

Last Update: July 1, 2026
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The corporate governance of SHINSHO CORPORATION(the "Company") is described below.

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

Update

1. Basic Views

The Shinsho Group believes that, under its Corporate Philosophy, creating both social and economic value through its business activities, fulfilling its social responsibilities as a company that contributes to society, and pursuing sustainable development are essential to meeting the expectations of all stakeholders, including shareholders and investors, business partners, Group employees, and local communities, and that such efforts will lead to the enhancement of corporate value. Accordingly, the Group regards corporate governance as a framework for achieving sustainable growth and enhancing corporate value over the medium to long term through autonomous initiatives and systems, while increasing management transparency and establishing a more advanced governance structure. The Group recognizes that constructive dialogue with capital markets and effective collaboration with all stakeholders are important factors in enhancing corporate value. The Company positions the enhancement of corporate governance as a key management issue. To further improve its effectiveness, the Company has established a governance structure centered on a Board of Directors comprising at least one-third Independent Outside Directors, thereby ensuring a clear separation between supervisory and execution functions. In addition, the Company has established the Audit and Supervisory Committee and the Nomination and Compensation Advisory Committee to strengthen the supervisory function of the Board of Directors and enhance the transparency and fairness of management decision-making.

Corporate Philosophy

"Integrity" is Shinsho Corporation's Company motto. We are committed toward securing prosperity for our clients and shareholders through the creation of new values.

In November 2025, the Shinsho Group established its Corporate Purpose by articulating its aspirations for society and what it seeks to achieve in realizing its Corporate Philosophy. This Purpose clarifies the Group's reason for existence in society and its commitment to creating future value, and serves as a guideline for each employee to act proactively with a shared set of values and a common sense of purpose.

Our Purpose

*To take on change, starting with ourselves.
To create, connect, and unlock the inherent value withing people.
To create an exciting future.*

Please also refer to the "Shinsho Group Establishes Corporate Purpose" announcement released in December 2025 and the "New Material Issues of the Shinsho Group" announcement released in May 2026 on our website.

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

Shinsho Corporation complies with all of the principles of the revised Corporate Governance Code that took effect in June 2021, including the principles for the Prime Market category of the Tokyo Stock Exchange.

Disclosure Based on the Principles of the Corporate Governance Code

Update

[Principle 1.4 Cross-Shareholdings]

Concerning publicly listed shares held by the Company, the Board of Directors annually reviews the appropriateness of holding each individual stock. Specifically, the Company conducts qualitative assessments based on factors such as the issuing company's business performance trends, the existence of any material misconduct, the scale of transactions with the Shinsho Group, and the significance of the business relationship. In addition, the Company conducts quantitative assessments to determine whether investment returns, including profits generated through transactions with the issuing company and dividends received, exceed the Company's investment evaluation criteria and cost of capital. Based on a comprehensive evaluation from both qualitative and quantitative perspectives, the Company determines whether to continue

holding each stock. In fiscal 2025, the Company sold four stocks. As of March 31, 2026, strategically held shares accounted for 18.2% of consolidated net assets.

Under Medium Term Management Plan 2026, the Company has set a target of reducing this ratio to 15% or less by March 31, 2027, and ultimately aims to reduce it to below 10% in the future. The Company will continue to review the purpose and effectiveness of its holdings and promote the reduction of strategically held shares from the perspective of capital efficiency. Funds generated through such reductions will be allocated to growth investments and other strategic initiatives. Please also refer to the “Notice Concerning Policy on Reduction of Cross-Shareholdings” released in May 2025, as well as the latest progress on the reduction of Cross-Shareholdings.

Notice Concerning Policy on Reduction of Cross-shareholdings:

<https://www.shinsho.co.jp/english/ir/library/pdf/matters-concerning-controlling-shareholders-etc.pdf>

Notice of the 108th Annual General Meeting of Shareholders(p.11)

<https://www.shinsho.co.jp/english/ir/stock/pdf/108reference.pdf>

The Company exercises voting rights of cross-shareholdings using a holistic judgement based on impacts it will have on transactions with the Company after confirming that proposals do not cause damage to shareholder value.

[1.7 Related Party Transactions]

The Company has established the Basic Policy on Related Party Transactions. In conducting transactions with related parties, the Company preliminarily deliberates prior to the resolution as necessary, and follows appropriate procedures to prevent transactions that would impair the common interests of the Company and its shareholders. One such effort is a transaction within the range of regular market prices accepted on the basis of trading common sense. In internal monitoring, we audit the appropriateness of the decision on such transactions from the aforementioned perspective. In addition, regarding transactions that would cause conflict of interests between the Company and a Director, the Company preliminarily seeks an approval at the Board of Directors, and in principle, makes the Director report the content of such transactions to the Board of Directors annually in order to examine the adequacy and appropriateness of such transactions. (See the relevant section of the Company's website for the same information.)

[2.4.1 Ensuring Diversity in the Appointment of Core Human Resources, etc.]

○ Approach to Ensuring Diversity

The Company recognizes ensuring diversity as one of its important management issues. In promoting Medium Term Management Plan 2026 and from the perspective of human capital management, the Company regards diverse human resources as a source of value creation and strives to promote diversity based on its Basic Diversity Policy. In addition, the Company has established the Diversity Subcommittee under the Sustainability Committee and is working to create an environment in which each employee can fully demonstrate his or her initiative and creativity. Furthermore, in fiscal 2025, the Company promoted mutual understanding and strengthened collaboration among employees with diverse backgrounds through initiatives such as exchanges with employees of overseas group companies and global sessions.

Please refer to the Company's website for the Basic Diversity Policy and specific initiatives related to diversity.

https://www.shinsho.co.jp/english/csr/social/env_improvement.html

○ Targets and Action Plan for Ensuring Diversity

The Company aims to create new value by leveraging workforce diversity, respecting individuality, improving a comfortable and inclusive working environment, and incorporating diverse perspectives, ideas, and viewpoints into decision-making. In particular, the Company recognizes the promotion of women's empowerment and the improvement of work-life balance as important management issues and continuously implements action plans in accordance with the Act on Promotion of Women's Participation and Advancement in the Workplace.

The Company has established the following numerical targets:

- The ratio of women in general career track positions (including general career track positions with restrictions on relocation): 20% or more (target for fiscal 2030)
- Ratio of female managers: 10% or more (target for fiscal 2030)
- Maintain a ratio of 40% or more for women in general career track positions and employees seeking conversion to Area-Limited Career-Track Employees (AE employees) among regular hires
- Ratio of Area-Limited Career-Track Employees (AE employees) among area employees: 50% or more (target for fiscal 2030)

As of March 31, 2026:

- The ratio of women in general career track positions (including general career track positions with restrictions on relocation): 18.0% (85 employees)
- Ratio of female managers: 4.6% (10 employees)

- Ratio of women in general career track positions and employees seeking conversion to Area-Limited Career-Track Employees among regular hires: 35.7% (5 out of 14 employees)

The Company will continue its efforts to expand the appointment of female managers and strengthen support for career development.

With regard to employees of foreign nationality, the Company had 17 foreign-national career-track employees as of March 31, 2026, including 4 managers. The Company positions these employees as important human resources who contribute diverse perspectives and support the promotion of its global business activities.

As for mid-career hires, 128 employees, including 64 managers, were employed by the Company as of March 31, 2026. The Company recognizes them as an important talent pool supporting its sustainable growth and benefiting from their diverse knowledge and experience.

Going forward, the Company will continue to recruit, develop, and appoint diverse talent, including women, employees of foreign nationality, and mid-career hires, in accordance with its business strategies and organizational needs. The Company will also strengthen the development of core personnel capable of playing active roles globally and thereby enhance corporate value on a sustainable basis.

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has adopted a defined contribution pension plan in order to mitigate future risks associated with corporate accounting and to support independent asset formation in line with economic rationality and the life plans of each individual employee. Under the plan, the Company employs a highly specialized financial institution as asset manager, and regularly provides asset management education for employees.

[Principle 3.1 Full Disclosure]

1) Corporate Philosophy and Medium Term Management Plan

As described in I-1. “Basic Views” of this Report, the Company has established its Corporate Philosophy, Purpose, and Material Issues, which serve as the foundation for formulating management strategies and conducting business activities.

Under Medium Term Management Plan 2026, which is currently being implemented, the Company is pursuing business development based on the following three strategic pillars with the aim of achieving “high-quality management” and “transformation into a truly global company” as its second founding:

1. Expansion and deepening of businesses as the core trading company of the KOBELCO Group
2. Diversification of business models by establishing our own supply chain
3. Promotion of new businesses that contribute to solving social issues and strengthening profitability

In addition, in order to sustainably achieve profitability exceeding its cost of capital (WACC), the Company has introduced ROIC as a management indicator and is reviewing its business portfolio from the perspectives of capital efficiency and growth potential of each business. The Company also aims to achieve sustainable growth by reallocating operating cash flow generated through the optimization of total assets to growth investments.

Furthermore, the Company seeks to strengthen its non-financial capital through both sustainability management and human capital management and strives to enhance corporate value through constructive dialogue with shareholders. For further details, please refer to Medium-Term Management Plan 2026 available on the Company's website. The progress of the Plan is explained in the Company's financial results presentation materials. Please also refer to the FY2025 Financial Results Presentation Materials (pages 8 to 17).

<https://www.shinsho.co.jp/english/ir/policy/pdf/2026-chuki-e.pdf>

https://www.shinsho.co.jp/english/ir/library/pdf/financialresults_fy2025_07.pdf

2) Basic Approach/Basic Policy Concerning Corporate Governance

Please refer to I-1. “Basic Views” above.

For further details, please refer to the Company's website and Integrated Report 2025 (pages 57 to 65).

<https://www.shinsho.co.jp/english/ir/policy/governance.html>

https://www.shinsho.co.jp/english/ir/library/pdf/2025integrated_report_view.pdf

3) Policy and Procedures for Determining Remuneration

In determining remuneration, it is important to provide the management members with incentives for active management, while having them assume appropriate levels of risk. For this reason, the Company incorporated a stock trust scheme as long-term incentive-based remuneration for Directors (excluding Outside Directors, Directors who are Audit & Supervisory Committee Members, and non-residents), in addition to the existing fixed remuneration and performance-linked remuneration as a short-term incentive-based remuneration. This will provide motivation to increase corporate value continuously over the medium to long term and increase its effectiveness.

The remuneration of Outside Directors and Directors who are Audit & Supervisory Committee Members consists

only of fixed remuneration. In addition, the remuneration of Directors who are Audit & Supervisory Committee Members is determined through consultation among the Directors who are Audit & Supervisory Committee Members.

4) Policy and Procedures for Selection/Dismissal of Executive Level Management and Nomination of Candidates for Director/Audit & Supervisory Board Member

In selecting candidates for Executive Director, the Company will select candidates who have the qualifications, knowledge, and experience appropriate to be entrusted with the management of the Company by shareholders and other stakeholders in order to realize our Corporate Philosophy and our Purpose.

In selecting candidates for Directors who are Audit & Supervisory Committee Members, the Company will select candidates who can broaden their perspective on the appropriateness and efficiency of management and actively speak out at the Board of Directors in addition to those who can conduct appropriate audits based on their job responsibilities and functions based on their specialist knowledge and experiences, etc. as Directors who are Audit & Supervisory Committee Members.

In addition, in selecting candidates for Outside Director, the Company will select human resources from a wide range of backgrounds such as certified public accountants, tax accountants, lawyers, and different industries, and selects candidates who can provide advice from outside fair and neutral opinions from the perspective of appropriateness in decision-making by the Board of Directors, support appropriate risk-taking, and support the sustainable growth of the Company and the enhancement of corporate value over the medium to long term.

Decision making on proposals related to such nomination and remuneration is carried out after preliminary deliberations by the Advisory Committee on Appointments and Compensation, chaired by an Independent Outside Director and a majority of whose members are Independent Outside Directors, in order to ensure the transparency and fairness of the decision-making process of the Board of Directors regarding proposals related to nomination and remuneration.

With regard to the selection of the President and CEO, the Company has established a succession plan that stipulates the requirements and procedures for the selection and appointment of the President and CEO in order to realize the Company's corporate philosophy and management plan and enhance the corporate value of the Company and its Group. In the event that an executive level management engages in serious violation of law or performs inappropriate duties that seriously damage the corporate value and credibility of the Company, the relevant executive level management may be dismissed.

5) Reasons for Selection and Nomination of Individual Director Candidates

The Company nominates Directors based on the Approach to Nominating Candidates for Director it has stipulated. These nominations are subject to approval at the General Meeting of Shareholders. Please refer to the Company's website for its approach to nominating candidates for Director.

The Company gives the reasons for the nomination of each candidate for Director, the selection process and individual skill matrices in the reference documents for the Convocation Notice of the Ordinary General Meeting of Shareholders, so please refer to them.

<https://www.shinsho.co.jp/english/ir/policy/governance.html>

<https://www.shinsho.co.jp/english/ir/stock/pdf/108reference.pdf>

[Supplementary Provision 3.1.3 Sustainability Initiatives]

In response to the rapidly changing business environment, the Company promotes initiatives to address its Material Issues under the Sustainability Committee, chaired by the President as its Chief Executive, with the aim of achieving both the sustainable growth of the Shinsho Group and the resolution of social issues.

In May 2026, taking into account changes in the business environment and social issues, the Company newly identified the Shinsho Group's Material Issues and further clarified the issues to be addressed on a priority basis. Based on these six newly identified Material Issues, the Company will reflect them in the strategies and specific measures of its next Medium-Term Management Plan and consistently promote initiatives aimed at enhancing corporate value over the medium to long term.

Material Issues of the Shinsho Group

- Transition to sustainable resource use
- Address climate change
- Create socially valuable products and services through innovation
- Build a resilient supply chains

- Develop diverse human resources who embrace change
- Pursue effective governance and high-quality management

For further details, please refer to the Company's website.

https://www.shinsho.co.jp/english/csr/basic/basic_policy.html

In addition, the Company has steadily promoted strategic initiatives to support sustainable growth, centered on the Sustainability Management Department established in fiscal 2025, and is enhancing its sustainability activities from both opportunity and risk perspectives.

The Company positions climate change response as an important management issue. In addition to promoting CO₂ emissions reductions throughout the Group, the Company continues to strengthen its contribution to solving social issues through initiatives such as expanding environmentally friendly businesses by leveraging its trading company functions.

Following the reorganization of the TCFD Consortium into the GX Future Consortium (GXFC) in April 2026, the Company has continued its participation in the consortium and is committed to promoting initiatives that contribute to green transformation (GX).

For further details regarding the Company's sustainability initiatives, please refer to the Company's website and Integrated Report 2025 (pages 27 to 30, 45 to 52).

<https://www.shinsho.co.jp/english/csr/environment/tcfd.html>

https://www.shinsho.co.jp/english/ir/library/pdf/2025integrated_report_view.pdf

Furthermore, in order to promote human capital management centered on its Purpose, the Company is working to further instill the Purpose established in November 2025 throughout the Group.

The Company is promoting the development of employees who demonstrate initiative by learning and acting on their own, while also reviewing its human resource systems and improving the working environment to enable diverse talent to thrive.

Through these efforts, the Company aims to enhance the empowerment of both individuals and the organization, strengthen its competitiveness, and promote innovation.

Moreover, the Company promotes career development support and engagement improvement measures to enhance employee's self-growth and motivation to contribute. Together with this, the Company will continue to strategically use intellectual properties as management resources to maximize the value of its intangible assets.

Please refer to the Company's website for details.

Initiatives to Nurture Human Resources: https://www.shinsho.co.jp/english/csr/social/hr_development.html

Medium Term Management Plan 2026: https://www.shinsho.co.jp/english/ir/policy/medium_term_management.html

Integrated Report 2025 (pages 23 to 26):

https://www.shinsho.co.jp/english/ir/library/pdf/2025integrated_report_view.pdf

[Supplementary Provision 4.1.1 Scope of Delegation to Management]

In accordance with internal regulations (Rules of the Board of Directors, Rules of the Management Committee, Rules on the Delegation of Duties, Rules on Executive Officers, etc.), the Company clearly stipulates matters to be determined and resolved by the Board of Directors and the scope of business execution delegated to the management team. Based on these regulations, as a Company with an Audit & Supervisory Committee, the Board of Directors makes management decisions and exercises supervisory functions, while Executive Directors and Executive Officers are responsible for business execution. Through this framework, the Company separates management decision-making and supervision from business execution, thereby enhancing the transparency and agility of management.

[Principle 4.8 Effective Use of Independent Directors]

The Company has strengthened its management decision-making and supervisory functions based on the basic principle that at least one third of the Board of Directors shall comprise Independent Outside Directors.

In addition, by establishing a system in which Executive Directors and Executive Officers perform business execution functions, the Company promotes swifter, more efficient management execution.

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

The Company has established the Independence Standards for Outside Directors/ Outside Audit & Supervisory

Board Members). In accordance with these standards, the Company confirms that the independence of candidates for Independent Outside Director is ensured in terms of their qualifications, background, and knowledge, as well as their substantive independence. The Independence Standards set forth by the Company are posted to the Company's website: <https://www.shinsho.co.jp/english/ir/policy/governance.html>

[Supplementary Principle 4.10.1 Authority and Roles, etc. of Nomination Committee and Remuneration Committee]

With regard to the nomination and remuneration of the management team, The Company has established the Advisory Committee on Appointments and Compensation, the majority of which is composed of Independent Outside Directors, as an advisory body to the Board of Directors, and the Committee is chaired by an Independent Outside Director.

[Supplementary Principle 4.11.1 Approach, etc. to Diversity of the Board of Directors]

The functions of the Board of Directors are based on the functions of management decision-making and supervision, and the composition of the Board of Directors is based on the basic structure of having Independent Outside Directors comprise at least one-third of all Directors. In addition, each Director is a person who is familiar with the management of each business and urgent issues, and the Board of Directors has a balanced and appropriate size composition in terms of qualities, experience, ability, and global perspective.

The Company has established an Audit & Supervisory Committee, the majority of whose members are Outside Directors, and has strengthened its management and execution supervision functions by conducting audits mainly to audit the legality and appropriateness of management (execution of duties), supervise management, and monitor conflicts of interest.

In addition, in order to realize the Company's corporate philosophy and management plan and enhance the corporate value of the Company and the Group, the Company has identified six skills that it expects from Directors and Audit & Supervisory Board Members: (1) management experience, (2) global perspective, (3) sales and marketing, (4) treasury, accounting, and finance, (5) legal affairs and compliance, and (6) sustainability and governance. The Company has prepared a skill matrix table that lists the skills possessed by each Director and Audit & Supervisory Board Member. For details, see the Convocation Notice of the General Shareholders Meeting posted on the Company's website.

<https://www.shinsho.co.jp/english/ir/stock/pdf/108reference.pdf>

<https://www.shinsho.co.jp/english/ir/policy/governance.html>

[Supplementary Provision 4.11.2 Concurrent Positions of Directors and Audit & Supervisory Board Members]

The Company discloses the status of concurrent positions of Directors and Audit & Supervisory Board Members every year in the Business Report for the General Meeting of Shareholders.

[Supplementary Provision 4.11.3 Evaluation of Effectiveness of the Board of Directors]

1. Purpose of Evaluation

In order to enhance corporate value and meet the expectations of stakeholders, the Company evaluates the effectiveness of the Board of Directors every year with the aim to strengthen the management decision-making and supervisory functions, which are functions of the Board of Directors.

2. Evaluation Method

The Company confirmed the matters considered to be important for the Board of Directors to effectively fulfill its roles and responsibilities in its evaluation for the fiscal year under review. Specifically, this includes the composition and operation of the Board of Directors; deliberations on management and business strategies; risk management and performance monitoring; and evaluations of management. Furthermore, with a view to enhancing the Board's future direction and the effectiveness of its role, we organized and examined issues related to the conduct of strategic discussions and the enhancement of corporate value over the medium to long term. The Company again asked a third-party organization to perform an effectiveness evaluation on its Board of Directors this fiscal year to objectively grasp the Directors' awareness of issues. This evaluation involved a questionnaire on all the Directors and interviews with the Representative Director, who serves as the Chair, and the Outside Directors. The third-party organization collated and analyzed those results. That analysis was then used as the basis for deliberations by the Board of Directors.

3. Overview of Evaluation Results

As a result of this fiscal year's evaluation, the Board of Directors was evaluated as functioning effectively. It was recognized that the Board is gradually shifting toward an operational style focused on important agenda items through the expansion of the delegation of authority and the enhancement of prior explanations and supporting information. It was also confirmed that the environment for constructive discussions has improved through

enhanced information sharing with Outside Directors and the provision of greater opportunities for deliberation. In addition, with respect to the issues identified in the previous fiscal year, namely “increasing the sophistication of the risk management system and strengthening the monitoring of business execution” and “further enhancing deliberations by the Board of Directors through the expansion of the delegation of authority,” both areas were recognized as having shown favorable improvement.

On the other hand, while opportunities for discussion were provided, it was confirmed that there remains room for further enhancement with respect to “deliberations on human resource development and medium- to long-term strategies.”

Furthermore, regarding deliberations on important matters such as management strategies, the Company recognized that, in some cases, the background, objectives, and assumptions underlying discussions were not sufficiently shared in advance. In addition, from the perspectives of clarifying key issues and improving the transparency of decision-making criteria, it was recognized that there remains room for improvement in the manner in which strategic discussions are conducted.

Based on these findings, the Company will further enhance the effectiveness of the Board of Directors by improving agenda explanations, enhancing the organization of discussion points, and establishing clearer criteria to support decision-making.

[Supplementary Provision 4.14.2 Training for Board of Directors and Audit & Supervisory Board]

Following the Basic Policy on Officer Training, the Company prepares a training plan for Directors, including newly appointed officers, and provides training in a timely and appropriate manner. This includes training by external experts to acquire knowledge on businesses, finance, organizations, sustainability and other fields necessary for Directors to fulfill their roles and responsibilities. In FY2025, in addition to training for newly appointed Directors and lectures on strengthening governance, we conducted a wide range of training sessions and seminars covering areas that contribute to management strategy and enhancing corporate value, such as sustainability management, investor relations (IR), and improving capital efficiency (PBR improvement), and carbon neutrality. Furthermore, Directors and Audit & Supervisory Board Members participated in the “My Purpose and Aspiration Training” program, which was designed to promote understanding of the Company’s Purpose established in November 2025. By sharing the results of the program with employees through the Company’s internal portal site, the management team is demonstrating purpose-driven management and promoting the penetration of the Purpose throughout the organization.

In FY2026, the Company will continue to provide training programs for newly appointed officers and encourage participation in various training programs and seminars covering economic conditions, sustainability management, risk management, and revisions to the Corporate Governance Code. Through these efforts, the Company will continue to enhance the capabilities of its officers not only in their areas of expertise but also in fields beyond their primary areas of specialization.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

The Company’s Basic Policy of Investor Relations/Shareholder Relations is as follows:

● Basic Policy

The Group positions building long-term relationships of trust with its shareholders and investors as an issue of the utmost importance. We properly provide corporate information necessary for investment decisions and carry out activities that would contribute to the enhancement of corporate value through constructive dialogue, thereby strengthening the bonds of trust with the shareholders and investors.

The Company has published its basic policy, disclosure policy, and scope of disclosure on our website; Please refer to them. Our website: Basic Policy on IR and SR Activities <https://www.shinsho.co.jp/english/ir/policy/irsr.html>

The General Affairs Department, IR & Public Relations Team serves as the department responsible for IR activities and works in cooperation with related departments, including the Corporate Planning Department. The Company holds financial results briefing sessions twice a year, at which the Representative Director and President provide direct explanations to shareholders and investors. In addition, the Company conducts individual meetings with shareholders and investors. The Company has also established a quiet period of one month prior to the announcement of financial results and refrains from disclosing information related to financial results during such period.

In addition, after the announcement of financial results, interviews with shareholders and investors are conducted by multiple people, including managers, to prevent insider information from being leaked to specific interviewees, and internal information management is also thoroughly compliant with the Rules for Managing the Prevention of Insider Trading, such as with training on the prevention of insider trading provided to all employees, including those in Japanese affiliated companies.

● Enhancing IR/SR Activities

The IR/PR Team in the General Affairs Department, the department responsible for IR, is taking the lead in enhancing the disclosure of information by the Company to its investors. Its activities include enhancing the quality and volume of financial results materials and disclosure materials, expanding English-language disclosure materials, holding financial results briefings for institutional investors with the President and CEO (twice a year), conducting IR/SR interviews, and responding to inquiries from individual investors. In FY2025, the Company newly conducted briefing sessions and surveys for institutional investors and individual investors. The content of these activities, together with opinions and requests received through meetings and other engagement opportunities, were compiled and reported to the Board of Directors and shared with management. These insights are utilized to support management improvements and initiatives aimed at enhancing corporate value over the medium to long term. In addition, the Company has strengthened its disclosure activities by enhancing the content of its website for individual investors and by publishing a new Communication Guidebook, which provides concise and easy-to-understand information on the Company and its initiatives in a format that is more accessible than the Integrated Report.

Our website: Shareholders and IR information <https://www.shinsho.co.jp/english/ir/>

Communication Guidebook (Japanese) https://www.shinsho.co.jp/ir/library/pdf/cgb_2025_view.pdf

[Principle 5.2 Establishing and Disclosing Management Strategies and Management Plans]

In Medium Term Management Plan 2026 announced in May 2024, the Company has set forth its business portfolio, investment plans, and financial strategies centered on its growth strategy. For details, see Medium Term Management Plan 2026. For details, see Medium Term Management Plan 2026 and the FY2025 Financial Results Briefing Materials for the state of the progress.

Medium Term Management Plan 2026: https://www.shinsho.co.jp/english/ir/policy/medium_term_management.html

FY2025 Financial Results FY2026 Forecast:

https://www.shinsho.co.jp/english/ir/library/pdf/financialresults_fy2025_07.pdf

【Response to Achieve Management Conscious of Capital Costs and the Stock Price】

Content of Disclosure Updated	Disclosure of Initiatives (Update)
Availability of English Disclosure	Non-Available
Date of Disclosure Update	June 25, 2025

Explanation of the Relevant Item

Update

The Company introduced ROIC management to pursue capital efficiency and improve corporate value while ensuring financial stability. Moreover, the Company has identified key initiatives and is aiming to ensure continued excess returns to realize management conscious of capital costs and the stock price based on the Medium Term Management Plan 2026.

The Company has established a shareholder returns policy of whichever is higher of a dividend payout ratio of 30% or more or a dividend of 100 yen per share (after the stock split) and set a minimum dividend amount to achieve a stable dividend for all its shareholders. Moreover, it implemented a stock split (splitting one share into three shares) with an effective date of April 1, 2025 to create an environment that makes it easier for investors to invest.

In addition to the state of the progress on the KGIs and the investment and lending plan targets in the Medium Term Management Plan, the Company calculates the WACC derived from CAPM-based capital costs to be 4 to 5% to confirm that the ROIC is above the WACC every fiscal year. The Company will continue to strive to further strengthen its profitability going forward. Moreover, the Company has established a policy to reduce its cross-shareholdings to further improve capital efficiency. The Company announced this policy on May 2025. The Company intends to use the funds obtained by selling its cross-shareholdings for growth investment and other purposes and to achieve the cash allocation it has established in the Medium Term Management Plan 2026. The Company is aiming to increase its corporate value and achieve a PBR of 1x and then go beyond that through the above specific initiatives at an early stage in the future.

The Company will continue to promote management with a focus on capital profitability and capital efficiency and strive to enhance corporate value. The Company will continue to disclose its initiatives and progress through various briefing sessions and postings on the Company's website and other channels.

Medium Term Management Plan 2026:

https://www.shinsho.co.jp/english/ir/policy/medium_term_management.html

FY2025 Financial Results FY2026 Forecast:

https://www.shinsho.co.jp/english/ir/library/pdf/financialresults_fy2025_07.pdf

Policy on Reduction of Cross-shareholdings: <https://www.shinsho.co.jp/english/ir/library/pdf/notice-concerning-policy-on-reduction-of-cross-shareholdings.pdf>

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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Status of Major Shareholders

Update

Name or Company	Number of Shares Owned	Percentage(%)
Mizuho Trust & Banking Co., Ltd. Kobe Steel, Ltd. Retirement Benefit Trust Account Re-trust Trustee: Custody Bank of Japan, Ltd.	5,718,600	21.53
Kobe Steel, Ltd.	3,537,354	13.32
Shinsho Client Shareholding Association	2,091,228	7.87
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,904,400	7.17
Custody Bank of Japan, Ltd. (Trust Account)	1,314,700	4.95
Shinsho Employees' Shareholding Association	623,854	2.35
SINFONIA TECHNOLOGY CO., LTD.	450,000	1.69
DFA INTL SMALL CAP VALUE PORTFOLIO (Standing Proxy: Tokyo Branch, Citibank, N.A.)	342,197	1.29
Tojiro Ashida	306,300	1.15
Mizuho Trust & Banking Co., Ltd. Shinko Wire Company, Ltd.. Retirement Benefit Trust Account Re-trust Trustee: Custody Bank of Japan, Ltd.	240,900	0.91

Name of Controlling Shareholder, if applicable (excluding Parent Company)

Name of Parent Company, if applicable

Not Adopted

Supplementary Explanation

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime Market
Fiscal Year-End	March
Business Sector	Wholesale business
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	100 billion yen or more and fewer than 1 trillion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

The Company is an equity-method affiliate of Kobe Steel, Ltd., and conducts business transactions with Kobe Steel on an ongoing basis. There are no concurrent officers serving between the Company and Kobe Steel. In addition, we operate our business based on management policies and strategies that are independent of the KOBELCO Group, and we recognize that management independence is ensured. In addition, in order to use the trademarks owned by Kobe Steel, the Company has concluded a Head Office Management Brand License Agreement with Kobe Steel. Based on this agreement, the Company reports on the situation, including at the Company's subsidiaries, etc., but this agreement is from the perspective of maintaining brand credibility and Kobe Steel is not involved in the Company's decision-making.

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	Audit & Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	One year
Chairperson of the Board	President and CEO
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoshio Tano	From another company								△			
Hiroko Kaneko	Attorney at law											
Miyuki Nakagawa	Certified Public Accountant						△					

*Categories for "Relationship with the Company".

(Use "○" 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; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit & Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the 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 with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Name	Audit & Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Appointment
Yoshio Tano		○	The Company has a transactional relationship with Kobelco Systems Corporation where Mr. Tano served as an executive officer until March 2021. The transactional value accounts for approximately 1.01% of Kobelco System Corporation's net sales. Kobelco Systems Corporation is an equity-method affiliate of Kobe Steel, Ltd., with 51% of the company's shares owned by IBM Japan Ltd. and 49% by Kobe Steel, Ltd.	The Company expects Mr. Yoshio Tano is well-suited to serve as an outside director of our company, based on our "Guidelines for Nominating Director Candidates" and "Standards for the Independence of Outside Directors", as he is capable of making objective, fair, and impartial judgements drawing on his extensive experience in business sectors distinct from ours and his deep insight as a business leader. Mr. Tano previously served as President and CEO of Kobelco Systems Corporation (a consolidated subsidiary of IBM Japan Ltd.), and the Company believes that the experience he has cultivated will contribute to advancing our digital transformation and enhancing our corporate value. Furthermore, the relationship between his former employer and our company is as described on the left. The Company believes this relationship does not affect his ability to make objective, fair, and impartial judgements as Outside Director, nor does it pose a risk of a conflict of interest with general shareholders. Therefore, the Company has determined that he is fully capable of fulfilling his supervisory role independently of our management and have designated him as an independent director.
Hiroko Kaneko	○	○	-	Ms. Hiroko Kaneko has extensive experience and expertise as an attorney, particularly in the areas of human resources and labor affairs. The Company has determined that she is an appropriate candidate in lights of its Criteria for the Nomination of Director Candidates who are Audit & Supervisory Committee Members and Criteria for Independence of Outside Officers. Leveraging her professional expertise in legal matters and her global perspective, she audits and supervises the execution of duties by Directors from an objective, fair, and neutral standpoint. Accordingly, the Company considers her to be well qualified to continue serving as an Outside Director who is an Audit & Supervisory Committee Member. In addition, she satisfies the independence criteria prescribed by the stock exchange regulations as well as the Company's own independence standards. As the Company believes that there is no risk of conflicts of interest with general shareholders, it has designated her as an Independent Officer based on its judgment that she can adequately perform her supervisory role from a position independent of the Company's management.

Miyuki Nakagaawawa	○	○	Ms. Miyuki Nakagawa joined Asahi & Co. (now KPMG AZSA LLC) in October 1995 and retired in August 2018. KPMG AZSA LLA is the Company's accounting auditor, but Ms. Nakagawa was never involved in audits of the Company. The Company's payments account for around 0.07% of the total fees received by KPMG AZSA LLC's. Miyuki Nakagawa joined Asahi & Co. (now KPMG AZSA LLC) in October 1995 and retired in August 2018. KPMG AZSA LLC is the Company's accounting auditor, but Ms. Nakagawa was never involved in audits of the Company. The Company's payments account for around 0.07% of KPMG AZSA LLC's total net sales.	Ms. Miyuki Nakagawa has extensive experience and expertise in the fields of finance and accounting as a Certified Public Accountant. The Company has determined that she is an appropriate candidate in light of its "Criteria for the Nomination of Director Candidates who are Audit & Supervisory Committee Members" and "Criteria for Independence of Outside Officers." Leveraging the expertise she has cultivated through her experience as an Outside Director, she appropriately audits and supervises the execution of duties by Directors from an objective, fair, and neutral standpoint. Accordingly, the Company considers her to be well qualified to continue serving as an Outside Director who is an Audit & Supervisory Committee Member. In addition, she satisfies the independence criteria prescribed by the stock exchange regulations as well as the Company's own independence standards. As the Company believes that there is no risk of conflicts of interest with general shareholders, it has designated her as an Independent Officer based on its judgment that she can adequately perform her supervisory role from a position independent of the Company's management.
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【Audit & Supervisory Committee】

Composition of board members and attributes of the chairperson

	All board members (Number of persons)	Full-time board members (Number of persons)	Internal Directors	Outside Directors	Board Chair
Audit and Supervisory Committee	3	1	1	2	Inside Director
Directors and employees to assist the Audit & Supervisory Committee in its duties	Available				

Matters concerning such Directors and employee's independent from the Executive Directors

In response to requests from the Audit & Supervisory Committee Members, the Company assigns a full-time person to assist in the duties conducted by the Audit & Supervisory Committee Members and at the same time to be in charge of the secretariat of the Audit & Supervisory Committee. Decisions on appointment, dismissal, and evaluation are made with the prior consent of the Audit & Supervisory Committee. The Directors' (excluding Directors who are Audit & Supervisory Committee Members) command and order authority shall not extend to such auxiliary work, but shall be subject only to the command and order authority of Audit & Supervisory Committee Members.

Corporation among the Audit & Supervisory Committee, accounting auditors, and internal Audit Department

In order to conduct audits efficiently, the Audit & Supervisory Committee meets regularly with the accounting auditor to promote cooperation by exchanging management information. In addition, the Audit & Supervisory Committee and the Audit Department, which is the department in charge of internal audits, hold regular meetings to exchange opinions on the status of audit implementation.

【Voluntary committee】

Voluntary committee equivalent to the Nominating Committee or the Compensation Committee		Available						
Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)								
	Committee’s Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination Advisory Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Compensation Advisory Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

Update

In order to enhance the transparency and objectivity of the processes for nomination (selection) and remuneration of executive level management and Directors, the Company has established committees on nomination and remuneration as advisory bodies to the Board of Directors. In principle, the Nomination Advisory Committee convenes in March and the Compensation Advisory Committee in June, or as needed. In FY2025, the committees met eight times.

In addition, the Company transitioned its governance structure to a Company with an Audit & Supervisory Committee at the conclusion of the General Meeting of Shareholders on June 26, 2024, and the Advisory Committee on Appointments and Compensation under the new structure is chaired by Miyuki Nakagawa (Independent Outside Director and Audit & Supervisory Committee Member) and consists of three members: Yoshio Tano (Independent Outside Director) and Hironobu Takashita (President and CEO).

【Independent Directors】

Number of Independent Directors	3 persons
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Supplementary Explanation

In addition to the provisions of the Companies Act on Outside Directors, the Company has formulated the Independence Standards for Outside Directors by referring to the Tokyo Stock Exchange's criteria for determining the independence of independent officers. For details, please see the Company's website.

<https://www.shinsho.co.jp/english/ir/policy/governance.html>

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme, etc.
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Supplementary Explanation for Applicable Items

In addition, the Company introduced a stock compensation plan in FY2022, in which the Company will deliver and provide Directors (excluding Outside Directors, Directors who are Audit & Supervisory Committee Members, and non-residents) with a cash sum equivalent to the conversion value of the Company's shares and the Company's shares in accordance with the role of each Director (excluding Outside Directors, Directors who are Audit & Supervisory Committee Members, and non-residents).

Persons Eligible for Stock Option	-
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【Directors Remuneration】

Status of disclosure of Individual Directors Remuneration

Individual compensation is not disclosed.

Supplementary Explanation for Applicable Items

The Company discloses the total amount for each individual Director (excluding Directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Member.

Policy for determining the amount of remuneration or its calculation method

Available

Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

Update

1. Basic Policy on Remuneration Etc.

The Company determines the remuneration for Directors within the remuneration limit set by a resolution at the General Meeting of Shareholders.

- (i) **Remuneration for Directors (Excluding Directors Who Are Audit & Supervisory Committee Members)**
 The remuneration paid to Directors (excluding Directors who are Audit & Supervisory Committee Members) is the total amount including remuneration for executive officers. It is determined by a resolution of the Board of Directors after deliberations by the Compensation Advisory Committee.
 This remuneration consists of fixed remuneration determined by role and performance-linked remuneration that fluctuates according to business performance. Starting in FY2022, in addition to this, the Company introduced a new stock compensation plan for Directors and Executive Officers (excluding Outside Directors, Directors who are Audit & Supervisory Committee Members, and non-residents of Japan; hereinafter “Directors etc.”) after obtaining approval at the 104th Ordinary General Meeting of Shareholders held on June 24, 2022 to further enhance Directors’ awareness of their contributions to the medium- to long-term enhancement of business performance and maximization of corporate value. The Company has procedurally revised the stock compensation plan due to its transition to being a Company with an Audit & Supervisory Committee. The revised plan was approved at the 106th Ordinary General Meeting of Shareholders held on June 26, 2024.
 With the introduction of this plan, the remuneration for Directors etc. consists of fixed remuneration, performance-linked remuneration as a short-term incentive and stock-based remuneration as a long-term incentive.
 Remuneration for Outside Directors, who are independent from business execution, continues to consist only of fixed remuneration because they assume the role of a supervisory function.
- (ii) **Remuneration for Directors Who Are Audit & Supervisory Committee Members**
 The remuneration paid to Directors who are Audit & Supervisory Committee Members consists of fixed remuneration only in light of their role and independence.

2. Policy on Determining the Remuneration Etc. for Individual Directors

(i) Details of Remuneration Etc.

a) Fixed Remuneration

Fixed remuneration is determined according to role and assigned duties.

b) Performance-linked Remuneration

Performance-linked remuneration as a short-term incentive is evaluated on a 14-point scale based on the degree of achievement of each target and a comparison with the previous year's results etc. for company-wide consolidated performance and the performance of the departments they are in charge of, using ordinary income, which is a numerical target for short-term performance management, as an indicator.

In the case of the lowest evaluation rank on the 14-point scale, performance-linked remuneration is not paid. Meanwhile, in the case of the highest evaluation rank, the amount of performance-linked remuneration is set at about 31% to 40% of the fixed remuneration amount for each role. The ratio of performance-linked remuneration to remuneration etc. is higher for higher level roles that require accountability for performance.

c) Stock-based Remuneration

The Company determines the number of points based on the base amount set for each role every year in accordance

with the Stock Delivery Regulations so that stock-based remuneration as a long-term incentive is about 6% of the overall remuneration. It grants the Directors etc. the determined number of points on June 1 of each year. Directors etc. receive shares etc. in accordance with the number of points accumulated at the time of their retirement.

***Overview of the Stock Compensation Plan**

The Company has adopted a board incentive plan (BIP) trust for officers, etc. for the stock compensation plan. This is a system in which the Company's shares and cash sum equivalent to the conversion value of the Company's shares are delivered and paid to Directors, etc. according to their role.

With regard to stock-based remuneration, in the event of a serious fraud or legal violation, etc. by a Director, etc., the Company has established a system that allows it to disqualify or seize the right of the Director, etc. to receive the Company's shares, etc. under this system (malus), and to request the return of a cash sum equivalent to the Company's shares, etc. delivered (clawback).

(ii) Remuneration Standard

The remuneration etc. for Directors is set by the Compensation Advisory Committee on a regular basis through comparative verification by the committee using objective remuneration survey data etc. from external specialized organizations that mainly benchmark domestic companies with the same size as the Company's business and market capitalization.

3. Reasons Why the Board of Directors Judges That the Details of Individual Remuneration Etc. for Each Director for the Relevant Fiscal Year is in Line with the Policy

To ensure the transparency and fairness of the decision-making procedures of the Board of Directors regarding remuneration, the Compensation Advisory Committee, a majority of whose members are Outside Officers, deliberates on the appropriateness of the amount of remuneration for Directors in light of the basic policy of the Corporate Governance Code and submits a written opinion to the Board of Directors. The Board of Directors has confirmed that it will make resolutions within the range of the total amount approved at the General Meeting of Shareholders after taking into account the opinions of the Compensation Advisory Committee.

After the Company's transition to being a Company with an Audit & Supervisory Committee, the Audit & Supervisory Committee will confirm the remuneration determination process in advance to ensure that the details of individual remuneration etc. are in line with the above policy and will work with the Compensation Advisory Committee such as in terms of deciding whether or not to express an opinion to the Board of Directors.

4. Matters Related to the Policy for Determining the Amount of Remuneration, Etc. for Individual Directors Who Are Audit & Supervisory Committee Members

The amount of remuneration for individual Directors who are Audit & Supervisory Committee Members is determined through discussions by the Audit & Supervisory Committee within the total amount of remuneration for Directors who are Audit & Supervisory Committee Members and is based on the duties and responsibilities of individual Directors who are Audit & Supervisory Committee Members.

5. Matters Concerning Resolutions at the General Meeting of Shareholders Regarding Remuneration Etc. for Directors

The maximum amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) is no more than 352 million yen per year (no more than 29 million yen per year for Outside Directors) as determined by a resolution at the 106th Ordinary General Meeting of Shareholders held on June 26, 2024.

Stock-based remuneration, which is non-monetary remuneration for Directors, etc., is set separately from the limit from the viewpoint of plan operation. The number of Directors (excluding Directors who are Audit & Supervisory Committee Members) during the applicable fiscal year was five.

The maximum amount of remuneration for Directors who are Audit & Supervisory Committee Members is no more than 75 million yen per year (no more than 33 million yen per year for Outside Directors) as determined by a resolution at the 106th Ordinary General Meeting of Shareholders held on June 26, 2024. The number of Directors who are Audit & Supervisory Board Members during the applicable fiscal year was three (including two Outside Directors).

6. Officer Remuneration Paid to Directors and Audit & Supervisory Board Members in FY2024 was as Follows.

Officer Remuneration Paid to Directors and Audit & Supervisory Board Members in FY2025 was as Follows.

219 million yen paid to 6 Directors (excluding Directors who are Audit & Supervisory Committee Members). (8 million yen of this amount was paid to Outside Directors)

50 million yen paid to 3 Directors of Audit Supervisory Committee (16 million yen of this amount was paid to Outside Directors Audit Supervisory Committee)

Support System for Outside Directors and/or Outside Audit & Supervisory Board Members

One employee is assigned to assist the duties of the Audit & Supervisory Board Members, upon their request, and is in charge of assisting the audits of the Audit & Supervisory Board Members and at the same time is in charge of the secretariat of the Audit & Supervisory Board. In addition, the Company regularly holds supplementary briefings on its business operations and pre-briefings prior to Board of Directors meetings for outside officers.

Names and other information of Executive Advisors or Corporate Advisors who used to be Representative Director and President or other positions

Name	Position	Roles and Responsibilities	Work style, Conditions (Full time or part time, w/ or w/o Compensation)	Date of retirement from representative Director and President or other position	Term
Takafumi Morichi	Advisor	- Advice, support, and external activities based on requests from the president - Outside Director of Sanoh Industrial Co., Ltd.	Full time with remuneration	June 26, 2024	1 year

Number of Executive Advisors or Corporate Advisors who served as Representative Director and President or other positions

1 person

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

Update

The Company gives an overview of its current corporate governance system and its basic views on it in I-1. Basic Views in this report. Please also refer to the following supplementary descriptions related to functions such as business execution, audit and supervision, nomination and remuneration determination, as well as the schematic diagram at the end of this report.

- 1) The Company's Board of Directors convenes at least once every month, in principle. It functions as a decision-making body for management and a supervisory body for the business execution of Executive Directors and Executive Officers, by deliberating and deciding upon important matters pertaining to management as well as separately listening to reports from all Executive Directors and Executive Officers on a quarterly basis pertaining to the execution status of their duties and the progress of the Company's performance, etc. Furthermore, the Company has appointed Yoshio Tano, Hiroko Kaneko, and Miyuki Nakagawa as Outside Directors. All three are Independent Officers without concern about conflict of interest with general shareholders.
- 2) The Company's Management Committee, which is positioned as an advisory body to the President and CEO, comprises full-time Executive Directors, Executive Officers appointed by the President and CEO (chairperson), full-time directors who are members of the Audit & Supervisory Committee, and the general manager of the Corporate Planning Department. It deliberates in advance on important matters to be submitted to the Board of Directors, discusses the direction of management such as business strategies and other important matters, and examines and reports on specific countermeasures.
- 3) The Company has introduced the Executive Officer System, which separates the decision-making and supervisory functions of Directors from the functions of business execution. This not only strengthens the supervisory function of the Board of Directors, but also builds a flexible management system that can respond swiftly to changes in the operating environment.
- 4) The Company has adopted the Audit & Supervisory Committee System. The Company's Audit & Supervisory Committee comprises three Audit & Supervisory Committee Members, including two Independent Outside Directors. The Audit & Supervisory Committee formulates annual audit policies and audit plans, etc., and the Audit & Supervisory Committee Members attend important meetings, such as those of the Management Committee, etc., to understand the status of management and operations in general, and there is a system in place that allows them to constantly monitor the execution of duties by Directors by viewing and investigating various important documents. Additionally, one employee is assigned to assist the Audit & Supervisory Committee Members, and is in charge of assisting the audits of the Audit & Supervisory Committee Members and at the same time is in charge of the secretariat of the Audit & Supervisory Committee. Full-time Audit & Supervisory Committee Members have a wealth of experience in corporate administration and possess considerable knowledge of finance and legal affairs.

5) The Company has established the Advisory Committee on Appointments and Compensation, which serves as an advisory body to the Board of Directors and the majority of whose members are Independent Outside Directors. It functions as an organization that conducts deliberations on the appointment and the remuneration of Directors, etc., and reports to the Board of Directors.

6) With regard to accounting audits, the Company has appointed KPMG AZSA LLC as the accounting auditor. The Company provides accurate management information and undergoes audits from the accounting auditor pursuant to the Companies Act and the Financial Instruments and Exchange Act from a fair and impartial standpoint as an independent third party. The Certified Public Accountants who executed the Company's accounting audit operations are as follows:

(Names of Certified Public Accountant who executed operations) (Name of the audit corporation they are employed at)
(Continuous audit years)

Appointed limited liability employee/Managing Partner: Daisuke Toyama, Certified Public Accountant KPMG AZSA LLC
1 accounting periods

Appointed limited liability employee/Managing Partner: Hiroshi Yabumae, Certified Public Accountant KPMG AZSA LLC
3 accounting period

3. Reasons for Adoption of Current Corporate Governance System

The Company transitioned to a Company with an Audit & Supervisory Committee following a resolution at the 106th Ordinary General Meeting of Shareholders held on June 26, 2024, with the aim of realizing more transparent management by having the Audit & Supervisory Committee, the majority of whose members comprises of Outside Directors, audit and supervise the legality and appropriateness of business execution, and building a system that can more accurately respond to the expectations of stakeholders in Japan and overseas. As a result of the transition to a Company with an Audit & Supervisory Committee, it will be possible to delegate the authority of the Board of Directors to make decisions on the execution of business to the Directors, and the Company aims to further speed up management decision-making and execution.

In addition, with the aim of obtaining useful advice from a broad perspective in order to revitalize the Board of Directors, the Company has appointed three Outside Directors who have no interest in the Company.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

Supplementary Explanation	
Early Posting of Notice of the General Shareholders Meeting	The Company sends out by postal mail the Convocation Notice of the General Shareholders Meeting in advance of the meeting and also posts it to its website before sending it by postal mail.
Scheduling of General Shareholders Meeting to Avoid Days on which Many Other Companies Hold their Shareholders' Meeting	To the extent possible, the Company schedules the General Shareholders Meeting to avoid days on which many other company hold their shareholders' meetings.
Electronic Exercise of Voting Rights	The Company's shareholders can exercise their voting rights electronically since 2008.
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 for institutional investors since 2012.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	The Company has prepared an English language version of the Convocation Notice since 2015 (since 2017 for Business Report) and publishes it on its website.
Other	The Convocation Notice of the General Shareholders Meeting is posted on the Company's website and the Tokyo Stock Exchange website.

2. Status of IR-related Activities

Update

Supplementary Explanation		Explanation by a representative director or a representative executive officer
Regular Investor Briefings held for Analysts and Institutional Investors	The Company hosts regular briefings for institutional investors two times a year. The Company also organizes one-on-one meetings with institutional investors as needed.	Held
Online Disclosure of IR Information	Business Report, Consolidated Financial Results, Medium-Term Management Plan, IR Briefing Materials, etc.	
Establishment of Department and/or Placement of a Manager in Charge of IR	General Affairs Department (PR/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	The Company's Corporate Philosophy, the Company Purpose, Material Issues and the Code of Corporate Ethics of Shinsho Group contain provisions that require the Company to live up to the trust and expectations of all stakeholders including shareholders, business partners and employees.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Company established its Environmental Policy in January 2000 and obtained ISO 14001 certification in the same year. Based on the Basic Policy for Sustainability, the Company established the Sustainability Committee and is promoting activities through subcommittees and working groups comprised of members from across the company. In April 2025, the Company established the new Sustainability Management Dept. to plan, oversee and manage the Group's sustainability activities. In addition to sustainable corporate activities through ESG initiatives, this department will strengthen the logic behind the attractive growth story and new value creation through initiatives on important issues. In this way, it will enhance the driving force for further growth and promote the transformation to high-quality management. The Company has also identified "Transition to Sustainable Resource Utilization" and "Addressing Climate Change" as Material Issues of the Shinsho Group, which were reviewed in May 2026. The Company has incorporated these Material Issues into its specific initiatives and will continue to further promote its efforts in these areas going forward. Please refer to the Company's website for the management system for sustainability activities. https://www.shinsho.co.jp/english/csr/ In addition, the Group recognizes that responding to climate change is an important management issue, and will continue to contribute to society as it relates to climate change not only through initiatives to reduce CO2 emissions of the entire Group but also through initiatives that make use of our trading company functions. The Company received a "B" rating for Climate Change and a "B-" rating for Water Security in the assessment conducted by CDP, an international non-profit organization, which evaluates companies' initiatives and disclosures related to climate change and water security. As part of its ongoing initiatives, the Company is promoting resource-circulation businesses that expand horizontal recycling through the upgrading and commercialization of aluminum sash scrap. In addition, the Company is contributing to the reduction of CO2 emissions by expanding procurement sources and enhancing functions related to biomass fuels, as well as participating in a carbon-neutral woody black bark pellet business. For further details, please refer to the Integrated Report 2025. https://www.shinsho.co.jp/english/ir/library/pdf/2025integrated_report_view.pdf

	In terms of CSR activities, the Company reviewed and updated its “Basic Policy on Social Contribution Activities and Identification of Priority Areas” in May 2026. The Company has identified “Contribution to People,” “Connection with Local Communities,” and “Giving Back to Nature” as its priority areas. The Company will continue to engage in a variety of social contribution activities, including the ongoing participation in the “Furugi de Vaccine” (Used Clothes with Vaccines) charity campaign, sponsorship of Paralym Art, and contributions to local communities.
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company established the Basic Policy of Investor Relations / Shareholder Relations and the Disclosure Policy, and publishes them on its website. https://www.shinsho.co.jp/english/ir/policy/irsr.html

IV. Matters Concerning the Internal Control System

Update

1. Basic Views on Internal Control System and Status of Development

The Company transitioned to being a Company with an Audit & Supervisory Committee based on the approval of the 106th Ordinary General Meeting of Shareholders held on June 26, 2024. In line with this, the Board of Directors resolved to partially revise the Basic Policy on Constructing an Internal Control System at a meeting held on the same day. The Company is operating the revised content as follows.

- 1) System for ensuring the execution of duties by Directors and employees of the Company and its subsidiaries (“the Group”) conform to laws, regulations and the Articles of Incorporation
 1. The Code of Corporate Ethics of Shinsho Group stipulates that the Company will maintain a high level of corporate ethics and comply with laws, regulations and other social norms and company regulations. It also establishes specific standards of conduct to which all officers and employees of the Group must follow.
 2. In order to achieve the purpose of the preceding paragraph, the Company has put a system into place to spread and establish awareness of legal compliance within the Group as well as to monitor and prevent violations. This system includes preparing and distributing a compliance handbook and conducting training as well as establishing and operating the Compliance Committee and Shinsho Group Internal Reporting System.
 3. The Company stipulates in the Code of Corporate Ethics of Shinsho Group that it will take a resolute stance against anti-social forces and groups that threaten the order and safety of civil society and that engage in activities which gain unjust benefits by interceding in civil disputes and threatening the use of violence, etc. The Company will establish internal systems necessary for the Group and work to eliminate all relationships with anti-social forces.
- 2) System for ensuring the reliability of the Group’s financial reporting

In order to respond to the internal control reporting system under the Financial Instruments and Exchange Act, the Company has established and operates an internal system to ensure the reliability of the Group's financial reporting in accordance with the Basic Rules on Internal Controls Concerning Financial Reporting.
- 3) System concerning the retention and management of information related to the execution of duties by Directors

The Company shall record and retain the necessary information so that the decision-making of Directors as well as the process and results of the execution of duties are clear. The information to be retained (documents or electromagnetic records), the department responsible for management, the retention period, etc. are determined by internal regulations, and a reliable information management system is in place whereby the storage status of information is checked periodically to prevent its dispersal and/or leakage.
- 4) Regulations and other systems concerning the management of risk of loss of the Group
 1. The Company has identified various risks (risk of loss) based on the characteristics of the Company's business. The Company has established management regulations for each category for major risks such as investment and

loans, credit, derivatives transactions, and security export control, etc., and clarifies the departments responsible for management, decision-making authority, internal audit method, and obligations to report to the Board of Directors, etc.

2. The Risk Management Committee monitors the internal control system and operational status through the Risk Management Action Plan, deliberates on various measures and policies for the appropriate implementation of risk management, and submits the results to the Management Committee to strengthen the risk management system of the entire Group.
 3. In response to changes in the business environment and legal regulations, etc., the Company reviews and revises various regulations in a timely manner, has established comprehensive companywide risk management regulations, and has established a comprehensive risk management system for the Group.
 4. The Company has established a system to minimize damage and ensure business continuity by identifying events that may cause serious damage to management, such as accidents, disasters, and system failures of the Group and by clarifying emergency response procedures, emergency preparedness, and means of information transmission.
- 5) System for ensuring that the execution of duties by the Group's Directors is carried out efficiently
1. The Company has adopted the Executive Officer system that clarifies the division of roles in management-level decision-making and business execution, and has established a system where, under the supervision of the Board of Directors, Executive Officers (including those who concurrently serve as Representative Director or Director) appointed by the Board of Directors decide on matters delegated to them in accordance with the Rules on the Delegation of Duties and execute their duties, thereby speeding up management and improving management efficiency.
In addition, Executive Officers report to the Board of Directors on the status of business execution of the Group under their control on a quarterly basis.
 2. The Company formulates the Group's medium term management plan and annual budget, and reviews the progress periodically; thereby, enabling the clarification of management strategies and management issues, efficient operations of the business, and appropriate implementation of various measures in response to changes in circumstances.
- 6) System for ensuring the appropriateness of operations within the Group and system for reporting matters related to the execution of duties by the Directors of subsidiaries to the Company
1. The Company aims to realize appropriate and sound management of the Group. To this end, the Company identifies the status of legal compliance and risk management etc. at subsidiaries, and cooperates, instructs, and assists each company to establish and operate an appropriate internal control system according to the actual circumstances of each company in harmony with the Group's policies.
 2. The Company, in accordance with its internal regulations, defines the departments with management responsibility of the Group, agenda items, preliminary reporting items, and the approaches of mutual transactions, etc., and, based on these regulations, the Company constantly grasps the business conditions of each company, and, when necessary, the head office department or the departments with management responsibility conduct audits and investigations.
 3. The internal reporting system is available to all officers and employees of the Group, and it enables the provision of information from subsidiaries.
- 7) Matters concerning employees who assist the duties of the Audit & Supervisory Committee Members, matters concerning the independence of such employees from the Directors (excluding Directors who are Audit & Supervisory Committee Members), and matters concerning ensuring the effectiveness of instructions to such employees from Audit & Supervisory Committee Members
- In response to requests from Audit & Supervisory Committee Members, the Company shall assign a full-time person to assist in the audits conducted by the Audit & Supervisory Committee Members and at the same time to be in charge of the secretariat of the Audit & Supervisory Committee. Decisions on appointment, dismissal, and evaluation shall be made with the prior consent of the Audit & Supervisory Committee. The Directors' (excluding Directors who are Audit & Supervisory Committee Members) command and order authority shall not extend to such auxiliary work, but shall be subject only to the command and order authority of Audit & Supervisory Committee Members.

- 8) System for the Group's Directors and employees, etc., to report to the Company's Audit & Supervisory Committee and other systems for reporting to the Audit & Supervisory Committee
 1. A system is in place to report immediately to Audit & Supervisory Committee Members, when Directors and employees, etc., of the Group discover a risk of significant damage to the Company.
In addition, the Directors and employees, etc., of the Group shall make appropriate reports at the request of the Audit & Supervisory Committee Members at important meetings such as the Management Committee, the Sustainability Committee, the Compliance Committee, the export control officers' council, the Risk Management Committee, and the Investment and Loan Committee, etc., in order for the Audit & Supervisory Committee Members to appropriately ascertain the decision-making process and the status of business execution of the Company. Necessary explanations are provided in response to requests from the Audit & Supervisory Committee Members regarding major approval documents and other important documents related to the execution of business.
 2. The Company prohibits the Group's Directors and employees from being treated unfavorably due to reports to the Audit & Supervisory Committee Members, and has put into place a system to achieve this.
- 9) Other systems to ensure that audits by Audit & Supervisory Committee Members are conducted effectively
 1. Audit & Supervisory Committee Members shall conduct audits in accordance with the Audit & Supervisory Committee's Auditing Standards of Audits as well as seek out collaboration by regularly exchanging opinions with the accounting auditor regarding accounting audits, conducting operational audits in cooperation with the Internal Audit Department, and holding regular meetings with the Representative Director, other Directors, and Audit & Supervisory Board Members of subsidiaries etc. to exchange management information.
 2. When an Audit & Supervisory Committee Member makes a request to the Company for advance payment of expenses regarding the execution of his/her duties etc., the Company shall, after deliberation by the department in charge, promptly process such expenses or obligations, except in cases where it is recognized that the expenses or obligations related to the request are not necessary for the execution of duties by the Audit & Supervisory Committee Member.

(2) Overview of the management status of the systems for ensuring the appropriateness of operations

Compliance system

The Company distributes the Compliance Practice Manual to all Group employees in order to educate them about the philosophy of the Code of Corporate Ethics of Shinsho Group. In addition, the Company conducted various training sessions by field and also held training at Group companies. In terms of its internal reporting systems, the Company established a hotline that can be used by domestic Group companies and put into place a system for making the hotline more accessible through an external contractor and for further protecting whistleblowers.

The Company became aware that an inappropriate incident had occurred at Shinsho Steel Products Corporation, one of its consolidated subsidiaries. In response to this matter, the Company conducted an internal investigation at the subsidiary concerned and has been working to strengthen internal controls and governance across the Group, while implementing measures to prevent recurrence. The impact of this matter on the Group's consolidated financial results is limited.

In light of the occurrence of this inappropriate incident within the Group, the Company is committed to further strengthening the Group-wide management and control framework and preventing the recurrence of similar incidents.

Internal control system related to financial reporting

The Company prepares audit plans and conducts internal audits throughout the year based on its policy to respond to the Reporting System for Internal Controls Concerning Financial Reporting resolved by the Board of Directors.

Document management system

The Company conducted an internal audit from February to March 2025 pursuant to the Rules concerning the Storage and Management of Information related to the Execution of Duties by Directors and found that there are no issues in terms of the status of the retention and management of information.

Risk management system

The Company accurately manages and addresses the risks facing the Group pursuant to the Risk Management Rules. At the meetings of the Risk Management Committee held in May and November 2024, deliberations were held on monitoring of the status of initiatives and measures to address priority issues. Those results were reported to the Management Committee and then reported to the Board of Directors together with the contents of the deliberations.

● Implementation status concerning individual risk management items of focus

1) Investment and loan risk

The Investment and Loan Committee identified risks pertaining to the Group's investments and loans in advance in an effort to minimize risks. The committee reviewed investments and loans post execution and examined measures for investments or loans that pose a problem, reporting to the Board of Directors as needed.

2) Risk of the leakage of corporate secrets

Each Group company implemented measures against the Group's information security risks (physical security, personal security, and IT infrastructure security) pursuant to the Corporate Secrets Management Rules.

3) Credit risk

Group companies thoroughly managed credit exposure pursuant to the Credit Limit Control Rules and similar regulations of affiliates in Japan and the Credit Limit Control Rules for Overseas Affiliates overseas.

4) Insider trading risk

The Company provided extensive training internally to employees, including e-learning training on insider prevention for all employees including affiliates, following the Rules for Managing the Prevention of Insider Trading and managed stock trading by members through the employee's shareholding association. The Company provided face-to-face insider training prevention training with experts for officers. Together with this, the Company managed the ownership of stocks through the directors' shareholding association and used J-IRISS at the request of the Financial Services Agency and Securities and Exchange Surveillance Commission in an effort to prevent insider trading.

5) Risk of large-scale disaster

The Company established and enhanced an employee safety confirmation system, participated in disaster prevention training drills at the head office and each business site, and reviewed and managed stockpiles needed in case of an emergency, pursuant to the Rules on Countermeasures against Large-scale Disasters.

System for operational streamlining and business performance management

The Group's business performance is managed using reports on the status of business execution by Directors and Executive Officers made to the Board of Directors on a quarterly basis following the Rules of the Board of Directors. As for the method, the scope of the Group, the department in charge, management responsibilities, preliminary agenda items, etc. are determined in accordance with the Rules on Affiliated Companies Management, and then investigations, audits, and business conditions are ascertained, resolutions or reports are made at Board of Directors' meetings in accordance with the Rules of the Board of Directors and the Rules on the Delegation of Duties, and the situation and issues are grasped, and measures to deal with issues, etc. are discussed. The progress of the first half of FY2024 and the outlook for the second half were deliberated upon at the Revised Budget Review Council meeting (September) and the progress of the second half of FY2024 and budget for FY2025 were deliberated upon at the Budget Review Council meeting (March). The details of which were resolved at meetings of the Board of Directors held in September 2024 and March 2025, respectively.

System for reporting to Audit & Supervisory Committee Members and execution of duties by Audit & Supervisory Committee Members

The Company operates a system of reporting to the Audit & Supervisory Committee Members appropriately in which important matters requiring reporting within the Group are reported promptly after occurrence to the Audit & Supervisory Committee from the business execution side in accordance with the Basic Policy on Constructing an Internal Control System and the Audit & Supervisory Committee Members' Auditing Standards of Audits. The system for reporting to the Audit & Supervisory Committee Members is being appropriately operated.

A system is in place where, all, or after determining a division of duties some, Directors who are Audit & Supervisory Committee Members attend important meetings such as all meetings of the Board of Directors as well as meetings of the Management Committee, Sustainability Committee, Compliance Committee, Risk Management Committee, Investment and Loan Committee, and Budget Review Committee, etc. Each Audit & Supervisory Committee Member states his/her opinion as necessary at important meetings they attend to supervise the execution of duties by Executive Directors. In addition, they meet with Outside Directors, the President and CEO, and accounting auditor on a quarterly basis to exchange opinions. Audit & Supervisory Committee Members also regularly visit Group companies inside and outside of Japan to ascertain the situation and issues of each Group company by conducting interviews of management and field audits.

Furthermore, the Audit & Supervisory Committee formulates the Audit & Supervisory Committee Audit Plan in July, which it reports to the Board of Directors. As a result, a system is in place where Directors are made aware of the system of supervision of their duties and cooperation.

2. Basic Approach to Excluding Antisocial Forces and Status of Measures Taken

Our company is a member of the Tokyo Metropolitan Police Department Special Violence Countermeasures Association and the Osaka Prefecture Corporate Defense Council, where we receive guidance and exchange information.

In the event of receiving unreasonable demands from antisocial forces, the General Affairs Department will serve as the coordinating department, collaborate with relevant authorities such as the police, and respond with a firm stance.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

Not Adopted

2. Other Matters Concerning the Corporate Governance System

The status of the Company's internal system related to timely disclosure of corporate information is as follows.

Department in charge of timely disclosure

One of the Company's basic policy of management is to disclose appropriate corporate information to investors, and the Company handles information for timely disclosure as follows pursuant to company regulations.

- 1) The aggregation and management of information is carried out by the Officer in charge of the General Affairs Department, who serves as Chief Information Officer.
- 2) The determination of the importance of information and the need for timely disclosure is carried out mainly by the General Affairs Department based on consultations with the Corporate Planning Department, etc. following the Timely Disclosure Rules of the Tokyo Stock Exchange.
- 3) Timely disclosure of corporate information is carried out by the General Affairs Department following the instructions of the Chief Information Officer.

Internal procedures related to timely disclosure of corporate information

- 1) Persons in charge of information management (in principle, the heads of each department) immediately convey and report to the General Affairs Department once they identify information or facts applicable to disclosure.
- 2) The General Affairs Department reports to the Chief Information Officer after deliberations with relevant departments on the determination of the importance of information and the need for timely disclosure, as needed.
- 3) The Chief Information Officer discloses corporate information in a timely manner without delay after obtaining the approval of the Board of Directors for "information on the facts of decisions" and "information on financial results," and instructs the General Affairs Department to disclose "information on the facts of occurrence" when the occurrence of such information is recognized.

Establishment of the Sustainability Committee
(Structure Following the Annual General Meeting of Shareholders)

