

G: Governance

Basic Views on Corporate Governance

The Company aims at achieving sustainable growth and maximizing the enterprise value for medium- and long- term under the management philosophy with obtaining credibility from all stakeholders surrounding us including shareholders.

We strive to strengthen corporate governance with the basic policy of following five items.

1. The Company respects the rights of shareholders and ensures equality, as well as strives to improve the environment for executing rights appropriately and protect rights.
2. The Company strives to sincerely cooperate with good sense with stakeholders excluding our shareholders.
3. The Company strives to ensure the transparency by appropriately making disclosure according to laws and regulations and voluntarily providing information excluding the disclosure.
4. Board of Directors strives to execute its roles and duties appropriately for transparent/fair and flexible decision-making.
5. The Company strives to positively communicate with shareholders after sharing the direction of its stable growth for long-term.

Ensuring Effectiveness of Board of Directors and Board of Corporate Auditors

Under rapidly changing business environment and advancement of globalization, the Company appoints candidates of Directors with a focus on balance among knowledge, experience and expertise, diversity and global viewpoints. There are 8 Directors in the Board including External Directors at the moment. The Company will keep the Board in appropriate number to enable them to make quick-decision making with each of them providing their expertise and exchanging ideas.

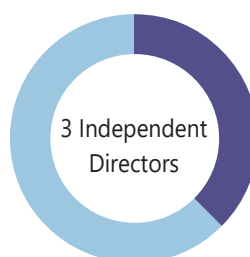
External Directors and External Corporate Auditors who also serves for other companies are annually disclosed at “the Notice of Convocation for the General Meeting of Shareholders,” “Securities Report” and “Corporate Governance Report.”

To improve Board of Directors further, YUSHIN conducts the annual survey on the effectiveness of Board of Directors (roles, responsibilities, agendas, operations, structure and

others), analyses the result, and improves the Board.

On the survey conducted in January 2022, the Company found out the issues to be improved about the way how the business report is made and how the documents are shared.

Board of Directors
(8 members)



Board of Auditors
(3 members)



The Nomination and Remuneration Committee

The Nomination and Remuneration Committee has been established as the advisory body for Board of Directors to reinforce fairness, transparency, and objectivity of the procedure to nominate the board members, set the remunerations, and others. Since June 22, 2022, Yasuo Nishiguchi (External Director) has chaired the committee where five members sit: Takayo Kotani (Representative Director and President), Hiroshi Matsuhisa (External Director), Reiko Nakayama (External Director), Hiroho Kamakura (External Corporate Auditor), Naohiro Tsuda (External Corporate Auditor), which makes six in total. The committee was held four times during FY2022 in which executive appointment and the revision of executive compensation system were discussed.

The Board Members' Compensation System

YUSHIN board members' compensation system is aimed at improving motivation to secure and retain excellent human resources, and improving performance for the sustainable growth and enhancement of competitiveness of YUSHIN.

YUSHIN has decided a new policy for the board members' compensation at the board meeting held on March 7th, 2022. Nomination and Remuneration Committee accepted the consultations and approved the decision.

The outline of the new board members' compensation system

- Setting compensation standard in reference to industry standards.
- Strengthening efforts to improve mid-term performance and to drive up the stock price
- Improving objectivity and fairness in compensation deciding process.

The board members' compensation consists of basic compensation (monthly compensation), short-term performance bonuses, and mid-term performance bonuses and stock-price-linked bonuses. The compensation levels are set according to the position with reference to the standard of the same industry and of the companies of the same size.

The short-term bonuses is decided by measuring the degree of contribution based on target management evaluation reflecting the achievement of the consolidated ordinary income. The mid-term performance bonuses and stock-price-linked bonuses are decided by reflecting two coefficients - mid-term performance coefficient based on the growing rate of earning per share (EPS), and stock-price-linked coefficient based on the growing rate of the stock price.

The compensation for the external board members consists of fixed compensations. In terms of independency in performing operation, performance-linked compensation is not paid.

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| Directors | Internal | Basic Compensation | Short-Term Bonus Long-Term Bonus Stock-Price-Linked Bonus |
| | External | Basic Compensation | |
| Auditors | | Basic Compensation | |

