

Last Update: June 26, 2023  
**Hoosiers Holdings Co., Ltd.**

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The corporate governance of Hoosiers Holdings Co., Ltd. (the “Company”) is described below.

## I Basic Principles on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Principles

With the corporate slogan of “Realize the ‘dream life’ for everyone,” the Group is striving to maximize corporate value with an aim to be a housing innovation company that realizes the slogan. To that end, we believe it is important to improve the Group’s mid- to long-term profitability and establish a highly transparent and efficient management system by meeting the expectations of our shareholders and all other stakeholders as well as addressing social issues through our business; and accordingly, we will endeavor to enhance corporate governance, compliance, and risk management, etc.

Please refer to the Company’s website for our basic policy on corporate governance.

[https://www.hoosiers.co.jp/files/en/csr/corporate\\_governance\\_policy2022.pdf](https://www.hoosiers.co.jp/files/en/csr/corporate_governance_policy2022.pdf)

### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

#### ○Supplementary Principle 4-1-3: Development of CEO Succession Plan

With the aim of achieving the current Medium-Term Management Plan (for FY3/22 to FY3/26), developing the next Medium-Term Management Plan and preparing for the generational shift to the next generation management, the Company has increased the number of representative directors effective April 1, 2022 to have Chairman and Representative Director, Executive Officer (Group CEO) and President and Representative Director, Executive Officer (COO). Recognizing that development and implementation of the succession plan for the next generation under the new system as one of the important management issues, we will consider the succession plan for management members who will take the leadership in the future management to achieve mid- to long-term company development and corporate value enhancement under the leadership of Mr. Hirooka, Group CEO, and the Nomination and Remuneration Advisory Committee.

### [Disclosure Based on the Principles of the Corporate Governance Code] Update

#### ○Principle 1-4: Cross-Shareholdings

##### •Policy on Strategic Cross-Shareholdings

Especially in light of the strategic importance in the Real Estate Development segment, the Company holds shares only if they contribute to the increase of the Group’s mid- to long-term corporate value. When holding strategic shares, the Board of Directors verifies every year the appropriateness of holding such shares by conducting a review of the holding purpose and quantitative verification of returns, capital cost, and risk, etc. associated with the holding.

##### •Verify the appropriateness of cross-shareholdings

We have verified the appropriateness of the cross-shareholding for individual issues at the Board of Directors meeting held on June 8, 2023.

##### •Criteria for exercise of the voting rights related to cross-shareholdings

In general, the Company exercises its voting rights in respect of all strategic shares it holds. The Company appropriately exercises its voting rights if it contributes to the increase of the Group’s shareholder value or it is deemed appropriate in light of the Company’s holding purpose.

#### ○Principle 1-7: Related Party Transactions

In accordance with the Companies Act, etc., the Board of Directors Regulations, etc. stipulate that related party transactions may not be carried out without prior approval or resolution of the Board of Directors, with the status of the transactions to be reported to the Board of Directors on a regular basis. We also require officers to submit “Acknowledgement Letter Concerning Related Parties” in an effort to identify every single transaction with related parties including officers and their close relatives and bodies of which the officer is the representative and in which the officer owns a majority of voting rights.

#### ○Supplementary Principle 2-4-1: Ensuring Diversity in Core Human Resources

##### ■Approach to ensuring diversity and voluntary and measurable targets

As the Group considers it important to incorporate the female employees’ opinions in creating new products and services, it has been focusing on creating a corporate climate and culture that encourages active participation of female employees since its establishment by introducing flexible working style to suit their life stages and promoting product development led by female employees. In April 2022, based on the general employer action plan under the Act on Promotion of Women’s Participation and Advancement in the Workplace, we launched the project team to promote women’s active participation and implemented various initiatives. As part of such initiatives, we aim to increase the percentage of female managers to over 22.5% by March 31, 2026 (Approx. 16.8% as of March 31, 2023. From March 31, 2022, the scope of the survey covers employees of all domestic consolidated subsidiaries).

Also, the Group's managers as of March 31, 2023 are made up of a majority of mid-career employees, ensuring a sufficient level of diversity in terms of job history and experience. With a view to expanding the Group's overseas business, we will recruit and develop foreign human resources for manager positions.

■Human resource development policy and internal environment development policy to ensure diversity

The Group considers it important to create an environment that brings out the best abilities of each employee in order to keep providing new values to society through its business activities. Accordingly, we aim to create a company enabling active participation of all employees by implementing a fair evaluation system, a remuneration system and a welfare program to increase employees' motivation to work, creating a working environment which allows employees to demonstrate their abilities to the fullest regardless of their gender, career history, and nationality and creating an organization where each employee embraces diverse values.

As part of such efforts, the Group developed and implemented the following human resource development policy and created the human resource development system to promote various ability development. We will work on the human resource development to secure diversity under the system.

<Human resource development policy>

The Group develops "human resources who are willing to challenge" through the business. We work to develop motivated human resources who "maintain a humble attitude and continuously seek self-improvement" and "have universal problem-solving skills."

Please refer to the Company's website for the detail of human resource development system.

The Company's website (Sustainability — Wellness — Human Resource Management): <https://www.hoosiers.co.jp/en/csr/basic/>

"Hoosiers Group Action Guideline" established by the Company includes provisions concerning the respect for basic human rights and prohibition of discrimination and harassment with an aim to ensure opportunities for equal employment and active participation for all employees by promoting respect for human rights and diversity and creating a sound working environment.

○Principle 2-6: Roles of Corporate Pension Funds as an Asset Owner

The Company does not invest corporate pension funds. We have adopted a defined contribution pension plan for stable asset building of employees.

○Principle 3-1: Enhancement of Disclosure

1) Corporate philosophy, etc. management strategy, and management plan

With the corporate slogan of "Realize the 'dream life' for everyone" and the corporate spirit of "challenge and contribute," the Group is operating its business activities as a housing innovation company that realizes the "dream life" for everyone. For each segment of "Real Estate Development," "CCRC," "Real Estate Investment," and "Condominium Management and Related Services," we will establish stable business foundation not susceptible to market conditions and implement strategic management.

2) Basic concept and policy on corporate governance

Please refer to I 1. "Basic Principles" of this Report.

The Company sets forth basic concept on corporate governance in "Basic Policy on Corporate Governance." Please refer to the Company's website for more information.

Basic Policy on Corporate Governance: [https://www.hoosiers.co.jp/files/en/csr/corporate\\_governance\\_policy2022.pdf](https://www.hoosiers.co.jp/files/en/csr/corporate_governance_policy2022.pdf)

3) Policies and procedures for determining remuneration of management and directors

Please refer to II 1. [Remuneration of Directors] "Disclosure of Policy on Determining the Amount of Remuneration and the Calculation Methods Thereof" of this Report.

4) Policy and procedures for appointment and dismissal of management and nomination of director candidates

In terms of appointment and dismissal of directors (excluding those who are Audit & Supervisory Committee members) and directors who are Audit & Supervisory Committee members, the Board of Directors finalizes a bill to be submitted to the Annual Meeting of Shareholders based on discussions at and recommendation of the Nomination and Remuneration Advisory Committee (voluntary committee made up of a majority of independent outside directors) and with the consent of the Audit & Supervisory Committee, respectively, in accordance with the "Officer Appointment Standard" and the "Officer Dismissal Standard" stated below.

<Criteria for appointing officers>

- (1) The officer candidate shall share the Group's corporate philosophy and vision and have a will and ability to contribute to sustainable growth and mid- to long-term corporate value enhancement
- (2) The officer candidate shall have high ethical standards, strong commitment to legal compliance and have a high degree of integrity
- (3) The officer candidate selected from within the Company shall have abundant knowledge and experience about the Group's business
- (4) The officer candidate selected from outside the Company shall have abundant knowledge and experience about the corporate management or deep knowledge and experience in the area of his/her expertise and satisfy the "Independence Criteria for Outside Officers" separately established by the Company
- (5) Appointment of the officer candidate shall ensure the diversity of the Board of Directors
- (6) The officer candidate shall not be subject to any disqualification criteria prescribed by law

<Criteria for dismissing officers>

- (1) When the officer has committed an act that violates or could violate laws and regulations, the Articles of Incorporation and the Company's

- various regulations or resolutions at the Annual Meeting of Shareholders and Board of Directors meetings
- (2) When the officer has caused a serious damage to the Company due to intentional or gross negligence
  - (3) When the officer does not satisfy the criteria set out in the “Criteria for appointing officers”

5) Explanation on selection and dismissal and nomination

The career history of each of the Company’s director candidates is disclosed in the Notice of the Annual Meeting of Shareholders and the Annual Securities Report. In addition, the reason for each appointment or dismissal of outside director is disclosed in the reference material for the Annual Meeting of Shareholders, etc.

○Supplementary Principle 3-1-3: Sustainability

(1) Sustainability initiatives and disclosure status

The Group promotes and strengthens sustainability initiatives based on the following ESG basic policy. To further strengthen the sustainability promotion system, the Company has established the Sustainability Committee chaired by Chairman and Representative Director in December 2021 and has in place a system where the Committee deliberates the policy and initiatives related to the sustainability strategy and reviews the progress and the Board of Directors monitors the contents of the initiatives on a regular basis. Please refer to the Company’s website for more information.

The Company’s website (Sustainability): <https://www.hoosiers.co.jp/en/csr/>

<ESG Basic Policy>

The Hoosiers Group will contribute to solving social issues and realizing sustainable society through ESG-conscious business activities and community service activities. We also aim to increase enduring corporate value by continuing to be a company preferred by customers and society.

As a system to promote ESG activities toward new value creation and social contribution, we set three key themes (“Affluent lifestyle,” “Collaborative regional development,” and “Environment”) and two basic themes (“Wellness” and “Governance”), aiming to promote both the business strategy and ESG strategy simultaneously.

(2) Investment in human capital

The Group believes that human resources are the source of value creation, and that it is important to create an environment where all employees can work lively in good physical, mental, and social health and with peace of mind in order to increase sustainable corporate value. Therefore, the Group is promoting initiatives to enhance human capital, such as ensuring the growth and health and safety of employees, promoting diversity, and creating a comfortable working environment. More information is available in Supplementary Principle 2-4-1, and our human capital initiatives are disclosed in the Company’s website under the theme of “Wellness.”

The Company’s Website (Sustainability - Wellness): <https://www.hoosiers.co.jp/en/csr/basic/>

(3) Information disclosure based on the TCFD recommendations

The Group recognizes responding to climate change is one of the important management issues and works on the enhancement of information disclosure based on the TCFD recommendations. In June 2023, we collected data necessary to analyze the impact of the climate change-related risks and opportunities on the Company’s business activities, earnings, etc. Please refer to the Company’s website for more information. The Company’s website (sustainability - Information Disclosure Based on TCFD Recommendations):

[https://www.hoosiers.co.jp/files/en/csr/tcfdf\\_report2023-june.pdf](https://www.hoosiers.co.jp/files/en/csr/tcfdf_report2023-june.pdf)

○Supplementary Principle 4-1-1: Roles and responsibilities of the Board of Directors

In addition to matters stipulated by laws and regulations and the Articles of Incorporation, the Board of Directors makes important decisions on the business execution in accordance with internal rules, while delegating decision-making related to individual business execution other than matters to be decided by the Board of Directors to representative directors, executive directors, or heads of departments. As a result, the Board of Directors has ensured a system that focuses on broad and substantive discussions such as basic management policies, monitoring of management plans, risk management for the entire Group as well as supervision of individual business execution. The scope of business execution delegated by the Board of Directors is clarified in internal regulations with detailed and specific proposal and reporting standards, and a system is in place to review them on an ongoing basis in the event of organizational changes, etc.

○Principle 4-9: Independence Criteria for Independent Outside Directors

Please refer to “II 1. Matters Concerning Independent Officers,” “Other Matters Concerning Independent Officers” of this Corporate Governance Report.

○Principle 4-10-1: Ensuring independence and objectivity of nomination and remuneration of management

The Company has established the Nomination and Remuneration Advisory Committee, an independent voluntary committee that serves as an advisory body to the Board of Directors, made up of a majority of independent outside directors, with the aim of strengthening the independence and objectivity of the functions of the Board of Directors regarding the nomination and remuneration of directors and further enhancing corporate governance. The Committee consists of two independent outside directors and a representative director who meet the Company’s independence criteria, and the chairperson is elected by a mutual election by the independent outside directors.

○Principle 4-11: Requirements to Ensure Effectiveness of the Board of Directors and the Board of Auditors

The Company’s directors are three internal directors and four outside directors who have the knowledge, experience, and abilities to contribute to the mid- to long-term growth of the Company in a well-balanced manner as the Board of Directors as a whole. The appointed directors who are Audit & Supervisory Committee members have appropriate experience, ability, and necessary knowledge of finance, accounting, and legal affairs, and in particular, one of them has sufficient insight on finance and accounting. For the policy on the composition of the Board of Directors

and evaluation of effectiveness of the Board of Directors as a whole, please refer to Supplementary Principle 4-11-1 and 4-11-3, respectively. Currently, there is one female director in the Company, and the Board of Directors is structured in the way that enables diverse and active discussions in terms of gender, career history, and age, but we will continue to explore diversity from an international perspective considering the future progress of globalization.

○Supplementary Principle 4-11-1: Policy on the balance, diversity, and size of the Board of Directors as a whole

The Company currently has seven directors, and we believe the size is appropriate for continuing swift decision-making. The members include individuals who are well-versed in managing each business and addressing pressing challenges and outside directors, achieving a balanced composition in terms of knowledge, experience, abilities, global perspectives, career history, and age.

Two of our current four independent outside directors have experience in management in other companies. Also, there is one female director, and the Board of Directors is structured in the way that enables diverse and active board discussions in terms of gender. We intend to further enhance diversity in appointing directors. The skill matrix summarizing the expertise and experience of each director is disclosed in the Notice of the 10<sup>th</sup> Annual Meeting of Shareholders and the reference materials to the Annual Meeting of Shareholders.

○Supplementary Principle 4-11-2: Concurrent positions of directors and auditors

The Company discloses the status of concurrent positions of directors in the Notice of Annual Meeting of Shareholders and the Annual Securities Report every year. As directors are required to understand the Company's business, etc., attend the Board of Directors meetings, and secure sufficient preparation time, it is desirable that the number of concurrent positions of officers (directors, auditors, or executive officers) held in listed companies be two or less excluding the Company.

○Supplementary Principle 4-11-3: Effectiveness of the Board of Directors

The Company analyzes and assesses the effectiveness of the Board of Directors every year to further improve its functions. The summary and result of the assessment of the effectiveness of the Board of Directors are as follows.

(1) Assessment method

We conducted a survey of all directors and auditors on the effectiveness of the Board of Directors and analyzed and evaluated the effectiveness based on the survey results at the Board of Directors meeting held on June 8, 2023.

(2) Assessment items

・Structure of the Board of Directors (number, composition, expertise, diversity of members, etc.)

・Operation status of the Board of Directors meetings (number of meetings held, information provision, Q&As, supervisory function, areas for improvement, etc.)

(3) Assessment result and future responses

We confirmed that the effectiveness of the Board of Directors is appropriately secured towards the sustainable improvement of the Group's corporate value. We will strive to further improve the function of the Board of Directors using the result of this evaluation.

○Supplementary Principle 4-14-2: Disclosure of Training Policy for Directors

To enable directors to fully perform their functions, we provide directors with opportunities tailored to the specific needs of each director by using external experts and seminars so that they can acquire necessary knowledge about the Group's business, finance, and organization, etc. at the time of taking office and on an ongoing basis during their term of office.

To promote outside directors' understanding of the Group's business, characteristics of the industry, market trends, the Company's status, etc., we provide them with opportunities to provide and exchange information other than the Board of Directors meetings, such as offering lectures by the relevant employees and opportunities to attend the important internal meetings as an observer.

○Principle 5-1: Policy on Constructive Dialogue with Shareholders

For the Company's policy, system and initiatives to promote constructive dialogue with shareholders, please refer to the Company's website ("Basic Policy on IR Activities," "Disclosure Policy," "Policy on Constructive Dialogue with Shareholders, etc." and "Implementation Status of the Dialogue with Shareholders, etc.").

IR Policy: <https://www.hoosiers.co.jp/en/ir/irpolicy.html>

## 2. Capital Structure

Percentage of Foreign Shareholders	<a href="#">Update</a>	Less than 10%
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[Status of Major Shareholders] Update

Name/Company Name	Number of Shares Owned	Percentage (%)
Tetsuya Hirooka	5,060,000	14.08
DAIWA CM SINGAPORE LTD-NOMINEE HIROOKA TETSUYA (Standing proxy: Daiwa Securities Co. Ltd.)	3,862,700	10.74
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,721,600	10.35
Custody Bank of Japan, Ltd. (Trust Account)	1,659,650	4.62
Sumitomo Realty & Development Co., Ltd.	933,200	2.60
HASEKO Corporation	576,000	1.60
Yoshimune Kobayashi	505,000	1.40
TH1, Ltd.	500,000	1.39
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd.)	428,108	1.19
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing proxy: Citibank, N.A.)	401,300	1.12

Controlling Shareholder (excluding Parent Company)	-----
Parent Company	No

Supplementary Explanation

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### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market of Tokyo
Fiscal Year-End	March
Business Sector	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	500 or more and less than 1,000
Revenues (Consolidated) as of the End of the Previous Fiscal Year	10 billion yen or more and less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and less than 50

### 4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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## II Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Corporate Governance System	Company with an Audit & Supervisory Committee
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#### [Directors]

Number of Directors Stipulated in Articles of Incorporation	10
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	Chairman (excluding when Chairman is also President)
Number of Directors <span style="float: right; border: 1px solid orange; padding: 2px;">Update</span>	7
Appointment of Outside Directors	Yes
Number of Outside Directors <span style="float: right; border: 1px solid orange; padding: 2px;">Update</span>	4
Number of Independent Directors <span style="float: right; border: 1px solid orange; padding: 2px;">Update</span>	4

Outside Directors' Relationship with the Company (1) Update

Name	Attributes	Relationship with the Company (*)											
		a	b	c	d	e	f	g	h	i	j	k	
Masatoshi An	From another company												
Shoji Tsuboyama	From another company								△				
Mieko Hayakawa	Attorney												
Masatoshi Sakaki	Certified Public Accountant												

\* Categories for Relationship with the Company

\* Use "○" when the director presently falls or has recently fallen under the category; and "△" when the director fell under the category in the past

\* Use "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past

- Person who executes business of a listed company or its subsidiary
- Person who executes business or a non-executive director of listed company's parent company
- Person who executes business of listed company's fellow subsidiary
- Person/entity for which a listed company is a major customer or a person who executes business for such person/entity
- Major customer of a listed company or a person who executes business for such customer
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to directors' remuneration from a listed company
- Major shareholder of a listed company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a customer of a listed company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships (applies to self only)
- Person who executes business for an entity receiving contributions from a listed company (applies to self only)
- Others

Name	Audit & Supervisory Committee	Independent Officer	Supplementary Explanation of the Applicable Relationship	Reason for appointment
Masatoshi An		○	----	The reason for his appointment as an outside director is that he has extensive experience in corporate management and wide-ranging insight in the fields of architectural design, urban planning, and redevelopment projects. We expect that he will supervise the Company's management from an independent standpoint by providing opinions on the Company's overall management and advice based on his wide-ranging insight in the fields of quality control, urban planning, and redevelopment projects in particular.
Shoji Tsuboyama		○	----	The reason for his appointment as an outside director is that he has extensive experience and wide-ranging insight in corporate management and in the financial and securities industries. We expect that he will supervise the Company's management from an independent standpoint by providing opinions on the Company's overall management and advice on finance, accounting, and capital strategy in particular.
Mieko Hayakawa	○	○	----	The reason for her appointment as an outside director is that she has a high level of knowledge in risk management, overall corporate legal affairs, and corporate governance, which she has cultivated through her many years of experience as an attorney. We expect that she will supervise the Company's management from an independent standpoint by providing advice on risk management, personnel systems in general, and corporate governance.
Masatoshi Sakaki	○	○	----	The reason for his appointment as an outside director is that he has been engaged for many years in financial audits and support for the establishment of internal control as a certified public accountant, and has extensive experience and wide-ranging knowledge in the fields of corporate accounting, auditing, and internal control. We expect that he will supervise the Company's management from an independent standpoint by providing advice on corporate governance, risk management, and finance/accounting.

### [Audit & Supervisory Committee]

#### Committees Composition and Attributes of the Chairperson

Update

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit & Supervisory Committee	3	1	1	2	Inside Directors
Appointment of Directors and/or Employees to Support the Audit & Supervisory Committee	Not Appointed				

#### Reasons for Adoption of Current Corporate Governance System

Although there are no employees assigned to assist the duties of the Audit & Supervisory Committee, we are prepared to assign staff for the Audit & Supervisory Committee upon request. In such case, the assigned staff shall follow the instructions of the Audit & Supervisory Committee and shall not be subject to instructions of directors (excluding the directors who are Audit & Supervisory Committee members) and other employees.

## Cooperation among Audit & Supervisory Committee, Accounting Auditor, and Internal Audit Department

Upon conclusion of the 9th Annual Meeting of Shareholders held on June 24, 2022, the Company transitioned to a company with an Audit & Supervisory Committee from a Company with a Board of Auditors.

Directors who are Audit & Supervisory Committee members, who are members of the Audit & Supervisory Committee, cooperate with our independent auditor Kainan Audit Corporation when necessary by receiving explanations of the annual audit plan and reports on the result of the interim and year-end audit from the independent auditor and also exchanging opinions about the status of the audit. In addition, we take advantage of these opportunities to exchange opinions about internal control and the future audit system in compliance with the Companies Act. The Internal Audit Division cooperates with the Audit & Supervisory Committee by submitting the annual audit plan and reports on the audit activities and exchanging opinions when needed. Directors who are Audit & Supervisory Committee members and the Internal Audit Division hold meeting as needed to report the results of the internal audit of subsidiaries and exchange opinions about compliance, internal control, risk management, etc.

### [Voluntary Committee]

Whether there is any voluntary committee equivalent to the Nomination or Remuneration Committee

Yes

## Establishment of Voluntary Committees, Composition of Committee Members, Attribute of Chairman

	Name of the Committee	All Committee Members	Full-time Members	Inside Directors	Outside Directors	External Experts	Other	Committee Chair
Voluntary committee equivalent to Nomination Committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside Directors
Voluntary committee equivalent to Remuneration Committee	Nomination and Remuneration Advisory Committee	3	0	1	2	0	0	Outside Directors

## Supplementary Explanation

The Company has established the voluntary "Nomination and Remuneration Advisory Committee" as an advisory body to the Board of Directors with an aim to further enhance corporate governance through enhancement of independence and objectivity of the Board of Directors' functions related to nomination and remuneration, etc. of directors.

### [Matters Concerning Independent Officers]

Number of Independent Officers

Update

4

## Other Matters Concerning Independent Officers

The Company designates all outside directors who satisfy the criteria for independent officers as independent officers. Outside directors are considered to be independent if they do not fall under any of the independence criteria specified by the Financial Instruments Exchange as well as the following items.

- An executive person of the Company and its subsidiaries and affiliates (collectively, "the Group") \*Note 1
- A major business partner of the Group or its executive person \*Note 2
- An entity to whom the Group is a major business partner or its executive person \*Note 3
- A major lender of the Group or its executive person \*Note 4
- A person who belongs to a firm which is the Group's independent auditor



- (f) An attorney, certified public accountant, tax accountant or consultant, etc. who receives a large amount of money or other property from the Group in addition to directors' remuneration\*Note 5
- (g) An entity who receives a large amount of donations from the Group, or its executive person \*Note 6
- (h) A major shareholder of the Group or its executive person \*Note 7
- (i) A close relative of the person falling under (a) through (h) above \*Note 8
- (j) A person who fell under (a) through (i) above in the last three years

(Note)

1. "An executive person" refers to an executive director, corporate officer, executive officer or other employee, etc.
2. "A major business partner of the Group" refers to an entity that makes payments to the Group amounting to higher than 2% of the Group's consolidated net sales in the most recent fiscal year.
3. "An entity to whom the Group is a major business partner" refers to an entity that receives payments from the Group amounting to higher than 2% of the entity's consolidated net sales in the most recent fiscal year.
4. "A major lender" refers to an entity that extends loans to the Group amounting to higher than 2% of the Group's consolidated total assets in the most recent fiscal year.
5. "A large amount of money or other property" refers to payments in excess of ¥10 million in a single year.
6. "A large amount of donations" refers to donations in excess of ¥10 million in a single year.
7. "A major shareholder" refers to a shareholder who owns 10% or more of the total number of issued shares in the most recent fiscal year.
8. "A close relative" refers to a second-degree relative.

## [Incentives]

Implementation Status of Measures Related to Incentives Granted to Directors

Introduction of performance-linked remuneration plan

Update

Supplementary Explanation for Applicable Items

The remuneration of the Company's directors (excluding those who are Audit & Supervisory Committee members and outsider directors) consists of base remuneration, annual performance bonus which serves as a short-term incentive and stock-based remuneration (Board Benefit Trust) which is mid- to long-term incentive remuneration, in order to function as incentives for mid- to long-term as well as short-term performance and sustainability and also from the perspective of sharing interests with shareholders. Please refer to II. 1 【Directors' Remuneration】 of this Report for more information.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

## [Remuneration of Directors]

Status of Disclosure of Individual Directors' Remuneration

No disclosure for any directors

Update

Supplementary Explanation for Applicable Items

Individual directors' remuneration is not disclosed.

The aggregate amount of remuneration by officer category and by type of remuneration, etc. and the number of eligible officers are disclosed in the Annual Securities Report.

Policy on Determining the Amount of Remuneration and the Calculation Methods Thereof

Update

Established

Supplementary Explanation for Applicable Items

(1) Basic policy on the directors' remuneration plan

The Group presents the following basic policy on the directors' remuneration plan that allows directors to contribute to the realization of sustainable growth and enhancement of corporate value over the mid- to long-term and enables directors to take on the challenges of future growth of the Company while sharing values with stakeholders.

- 1 Levels that can secure and maintain the necessary human resources to improve corporate value
- 2 Contribute to sharing profit awareness with shareholders and management with an emphasis on shareholders
- 3 Strongly linked to mid- to long-term performance improvement
- 4 A remuneration decision process that is rational, fair, and transparent

(2) View on the remuneration levels

The Group is engaged in (i) real estate development business, (ii) CCRC business, (iii) real estate investment business, (iv) condominium management and related services business, and (v) other businesses to take on the challenges of future growth. The Company establishes appropriate remuneration levels to secure and maintain necessary human resources to further improve corporate value and contribute to solving social issues through our businesses by speeding up decision-making and improving management efficiency by strengthening group governance. Specifically, we conduct a comparison by setting directors' remuneration levels of similar industries (condominium development, real estate investment, etc.) as benchmarks utilizing an external remuneration consultant.

(3) View on the remuneration structure

The remuneration of the Company's directors (excluding Audit & Supervisory Committee members and outside directors) is comprised of fixed monthly base remuneration, annual performance bonus as short-term incentive remuneration, and stock-based remuneration as mid- to long-term incentive remuneration (Board Benefit Trust)\*1. Taking into account the corporate scale and business characteristics of the Group, annual performance bonus and stock-based remuneration account for approximately 20% and 10% of the total remuneration, respectively\*2. The remuneration of Audit & Supervisory Committee members (excluding outside directors) and outside directors shall consist only of base remuneration to appropriately supervise executive persons.

\*1 This plan is a performance-linked stock-based remuneration system wherein the Company contributes money to a trust, and the trust acquires the shares of the Company using the money as a source of funds. The Company and its eligible subsidiaries provide directors of the Company, etc. through the trust with the Company's shares and an amount of money equivalent to the market value of the Company's shares ("the Company's Shares, etc.") according to the performance achievement rate, etc. in accordance with the Share Delivery Regulations regarding the directors' remuneration.

\*2 The above composition ratios are percentages when a variable remuneration of 100% of the standard amount set by the Company is paid.

■Basic structure of directors' remuneration

	Fixed remuneration Base remuneration (money)	Variable remuneration (short-term) Annual performance bonus(money)	Variable remuneration (mid- to long-term) Performance-linked stock-based remuneration (shares/money in part)
Directors (excluding Audit & Supervisory Committee members and outside directors)	70%	20%	10%
Audit & Supervisory Committee members (excluding outside directors)	100%	-	-
Outside directors	100%	-	-

■Evaluation criteria

1) Annual performance bonus: "Growth rate in consolidated operating income," "Financial soundness," and "Group ESG initiatives" are evaluated to provide incentives for performance and sustainability over the mid- to long-term as well as the short term. The evaluation ratio and target value for each assessed item shall be decided by the Board of Directors every year after deliberation by the Nomination and Remuneration Advisory Committee.

2) Stock-based remuneration: From the perspective of shared interests with shareholders, performance indicators in the Medium-Term Management Plan are set as the base. The "Consolidated ordinary income" target disclosed in the Medium-Term Management Plan and the "ROE" target specified in the business plan are assessed at ratios of 50% each, with the performance-linked coefficient range between 0 to 2. (Set at 2 if the target achievement rate is 120% or higher and at 0 if less than 80%)

Target achievement rate*	Performance-linked coefficient
120% or higher	2
80% or higher but less than 120%	(Achievement rate-80%)×5
Less than 80%	0

Indicator	Target value	Evaluation ratio
Consolidated ordinary income	Value for each year disclosed in the Medium-Term Management Plan	50%
ROE	Value for business performance forecasts set in the Medium-Term Management Plan and announced at the beginning of each fiscal year	50%

\*Target achievement rate: Performance achievement rate of consolidated ordinary income x evaluation ratio + performance achievement rate of ROE x evaluation ratio

(4) Remuneration decision process

The Company has established the voluntary Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors for the purpose of strengthening the independence and objectivity of the functions of the Board of Directors regarding the nomination and remuneration, etc. of directors and to further enhance corporate governance. The remuneration of directors is decided by the Board of Directors based on the report from the Nomination and Remuneration Advisory Committee.

With respect to the directors' remuneration for the fiscal year ending March 31, 2024, the policy and the directors' remuneration were deliberated by the Nomination and Remuneration Advisory Committee on May 30, 2023 and resolved by the Board of Directors on June 23, 2023.

During the fiscal year ended March 31, 2023, the Nomination and Remuneration Advisory Committee meetings were held three times, at which the members deliberated on officer system and directors' remuneration for the fiscal year ending March 31, 2024 (decision on the payment of annual performance bonus and performance-linked stock-based remuneration for the fiscal year ended March 31, 2024 and decision on base remuneration for the fiscal year ending March 31, 2024).

(5) Engagement policy

The content of the Company's directors' remuneration plan is promptly disclosed to the Company's shareholders through means such as the Annual Securities Report, Business Report, Corporate Governance Report, Sustainability Report, and the Company's website, prepared and disclosed in accordance with applicable laws and regulations.

**[Support System for Outside Directors]**

Currently, there is no employee assigned to assist outside directors, but we have a policy to assign them as necessary.

**2. Matters Concerning Functions of Business Execution, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System) Update**

a. Board of Directors

The Board of Directors consists of seven directors (including four outside directors). It holds a regular meeting once a month and extraordinary meetings in a flexible manner as needed to decide the Company's important business management matters as a decision-making body. Furthermore, outside directors are invited to enhance supervisory functions of the Board of Directors and achieve fair and highly transparent management.

b. Audit & Supervisory Committee

The Audit & Supervisory Committee consists of three directors who are Audit & Supervisory Committee members (including two outside directors).

It holds a regular meeting on a monthly basis to confirm the operation status of the Board of Directors and the status of execution of duties by directors.

c. Group Management Committee meetings

To ensure efficient execution of duties by directors, the Company and its subsidiaries hold the Group Management Committee meetings regularly, where basic matters regarding business execution are reported and decisions on important matters related to business execution are made in a flexible manner.

d. Compliance/Risk Control Committee

To ensure thorough risk management and compliance with laws and regulations and the Articles of Incorporation in the entire Group, the Company holds the Compliance/Risk Control Committee meetings regularly and receives reports from division managers on respective business to understand issues and implement necessary measures.

e. Sustainability Committee

To promote the sustainability strategy, the Company holds the Sustainability Committee regularly and receives reports from division managers on the progress of sustainability initiatives to review the progress, discuss the implementation policy, and monitor the initiatives.

f. Nomination and Remuneration Advisory Committee

The Company has established the voluntary "Nomination and Remuneration Advisory Committee" as an advisory body to the Board of Directors with an aim to further enhance corporate governance through enhancement of independence and objectivity of the Board of Directors' functions related to nomination and remuneration, etc. of directors.

**3. Reasons for Adoption of Current Corporate Governance System Update**

The Company positions establishment of a corporate governance system and implementation of necessary measures as one of the most important management issues. The Company has adopted the current system as the functions to supervise and audit business execution are adequately executed by four outside directors (including two outside directors who are Audit & Supervisory Committee members), ensuring management and control of the transparent corporate management.

**III Implementation of Measures for Shareholders and Other Stakeholders**

**1. Measures to Vitalize the Annual Meeting of Shareholders and Facilitate Exercise of Voting Rights**

	Supplementary Explanation
Early Notice of Annual Meeting of Shareholders	The Company sends out the notice before the statutory deadline (two weeks before the meeting).
Scheduling of Annual Meeting of Shareholders During Non-Peak Days	The Company holds general meetings of shareholders by avoiding scheduling conflicts with other shareholders meetings to allow as many shareholders as possible to attend.

Electronic Exercise of Voting Rights	Shareholders may exercise their voting rights by electromagnetic means.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company participates in a platform for the electronic exercise of voting rights operated by ICJ, Inc. to improve the environment for exercise of voting rights by institutional investors.
Provision of Convocation Notice (summary) in English	The Company provides an English translation of the convocation notice in the narrow sense and reference materials.
Other	The convocation notice is posted on the Company's website and on stock exchanges and a platform for the electronic exercise of voting rights via TDnet.

## 2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	<p>The Company's disclosure policy is as follows.</p> <ol style="list-style-type: none"> <li>1. Basic Policy The Company complies with the "Hoosiers Group Action Guidelines," which stipulate provisions to disclose corporate information to shareholders and investors in a timely and appropriate manner in accordance with relevant laws and regulations, in an effort to help them understand the Company's management strategy and financial condition, etc.</li> <li>2. Information disclosure standards The Company conducts disclosure activities in accordance with the Companies Act, the Financial Instruments and Exchange Act and all other relevant laws and regulations as well as rules concerning timely disclosure of corporate information as stipulated by the "Securities Listing Regulations" of Tokyo Stock Exchange ("Timely Disclosure Rules"). The Company also actively discloses information that it believes to be useful in fostering understanding of the Company to the extent possible even where the Timely Disclosure Rules do not apply.</li> <li>3. Information disclosure method The Company promptly posts information, etc. subject to the Timely Disclosure Rules on the Company's website following the disclosure through TDnet (Timely Disclosure Network). The Company also discloses disclosure documents, including Annual Securities Report and Quarterly Securities Report, via EDINET (Electronic Disclosure for Investors' NETWORK) operated by the Financial Services Agency.</li> <li>4. Quiet period In order to ensure fairness to all stakeholders, the Company has defined a quiet period beginning from the day after the end of each quarter through to the announcement of financial results for the quarter. During this period, the Company refrains from responding to questions or making comments on its financial/earnings forecasts. If, however, the earnings forecasts are expected to significantly change during the quiet period, the Company will announce them in accordance with the Timely Disclosure Rules. The Company also responds, even during the quiet period, to questions, etc. regarding the already published information.</li> </ol>	

Regular Investor Briefings Held for Individual Investors	We hold several briefing sessions for individual investors in the Tokyo metropolitan area and major cities throughout Japan.	No
Regular Investor Briefings Held for Analysts and Institutional Investors	We hold briefing sessions several times for analysts and institutional investors.	Yes
Posting of IR Materials on Website	We have an IR information page in the Company's website, and the latest information is always available in "IR News," etc. Consolidated Earnings Announcement, Explanatory Materials on Financial Results, etc. are available in "IR Library."	
Establishment of Department and/or Placement of a Manager in Charge of IR	Business Planning Section is in charge of IR.	

### 3. Status of Measures to Ensure Due Respect for Stakeholders

Update

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	"Hoosiers Group Charter of Corporate Behavior" stipulates that the Group shall maintain fair and equal as well as transparent relationship with all stakeholders in all aspects of corporate activities and conduct fair transactions.
Implementation of Environmental Protection Activities and CSR Activities, etc.	The Company established the Sustainability Committee in December 2021 towards the realization of sustainable society and is promoting the ESG management throughout the entire Group. For example, we develop eco-friendly real estate including ZEH and purchase green energy as part of our environmental conservation activities. Our CSR activities include conservation and management of "Nagae Family Residence," a tangible cultural property designated by Kyoto City and supporting and volunteering in "Tour de Iwaki." Please refer to the Company's website and the Sustainability Report for more information.  <a href="https://www.hoosiers.co.jp/en/csr/">https://www.hoosiers.co.jp/en/csr/</a> <a href="https://www.hoosiers.co.jp/files/csr/sustainability_report_2022.pdf">https://www.hoosiers.co.jp/files/csr/sustainability_report_2022.pdf</a> (Japanese version only)
Formulation of Policies, etc. on Provision of Information to Stakeholders	We disclose to shareholders and investors the corporate information including the Company's management and business activity status as well as those submitted to the government in a timely and appropriate manner in accordance with relevant laws and regulations. We provide corporate information by ensuring its accuracy and considering the need to maintain confidentiality in a timely, appropriate, and fair manner.

## IV Matters Concerning the Internal Control System

### 1. Basic Principles on Internal Control System and Status of Development

#### a. System to ensure efficient execution of duties by directors of the Company and its subsidiaries

The Company and its subsidiaries with the Board of Directors hold a monthly Board of Directors meeting to decide matters stipulated by laws and regulations and important management issues. In addition, with an aim to ensure efficient execution of duties by the directors, the Company and its subsidiaries also hold Group Management Committee meetings on a regular basis to receive reports on basic matters related to business execution and make flexible decisions on important matters related to business execution.

For the execution of duties by directors of the Company and its subsidiaries, we develop company-wide targets, including the Medium-Term Management Plan and annual budget, taking into consideration future business environment, and each division develops and carries out specific measures to achieve these targets.

#### b. System to ensure that execution of duties by directors and employees of the Company and its subsidiaries complies with laws and regulations and the Articles of Incorporation

The Company and its subsidiaries have the Compliance/Risk Management Rules to ensure that execution of duties by directors and employees complies with laws and regulations and the Articles of Incorporation.

The Compliance/Risk Control Committee, chaired by the President and Representative Director, Executive Officer of the Company and comprised of directors and our subsidiaries' presidents, etc. holds meetings regularly and receives reports from division managers on respective businesses to understand issues and implement necessary measures. We also have the Whistleblower Rules and ensure any violation or

potential violation by directors and employees of laws and regulations and the Articles of Incorporation will be reported to the whistleblower office. In addition, we have developed the Hoosiers Group Action Guidelines to ensure compliance with laws and regulations, etc. by directors and employees of the Company and its subsidiaries.

c. Rules and other systems to manage potential risk of loss in the Company and its subsidiaries

We have the Compliance/Risk Management Rules to manage risks, etc. of loss in the Company and its subsidiaries. The Compliance/Risk Control Committee holds meetings regularly and receives reports from division managers on respective risks, etc. of loss to understand issues and implement necessary measures.

We also have the Internal Audit Rules and the internal audit division, which directly reports to the President and Representative Director, Executive Officer and is responsible for internal audit work, to perform internal audit on a regular basis. In case any risk of loss is identified by an internal audit, its nature and the extent, etc. of potential loss will be reported to the President and Representative Director, Executive Officer immediately, who then gives directions to each division to take necessary measures.

Under the direction of the officer in charge of compliance and risk management, the legal division mainly takes charge of identifying significant cross-organizational risks within the Group, and countermeasures against the risk of loss are implemented based on the deliberation at the Compliance/Risk Control Committee chaired by the President and Representative Director, Executive Officer.

d. System to store and manage information on execution of duties by directors of the Company and its subsidiaries

The information and documents on execution of duties by directors of the Company and its subsidiaries are properly stored and managed (including disposition) in accordance with the Document Management Rules, the Information Security Management Rules, and other relevant management manuals, etc.

e. System to ensure proper operations of the Hoosiers Group composed of the Company and its subsidiaries

In the Hoosiers Group which is composed of the Company and its subsidiaries, directors and employees of the Company and its subsidiaries ensure proper operations by following the Hoosiers Group Action Guidelines. Also, the Group Management Committee and the Compliance/Risk Control Committee receive reports from division managers on respective business and give instructions as needed to ensure proper operations.

f. System regarding design and operation of internal control over financial reporting

To ensure reliable financial reporting of the Company and its subsidiaries and effective and proper filing of the internal control report required by the Financial Instruments and Exchange Act, we have in place an internal control system for financial reporting and a system to operate it under the direction of the President and Representative Director, Executive Officer.

The Board of Directors is responsible for supervising the design and operation of internal control system for financial reporting and monitors the status of design and operation.

g. Matters concerning employees assigned to assist the duties of the Audit & Supervisory Committee and matters concerning ensuring of effectiveness of instructions to such employees in case the Audit & Supervisory Committee makes a request for such assignment

Although there are no employees assigned to assist the duties of the Audit & Supervisory Committee, we are prepared to assign staff for the Audit & Supervisory Committee upon request. In such case, the assigned staff shall follow the instructions of the Audit & Supervisory Committee and shall not be subject to instructions of directors (excluding the directors who are Audit & Supervisory Committee members and other employees).

h. System for reporting to the Company's Audit & Supervisory Committee from directors and employees of the Company and its subsidiaries or those who received reports from them and auditors of our subsidiaries

Directors and employees of the Company and its subsidiaries or those who received reports from them and the auditors of our subsidiaries shall immediately report to the Company's Audit & Supervisory Committee when they find any facts that may cause substantial damages to the Company and its subsidiaries and when the Audit & Supervisory Committee request a report.

i. System to ensure that persons who made a report to the Audit & Supervisory Committee will not receive unfair treatment because of such report

The Company prohibits any unfair treatment to directors and employees of the Company and its subsidiaries who made a report to the Audit & Supervisory Committee because of such report and ensures that directors and employees of the Company and its subsidiaries are aware of it.

j. Matters concerning procedures to prepay or reimburse expenses arising from execution of duties by the directors who are Audit & Supervisory Committee members and a policy for treatment of expenses or obligations arising from execution of other duties

When the directors who are Audit & Supervisory Committee members request for prepayment or reimbursement of expenses arising from execution of their duties, the Company shall pay these expenses or settle obligations promptly unless they are considered unnecessary for execution of duties by the directors who are Audit & Supervisory Committee members.

k. Other systems to ensure effective performance of audit by the Audit & Supervisory Committee

The directors who are Audit & Supervisory Committee members perform audit for legality and appropriateness of business execution by attending important meetings such as the Board of Directors meetings and the Group Management Committee to understand the important decision-making process and the business execution status, as well as reviewing important approval documents and important documents related to business execution and seeking explanations on them from directors or employees as needed. They also monitor the internal control of the Company in coordination with the internal audit division and accounting auditor, as well as identify issues and make recommendation for improvement on a daily basis to make the audit function more effective and appropriate. In addition, we also secure routes allowing the internal audit division which directly reports to the President and Representative Director, Executive Officer to directly report to the Audit & Supervisory Committee as well as the Board of Directors.

## 2. Basic Principles on Elimination of Antisocial Forces and Status of Development

The Company has set a policy to take a firm attitude to antisocial forces in the "Hoosiers Group Action Guidelines" and ensures that the Group's directors and employees are aware of it.

In terms of the internal system, with the legal division as the responsible division, we have thoroughly implemented measures to eliminate antisocial forces by including "clauses for the elimination of antisocial forces" in all contracts or requesting business partners, etc. to submit a "written confirmation."

In case of an incident such as undue claims from antisocial forces, we set up a system to deal with it in cooperation with lawyers, competent police station, and other relevant agencies and also collect information.

## V Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
Supplementary Explanation for Applicable Items	

### 2. Other Matters Concerning the Corporate Governance System, etc.

#### 1. Basic policy on timely disclosure

We will strive to disclose information to shareholders in a timely and appropriate manner in accordance with the Company's "Disclosure Policy" under the supervision of Chief Information Officer (Head of Business Planning Section in Administrative Division).

Please refer to the URL below for details of the disclosure policy.

<https://www.hoosiers.co.jp/en/ir/irpolicy.html>

#### 2. Internal system for timely disclosure

The Company discloses information under the following system with the Business Planning Management Division as the responsible department for the timely disclosure.

Under the direction of Chief Information Officer, the Business Planning Management Division, Finance/Accounting Division, and Legal Division collaborate and promptly collect information on material facts defined by the Timely Disclosure Rules such as decisions, occurrences, and financial results by attending the Group Management Committee and the Compliance/Risk Control Committee and by maintaining close communication with the personnel in charge in relevant divisions including subsidiaries. All collected corporate information is reported to Chief Information Officer.

When it is necessary to assess whether timely disclosure is required under the Timely Disclosure Rules, the Business Planning Management Division, Finance/Accounting Division, and Legal Division discuss and determine the need for disclosure under the direction of Chief Information Officer.

When items required to be disclosed under the Timely Disclosure Rules are included in the agenda of the Board of Directors meeting, the items will be disclosed immediately upon decision and approval at the meeting as Chief Information Officer attends the meeting as a member.

The Business Planning Management Division carries out the work for timely disclosure of the corporate information determined necessary or appropriate to be disclosed. The Company strives to realize prompt and fair information disclosure in compliance with the "Fair Disclosure Rule" stipulated by the Financial Instruments and Exchange Act.





