors, consisting of outside directors and auditors was established in fiscal year 2016 as an advisory body to the Board of Directors, and works to strengthen corporate governance. The Company believes that the current management monitoring system includes independent outside directors and is considered to appropriately function to improve corporate value.

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

1. Efforts to revitalize the general meeting of shareholders and to facilitate the exercise of voting rights

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

environment for institutional investors	
Providing notices (summaries) in English	The Company has been posting the English translations of the notices on the website since the 73rd Ordinary General Meeting of Shareholders held in June 2021. <a href="https://www.joshin.co.jp/joshintop/news_pdf/20210527171304.pdf">https://www.joshin.co.jp/joshintop/news_pdf/20210527171304.pdf</a>
Others	The Company posts a notice to convene the General Meeting of Shareholders on its website, and after the meeting, various corporate information along with the notice of any resolutions, is sent to the shareholders in writing.

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

	Supplementary Explanation	Explanation by the representative directly
Creation and announcement of disclosure policy	As a basic policy, with the aim of becoming a company that is trusted and supported by society, the Company thoroughly discloses information in a timely, accurate and fair manner from the perspective of all stakeholders, including shareholders and investors, and works on proactive and straightforward disclosure of information.	
Holding regular briefings for individual investors	The Company regularly holds IR seminars for individual investors in a timely manner, but the current participation is online due to the impact of COVID-19.	No
Holding regular briefings for analysts and institutional investors	In response to requests from institutional investors, analysts, etc. the Company shall hold individual briefings in the form of meetings in a timely manner.	Yes
Holding regular briefings for overseas investors	No. We hold IR meetings individually if requested.	No
Posting IR materials on the website	The Company posts brief notes on financial results (quarterly), briefing data for financial results, annual securities (quarterly) report, notices of General Meeting of Shareholders, information about the Company, and other data to be timely disclosed on <a href="https://www.joshin.co.jp/joshintop/ir_en.asp">https://www.joshin.co.jp/joshintop/ir_en.asp</a> .	
Establishing an IR department (person in charge)	The Company has established the "Management Planning Division" as the department in charge of IR.	
Others	The Company carries out IR activities mainly targeting individual investors by publishing information regarding the Company and shareholder benefit programs in IR-related magazines. The Company also holds briefing sessions on the financial results of the second quarter and the full year, in order to explain the financial results, business conditions, and future business development in detail. As a countermeasure for the novel coronavirus, meetings are held via video streaming and teleconferencing.	

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

	Supplementary Explanation
Regulations that respect the position of stakeholder through internal regulations, etc.	The Joshin Group Declaration on Actions stipulates respect for the position of our stakeholders, including customers, business partners, shareholders, and employees. In addition, to ensure all Group employees comply with the Joshin Group Declaration on Actions, we have codified our action guidelines in the Joshin Group Code of Conduct.
Implementation of environmental conservation activities, CSR activities, etc.	We have set "contributing to the creation of an enriching society that is in harmony with the global environment" as one of our materiality themes (high-priority issues) and are promoting the establishment of a resource-recycling society and addressing climate change issues. Through these and other efforts to achieve a society with net-zero carbon emissions, we are working to create social value by achieving carbon neutrality in the home and improve our corporate value. As part of putting sustainability management into practice, we have signaled our agreement with

	<p>the Task Force on Climate-Related Financial Disclosures' recommendations, and we plan to disclose our analysis of hypothetical climate change scenarios in fiscal 2022.</p> <p>We have begun efforts to achieve carbon neutrality at each of our business sites as soon as possible. At our sites, our CO<sub>2</sub> equivalent reduction for the year was 67.6% of our total emissions in fiscal 2013, which means that in fiscal 2021 we achieved the Japanese government's target of reducing CO<sub>2</sub> emissions by 46% from fiscal 2013 levels by the year 2030.</p> <p>As of the end of March 2022, for business sites where the Company contracts directly with power suppliers, 79.4% of sites had completed the switch to renewable energy sources. We plan to increase this to 100% of sites by 2023. The proportion of all sites (including tenants) that have switched is 49.4%, and we will work to ensure this meets our goal of 100% by 2040.</p> <p>The Company's head office building has acquired ISO 14001 certification, an international standard for environmental management systems. Furthermore, as part of our effort to engage in responsible corporate activities, a rooftop garden, J-Garden, has been installed at the Company's head office building and a green parking lot, J-eco Parking, has been installed at our Kishiwada store and 48 other stores in order to mitigate the urban heat island effect. Our social mission is to maintain and create an environment where people in the local community can live in safety, comfort, and good health. We carry out sales promotion activities for energy-saving home appliances, actively promote energy conservation, energy creation, and energy storage, and conduct activities such as estimating the installation cost of household charging outlets for electric vehicles.</p> <p>In order to promote compliance and make policies regarding the social responsibilities which should be fulfilled by the Group, the Company has established the standard code of conduct for the Group through the operation of the Sustainability Committee. The Company has already enacted a basic policy on information security and a personal information protection policy, and has established an information security management system and a personal information protection management system. It is also expanding promotional activities for these across the entire Group in order to protect information assets, including the personal information of the customer. As a result, Joshin was certified by the Japan Information Processing Development Center (currently the Japan Institute for Promotion of Digital Economy and Community) with the "Privacy Mark" on April 25, 2005, the first for a large corporate retailer, and the mark has been used since May 13, 2005.</p> <p>Furthermore, a system to fulfill the social responsibilities of the stakeholders of the Group and to expand our promotion activities, the "Basic Policy on the Construction of the Internal Control System" was established in May 2006 (Latest revision date December 21, 2021), the "Product Safety Voluntary Action Guidelines" in December 2007, etc. As a result, the Company was awarded the "Ministry of Economy, Trade and Industry, Product Safety Award" in the Large Retailer category in November 2008, November 2010, and November 2012, for three consecutive times, and was granted the newly established "Product Safety Gold Logo" for the first time in June 2014. In January 2017, Joshin became the first major retailer in Japan to acquire ISO 22301: 2012 certification, the international standard for Business Continuity Management Systems.</p> <p>The Company publishes details of these efforts in its integrated reports.</p>
Formulating policies for provision of information to stakeholders	<p>The Company stipulates the policy for disclosure of corporate information to stakeholders in the "Group Declaration on Actions" and informs all employees of the Group. Based on this provision, the Company has established an internal system to enable prompt, accurate, fair and timely disclosure to all stakeholders, including shareholders and investors, and provides information in a timely and appropriate manner through website, briefings for the financial results of the second quarter or the whole year, and IR seminars for individual investors.</p>

IV. Matters related to internal control systems, etc.

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

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

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

1) A "Sustainability Committee", chaired by the Representative Director, President and Managing Executive Officer, shall



oversee overall compliance.

- 2) To promote compliance, the "Joshin Group Code of Conduct" shall be enacted, and guidance through training and other means shall be provided in order to ensure that all officers and employees of the Company and its subsidiaries view compliance as a personal issue and conduct their business operations accordingly.
- 3) In the unlikely event that a compliance-related incident should occur, a system shall be established whereby the details of the incident and measures to handle it shall be reported to top management, the Board of Directors, the Board of Managing Executive Officers, and the Auditors through the Chief Compliance Officer (the director in charge of the Management Planning Department).
- 4) The Company shall establish the "Whistleblower System Operating Standards" and establish a contact point for consultation and reporting on organizational and individual violations of laws and regulations, and introduce a whistleblower system that specifically stipulates that whistleblowers will not be treated unfavorably on the grounds that they have been consulted or reported.
- 5) The Company shall not have any connections with antisocial forces and groups which threaten the order and safety of civil society, and shall thoroughly educate all employees in accordance with the "Joshin Group Code of Conduct" to resolutely respond to such forces and groups, and shall establish a system to deal with such forces and groups.

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

- 1) Information and documents related to the execution of duties by Directors shall be stored and managed in accordance with the Company's internal regulations and related manuals, etc., and the status of operation shall be verified and the regulations, etc. shall be reviewed as needed.
- 2) For information management, information security management standards and personal information management standards shall be established.

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

- 1) As an organization that manages the risk of loss, the "Risk Management Committee" chaired by the person in charge of risk management (the director in charge of the Management Planning Department) shall be established and the development of a risk management system shall be promoted by identifying, analyzing and evaluating various risks around the corporate group consisting of the Company and its subsidiaries, and implementing the appropriate measures.
- 2) The Risk Management Committee shall closely cooperate with the "Compliance Subcommittee" established under the Sustainability Committee, the "Internal Control-Subcommittee" which handles the internal control system, and other committees established for each individual business for risk management.
- 3) The Risk Management Committee shall establish the "BCMS Promotion Working Meeting" under the Risk Management Committee in order to develop and promote the Business Continuity Management System (BCMS) as a system for effective and functional business continuity even in the event of an emergency.
- 4) In the event of an unforeseen event, the Disaster (Accident) Countermeasures Committee shall be convened in accordance with the Risk Management Rules to prevent the spread of damage.
- 5) The Company shall establish the "Audit Department", which reports directly to the President, and shall be in charge of internal auditing of the Company and its subsidiaries. The Audit Department shall conduct internal audits on a regular basis in accordance with the Internal Audit Regulations. The Audit Department shall periodically review the items and methods of audit implementation.
- 6) The Managing Executive Officer in charge of internal control shall report to the Board of Directors on the status of internal control operations in the Company and its subsidiaries on a quarterly basis.

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

- 1) Management of the operation plan shall be based on the annual and medium-term management plans formulated each year according to the management philosophy, and each business line shall work to achieve its goals.
- 2) The Board of Directors shall hold regular meetings at least once a month to make decisions on important matters and to supervise the execution of duties by the directors.
- 3) Based on the Board of Directors regulations, Managing Executive Officer regulations, regulations for division of duties, and rules for decision-making, the authority to make decisions on business execution shall be transferred to Managing Executive Officers, and the monitoring functions of the Board of Directors shall be strengthened.
- 4) Directors and Managing Executive Officers shall report the status of their own duties that they execute to the Board of Directors on a quarterly basis.
- 5) Independent Outside Directors shall be appointed to further vitalize deliberations by the Board of Directors and strengthen the management supervision function.
- 6) The term of office of the directors shall be one year in order to promptly respond to a rapidly changing business environment.

- 7) Digitalization shall be promoted in order to improve operational efficiency.
- (5) System to ensure the appropriateness of business operations of the corporate group
- 1) Directors of subsidiaries shall be appointed from the directors, managing executive officers, and executives of the Company.
  - 2) Appointment of corporate auditors of subsidiaries from the corporate auditors of the Company.
  - 3) The Company and each of its subsidiaries shall appoint a person in charge of compliance promotion, and the CSR Promotion Office shall oversee and promote compliance.
  - 4) Regarding management of subsidiaries, the Company shall periodically request a report on their business activities and discuss important matters with them in advance, while respecting their autonomy.
  - 5) As a system to ensure efficient execution of duties by the directors, etc. of the subsidiaries, (4) 1) 6) 7) shall apply mutatis mutandis to the subsidiaries.
- (6) In cases where an auditor requests employee to assist in duties, matters related to the independence of such employees from the Directors
- 1) In the event a corporate auditor requests that employee, be appointed to assist him/her in his/her duties, such employee shall be appointed by resolution of the Board of Directors.
  - 2) Specific personnel matters of such employees shall be determined by the Board of Directors with the consent of the corporate auditors.
- (7) System for Directors, Managing Executive Officers and other employees to report to auditors
- 1) If any director, managing executive officer or other employee discovers a fact which may cause significant damage to the Company, he or she shall immediately report it to the corporate auditors in accordance with laws and regulations.
  - 2) Directors, managing executive officers and other employees shall prepare the necessary reports and provide information in response to requests from each corporate auditor in accordance with the provisions of the board of auditors.
  - 3) Directors, corporate auditors and employees of the Company's subsidiaries shall promptly prepare the appropriate reports when requested by the corporate auditors of the Company to report on matters related to the execution of business.
  - 4) The Company shall prohibit any disadvantageous treatment of its directors, corporate auditors and employees and those of its subsidiaries who have reported to the corporate auditors for the reason that they have made such reports, and shall inform all directors, corporate auditors and employees of the Company and its subsidiaries to that effect.
  - 5) The aforementioned 1) to 4) shall apply mutatis mutandis to outside directors in order for them to effectively perform their duties.
- (8) System to ensure that audits by an auditor are carried out effectively
- 1) Corporate auditors shall attend meetings of the Board of Directors and other important meetings, inspect major documents requesting managerial approval and other important documents related to the execution of business, and request explanations from directors, managing executive officers and other employees as needed.
  - 2) Corporate auditors shall receive reports from the accounting auditor regarding details of the accounting audit, exchange information, and actively collaborate with the accounting auditor to raise the effectiveness of the audit as needed.
  - 3) Corporate auditors shall receive reports from the Audit Department on the details of internal audits of the Company and each subsidiary Company, exchange information, and actively collaborate to raise the effectiveness of the audit as needed.
  - 4) In the event that a corporate auditor requests prepayment or reimbursement of expenses to the Company in connection with the execution of his or her duties, the Company shall promptly process such expenses or debts after deliberation by the department in charge, unless such expenses or debts related to such request are proven not to be necessary for the performance of the auditor's duties.
  - 5) The aforementioned 1) to 4) shall apply mutatis mutandis to outside directors in order for them to effectively perform their duties.

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

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

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

In addition, the Company shall comply with the following basic principles in order to fulfill its social responsibilities as a

business enterprise and to become a company that is trusted by society.

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

- 1) Organizational measures
- 2) Cooperation with external specialized agencies
- 3) Severing relations, including business transactions
- 4) Civil and criminal legal response in cases of emergency
- 5) Prohibition of backdoor transactions and funding

(2) Response based on basic principles

- 1) Unreasonable demands by antisocial forces can cause anxiety and fear in a person's mind, and if the manager or department in charge takes measures alone, he may be forced to comply with the demands. Therefore, the entire organization shall respond to the matter.
- 2) The Company shall ensure the safety of employees who respond to unreasonable demands from antisocial forces.
- 3) In preparation against unreasonable demands from antisocial forces, the Company shall establish close solidarity with external specialized agencies such as the police, the Center for Elimination of Boryokudan, lawyers, etc.
- 4) The Company shall not have any connection, including business relationships, with antisocial forces. The Company shall also reject unreasonable demands from antisocial forces.
- 5) The Company will take legal action, both civil and criminal, against unreasonable demands from antisocial forces.
- 6) The Company shall not engage in backdoor transactions to conceal the facts, even if unreasonable demands by antisocial forces are based on scandals in the business activities or misconduct of employees in the Company.
- 7) The Company shall not provide funds to antisocial forces.

V. Others

1. Introduction of takeover countermeasures

Introduction of takeover countermeasures	Yes
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Supplementary explanation on corresponding matters

Basic policy regarding control of the Company

(1) Outline of the contents of the basic policy

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

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

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

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

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

1) Special initiatives which contribute to achieving the basic policy

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

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

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

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

## Management Philosophy

### Connecting the futures of people and society with smiles

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

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

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

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

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

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

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

The Company adopted a “Response Policy to Large Scale Purchases of the Company’s Shares (Takeover Defense Measures)” by a resolution at the Ordinary General Meeting of Shareholders held on June 22, 2007, and updated it with partial revisions at the Ordinary General Meetings of Shareholders held on June 25, 2010, June 27, 2013, June 28, 2016, and June 25, 2019, with the approval of shareholders (the post-revision response policy is hereinafter referred to as “the Current Response Policy”). The pre-response policy shall remain valid until the conclusion of the Company’s Ordinary General Meeting of Shareholders held on June 24, 2022 (hereinafter referred to as “the AGM”). In consideration of changes in social and economic conditions and on the basis of factors such as the trends in discussions concerning takeover defense measures, the Board of Directors decided to make further revisions, from the perspective of ensuring and enhancing the Company’s corporate value and the common interests of shareholders, at a meeting held on May 6, 2022, subject to shareholder approval at the AGM (the response policy revised at the AGM will be thereafter referred to as “the Response Policy”).

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

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

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

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

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

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

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

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

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

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

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

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

URL [https://www.joshin.co.jp/joshintop/news\\_pdf/20220505163224.pdf](https://www.joshin.co.jp/joshintop/news_pdf/20220505163224.pdf)

2. Other matters concerning corporate governance system, etc.

Overview of the Timely Disclosure System

1. Basic Policy of the Timely Disclosure

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

2. In-house System for Timely Disclosure

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

3. Method of Timely Disclosure

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

[Outline Diagram (Reference Data)]

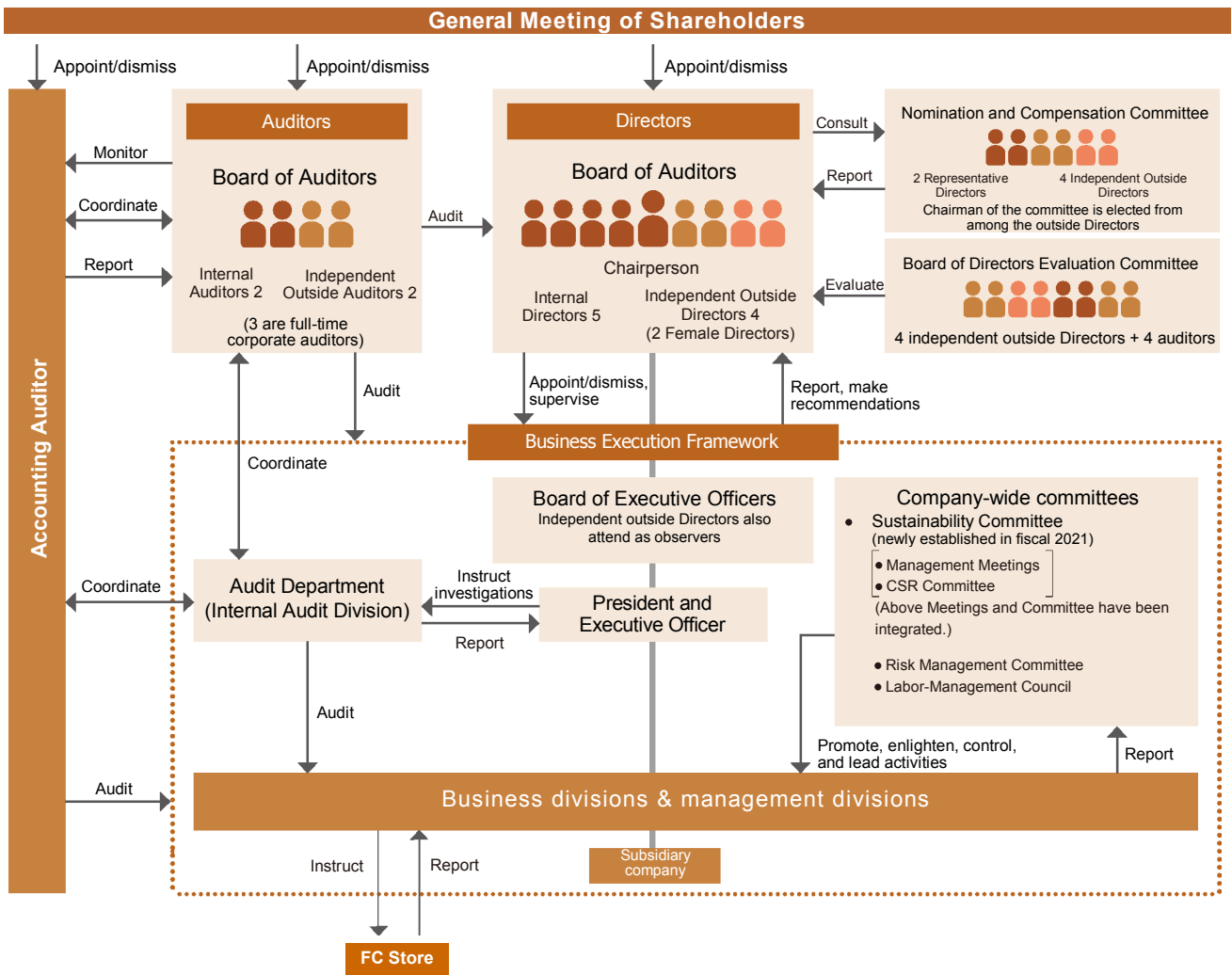
See the accompanying sheet

[Overview of the Timely Disclosure System (Outline Diagram)]

See the accompanying sheet

End

# Corporate Governance System



# [Schematic diagram of timely disclosure system]

