Corporate Governance Report

Last Update: June 28, 2024

Japan Lifeline Co., Ltd.
President and CEO Keisuke Suzuki
Contact: Corporate Planning Division
Tel 03-6711-5214
Securities Code: 7575
https://www.japanlifeline.com/

The corporate governance of Japan Lifeline Co., Ltd. (hereafter "We", "Japan Lifeline" or "the Company") is described below. In the report, the Nomination and Remuneration Advisory Committee and the Audit and Supervisory Committee are abbreviated as "the NRA Committee" and "the AS Committee", respectively.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

Our management philosophy is to contribute to the realization of a healthy society through the latest and optimal medical device technologies. As a company that deals in medical equipment, this management philosophy expresses our desire to provide patients and medical professionals with superior medical devices and to enhance the corporate value by fulfilling our social role of realizing a healthy society. To meet the expectations and demands of the various stakeholders surrounding us, we believe that implementing initiatives for corporate sustainability will strengthen the foundation that enables sustainable growth over the medium-to long-term. In particular, we believe that securing effective functioning of corporate governance is key to the corporate sustainability. With efforts to strengthen our governance system, we will ensure the transparency and objectivity of management and build a management system that can respond quickly and accurately to changes in the business environment.

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

We are following all the principles of the corporate governance code.

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

[Principle 1-4]
In respect to investment securities the purpose of which is other than pure investment, our shareholding policy is as follows. Primarily it should help strengthen the expertise to which we cannot easily have access. Secondly, it should help us with the smooth execution and development of our businesses by building and strengthening relationships with business partners. For each individual shareholding case, the Investment Committee will regularly monitor and deliberate on the evaluation and continuation of the investment projects. The Board of Directors will examine annually the ongoing projects by confirming the merits of shareholding in terms of the Company's medium- to long-term business strategy, based on the outlook of

the relationships with the invested companies. If we think any shareholding is not right at the Board of Directors meeting discussion, we will sell such shares from time to time to reduce the holdings. With regards to the exercise of voting rights, we will decide whether to vote or not to vote after comprehensively considering the purpose of holding the voting rights mentioned above and the possibility of impairing the corporate value of such business partners.

[Principle 1-7]
We do transactions with related parties, such as directors and major shareholders, upon the approval of the Board of Directors. We also do a questionnaire-survey on related-party transactions with all the directors to confirm the existence of such transactions.

[Principle 2-4 (1)]
We believe that it is important to reflect diverse values in the management to enhance corporate value over the medium-to long-term. When appointing employees to management positions, we evaluate and decide based on their experience and abilities, regardless of gender, nationality, new graduates or mid-career hires.

The percentage of women in management positions in our group was 4.5%. We will continue to increase the percentage of women in our workforce by creating an environment in which women can work comfortably. We aim to achieve a 15% ratio of women in management positions by 2030 by promoting initiatives related to the promotion of women's activities. Regarding the percentage of non-Japanese employees in management positions and the percentage of mid-career hires were 1.5% and 90.0% respectively. Many employees with different background and experiences play central roles in our group. Currently, we have yet to set a specific target on the number of non-Japanese employees or mid-career hires but we will in the future as necessary.
(Note: Figures are as of March 2024)

[Principle 2-6]
Since we have introduced a defined contribution pension plan, we are not involved in the management of corporate pension as asset owners. However, we provide newly registered employees with opportunities to learn about asset management.

[Principle 3-1]
(i) Management Philosophy, Strategy, and Plan
We have posted our management philosophy on the corporate website.

About Japan Lifeline: https://www.japanlifeline.com/the/

We have described our management plan in IR presentation materials for institutional investors and posted them in the IR section of our website.

IR: https://www.japanlifeline.com/investors/

(ii) Basic Concept and Policy on Corporate Governance
We have described our basic policies on corporate governance in this report and in the "Status of Corporate Governance" section of the annual securities report (available only in Japanese).

(iii) Policies and Procedures for Determining Directors' Remuneration
We have stated our policies and procedures for determining directors' remuneration in II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management, 1. Organizational Composition and Operation, [Incentives] and [Director Remuneration] in this report.

(iv) Policies and Procedures for the Election and Dismissal of Senior Management and Nomination of Candidates for Directors

In nominating candidates for directors, the NRA Committee deliberates based on the following selection criteria, and the Board of Directors makes decisions after receiving a report from the NRA Committee. In nominating candidates for directors who are members of the AS Committee, the Board of Directors resolves after obtaining a prior consent of the AS Committee. If we find any of the following criteria for dismissal can apply during the subject director's term of office, the NRA Committee should deliberate on the matter and, upon receiving a report from the AS Committee, the Board of Directors will decide to start the dismissal procedure.

Appointment criteria

The candidate should

- Have excellent character and insight, as well as a high sense of ethics
- Be able to make appropriate decisions regarding overall management
- Be able to analyze and make decisions objectively from a company-wide perspective;
- Have excellent foresight, insight and leadership
- Have the knowledge, experience and expertise necessary for auditing (AS Committee members)

As for the succession plan for the CEO, the current President and CEO is discussing and deliberating with the members of the NRA Committee. In addition, the President and CEO takes the initiative in nurturing candidates for successors by providing them with opportunities to accumulate knowledge and experience through personnel changes and assigning them issues of high managerial importance. The NRA Committee will monitor the progress. Furthermore, the NRA Committee confirms the development status of the successor candidates by conducting a multifaceted evaluation on the annual basis.

Dismissal Criteria

Any candidate is subject to dismissal if

- He/she does material unlawful acts (against laws or the Articles of Incorporation)
- He/she deviates from the selection criteria significantly
- Other reasons than the above two arise that make it difficult for him/her to perform duties properly.

(v) Explanation of Individual Elections and Dismissals When Selecting and Removing Management Executives and Nominating Candidates for Directors

We have stated the reason for the election of directors in the reference document for the General Meeting of Shareholders at the time of the proposal for election. Please see the following page on our website for more details.

https://www.japanlifeline.com/investors/library_3.html

[Supplementary Principle 3-1 (3)]

(i) Initiatives to Promote Sustainability at the Company

Our management philosophy is "to contribute to the realization of a healthy society through the latest and optimal medical device technologies". We will work to solve social/healthcare issues through our business. Based on the idea that it is essential to meet the expectations and demands of our various stakeholders, we promote sustainability-related initiatives to achieve a sustainable goal over the medium- to long- term. We disclose our sustainability policy, promotion system, and initiatives in the sustainability section of our website.

Sustainability: https://www.japanlifeline.com/sustainability/

(ii) Investment in Human Capital and Intellectual Property

We believe that human capital is key to our management. The following are what we think important issues regarding human capital.

- Creating a workplace where employees can work with peace of mind
- Developing human resources and provide opportunities for employees to play an active role.

In addition, in the mid-term management plan, we have set the further expansion of in-house products as a priority issue, and we are working to strengthen our intellectual property based on our business strategy, as well as to promote digital transformation (DX) through the renewal of our core operational system. Please see the sustainability section of our website for more details.

(iii) The impact of climate change-related risks and opportunities on our business activities and earnings. We recognize the reduction of our environmental burden as one of the key issues of ours. We believe that climate change is one of the most important risks or opportunities that have much to do with our business continuity and its sustainable growth. On the sustainability section of our website, we disclose our climate change initiatives following the framework of TCFD (Task Force on Climate-related Financial Disclosures).

[Supplementary Principle 4-1 (1)]
The Board of Directors supervises important decision-making and execution of operations by directors as stipulated in laws and regulations, and other matters are delegated to management. Each director makes decisions on the execution of individual business operations following the provisions of Divisions of Duties Regulations and Administrative Authority Regulations.

[Principle 4-9]
In appointing outside directors, we have established our own criteria, which follow the independence criteria stipulated by the Tokyo Stock Exchange, for determining the independence as below. We appoint independent outside directors after confirming they can perform their duties as outside directors from an independent standpoint meeting these standards.

Criteria for Determining the Independence of Outside Directors

We judge outside directors are independent with no risk of conflicts of interest with general shareholders if they do not fall under any of the following items.

1. Persons who have been executive directors, executive officers, or other employees. (hereinafter referred to as "Business Executors") of the Company or its subsidiaries (hereinafter referred to as "the JLL Group") at present or in the past 10 years
2. Persons or any company's Business Executors who have the JLL Group as a major business partner with the amount of transactions with the JLL Group in the most recent fiscal year more than two percent or more of such persons' or Business Executors' consolidated net sales
3. Major business partners of the JLL Group or their Business Executors with the amount of transactions with such business partners in the most recent fiscal year more than two percent or more of the JLL Group's consolidated net sales
4. Major lenders or their Business Executors to the JLL Group with the amount of the JLL Group's borrowings from such lenders exceeding two percent of the JLL's consolidated gross asset
5. Consultants, accounting experts, or legal experts who receive a large amount of money* or other property from the JLL Group other than remuneration for their services as directors (if the person receiving such property is a corporation, the person belonging to such corporation.) (Note: the amount is judged as large if the amount of money or other assets exceeds, on average, 10 million yen per year for an individual, or two percent of the consolidated net sales of a corporation for the past three fiscal years)
6. A person or Business Executors of a corporation who hold 10 percent or more of the total voting rights of the Company
7. Business Executors of companies that have directors (whether full-time or part-time) from the JLL Group
8. Persons or any organization's Business Executors that have received donations or grants from the JLL Group more than 10 million yen per year in the most recent fiscal year.
9. The accounting auditor of the JLL Group or a person belonging to an auditing firm that is the accounting auditor of the JLL Group
10. Those who have fallen under any of 2 to 9 in the last one year

11. Close relative (spouse or relative within the second degree) of a person who falls under any of 1 through 9 (limited to a person in an important position such as directors other than outside directors, executive officers, or officers with equivalent authority)

[Supplementary Principle 4-10 (1)]
The Company's Board of Directors currently consists of 16 directors (including four AS Committee members), six of whom are outside directors. We have established a voluntary NRA Committee as an advisory body to the Board of Directors. To ensure objectivity and transparency in procedures related to the nomination and remuneration of directors and AS Committee members, the highly independent Committee deliberates on the criteria for the election and dismissal of Directors and AS Committee members, the remuneration system, and other matters. For the purpose of increasing the independence of the AS Committee, the AS Committee now consists of five members, including three independent outside directors. One of the independent outside directors presides in the chair of the AS Committee.

[Supplementary Principle 4-11 (1)]
The Company's Board of Directors is composed of a maximum of 15 members (excluding those who are AS Committee members) and five directors who are members of the AS Committee as set forth in the Articles of Incorporation, and the number of members who can engage in substantive discussions and swift decision-making considering the nature and size of the business. We will also ensure the diversity of its members, including gender, age, and internationality. As for appointment of internal directors, we select candidates who have expertise and experience in different areas of business. As for outside directors (including those who are AS Committee members), we select candidates who have knowledge and experience as managers or specialists in legal, accounting, tax, and other matters, and are capable of auditing and supervising from an independent standpoint and thus advising the Board of Directors. We have disclosed a skills matrix listing the main knowledge, experience, and abilities possessed by each director in the reference materials for the General Meeting of Shareholders.

The 44th General Shareholders' Meeting reference material
https://pdf.irpocket.com/C7575/BbNL/XPjW/ZEVV.pdf

[Supplementary Principle 4-11 (2)]
When appointing outside directors, we confirm in advance whether they can devote enough time and effort for the Company, including attendance at the Board of Directors' meetings. We disclose each director's concurrent positions in the annual business report and the annual securities report.

[Supplementary Principle 4-11 (3)]
To further enhance the effectiveness of the Board of Directors, we analyze and evaluate the effectiveness of the entire Board of Directors every year and disclose an overview of the results.

Evaluation for the fiscal year ended March 31, 2024 included questionnaires to all directors, and analysis and evaluation of the effectiveness of the Board of Directors based on the opinions of outside consultants. As a result, we have confirmed that the board is properly managed and effective. We will continue to make efforts to improve the effectiveness of the Board of Directors.
A summary of the analysis and evaluation results for the fiscal year ending March 31, 2024 is as follows.

Major items of the self-evaluation questionnaire
1. Composition and operation of the Board of Directors
2. Management strategy and business strategy
3. Corporate ethics and risk management
4. Evaluation on business performance and evaluation on each member's performance and their Remuneration
5. Dialogue with shareholders, .

Outline of the analysis and evaluation results

We have confirmed that the Board of Directors as a whole is appropriately fulfilling its roles and functions in all evaluation items after discussions on the analysis of the self-evaluation questionnaire at the Board of Directors meeting. With regard to each of the evaluation items, the evaluation of the use of key management indicators improved significantly, which we analyzed as an indication of the effects of clearly setting five numerical targets and managing progress toward them in the medium-term plan announced in May 2023. In addition, as in the previous year, the Nomination and Compensation Advisory Committee continued to receive high ratings for its roles and responsibilities and for sharing the status of deliberations, confirming that the committee is playing a role in the sound supervisory function that the Board of Directors should fulfill. On the other hand, we shared that further enhancement of executive training (providing ongoing training opportunities upon appointment as directors and thereafter) remains an issue to be addressed in order to further improve the effectiveness of the Board of Directors.

We will continue its regular analysis and evaluation of the Board of Directors and further improve its effectiveness for the medium to long-term growth.

[Supplementary Principle 4-14 (2)]
Directors must attend outside training sessions at the time of their appointment to better understand the roles and responsibilities as directors. We will conduct trainings for all directors once a year. In addition, when each director attends the training, the Company should bear the cost.

[Principle 5-1]
We promote constructive dialogue with shareholders based on the following policies.
(i) The Corporate Planning Division serves as the contact point for shareholders and investors, and the director in charge of IR meets with shareholders or investors. If shareholders or investors request a meeting with a person other than the director in charge of IR, we will accommodate their request to the extent possible.
(ii) Under the direction of the director in charge of IR, the Corporate Planning Division takes the central role in taking investor related initiatives, cooperating with the General Affairs Division and the Finance & Accounting Division from time to time.
(iii) We hold conference calls or online financial briefing sessions on the quarterly basis for institutional investors for them to deepen the understanding of the Company. Our recent updates include video materials and Q&A session transcripts on the website.
(iv) We report any opinions or concerns gained through dialogue with shareholders or investors to the President and the Board of Directors. Depending on the content of the report, we also report to important internal conferences where senior management members participate.
(v) We manage any insider information following the Regulations Governing the Management of Internal Information and do not disclose it to shareholders or investors in dialogue. In addition, to prevent any leakage of accounting information and ensure fairness for investors, we define a silent period starting from the next day of the closing date to the date of disclosure, during which we do not speak of latest financials or important information or whatsoever.

[Dialogue with Shareholders and Investors]
The status of implementation for FYE March 2024 is as follows.
1. Main persons involved in dialogue with shareholders
   Financial results briefings (4 times): President, Senior Executive Vice President, Director in charge of IR
   Conferences sponsored by securities company (1 time), individual meetings (72 times): Director in charge of IR, IR Department
2. Summary of shareholders and investors with whom dialogue was held
   Domestic investors 59 times, overseas investors 13 times
3. Main themes of the dialogue and matters of interest to shareholders and investors
   Summary of quarterly and full-year financial results, summary of medium-term plan, business conditions and growth strategies by business segment, capital policies, etc.
4. Status of feedback to management and board of directors

The Corporate Planning Division reports to the Board of Directors meeting on the status and content of dialogue (quarterly)

5. Matters incorporated as a result of the dialogue
Reduction of working capital, shareholder return policy, policy on cash allocation, etc.

[Measures Implemented to Promote Cost of Capital and Stock Price-Conscious Management]
We recognize that our cost of capital (WACC) is around 8%. As our company-wide ROIC for the fiscal year ending March 31, 2024 was 12.1%, we believe we are currently securing returns that clearly exceed our cost of capital.

In our medium-term plan (FYE March 2024 to FYE March 2028), we have set " Improve capital efficiency management" as one of the priority measures, and have set ROIC and EPS as numerical targets to be managed (ROIC 12%, EPS 120 yen for FYE March 2028). We will strive to achieve the ROIC target by taking measures such as improving operating efficiency and inventory efficiency through operational improvements.

We have described our capital policy in Medium-Term Plan presentation materials as in “Improve capital efficiency management”, which is available on the IR section of our corporate website.

2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%

[Status of Major Shareholders]

Name / Company Name	Number of Shares Owned	Percentage (%)
MT Shokai	9,860,800	13.13
KS Shoji	8,864,100	11.80
The Master Trust Bank of Japan, Ltd. (Trust Account)	8,196,100	10.91
Custody Bank of Japan, Ltd. (Trust Account)	8,041,800	10.71
Keisuke Suzuki	2,325,016	3.10
Japan Lifeline Employee Shareholders Association Exclusive Trust	1,168,377	1.56
JP MORGAN CHASE BANK 385781	972,264	1.29
STATE STREET BANK WEST CLIENT - TREATY 505234	885,300	1.18
Takashi Nakao	761,500	1.01
Nippon Life Insurance Company	720,000	0.96

Controlling Shareholder (except for Parent Company)	
Parent Company	

Supplementary Explanation

Besides the above, there are 659,588 of the Company’s treasury shares as of March 31, 2024. 169,612 of shares remaining in the Directors' Remuneration BIP Trust are not included in the number of treasury shares.

3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Wholesale Trade
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥10 billion to less than ¥100 billion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	Less than 10

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

5. Other Special Circumstances which may have Material Impact on Corporate Governance

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

1. Organizational Composition and Operation

Organization Form	Company with Audit and Supervisory Committee

[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	20
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President and CEO
Number of Directors	16
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Directors	6

Outside Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Fumihiro Sasaki	From another company								△			
Yoshiaki Ikei	From another company								△			
Naoko Kawahara	Laywer											
Masahiko Nakamura	Laywer								○			
Daizo Asari	Tax Accountant											
Yutaka Karigome	Tax 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 subsidiaries
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 listed company or an executive thereof
f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director
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 any of d, e, or f) (the director himself/herself only)
i. Executive of a company, between which and the Company outside directors are mutually appointed (the director himself/herself only)
j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)
k. Others

Outside Directors' Relationship with the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Fumihiro Sasaki	No	Yes	Mr. Fumihiro Sasaki had been a Senior Managing Executive Officer of XYMAX Corporation until March 2023, and we have a business relationship with XYMAX. However, the amount of	Mr. Fumihiro Sasaki has a wealth of experience and broad knowledge as a corporate manager. He not only provides appropriate supervision for our company's management, but also

			transactions with XYMAX in the fiscal year ending March 31, 2023 was less than 2% of the consolidated net sales of both companies, and more than one year has already passed since he ceased to be an executive of XYMAX, we have determined that there is no risk of influencing his independence as an outside director since he meets our criteria for determining independence.	offers valuable advice and suggestions from an objective and diverse perspective. As the chair of the Nomination and Remuneration Advisory Committee, he plays a crucial role in ensuring the objectivity and transparency of the nomination and remuneration decision-making process. We have appointed him as an outside director because we believe he can strengthen the supervisory function of the Board of Directors and provide advice and suggestions for continuous improvement of corporate value. Furthermore, we have designated him as an independent officer because he meets our criteria for judging the independence of outside directors and no risk of a conflict of interest with general shareholders likely involved.
Yoshiaki Ikei	No	Yes	Mr. Yoshiaki Ikei is a representative director of MA Partners and we had a business relationship with MA Partners in the fiscal year ended March 31, 2017, but since the transaction amount was less than 2% of consolidated net sales of both companies and more than one year has already passed since the transaction closed, we have determined that there is no risk of influencing his independence as an outside director since he meets our criteria for	Mr. Yoshiaki Ikei has been involved in the M&A industry for many years, and also has a wealth of experience and broad insight as a corporate manager. He not only provides appropriate supervision for our company's management, but also offers valuable advice and suggestions from an objective and diverse perspective. As a member of the Nomination and Remuneration Advisory Committee, he plays an important role in improving the corporate governance. We have

			determining independence.	appointed him as an outside director because we believe that he will strengthen the supervisory function of the Board of Directors and provide advice and suggestions for continuous improvement of corporate value. Furthermore, we have designated him as an independent officer because he meets our criteria for judging the independence of outside directors and no risk of a conflict of interest with general shareholders likely involved.
Naoko Kawahara	No	Yes		Ms. Naoko Kawahara has experience and extensive experience in corporate legal affairs as an attorney and has also served as outside corporate auditor of other companies. We have appointed her as an outside director because we believe she can provide advice and views aimed at strengthening the supervisory function of the Board of Directors and at sustainably improving corporate values from an objective and multifaceted perspective although she has never been directly involved in corporate management. Furthermore, we have designated her as an independent officer because he meets our criteria for judging the independence of outside directors and no risk of a conflict of interest with general shareholders likely involved.
Masahiko Nakamura	Yes	Yes	Mr. Masahiko Nakamura is a partner (lawyer) at	Mr. Masahiko Nakamura has extensive knowledge

			TMI Associates, and the Company has an advisory contract with the firm. The annual transaction amount with the firm is less than 2% of the firm's consolidated net sales, which meets our criteria for determining the independence of an outside director.	and experience as a lawyer, and has a proven track record as an outside director on our Audit and Supervisory Committee. He also serves as an outside auditor for other companies. Although he has not been directly involved in corporate management, we believe he can contribute to strengthening the audit and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. Therefore, we have appointed him as an outside director on the Audit and Supervisory Committee. Furthermore, we have designated him as an independent officer because he meets our criteria for judging the independence of outside directors and no risk of a conflict of interest with general shareholders likely involved.
Daizo Asari	Yes	Yes		Mr. Daizo Asari has extensive knowledge and experience as a certified tax accountant, and has a proven track record as an outside director on our Audit and Supervisory Committee. Although he has not been directly involved in corporate management, we believe he can contribute to strengthening the audit and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. Furthermore, we have designated him as an

				independent officer because he meets our criteria for judging the independence of outside directors and no risk of a conflict of interest with general shareholders likely involved.
Yutaka Karigome	Yes	Yes	Mr. Yutaka Karigome had an advisory contract with the Company until June 2021, but the annual transaction amount was less than 10 million yen, which meets our criteria for determining the independence of an outside director.	Mr. Yutaka Karigome has not only expertise as a tax accountant, but also a wide range of experiences and knowledge, including serving as a national tax tribunal officer, a director and member of our audit committee, and an external auditor for other companies. Although he has not been directly involved in corporate management, we believe he can contribute to strengthening the audit and supervisory functions of the Board of Directors by auditing business execution and making decisions from an objective standpoint. Furthermore, we have designated him as an independent officer because he meets our criteria for judging the independence of outside directors and no risk of a conflict of interest with general shareholders likely involved.

[Audit and Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Supervisory Committee	4	1	1	3	Inside Director

Appointment of Directors and/or Staff to Support the Supervisory Committee	Appointed

Matters Related to the Independence of Such Directors and/or Staff from Executive Directors

According to the “Basic View on Internal Control System” in “IV Matters Related to the Internal Control System 1. Basic Views on Internal Control System” of this report, we have appointed employees to help the AS Committee in its duties following “6. Matters Related to Employees to Assist Duties of AS Committee Members if the Committee Have Requested such Employees”. In addition, in the “7. Matters Related to the Independence from Directors of Employees Described in the Preceding Item”, the matters concerning the independence of the employees from the executive directors are stipulated.

Cooperation among Supervisory Committee, Accounting Auditors and Internal Audit Departments

The AS Committee and the Internal Audit Division receive periodical audit reports from the accounting auditor and exchanges information as necessary. The AS Committee also receives reports from time to time from the Internal Audit Division, which is an internal audit organization. The AS Committee also discusses the audit plan with the Internal Audit Division in advance and collaborates with the division to conduct actual inspections as necessary.

[Voluntary Establishment of Nomination/Remuneration Committee]

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established

Committee’s Name, Composition, and Attributes of Chairperson

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee’s Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
All Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

We have established a voluntary Nomination and Remuneration Advisory Committee as an advisory body to the Board of Directors. The NRA Committee ensures the objectivity and transparency of procedures related to the nomination and remuneration of directors. More than half of the committee members are independent outside directors, and the chairperson is also an independent outside director. During this fiscal year, the NRA Committee deliberated on the appointment of directors, selection of representative directors, selection of directors with titles, and the remuneration system and policy for directors. They reported their findings to the Board of Directors and also decided on the individual remuneration for directors (excluding those who are Audit and Supervisory Committee members). The composition of the NRA Committee and the attendance status of each member are as follows.

Position/Name/Attendance (FYE March 2024)
- Chairperson, Outside Director (Independent) Fumihiro Sasaki 3/3

- Member, Outside Director (Independent) Yoshiaki Ikei 3/3
- Member, Outside Director (Independent) Daizo Asari 3/3
- Member, Representative Director (President and CEO) Keisuke Suzuki 3/3
- Member, Representative Director (Executive Senior Vice President and COO) Atsuhiro Suzuki 3/3

[Independent Directors]

Number of Independent Directors	6

Matters relating to Independent Directors

We designate all outside directors who meet the qualifications for independent directors as independent directors.

Upon appointing outside directors, we judge based on our criteria for determining the independence of outside directors, which follows the criteria for independence set forth by the Tokyo Stock Exchange. We recognize our independent directors meeting these standards can perform their duties as outside directors from an independent standpoint.

With regards to outside directors who are not members of the AS Committee, we selected them based on the belief that appointing individuals with a wide range of insight and extensive experience in corporate management will ensure objectivity and transparency in our decision-making and supervision of business execution.

With regards to outside directors who are members of the AS Committee, we selected them because they are capable of strengthening the corporate governance of the Company by conducting audits and supervision based on their broad insight and abundant experience in their respective areas of expertise as lawyers or tax accountants.

[Incentives]

Incentive Policies for Directors	Performance-linked Remuneration

Supplementary Explanation

Please refer to “Director Remuneration” below.

Recipients of Stock Options	

Supplementary Explanation

[Director Remuneration]

Disclosure of Individual Directors’ Remuneration	No Individual Disclosure

Supplementary Explanation

We disclose remuneration of directors in the annual securities report on our website. The remuneration of directors and corporate auditors for the fiscal year ended March 31, 2024 is as follows.

- Directors (excluding outside directors) 501 million yen (fixed remuneration: 389 million yen, performance-linked remuneration: 112 million yen, of which non-monetary remuneration: 47 million yen) Number of eligible directors: nine
- Directors who are AS Committee members (excluding outside directors) 29 million yen (fixed remuneration: 29 million yen) Number of eligible directors: One
- Outside Directors 54 million yen (fixed remuneration: 54 million yen) Number of eligible directors: six

Note:
1. The above includes one director who retired due to expiration of term of office and resigned at the conclusion of the 43rd general shareholders' meeting held on June 28, 2023.
2. In addition to the total amount of the above remuneration, based on the resolution of the 37th general shareholders' meeting held on June 28, 2017, we have paid 1 million yen as a retirement bonus to one retiring director. This amount includes 2 million yen set aside for retirement bonuses disclosed in the business report of the previous fiscal year.

Policy on Determining Remuneration Amounts and Calculation Methods	Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

We have established the Nomination and Remuneration Advisory Committee, chaired by an outside director, as an advisory body to the Board of Directors to ensure objectivity and transparency in the process of nominating and evaluating directors and determining their remuneration. The NRA Committee deliberates on the basic policy for remuneration, composition and amount of remuneration of directors, and the Board of Directors decides based on the report from the NRA Committee.

1. Basic Policy of Remuneration for Directors

We have established the following basic policy to ensure that the remuneration system for directors functions properly to achieve sustainable growth and enhance corporate value of the Company.
(A) Provide appropriate incentives for achieving performance targets
(B) Provide a competitive remuneration level that will lead to the recruitment of excellent human resources
(C) The amount of remuneration should lead to the enhancement of corporate value over the medium- to long-term.
(D) The process of determining remuneration should be highly objective and transparent.

2. Remuneration Structure and Method of Determining the Amount of Remuneration

We have reviewed the remuneration structure for directors and partially revised the remuneration for directors (excluding those who are AS committee members) effective from the fiscal year ending March 31, 2024. This revision is due to the resolution at the 43rd regular shareholders' meeting to revise the amount and details of performance-linked stock remuneration (Directors' remuneration BIP trust) for directors, and the resolution at the meeting of the Board of Directors held after the said meeting to partially revise the remuneration policy for directors, including the method of determining the percentage of remuneration and the amount of performance-linked bonuses to directors (excluding those who are AS committee members).

The remuneration for directors is composed of fixed remuneration, performance-linked bonuses, and performance-linked stock remuneration (Directors' remuneration BIP trust). In addition to fixed monetary remuneration, we have adopted performance-linked bonuses as monetary remuneration linked to short-

term performance and performance-linked stock remuneration as an incentive for medium- to long-term improvement of corporate value. However, for outside directors excluding those who are AS committee members and directors who are AS committee members, we will only provide fixed remuneration, considering their roles and independence.

(A) Fixed remuneration
  (a) Eligible Recipients
  Directors
  (b) Individual Payment Amount
  For directors excluding those who are members of the AS Committee, the fixed remuneration is determined by the NRA Committee, which is appointed by the Board of Directors. The NRA Committee takes into account each director's position, responsibilities, and contributions to performance, as well as benchmarking against remuneration levels in outside database services. For directors who are members of the AS committee, their fixed remuneration is decided through discussions within the AS committee.
  (c) Payment Method
  The fixed remuneration is paid monthly as a fixed cash reward.

(B) Performance-linked bonus
  (a) Eligible Recipients
  Directors excluding those who are outside directors and members of the AS Committee
  (b) Individual Payment Amount
  Performance-linked bonuses are calculated based on performance-linked variables and individual contribution rates determined by the NRA Committee. The ratio between the basic bonus and the distribution bonus is set at 8:2. The basic bonus is calculated for each director eligible for payment. It is based on the basic bonus standard amount set for each fiscal year, which is disclosed at the beginning of the fiscal year. The calculation also takes into account the consolidated sales, consolidated operating profit (before deduction of performance-linked remuneration), and earnings per share (EPS) for the fiscal year. These three individual performance achievement rates are multiplied by the performance-linked variables to determine the payment amount.
  (c) Payment Method
  The performance-based bonus will be paid out once a year, within three months after the end of the fiscal year.

(C) Performance-linked stock remuneration (Directors' Remuneration BIP Trust)
  (a) Eligible Recipients
  Directors excluding those who are outside directors and members of the AS Committee
  (b) Individual Payment Amount
  The performance-linked stock remuneration is calculated by multiplying the performance-linked variable, which is set based on the degree of achievement of consolidated sales, consolidated operating profit (before deduction of performance-linked remuneration), and earnings per share (EPS) for each fiscal year disclosed at the beginning of the fiscal year, by the standard points set for each director who is the subject of payment. The resulting points (with one point corresponding to one share) are then used to annually provide directors with our company's shares and the monetary equivalent of the conversion disposal amount of our company's shares.
  (c) Payment Method
  The performance-linked stock remuneration involves giving out our company's stocks and the equivalent amount of money from the conversion disposal of our stocks. We do this once a year, after the end of the fiscal year.

3. Policy for determining the ratio of remuneration by type of director

The ratio of performance-linked remuneration to the total amount of remuneration is approximately 80% for fixed remuneration and 20% for performance-linked remuneration in the case of a standard level of

performance achievement, as an average of the eligible directors. The ratio of non-monetary remuneration to total remuneration is, on average, 90% for monetary remuneration and 10% for non-monetary remuneration.

[Supporting System for Outside Directors]

The Corporate Planning Division provides support to outside directors (including directors who are members of the AS Committee) and conveys necessary information to them. In addition, the outside directors who are members of the AS Committee receive information necessary for conducting audits and important internal information through the full-time members of the AS Committee.

[Retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)]

Information on retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)

Name	Job title/ Position	Responsibilities	Employment terms (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term

Number of retired presidents/CEOs holding advisory positions (sodanyaku, komon, etc.)	

Others

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)

[Board of Directors]
The Company's articles of incorporation stipulate that we can have up to 15 directors, excluding those who are members of the AS committee, and up to five directors who are members of the AS committee. Currently, out of 16 directors, six are outside directors, all of whom we have registered as independent directors. The Board of Directors holds regular meetings once a month and extraordinary meetings as needed.

In the Board of Directors meeting for the fiscal year ending March 2024, we deliberated and decided on important matters such as budget, financial statements, medium-term plan, significant organizational and personnel issues, investment projects, important contracts, acquisition of own shares, and important matters related to sustainability, all following laws, articles of incorporation, and Board of Directors regulations.

We have reviewed financial statements, the status of directors' duties, and important matters related to compliance on the monthly basis. Additionally, we received reports from the Investment Committee and the Sustainability Committee, and held abundant discussions. Outside directors, while coordinating with each other, supervised and advised on the execution of directors' duties from an objective standpoint. The composition of the Board of Directors and the attendance of each director was as follows.

Title/Name/Attendance (FYE March 2024)
- President and CEO (Representative Director) Keisuke Suzuki 12/12
- Executive Senior Vice President and COO (Representative Director) Atsuhiro Suzuki 12/12
- Senior Vice President (Director) Tatsuya Murase 12/12
- Senior Vice President (Director) Kenji Yamada 12/12
- Vice President (Director) Toru Takamiya 12/12
- Vice President (Director) Tadashi Idei 12/12
- Vice President (Director) Yumiko Hoshiba 12/12
- Vice President (Director) Takeyoshi Egawa 10/10 *1
- Vice President (Director) Takashi Ito none *2
- Outside Director Fumihiro Sasaki 12/12
- Outside Director Yoshiaki Ikei 12/12
- Outside Director Naoko Kawahara none *2
- Director (Audit and Supervisory Committee member) Shogo Takahashi 12/12
- Outside Director (Audit and Supervisory Committee member) Masahiko Nakamura 12/12
- Outside Director (Audit and Supervisory Committee member) Daizo Asari 12/12
- Outside Director (Audit and Supervisory Committee member) Yutaka Karigome 12/12

(note)
- *1 Mr. Takeyoshi Egawa attended all 10 board meetings held after his appointment as a director on June 28, 2023.
- *2 Mr. Takashi Ito and Ms. Naoko Kawahara were appointed as a director at the shareholders' meeting held on June 26, 2024, so he has no attendance record for the fiscal year ending March 2024.

[Audit and Supervisory Committee]
The Company's AS Committee consists of four members, including three outside directors, one of whom is a full-time member. The AS Committee meets once a month and meets on the irregular basis as necessary. Although the three outside directors do not have experience as corporate managers, they carry out audits and supervision of the Company from their professional perspectives as lawyers or tax accountants. In addition, one employee of the Internal Audit Division also serves as an employee helping the duties of the AS Committee. The remuneration and activity status of the AS Committee are described in the following section “Status of Internal Audits”.

[Nomination and Remuneration Advisory Committee]
We have detailed the status of our corporate governance structure, which involves decision-making, execution, and supervision in management, in Section II of this report. Specifically, information regarding the composition of our institutions and the operation of our organization is listed under "Voluntary Committees".

[Compliance Committee]
The Board of Directors appoints the Chief Compliance Officer (CCO) as the person in charge of compliance issues, and the Compliance Committee, chaired by the CCO, is an advisory body to the CCO. The committee meets on a regular quarterly basis and on an as-needed basis to accurately identify, manage, and address compliance issues. The CCO reports on compliance issues to the Board of Directors on a regular quarterly basis and on an as-needed basis. The members of the committee are as follows.

Position/Title/Name
- Chairperson (Chief Compliance Officer), Senior Vice President Kenji Yamada

- Member, Executive Senior Vice President and COO Atsuhiro Suzuki
- Member, Senior Vice President Tatsuya Murase
- Member, Vice President Toru Takamiya
- Member, Vice President Tadashi Idei
- Member, Vice President Yumiko Hoshiba
- Member, Vice President Takeyoshi Egawa

(note)
- Besides the above, the head of the legal department and the head of the audit department appointed by the chairperson have been selected as committee members.
- A director who is a member of the AS Committee attends meetings as an observer.

[Risk Management Committee]
The Board of Directors appoints the Chief Risk Management Officer (CRO) as the person responsible for risk management, and the Risk Management Committee, chaired by the CRO, is composed of members appointed by the CRO. The committee meets regularly to promote company-wide risk management and to share information necessary for risk management. In addition, CRO reports to the Board of Directors as appropriate. The members of the committee are as follows.

Position/Title/Name
- Chairperson (Chief Risk Management Officer), Vice President Yumiko Hoshiba
- Member, Senior Vice President Kenji Yamada

(note)
- Besides the above, 11 other members, including the related-department managers, are appointed as committee members.
- A director who is a member of the AS Committee attends meetings as an observer.

[Sustainability Committee]
We have established the Sustainability Committee to coordinate and promote company-wide measures related to sustainability. The Sustainability Committee, chaired by the President and CEO, meets quarterly in principle to direct, coordinate, and confirm the progress of activities of subcommittees that promote initiatives to address specific sustainability-related issues. In addition, the Board of Directors receives quarterly reports on the Committee's activities. The members of the Committee are as follows.

Position/Title/Name
- Chairperson, President and CEO Keisuke Suzuki
- Member, Executive Senior Vice President and COO Atsuhiro Suzuki
- Member, Senior Vice President Tatsuya Murase
- Member, Senior Vice President Kenji Yamada
- Member, Vice President Toru Takamiya
- Member, Vice President Tadashi Idei
- Member, Vice President Yumiko Hoshiba
- Member, Vice President Takeyoshi Egawa

(Note)
- Besides the above, a director who is a member of the AS Committee attends meetings as an observer.

[Information Security Committee]
The Board of Directors appoints a Chief Information Security Officer (CISO), who is responsible for maintaining information security. The CISO chairs the Information Security Committee, which meets regularly. If there is an information security incident, our internal Computer Security Incident Response Team (CSIRT) and the outside specialist organization, the Security Operation Center (SOC), work together

to take information security measures across the company. The CISO also reports to the Board of Directors on information security as needed. The members of the committee are as follows.

Position/Title/Name
- Chairperson (Chief Information Security Officer), Vice President Yumiko Hoshiba
- Member, Senior Vice President Kenji Yamada

(note)
- Besides the above, 11 persons responsible for information security in each department are appointed as committee members.
- A director who is a member of the AS Committee attends meetings as an observer.

[Investment Committee]
We have established the Investment Committee to comprehensively evaluate the appropriateness and risk of investments. The Investment Committee meets each time any investment project arises and comprehensively evaluates the necessity, appropriateness, and risk of the proposed projects, and deliberates whether or not to go on with them. The committee regularly monitors each investment project that have been approved by the Board of Directors and implemented and discusses the evaluation and continuation of the projects. The members of the committee are as follows.

Position/Title/Name
- Chairperson, President and CEO Keisuke Suzuki
- Member, Executive Senior Vice President and COO Atsuhiro Suzuki
- Member, Senior Vice President Tatsuya Murase
- Member, Senior Vice President Kenji Yamada
- Member, Vice President Toru Takamiya
- Member, Vice President Takeyoshi Egawa
- Member, Outside Director Yoshiaki Ikei

(note)
- Besides the above, three managers of the related departments attend meetings.
- Directors who are members of the AS Committee attend meetings as observers.

[Status of Audits by Audit and Supervisory Committee Members]
The AS Committee consists of one director who is a full-time member familiar with our business, and three independent outside directors. This structure allows us to conduct effective audits. Each AS Committee member attends the Board of Directors meetings and important meetings as needed. The AS Committee regularly meets with the representative directors to discuss issues the Company needs to address, the status of audit environment preparation by the AS Committee, and important audit issues, and closely communicates their intentions. The AS Committee also receives regular reports from the Internal Audit Division. In addition, they discuss the audit plan of the Internal Audit Division in advance and, as needed, both parties collaborate to execute audit procedures. The AS Committee generally holds once a month, and the attendance of each director for the fiscal year ending March 2024 was as follows.

Name/Attendance (FYE March 2024)
- Shogo Takahashi 12/12
- Masahiko Nakamura 12/12
- Daizo Asari 12/12
- Yutaka Karigome 12/12

At the AS Committees for the fiscal year ending March 2024, the following topics were covered in the discussions:
- formulation of audit policies and plans

- establishment of audit cost budget
- preparation of audit reports
- determination of the appropriateness of reappointment of accounting auditors
- determination of opinions on director (excluding those who are AS Committee members) appointments
- determination of opinions on director (excluding those who are AS Committee members) remuneration
- consent to director (who is an AS Committee member) appointment proposals
- consent to accounting auditor remuneration
- individual remuneration of directors who are AS Committee members
- selection of assistant employee
- evaluation of accounting auditors
- prior consent to non-guaranteed work for accounting auditors
- Determination of opinion on disposition of treasury stock by third-party allotment to BIP trust.

In this fiscal year, we conducted audits on regular audit items such as:
- director misconduct
- violations of laws and articles of incorporation
- operations regarding the internal control system

Furthermore, we conducted audits on highly prioritized items such as:
- evaluating the status of investment projects
- assessing the status of internal control after core system changes

The director who is a full-time AS Committee member attended important meetings, reviewed important decision-making documents, studied the internal audit situation through exchanges of opinions with the Internal Audit Division, visited sales offices and factories, and participated in physical inventory checks to effectively conduct audits.

[Status of Internal Audits]
The Internal Audit Division plays a role of internal audit directly under the President and CEO. The division consists of five dedicated members (one CIA certified and one USCPA (Illinois) certified). From an independent standpoint from other business executions, the division regularly audits the compliance with laws and regulations in our company and subsidiaries, the efficiency in business activities, and the status of internal control establishment and operation based on the internal audit regulations. The division reports these to the Board of Directors.

Additionally, the division regularly reports on the results of the internal audit and the status of corrections to the AS Committee and the Board of Directors.

[The status of Audits by the Accounting Auditor]
The status of audits by the Accounting Auditor for the fiscal year ended March 31, 2024 is as follows.

i Name of auditing firm
Ernst & Young ShinNihon LLC
ii Period of continuous auditing
Since 1996
iii Name of the certified public accountant who performed the audit
Designated and Engagement Partner, Certified Public Accountant Toshifumi Nomoto
Designated and Engagement Partner, Certified Public Accountant Nobuhiko Kasai
iv Composition of assistants for audit work
Certified Public Accountant: 6 persons
Other accounting personnel: 11 persons
v. Details of Audit Remuneration

Remuneration for audit certification services: 47 million yen
Remuneration for non-audit services: None

[Initiatives to Strengthen the Functions of Corporate Auditors]
Please refer to II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management [AS Committee]

[Outline of the Contents of the Liability Limitation Agreement]
Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and each of the outside directors have entered into an agreement that limits the liability stipulated in Article 423, Paragraph 1 of the Companies Act to the minimum liability amount stipulated in Article 425, Paragraph 1 of the Companies Act if the outside director performs his or her duties in good faith and without gross negligence.

3. Reasons for Adoption of Current Corporate Governance System

We are classified as a company with an Audit and Supervisory Committee. By setting up an AS Committee, where more than half of the members are outside directors, we have strengthened the auditing and supervisory functions over business execution, aimed to further enhance our corporate governance structure and increase the transparency and objectivity of our management.

In our Board of Directors, we have appointed six outside directors (three of whom are members of the AS Committee). This allows us to receive suggestions and advice from objective and diverse perspectives, ensuring appropriate supervision over business execution.

Furthermore, our outside directors who are members of the AS Committee understand the state of business execution together with the full-time directors who are well-versed in our business, based on their broad knowledge and rich experience in each specialized field. By collaborating with the Internal Audit Division, we ensure the effectiveness of the Board's audit and supervision.

Additionally, we have established a voluntary Nomination and Remuneration Advisory Committee, which deliberate on the nomination and remuneration of directors and serves as an advisory body to the Board of Directors. More than half of the NRA committee members are independent outside directors, and the chairperson is an independent outside director. This structure allows us to enhance the transparency and objectivity of the nomination and remuneration processes.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early Notification of General Shareholder Meeting	The notice of convocation of the Ordinary General Meeting of Shareholders held in June 2024 was sent before the legal date (June 10). In addition, it was posted on the Company’s corporate website on June 4.
Scheduling AGMs Avoiding the Peak Day	The Ordinary General Meeting of Shareholders held in June 2024 was held on June 26, a schedule that avoids the date of first concentration.
Allowing Electronic Exercise of Voting Rights	The Company has introduced the exercise of voting rights via the Internet.

Participation in Electronic Voting Platform	The Company participates in the voting platform operated by ICJ.
Providing Convocation Notice in English	The full English text is available on the Tokyo Stock Exchange and the corporate website.

2. IR Activities

	Supplementary Explanations	Availability of explanation by the President and CEO
Preparation and Publication of Disclosure Policy	We have set forth the basic policy for investor relations regarding information disclosure, methods for information disclosure, prospects for the future, and the silence period. We post these kinds of information on the corporate website.	
Regular Investor Briefings for Analysts and Institutional Investors	We hold conference calls or financial results briefings on the quarterly basis. The President and CEO, the Senior Executive Vice President and COO, and the director in charge attend briefing sessions to explain the financial results, the outlook for the next term, and future business plan. The number of participants is around 30 each time.	No
Regular Investor Briefings for Overseas Investors	We do not hold regular meetings for overseas investors, but disclose transcripts of conference calls or financial results meetings, including Q&A sessions, both in Japanese and English, following quarterly and full-year financial results. We are open to individual one-on-one meetings upon request.	No
Posting of IR Materials on Website	We post financial briefing materials as well as timely disclosure materials and news releases on the "IR Library" section on the Investor Relations page. https://www.japanlifeline.com/investors/library.html	
Establishment of Department and/or Manager in Charge of IR	IR Department: Corporate Planning Division Director in charge of IR: Vice President, Senior Manager of Business Administration Department, Takeyoshi Egawa	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	We have our Code of Ethics and Code of Conduct that serve as our standards. They provide guidance on compliance with laws and regulations, information management, internal environment, individual behavior, and social responsibility.
Implementation of Environmental Activities, CSR Activities etc.	To meet the expectations and demands of our various stakeholders, we are strengthening our sustainability initiatives. The Sustainability Committee is

	playing a central role, responsible for identifying materiality (important issues) and setting medium- and long-term targets. For more information on the specific initiatives, please refer to the "Sustainability" page of the website. https://www.japanlifeline.com/sustainability/
Development of Policies on Information Provision to Stakeholders	We have established a basic policy on information disclosure and posted it on the website. https://www.japanlifeline.com/investors/policy_2.html
Other	

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development

We strongly believe that the establishment of an internal control system is essential to solidify our execution on corporate governance. We can maintain appropriate management following our management philosophy only if the established system functions right. Therefore, we believe that it is more important to not only establish the internal control system but also to check whether the system is being properly operated.

On May 22, 2006, the Board of Directors established the "Basic Policy for the Establishment of Internal Control Systems," which was partially revised on April 28, 2011, May 20, 2015, May 24, 2019, June 25, 2021, and March 31, 2023. The Company is developing and operating an internal control system based on this basic policy.

Basic Policy for the Establishment of Internal Control Systems

1. The System to Ensure that Directors and Employees Execute their Duties Following Laws and Regulations and the Articles of Incorporation
   - i. We, directors and employees, must act following laws and regulations, social ethics, the Articles of Incorporation, and other internal regulations, in line with their standards comprising the Code of Ethics and the Code of Conduct.
   - ii. We engage in the creation of internal compliance systems, centered on the Chief Compliance Officer and Compliance Committee, following the Compliance Promotion Regulations.
   - iii. We distribute handbooks related to the Code of Ethics, the Code of Conduct, and compliance to all directors and employees, in addition to the training, to ensure thorough awareness of compliance.
   - iv. We operate a compliance consultation desk within the company and a helpline outside the company. These are easily accessible points of contact for reporting, notifying, and consulting on various compliance issues.
   - v. We will sever all relations with antisocial forces following the Code of Conduct and the Regulations Regarding the Elimination of Antisocial Forces. If there is a fear of relations with antisocial forces, employees must report to the responsible department at once. We will respond with a resolute stance, while collaborating with the police and other outside institutions.
   - vi. The Internal Audit Division will conduct audits regarding the status of compliance with laws and regulations, the Articles of Incorporation, and internal regulations based on the Internal Audit Regulations.
   - vii. We operate a voluntary NRA Committee to advise the Board of Directors. The committee should be made up of a majority of independent outside directors, with one of them serving as the

chair. This structure ensures that the process of evaluating and deciding on the nomination and remuneration of directors is both objective and transparent.

2. The System for Storage and Management of Information Related to the Execution of Duties of the Directors
   i. We store and manage minutes of the General Meeting of Shareholders, the Board of Directors, and other important meetings, approval documents and applications where directors are approvers, and other important documents on the execution of duties by directors (including electronic records), following the Document Management Regulations.
   ii. Directors may view the above documents at any time.
3. Regulations or Any Other Systems for Management of Risk of Loss
   i. Following the Risk Management Regulations, we will work to create a company-wide risk management system, centered on the Chief Risk Management Officer and the Risk Management Committee.
   ii. If we have found any significant risk that needs an immediate company-wide care, we will establish a taskforce of which the President and CEO will become the head. This taskforce will work to minimize a possible loss through a quick response.
4. The System to Ensure the Directors' Effective Execution of Duties
   i. The Board of Directors establishes Regulations on the Assignment of Business Operations and Regulations on Administrative Authority to ensure that directors' duties are executed in an appropriate and efficient manner.
   ii. The Board of Directors formulates annual budgets, in addition to receiving reports on the status of progress from each responsible director, considering any issues, and implementing countermeasures as necessary.
5. The System to Ensure Proper Business Execution within the Corporate Group Comprising the Company and Subsidiaries
   i. The systems related to reports to the Company on matters on the execution of duties by directors of subsidiaries
      A) We receive reports on matters on the execution of duties by directors of subsidiaries, financial results, minutes of meetings, and other documents following the Affiliate Management Regulations.
      B) The Company's directors (excluding those who are AS Committee Members) or employees also serve concurrently as directors or corporate auditors of subsidiaries, and the Company receives reports as appropriate on the status of the execution of duties at these subsidiaries from these directors and employees.
   ii. Regulations or any other systems for management of risk of loss at subsidiaries
      A) The Company will work to create a system for managing risk at subsidiaries, centered on the Chief Risk Management Officer and the Risk Management Committee following the Risk Management Regulations.
      B) If a significant risk is discovered at a subsidiary, we will take a quick response, centered on the President of the subsidiary and work to minimize a possible loss.
   iii. The system to ensure efficiency of execution of duties by directors of subsidiaries
      A) The responsible department of the Company will manage business following the Affiliate Management Regulations, and also help create a system for appropriate business execution, including establishing Regulations on the Assignment of Business Operations and Regulations on Administrative Authority at subsidiaries.
   iv. The system to ensure that directors and employees of subsidiaries execute their duties following laws and regulations and the Articles of Incorporation
      A) The Company provides advice, guidance, and assistance to help establish compliance systems at subsidiaries following the Affiliate Management Regulations.
      B) The Internal Audit Division will conduct audits regarding the status of compliance with laws and regulations, the Articles of Incorporation, and internal regulations at subsidiaries following the Internal Audit Regulations.
6. Matters Related to Employees to Assist Duties of the AS Committee Members upon the Request by the Committee

If any of the AS Committee members requests for an assignment of employees to help them with their duties, the Company will assign appropriately qualified persons, after consultation with the AS Committee.

7. Matters Related to the Independence from Directors of Employees Described in the Preceding Item
   i. Employees assigned by the Company to help the AS Committee in their audit operations should be free from any instructions from directors (excluding those who are AS Committee members)
   ii. The Company should have a discussion in advance with the AS Committee regarding the personnel assignment to give assistance in audit operations at the Committee.
8. Matters Related to Ensuring the Effectiveness of Instructions to Employees to help the Duties of the AS Committee
   i. Employees assigned to help audit operations at the AS Committee should execute operations based on the instructions from the AS Committee.
   ii. Directors (excluding those who are the AS Committee members) should work to create an environment for audits so that assigned employees can perform their work to help audit operations at the AS Committee without problem.
9. The Systems for Directors and Employees of the Company and Subsidiaries to Report to the AS Committee and Other Systems
   i. Directors and employees of the Company and subsidiaries should provide accurate and quick reports to the AS Committee on the following matters:
      A) Matters that may cause significant corporate damage
      B) Actions that may violate laws and regulations or the Articles of Incorporation
      C) The status of the development and implementation of internal controls based on the Companies Act and the Financial Instruments and Exchange Act
      D) Results of internal audits conducted by the Internal Audit Division
      E) Any other matters requested by the AS Committee
   ii. Directors and employees of the Company and subsidiaries should quickly provide reports on matters requested by the AS Committee.
10. The Systems to Ensure that Employees Making a Report to AS Committee Are Free from Any Unfavorable Treatment on the Basis of Such Reporting
    The Company should not treat directors, the AS Committee members, or employees of the Company or any subsidiaries who make a report to the AS Committee unfavorably on the basis of such reporting.
11. Matters Related to Policies on Procedures for Making Advance Payments or Reimbursements of Expenses Incurred at the Execution of Duties by the AS Committee Members and Treatment of Other Expenses or Obligations Associated with the Execution of Duties by the Committee Members
    If any AS Committee member requests the advance payment of expenses arising in regard to the execution of their duties or reimbursement, the Company should quickly respond to these requests unless it recognizes expenses are necessary.
12. Other Systems to Ensure Effectiveness of Audits by the AS Committee
   i. The AS Committee members may participate in internal meetings as necessary.
   ii. The AS Committee should meet regularly to exchange opinions with the President and CEO.
   iii. The Internal Audit Division should engage in advance consultations with the AS Committee when formulating audit plans.
   iv. The Internal Audit Division should report to the AS Committee on the regular basis.
13. The System to Ensure Reliability of Financial Reporting
   i. We will develop internal control systems to ensure the reliability of financial reporting and evaluate the status of their implementation based on the “Basic Policy on Internal Controls Related to Financial Reporting,” and should determine a responsible department, which should lead these initiatives.
   ii. If any issue in our internal control systems or our execution arises, the person who has found it should immediately report to managers and to the Board of Directors, which will take quick measures to fix them.

2. Basic Views on Eliminating Anti-Social Forces

We clearly state in our Code of Conduct that we will sever all ties with antisocial forces. Based on this, we have established regulations and manuals for excluding antisocial forces and are taking specific actions. In addition to posting the Code of Conduct on the intranet, we are making sure it is well known through training sessions.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted

Supplementary Explanation

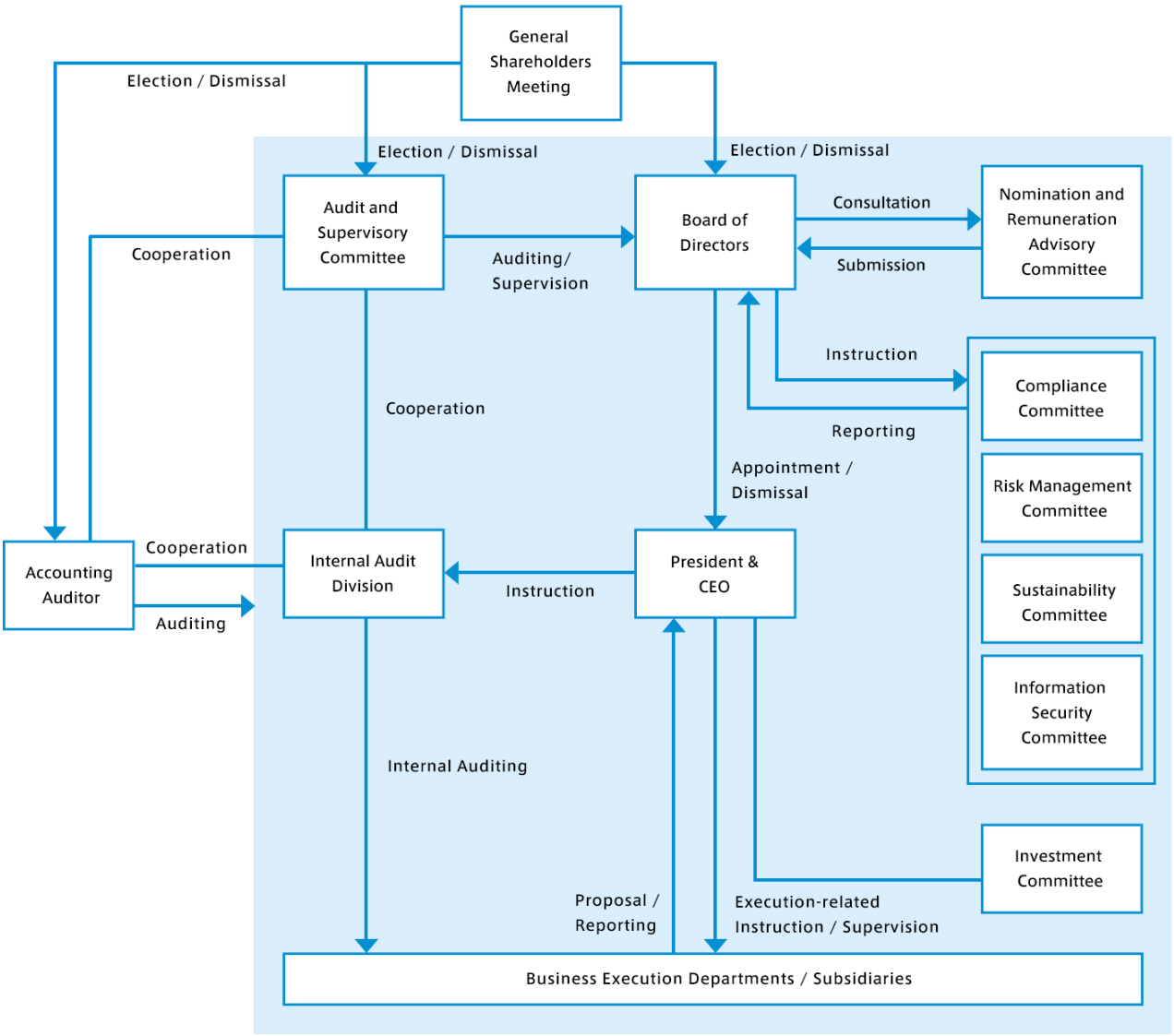
2. Other Matters Concerning to Corporate Governance System

[Information Disclosure Policy]
To provide shareholders and investors with timely, accurate and fair information, we will quickly disclose important information following the Financial Instruments and Exchange Law, rules for timely disclosure stipulated by the Tokyo Stock Exchange, and internal rules (Internal Information Management Regulations).

[Information Disclosure System]
(1) Events occurred
If a material event or fact occurs for the Company, the head of the department in charge of the relevant fact should quickly report it to the director in charge of IR. Upon receipt of the report, the director reviews the necessity of disclosure with the President and CEO and the director in charge of the relevant departments. We will disclose the information quickly if we judge it necessary.

(2) Determined fact
We will discuss and determine important matters at the Board of Directors meetings. The President and CEO, the director in charge of the relevant departments, and the director in charge of IR will examine whether or not to disclose the determined facts, and disclose them quickly if we judge it necessary.

(3) Financial information
The Finance and Accounting Division should prepare financial closing information and submit it to the Board of Directors after going through auditing processes by the accounting auditor. We will disclose the financial information quickly after approval at the Board of Directors meeting.
(4) Others
The director in charge of IR will examine information other than those listed in (1) through (3) above and disclose it quickly if the director judges it matters to investors.


General Shareholders Meeting
Election / Dismissal
Election / Dismissal
Election / Dismissal
Audit and Supervisory Committee
Board of Directors
Consultation
Submission
Nomination and Remuneration Advisory Committee
Cooperation
Auditing/ Supervision
Instruction
Reporting
Compliance Committee
Risk Management Committee
Sustainability Committee
Information Security Committee
Cooperation
Appointment / Dismissal
Accounting Auditor
Cooperation
Auditing
Internal Audit Division
Instruction
President & CEO
Internal Auditing
Investment Committee
Proposal / Reporting
Execution-related Instruction / Supervision
Business Execution Departments / Subsidiaries