



Notice of the 89th Ordinary General Meeting of Shareholders

Date and time

Tuesday, June 27, 2023
at 10:00 a.m.

Location

Sumitomo Realty & Development Tokyo Mita Garden
Tower BELLESALLE Mita Garden 2F, 3-5-19 Mita,
Minato-ku, Tokyo

Deadline for exercising voting rights via the Internet

Complete entry by Monday, June 26,
2023 at 5:30 p.m.

Deadline for exercising voting rights in writing (by mail)

Arrive by Monday, June 26, 2023
at 5:30 p.m.

Notice to shareholders

- Please note that the venue of the meeting is different from last year's meeting, so refer to the venue map at the end of this document and make sure you are at the correct location.
- We will not be providing any souvenirs for shareholders attending the meeting.
We would appreciate your understanding.

Sinanen Holdings Co., Ltd.

Securities code: 8132

Contribute to realizing a comfortable life for all customers in their communities through energy and home & life services

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To our shareholders

Thank you for your support of Sinanen Holdings Co., Ltd.

It is with great pleasure that we deliver this Notice of the 89th Ordinary General Meeting of Shareholders (FY 2022).

The 89th fiscal year was the final year of the 2nd Medium-Term Management Plan. While we made some progress in implementing investments in new businesses, such as the bicycle sharing business, and in reforming our organizational culture, we failed to achieve the quantitative targets of this Medium-Term Management Plan, and we sincerely apologize to our shareholders for any concern this may have caused them.

We take seriously the progress we have made over the past three years and our failure to achieve our targets, and have launched our 3rd Medium-Term Management Plan for the five-year period beginning with the 90th fiscal year. We will continue our efforts to strengthen our management foundation, and by reforming our business portfolio and improving capital efficiency, we aim to break away from the status quo and evolve into a comprehensive energy and life-creating corporate group that contributes to the realization of a decarbonized society. We will make great strides toward the 100th anniversary of our founding in FY 2027 by contributing to the realization of comfortable lifestyles through the provision of services that our customers can use safely and with peace of mind.

I would like to take this opportunity to ask for your continued support.

President and CEO
Masaki Yamazaki

To our shareholders

3-5-27 Mita, Minato-ku, Tokyo

Sinanen Holdings Co., Ltd.

President and CEO

Masaki Yamazaki

Notice of the 89th Ordinary General Meeting of Shareholders

Thank you for your support of Sinanen Holdings Co., Ltd.

Notice is hereby given that the 89th Ordinary General Meeting of Shareholders will be held as follows.

The Company has provided information in electronic format for the convocation of this General Meeting of Shareholders, and the information provided in electronic format has been posted on the following websites.

The Company's website: <https://sinanengroup.co.jp/ir/stock/report.html>



The website for the General Meeting of Shareholders materials: <https://d.sokai.jp/8132/teiji/>



In addition to the above websites, the information provided in electronic format is also posted on the website of the Tokyo Stock Exchange. Please enter or search for "Sinanen Holdings" in the "Issue name (company name)" or our securities code "8132" in the "Code" and select "Basic information," "Documents for public inspection/PR information," and "Notice of General Shareholders Meeting /Informational Materials for a General Shareholders Meeting" to confirm the information.

TSE website (TSE Listed Company Information Service)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>



Please review the Reference Materials for the General Meeting of Shareholders below and exercise your voting rights in accordance with the instructions on pages 5 through 7.

Details

1	Date and time	Tuesday, June 27, 2023 at 10:00 a.m.		
2	Location	Sumitomo Realty & Development Tokyo Mita Garden Tower BELLESALLE Mita Garden 2F, 3-5-19 Mita, Minato-ku, Tokyo *Please note that the venue of the meeting is different from last year's meeting, so refer to the venue map at the end of this document and make sure you are at the correct location.		
3	Purpose	Report	<div><div>1.</div><div>Business Report, Consolidated Financial Statements, and the results of audit of the Consolidated Financial Statements by the Accounting Auditor and the Audit/Supervisory Committee, for the 89th Term (from April 1, 2022 to March 31, 2023)</div></div> <div><div>2.</div><div>Non-Consolidated Financial Statements for the 89th Term (from April 1, 2022 to March 31, 2023)</div></div>	
		Matters to be resolved	Proposal No. 1:	Partial Amendments to the Articles of Incorporation
			Proposal No. 2:	Election of Four Directors (Excluding Directors Who Are Audit/Supervisory Committee Members)
			Proposal No. 3:	Election of Two Directors Who Are Audit/Supervisory Committee Members
			Proposal No. 4:	Determination of a Post-Delivery Performance-Linked Share-Based Compensation System for Directors (Excluding Directors Who Are Audit/Supervisory Committee Members)

Matters to be decided upon convocation

- If you exercise your voting rights in writing (by mail) and do not indicate your approval or disapproval of any of the proposals, it will be treated as if you indicated your approval.
- If you exercise your voting rights both in writing (by mail) and via the Internet, etc., the vote via the Internet, etc. will be treated as valid.
- If you exercise your voting rights more than once via the Internet, etc., the last exercise of voting rights shall be treated as the valid exercise of voting rights.

End

◎ For this General Meeting of Shareholders, regardless of whether or not a request for paper-based documents is made, the Company will uniformly send the shareholders paper-based documents that state the information to be provided in electronic format as in the past. We will inform shareholders of the General Meeting of Shareholders materials for the next and subsequent meetings in an appropriate manner as soon as the format for sending the materials has been decided.

◎ If there are any revisions to the information provided in electronic format, the revised information will be posted on the respective websites where the information is posted.

◎ For the following information among the information provided in electronic format, we will not include them in the documents to be delivered to shareholders who have requested delivery of the documents pursuant to the provisions of laws and regulations and Article 16 of the Articles of Incorporation.

(1) Notes to the Consolidated Financial Statements

(2) Notes to the Non-Consolidated Financial Statements

The above items (1) through (2) are part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Audit/Supervisory Committee in preparing its Audit Report, and part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Accounting Auditor in preparing its Audit Report.

◎ If you attend the meeting, please submit the voting form to the receptionist at the meeting.

The Company's website ►► <https://sinanengroup.co.jp/>

■ Information on Exercising Voting Rights

If you do not attend the General Meeting of Shareholders

Exercising voting rights in writing (by mail)

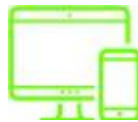


Deadline for exercising
voting rights

Arrive by Monday, June 26, 2023 at 5:30 p.m.

Please indicate your approval or disapproval of the proposals on the enclosed voting form and return it.
If you do not indicate your approval or disapproval of any of the proposals, it will be treated as if you indicated your approval.

Exercising voting rights via the Internet



Deadline for exercising
voting rights

Complete entry by Monday, June 26, 2023 at 5:30 p.m.

Please access the website for exercising voting rights designated by the Company (<https://soukai.mizuho-tb.co.jp/>) and enter your approval or disapproval.

A QR code for smartphones is provided on the voting form (no need to enter your ID and password).

Please refer to the next page for details.

If you do attend the General Meeting of Shareholders



Date and time of the
General Meeting of
Shareholders

Tuesday, June 27, 2023 at 10:00 a.m. (Reception desk opens at 9:00 a.m.)

Please submit the enclosed voting form to the receptionist at the meeting.

If you wish to exercise your voting rights by proxy, one other shareholder with voting rights may attend the General Meeting of Shareholders as your proxy.

In this case, a letter of proxy must be submitted together with the voting form.

How to exercise your voting rights

If you exercise your voting rights both in writing and via the Internet, the Internet vote will be treated as valid. If you exercise your voting rights more than once via the Internet, the last exercise of voting rights will be deemed valid.

(Reference) Institutional investors may use the platform for the electronic exercise of voting rights operated by ICJ, Inc.



Exercising voting rights via the Internet

Deadline for exercising

Complete entry by **Monday, June 26, 2023** at 5:30 p.m.

How to read the login QR code “Smart exercise”

You can log in to the website for exercising voting rights without entering your voting code and password.

- 1 Please read the QR Code shown in the lower right corner of the voting form.

*QR Code is a registered trademark of DENSO WAVE INCORPORATED.

*The voting form is for reference purposes only.



- 2 Please follow the on-screen guidance and enter your approval or disapproval of the proposals.

You can exercise your voting rights **only once** with Smart exercise. If you wish to change your vote after exercising your voting rights, please access the PC website, enter your voting code and password indicated on the voting form, log in, and exercise your voting rights again.

*Please read the QR code again to move to the PC website.



How to enter your voting code and password

Website for exercising voting rights <https://soukai.mizuho-tb.co.jp/>

- 1 Please access the website for exercising voting rights.



Click "Next."

- 2 Please enter the voting code shown on the voting form.



Enter your voting code.

Click "Next."

- 3 Please enter the password shown on the voting form.



Enter the initial password.

Please set a new password that you will actually use.

Click "Register."

- 4 Please follow the on-screen guidance and enter your approval or disapproval of the proposals.

*Screen shot is for reference purposes only.

Handling of password

- Passwords (including those changed by the shareholder) are valid only for this General Meeting of Shareholders. A new password will be issued for the next General Meeting of Shareholders.
- The password is a means of confirming the identity of the person casting the vote. The Company will not ask you for your password.
- If you make a mistake in entering your password more than a certain number of times, your password will be locked and you will not be able to use it. If the password is locked, please follow the instructions on the screen.

Notes

The cost of Internet connection is to be borne by the shareholder.

Although the operation of exercising voting rights via the Internet has been confirmed using general Internet connection devices, it may not be possible to use the Internet depending on the device used or its condition.

Inquiries regarding the exercise of voting rights via the Internet

Stock Transfer Agency
Department, Mizuho Trust &
Banking Co., Ltd.
Internet Help Dial



0120-768-524

(Business hours: 9:00 - 21:00 except for year-end and New Year holidays)

Proposal No. 1 Partial Amendments to the Articles of Incorporation

1. Reason for proposal

In order to further strengthen the auditing system as well as the management supervisory function and infrastructure, the maximum number of Directors who are Audit/Supervisory Committee Members stipulated in Article 19 (Number of Members) of the Articles of Incorporation shall be increased by two, from four to six.

2. Details of change

The details of the change are as follows.

(Underlines indicate changes.)

Current Articles of Incorporation	Proposed amended Articles of Incorporation
(Number of people)	(Number of people)
Article 19 The Company shall have no more than six Directors (excluding Directors who are Audit/Supervisory Committee Members). The Company shall have no more than <u>four</u> Directors who are Audit/Supervisory Committee Members.	Article 19 The Company shall have no more than six Directors (excluding Directors who are Audit/Supervisory Committee Members). The Company shall have no more than <u>six</u> Directors who are Audit/Supervisory Committee Members.

Proposal No. 2 Election of Four Directors (Excluding Directors Who Are Audit/Supervisory Committee Members)

The terms of office of all three Directors (excluding Directors who are Audit/Supervisory Committee Members), Masaki Yamazaki, Naoki Shimizu, and Kenji Madokoro, will expire at the conclusion of this General Meeting of Shareholders. Therefore, in order to strengthen the management structure, the Company proposes to increase the number of Directors by one and to elect four Directors.

In addition, the Audit/Supervisory Committee considered the election of Directors from the viewpoints of each candidate's qualifications, the effectiveness of the Board of Directors as a whole, and the enhancement of corporate value. As a result, the Audit/Supervisory Committee has determined that it is appropriate to nominate each candidate as a Director because each candidate has deep expertise, abundant experience, and qualifications as a Director, and has contributed to improving the Company's business performance.

The candidates for Director are as follows.

Candidate No.

1

Masaki Yamazaki

Reelection

January 19, 1955

Number of the Company's shares held 7,668 shares



Brief personal history, positions, responsibilities, and important concurrent positions

Apr. 1979	Joined AIU Insurance Company, Ltd. (currently AIG General Insurance Company, Ltd.)	Apr. 2004	Joined Vale Japan Limited Director, Responsible for finance and business management
Jan. 1996	Joined Walt Disney Enterprise, Japan (currently The Walt Disney Company (Japan) Ltd.) Finance Director	Dec. 2012	Vice President & Representative Director of Vale Japan Limited
Jan. 2001	Joined Electronic Arts, Japan CFO, Vice President	Jun. 2016	Outside Director, Audit/Supervisory Committee Member (Standing) of the Company
		Jun. 2018	Deputy President and Officer in Charge of Planning of the Company
		Jun. 2019	President and Chief Executive Officer of the Company (present position)

Reason for nomination as candidate for Director

Since assuming the position of President and Chief Executive Officer of the Company in June 2019, Masaki Yamazaki has been directing the management of the entire Group, tackling management issues with strong leadership, and otherwise ensuring the sustainable growth of the entire Group. Since 2020, he has led the Company's culture reform activities to bring about a change in the way employees think, practice, and act, thereby promoting employee growth and enhancing corporate value. Based on this track record, the Company has determined that he is an appropriate candidate for the execution of business operations, and has therefore nominated him as a candidate for Director.

Candidate No.

2

Naoki Shimizu

Reelection

May 28, 1960

Number of the Company's shares held 6,737 shares



Brief personal history, positions, responsibilities, and important concurrent positions

Apr. 1983	Joined the Company	Jun. 2018	Managing Director, CCO, and Officer in Charge of Administration of the Company
Apr. 2008	Head of Corporate Planning Department of the Company	Jun. 2020	Representative Director and Senior Managing CCO of the Company
Jun. 2012	Director and Head of Finance and Accounting Department of the Company	Jun. 2023	Representative Director and Senior Managing CCO of the Company and President and Chief Executive Officer of Sinanen Co., Ltd. (planned)
Apr. 2015	Director and Head of Corporate Planning Headquarters of the Company		
Jun. 2016	Managing Director and Head of Corporate Planning Headquarters of the Company		

Reason for nomination as candidate for Director

Naoki Shimizu has held various important positions in the Company and has broad experience and knowledge in the field of administration. Since his appointment as a Director, he has actively provided opinions and suggestions, formulated the Company's management strategy, strengthened the Group's management structure, and promoted reform of the corporate culture, thereby contributing to the improvement of corporate governance. Based on this track record, the Company has determined that he is an appropriate candidate for the execution of business operations, and has therefore nominated him as a candidate for Director.

Candidate No.

3

Kenji Madokoro

Reelection

October 16, 1960

Number of the Company's shares held 3,283 shares



Brief personal history, positions, responsibilities, and important concurrent positions

Apr. 1983	Joined Tokyo Regional Taxation Bureau	Mar. 2017	Executive Officer and Head of Corporate Planning Department, Corporate Planning Headquarters of the Company
Nov. 1988	Joined Daiwa Securities Co., Ltd. (currently Daiwa Securities Group Inc.)	Apr. 2019	Senior Executive Officer and Head of Corporate Planning Department of the Company
	Seconded to Daiwa Securities Research Institute of Economy (currently Daiwa Institute of Research Ltd.)	Jun. 2020	Director and Head of Corporate Planning Department of the Company
Jul. 1995	Transferred to Daiwa Institute of Research Ltd.	Jul. 2021	Director of the Company
Apr. 2016	Joined Ernst & Young Transaction Advisory Services Co., Ltd. (currently EY Strategy & Consulting Co., Ltd.)	Jun. 2022	Director and Head of Corporate Planning Department of the Company
		Dec. 2022	Director of the Company (present position)

Reason for nomination as candidate for Director

Kenji Madokoro has extensive experience and achievements in overall management, and contributes to the enhancement of corporate value in a wide range of areas, including the formulation of management strategies and involvement in public relations and investor relations. Based on this track record, the Company has determined that he is an appropriate candidate for the execution of business operations, and has therefore nominated him as a candidate for Director.

Candidate No.

4

Miwa Mitsuhashi

New
election

September 16, 1973

Number of the Company's shares held 2,500 shares



Brief personal history, positions, responsibilities, and important concurrent positions

Apr. 1996	Joined the Company	Jun. 2023	Director and CCO of the Company
Apr. 2019	President and Representative Director of Sinanen Mobility Plus Co., Ltd.		(planned)

Reason for nomination as candidate for Director

Miwa Mitsuhashi became the first president of Sinanen Mobility Plus Co., Ltd., a new business and shared cycle service provider, in 2019, and has developed the company into one of the leading shared cycle business operators in Japan by emphasizing data-driven approach and building strong partnerships with local governments and partners to revitalize regions and create excitement to enhance service quality. We have decided to nominate her as a new candidate for Director because we believe that she will be able to demonstrate her management skills in the execution of our Company's operations.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. The Company has concluded a directors and officers liability insurance (D&O insurance) contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and an outline of the contents of such insurance contract is shown on page 40 of the Business Report. If the election of the candidates for Director is approved, they will be included as insured under the said insurance contract. The said insurance contract is scheduled to be renewed on July 1, 2023.

Proposal No. 3 Election of Two Directors Who Are Audit/Supervisory Committee Members

Of the four Directors who are Audit/Supervisory Committee Members, Nobutaka Murao's term of office will expire at the conclusion of this General Meeting of Shareholders. Therefore, in order to strengthen the auditing system, the Company proposes to increase the number of Directors who are Audit/Supervisory Committee Members by one and, subject to the approval of Proposal No. 1, "Partial Amendments to the Articles of Incorporation," as originally proposed, proposes the election of two Directors who are Audit/Supervisory Committee Members.

The Company has obtained the consent of the Audit/Supervisory Committee with respect to this proposal.

The candidates for Directors who are Audit/Supervisory Committee Members are as follows.

Candidate No.

1

Nobutaka Murao

Reelection

Outside

Independent

October 1, 1955

Number of the Company's shares held

- shares



Brief personal history, positions, responsibilities, and important concurrent positions

Apr. 1978	Joined the Ministry of Finance	Dec. 2002	Retired from the Ministry of the Environment
May 1982	Vice Consul of Consulate General of Japan in New York, the Ministry of Foreign Affairs of Japan	Oct. 2003	Professor of Kwansei Gakuin University (present position)
Jul. 1985	Deputy Director of the Treasury Division, Financial Bureau of the Ministry of Finance	Oct. 2006	Main Anchor of NEWS ZERO (Nippon Television Network Corporation) (until September 2018)
Jul. 1998	Budget Examiner, Budget Bureau of the Ministry of Finance	Oct. 2019	Senior Adviser of Japan Platform (present position)
Jul. 2001	Director of the Debt Management Division, Financial Bureau of the Ministry of Finance	Jun. 2021	Outside Director, Audit/Supervisory Committee Member of the Company (present position)
Jul. 2002	Director of the Policy and Coordination Division, Environmental Policy Bureau of the Ministry of the Environment		

Reasons for nomination as candidate for Outside Director and summary of expected roles

Nobutaka Murao has abundant experience as a finance bureaucrat, including involvement in national budgeting and policy formulation, and is currently a university professor. Having served as a news anchor for more than 10 years, he has broad insight on politics, economics, society, etc., as well as extensive personal connections in Japan and abroad. Based on this track record, we have nominated him as a candidate for Outside Director who is an Audit/Supervisory Committee Member, in the expectation that he will contribute to the Company's growth and improvement of corporate governance and that he will play a supervisory and advisory role as a member of the Nominating and Compensation Committee, a voluntary committee, through his involvement in the selection of candidates for Directors and executive compensation.

Although he has no previous experience of being involved in corporate management, we believe that his professional experience and insight, without being bound by existing concepts of corporate management, will enable him to appropriately perform his duties as an Outside Director who is an Audit/Supervisory Committee Member.

Candidate No.

2

Yuichiro Munakata

New
election

Outside

Independent

January 5, 1960
Number of the Company's shares held

- shares



Brief personal history, positions, responsibilities, and important concurrent positions

Mar. 1993	Registered as a Certified Public Accountant	Jul. 2014	Leader of EY Japan Area Accountants and member of the Steering Committee, Ernst & Young ShinNihon LLC. (currently Ernst & Young ShinNihon LLC.)
Jun. 1993	Joined Ota Showa Audit Corporation (currently Ernst & Young ShinNihon LLC)	Sept. 2016	EY Japan Area Assurance Deputy Leader, Ernst & Young ShinNihon LLC.
Jul. 1998	Stationed at Ernst & Young LLP New York Office	Apr. 2018	General Manager of FAAS Division of Ernst & Young ShinNihon LLC.
May 2000	Joined Century Ota Showa & Co. as Partner (currently Ernst & Young ShinNihon LLC)	May 2018	Representative Director of Ernst & Young Solutions Co., Ltd.
Dec. 2001	Obtained US Certified Public Accountant license	Nov. 2022	Outside Director and Audit & Supervisory Board Member of Kasumigaseki Capital Co., Ltd. (present position)
		Jun. 2023	Outside Director and Audit/Supervisory Committee Member of the Company (planned)

Reasons for nomination as candidate for Outside Director and summary of expected roles

Yuichiro Munakata has accumulated professional knowledge and abundant experience in accounting and auditing as a certified public accountant, and has abundant international experience and an international perspective through his overseas assignments. Based on such experience, we expect him to contribute to the enhancement of the Company's corporate value and corporate governance, and as a member of the Nominating and Compensation Committee, a voluntary committee, we expect him to play a supervisory and advisory role through his involvement in the selection of candidates for Directors and executive compensation and other matters. For the above reasons, we have nominated him as a new candidate for Outside Director who is an Audit/Supervisory Committee Member.

- (Notes)
1. There are no special interests between each candidate and the Company.
 2. Each candidate is a candidate for Outside Director.
 3. The Company has registered Nobutaka Murao with the Tokyo Stock Exchange as an independent officer in accordance with its regulations. He will continue to be an independent officer if he is reelected. In addition, if Yuichiro Munakata is elected, he will become an independent officer as stipulated by the Tokyo Stock Exchange.
 4. The Company has entered into a liability limitation agreement with Nobutaka Murao to limit his liability for damages under Article 423, Paragraph 1 of the Companies Act, and will continue such agreement with him if he is reelected. However, the maximum amount of liability for damages under such agreement shall be the amount stipulated by law. If Yuichiro Munakata is elected, the Company plans to enter into the same liability limitation agreement with him as above.
 5. The Company has concluded a directors and officers liability insurance (D&O insurance) contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, and an outline of the contents of such insurance contract is shown on page 40 of the Business Report. If the election of the candidates for Director is approved, they will be included as insured under the said insurance contract. The said insurance contract is scheduled to be renewed on July 1, 2023.
 6. Nobutaka Murao's term of office as an Outside Director at the conclusion of this General Meeting of Shareholders will be two years.

(Reference) Composition of the Board of Directors [Scheduled on and after June 27, 2023]

The Company's Board of Directors shall be composed of individuals with a high level of knowledge and experience in various fields related to corporate management.

The areas of particular importance to the Company's management are defined as follows, and each Director is expected to fully demonstrate his or her abilities.

Candidates for the Company's Directors are determined by the Board of Directors based on the opinions of the voluntary Nominating and Compensation Committee, and the following composition of the Board of Directors is based on the assumption that Proposals No. 2 and No. 3 are approved as originally proposed at this General Meeting of Shareholders.

Directors				Areas in which the Company has particular expectations of each Director						● Male ● Female
				Management experience	Financial accounting	Risk management	Business strategy/Marketing	Legal affairs/Legal regulations, etc.	International perspective	
Masaki Yamazaki				○	○		○		○	●
Naoki Shimizu					○	○		○		●
Kenji Madokoro					○		○	○		●
Miwa Mitsunashi				○	○	○	○			●
Kazuhisa Hirano	Audit/Supervisory Committee Member	Outside	Independent		○	○			○	●
Ren Shino	Audit/Supervisory Committee Member	Outside	Independent			○		○		●
Nobutaka Murao	Audit/Supervisory Committee Member	Outside	Independent		○			○	○	●
Hirofumi Mitani	Audit/Supervisory Committee Member	Outside	Independent	○			○		○	●
Yuichiro Munakata	Audit/Supervisory Committee Member	Outside	Independent		○	○		○	○	●

*The above list does not represent all the expertise possessed by the candidates.

Determination of a Post-Delivery Performance-Linked Share-Based Compensation System for Directors (Excluding Directors Who Are Audit/Supervisory Committee Members)

At the 82nd Ordinary General Meeting of Shareholders held on June 24, 2016, it was approved that the maximum amount of compensation for Directors of the Company (excluding Directors who are Audit/Supervisory Committee Members) (below, “eligible Directors”) shall not exceed 276 million yen per year (not including salaries as employees) (below, the “monetary compensation limit”). Further, at the 87th Ordinary General Meeting of Shareholders held on June 22, 2021, it was approved that the Company shall grant monetary compensation claims of up to 60 million yen per year to eligible Directors as assets in kind for granting restricted stock under the stock based compensation with restrictions on transfer system (below, “former stock based compensation system”). In addition, it was approved that the total number of shares of the Company’s common stock to be issued or disposed of under the former stock based compensation system shall not exceed 30,000 shares per year, and that the restricted stock transfer period shall be a period determined by the Board of Directors between approximately one year and approximately five years, and that, if necessary, the achievement of certain performance targets determined by the Board of Directors of the Company shall be a condition for lifting the transfer restriction.

The Company has decided to revise the officer compensation system in order to provide eligible Directors with an incentive to further improve the corporate value of the Group and to further promote value sharing between eligible Directors and shareholders, compared to the former stock based compensation system.

Under the revised officer compensation system, the Company proposes to introduce a post-delivery performance-linked share-based compensation system (performance share unit system) (the “System”), and requests your approval that the total number of the Company’s common shares to be newly delivered to the eligible Directors as compensation under the System and the total amount of monetary compensation claims to be paid shall be limited to 30,000 shares per year (however, no more than a cumulative total of 90,000 shares for three years may be paid in a lump sum, and if, after the date of approval of this proposal, a stock split or reverse stock split of the Company’s common stock (including the gratis allotment of shares of common stock of the Company) is conducted or any other event occurs that requires adjustment of the total number of the Company’s common stock to be issued or disposed of, such total number shall be adjusted within reasonable limits) and 60 million yen per year (however, a cumulative total of up to 180 million yen for three years may be paid in a lump sum), respectively, in addition to the current monetary compensation limit for the eligible Directors.

The current number of eligible Directors is three, and if Proposal No. 2 is approved as originally proposed, the number of eligible Directors will be four. If this proposal is approved as originally proposed, the former stock based compensation system will be abolished and no further delivery of shares or grant of monetary compensation claims for such purpose will be made under the former stock based compensation system.

1. Overview of performance-linked share-based compensation system

The System is a performance-linked compensation system under which a number of shares of the Company's common stock calculated in accordance with the ratio of achievement of the target value of evaluation indicators related to performance (below, "performance targets") during the period determined by the Board of Directors of the Company (below, the "evaluation period;" the initial evaluation period shall be the three fiscal years beginning April 1, 2023 and ending March 31, 2026) will be granted to the eligible Directors as their compensation, etc. Therefore, at the time of introduction of this System, whether or not to grant shares of common stock of the Company to each eligible Director and the amount of the number of shares to be granted have not been determined.

2. Details of compensation, etc. under the System

(1) Calculation method of compensation, etc. under the System

Under the System, the Company will determine the number of shares to be allotted to each eligible Director by multiplying (1) the standard number of shares to be delivered set in accordance with the basic compensation of the eligible Director, by (2) the ratio of achievement of performance targets determined by the Board of Directors of the Company, and (3) the service period ratio.

Then, monetary compensation claims in the amount calculated by multiplying the number of shares to be allotted to the eligible Directors by the amount to be paid in for the shares of common stock of the Company to be allotted will be paid to the eligible Directors, and shares of common stock of the Company will be allotted to each eligible Director in exchange for the contribution in kind of such monetary compensation claims by each eligible Director. The amount to be paid per share of the Company's common stock to be allotted shall be determined by the Board of Directors of the Company within a range that is not particularly advantageous to the eligible Directors based on the closing price of the Company's common stock in regular trading on the Tokyo Stock Exchange on the business day immediately preceding the date of resolution of the Board of Directors concerning such allotment (if no such closing price was quoted on such date, the closing price on the immediately preceding trading day). The number of shares to be allotted to each of the above eligible Directors will be calculated in accordance with the following formula.

[Calculation formula]

Number of shares to be allotted = standard number of shares to be delivered (1) x the ratio of achievement of performance targets (2) x service period ratio (3)

1. "Standard number of shares to be delivered" will be determined by the Board of Directors of the Company in accordance with the base compensation of the eligible Director. The initial total standard number of shares to be delivered shall be no more than 3 shares.
2. "The ratio of achievement of performance targets" will be determined by the Board of Directors of the Company in a range from 0% to 100%, depending on the percentage of achievement of the performance targets during the evaluation period. The evaluation index for the initial evaluation period will be ROE (consolidated) for the fiscal year ending March 31, 2026, and the ratio of achievement of performance targets is expected to be as follows.

ROE	Ratio of achievement of performance targets
6% or more	100%
5% or more but less than 6%	80%
4% or more but less than 5%	60%
3% or more but less than 4%	40%
Less than 3%	0%

3. “Service period ratio” is the ratio of the number of months of service during the service period divided by the number of months of the service period. The service period shall be separate from the evaluation period and shall be a period determined by the Board of Directors of the Company (the initial service period shall be from the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2023 to the close of the Annual General Meeting of Shareholders for the fiscal year ending March 31, 2024).

(2) Maximum amount of compensation, etc. under the System

The total number of shares of the Company’s common stock to be issued or disposed of to the eligible Directors and the total amount of monetary compensation claims to be paid under this System shall be limited to 30,000 shares per year (however, no more than a cumulative total of 90,000 shares for three years may be paid in a lump sum, and if, after the date of approval of this proposal, a stock split or reverse stock split of the Company’s common stock (including the gratis allotment of shares of common stock of the Company) is conducted or any other event occurs that requires adjustment of the total number of the Company’s common stock to be issued or disposed of, such total number shall be adjusted within reasonable limits) and up to 60 million yen per year, respectively (however, a total of up to 180 million yen for three years may be paid in a lump sum).

(3) Reasons for forfeiture of the right to receive compensation under this System

Eligible Directors will forfeit all or part of their rights to receive compensation, etc. under the System if they commit certain acts of misconduct as determined by the Board of Directors of the Company, or if they resign from their posts for certain reasons as determined by the Board of Directors of the Company.

(4) Adjustment due to stock split, reverse stock split, etc.

If the total number of issued shares of the Company is subject to a stock split or reverse stock split (including gratis allotment of shares; the same shall apply hereinafter) before the delivery of shares under this System, the number of shares for the calculation of the System will be adjusted by multiplying the ratio of the stock split or reverse stock split by the number of shares for the calculation of the System.

(5) Other

In the event that an eligible Director resigns from his or her position as a Director of the Company or any other position determined by the Board of Directors of the Company due to death or any other reason deemed justifiable by the Board of Directors of the Company, or in the event that a proposal for a merger agreement under which the Company becomes a absorbed company, a share exchange agreement or share transfer plan under which the Company becomes a wholly owned subsidiary or any other reorganization proposal is approved at a General Meeting of Shareholders of the Company (or the Board of Directors of the Company in the event that approval by a General Meeting of Shareholders of the Company is not required for the relevant reorganization, etc.), or when there is any other reason that the Board of Directors of the Company deems justifiable, if necessary, the Company's Board of Directors may, at a time reasonably determined by the Board of Directors, deliver a reasonably adjusted number of shares or, in lieu of such delivery, pay an amount of money reasonably calculated by the Board of Directors as an amount equivalent to such shares (however, the total amount shall not exceed 60 million yen together with the total amount of the Company's common stock to be issued or disposed of).

The Company has established a policy for determining the content of compensation, etc. for individual Directors, an outline of which is shown on pages 38 through 40 of the Business Report, and the Company plans to change such policy if this proposal is approved. As stated above, the dilution ratio due to the shares to be granted under this System is minimal, and therefore, the Company has determined that the grant of shares under this System is appropriate.

(Reference)

Subject to the approval of this proposal at this General Meeting of Shareholders, the Company plans to introduce a post-delivery performance-linked share-based compensation system similar to the one under the System for the Directors of the Company's subsidiaries. In this case, the current restricted stock compensation system (similar to the former stock based compensation system) for the Directors of the Company's subsidiary will be abolished, and there will be no delivery of shares or grant of monetary compensation claims for such delivery under such restricted stock compensation system in the future.

End

1 Matters concerning the current status of the corporate group

(1) Business progress and results

During the fiscal year under review, the Japanese economy showed signs of recovery from COVID-19, however the situation remains unpredictable due to factors including soaring resource prices worldwide, the manifestation of geopolitical risks stemming from the prolonged conflict in Ukraine, and rapid fluctuations in exchange rates.

In the domestic energy industry, crude oil prices and propane contract prices, which affect the purchasing prices in our mainstay area of petroleum and LP gas, have dropped somewhat in response to a decrease in demand due to concerns of a recession due to global inflation since the summer. However, there is still a strong sense of uncertainty over the supply of Russian crude oil, which has continued to keep these prices at a high level. In the electric power industry, the supply-demand situation remains tight in line with government-issued requests to conserve power in summer and winter, with prices in the wholesale electricity market remaining at a high level until December. However, despite the winter demand months after the new year, the situation remained opaque with a nearly 40% drop in spot prices year on year due to sluggish demand. From a long-term view as well, the business environment surrounding the Company is changing significantly with the adoption of the “necessity for immediate reduction of greenhouse effect gases in a rapid, sweeping fashion” in the Sixth Assessment Report by the Intergovernmental Panel on Climate Change (IPCC) in March 2023.

In the midst of this environment, the Group reached the final year of the 2nd Medium-Term Management Plan, which is positioned as the foundation for a leap toward the centennial anniversary in 2027. During this plan, we have focused on selection and concentration among existing businesses and improving capital efficiency through utilizing and selling off low-efficiency assets. In addition, we have made strategic investments in new business such as the bicycle sharing business. As in the previous fiscal year, we also continued to accelerate human resources investment and IT-related investment to promote digital transformation (DX) according to plan.

As a result, unit selling prices for the fiscal year under review increased owing to a sharp rise in the price of crude oil and propane contract prices. This resulted in net sales of 342,254 million yen (up 18.3% year on year). As procurement costs remain high in the mainstay of the electric power business, due to a delay in passing prices in regard to procured power at relatively higher prices in anticipation of increased demand in the winter, gross profits were 33,336 million yen (down 3.1% year on year). Due to a decrease in gross profit and an increase of 513 million yen in selling, general and administrative expenses due to increased personnel expenses and commission expenses including IT-related investment, operating profits were 895 million yen (down 63.9% year on year), and ordinary profits were 1,227 million yen (down 62.5% year on year). Also, the Company recorded extraordinary losses of 2,762 million yen in the large-scale onshore wind power generation business in South Korea under way since 2020 resulting from revisions to the city planning ordinance for the proposed construction site making the initially expected plans and development considerably difficult, and impairment loss on non-current assets. Therefore, profit attributable to owners of parent showed a significant decrease in profit of 478 million yen (down 80.8% year on year).

<Reference> Financial highlights

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
342,254 million yen	895 million yen	1,227 million yen	478 million yen

Retail/Wholesale Energy & Related Business (B to C business)

Description of main business

- LP gas and fuel sales business for households and retailers
- Household energy-related business, including renovation and gas appliance sales
- City gas supply business
- LP gas maintenance and delivery business and household electric power sales business

The sales volume was up owing to significantly higher unit selling prices in conjunction with soaring crude oil and propane contract prices in the mainstay area of LP gas and kerosene.

Significantly impacted gross profit due to substantial rises in procurement costs affecting the sales of electric power resulted in a decrease in profit despite an increase in sales of housing equipment, etc.

As an effort to secure new revenue streams, during the fiscal year under review, we launched a business related to building maintenance and management for housing complexes in the Tohoku area and a real estate business involving buying, selling, and management of real estate in the Kanto area.

As a result of the above, net sales for the fiscal year under review in the Retail/Wholesale Energy & Related Business were 81,419 million yen (up 11.3% year on year) and operating profit was 150 million yen (down 85.5% year on year).

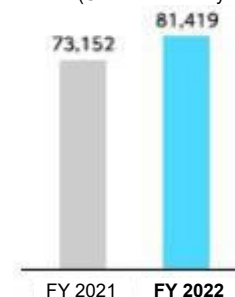
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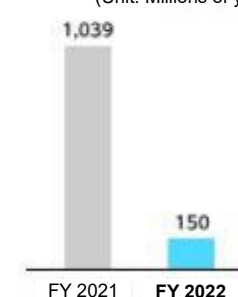
Sales composition ratio



Net sales
(Unit: Millions of yen)



Operating profit
(Unit: Millions of yen)



Energy Solution Business (B to B business)

Description of main business

- Petroleum products sales business
- Electric power sales business
- Solar power generation business
- Solar power generation system sales and maintenance business
- Housing equipment sales business
- Renewable energy power source development business in Japan and other countries

In our mainstay petroleum business, like the B to C Business, the sales volume increased as unit selling prices went up substantially owing primarily to the sharp increase in crude oil prices.

An operating loss was recorded due to severely deteriorating gross profit in the electric power business due to the impact of the same rising procurement costs as B to C Business despite securing long-term contracts in the marine fuel sector and an increase in gross profits for sales of petroleum products centered on Oil Square, which has improved light oil sales capacity.

Also, the initially expected plans and development were judged to be considerably difficult at the large-scale onshore wind power generation business in South Korea, and Company will continue to negotiate with all parties concerned including the possibility of selling the shares.

As a result of the above, net sales for the fiscal year under review in the Energy Solution Business were 241,251 million yen (up 22.0% year on year) and operating loss was 346 million yen (operating profit for the previous fiscal year was 573 million yen).

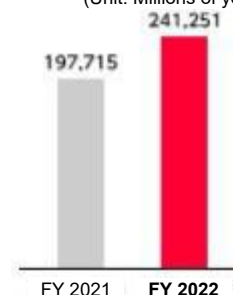
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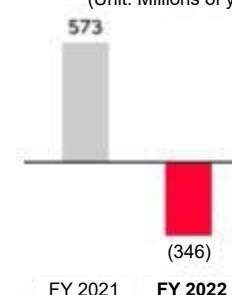
Sales composition ratio



Net sales
(Unit: Millions of yen)



Operating profit or operating loss
(Unit: Millions of yen)



Non-energy Business

Description of main business

- Bicycle business
- Bicycle sharing business
- Environment and recycling business
- Antimicrobial business
- Systems business
- Building management and maintenance business

Overall for Non-energy Businesses, both sales and profits were up, mainly due to strong performance in the bicycle sharing business and systems business, despite a lull in demand in the antibacterial business.

Both sales and profits were up for the bicycle business operator Sinanen Bike Co., Ltd. thanks to promotion of developing new corporations in addition to price revisions to deal with soaring global transportation costs and raw material prices in line with eliminating the global parts shortage.

Bicycle sharing business operator Sinanen Mobility Plus Co., Ltd. promoted development of bicycle sharing service DAICHARI locations, primarily in highly profitable target areas. It also launched field tests together with new municipalities, and as of March 31, 2023, the scale of the business has grown to more than 3,100 stations and more than 10,000 bicycles. This is the first time since its establishment that full-year profitability has been achieved, supported by advances in operational efficiency based on usage data and price revisions made in April 2022.

Environmental and recycling business operator Sinanen Ecowork Co., Ltd. saw lower sales and profit due to a decrease in the volume of construction waste associated with sluggishness in new housing starts.

<Reference>

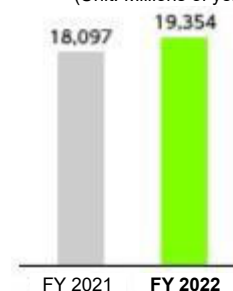


Sales composition ratio



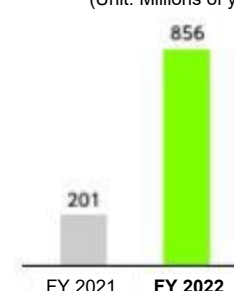
Net sales

(Unit: Millions of yen)



Operating profit

(Unit: Millions of yen)



Antimicrobial business operator Sinanen Zeomic Co., Ltd. saw decreased sales and profits due to a lull in demand for antimicrobial products associated with the spread of COVID-19. As a new growth strategy, it is also working to grow sales in the Chinese and Taiwanese markets and to expand our absorbent agents business.

Systems business operator Minos Co., Ltd. saw steady demand for its flagship LP gas backbone operation system. Power CIS*, its customer information system supporting liberalization of electricity retail sales, also grew and performed well, expanding to encompass more than 8.7 million customer houses under management. During the fiscal year under review, it also commenced the development of a next-generation system targeting a FY 2027 release.

Core building management and maintenance business operator Takara Building Maintenance Co., Ltd. saw steady contributions from regular management operations at sites including condominiums and funeral halls, while efforts to expand the area of its management operations for housing complexes also proceeded smoothly, resulting in an increase in both sales and profits. Results show that we are on track to secure stable revenue for the next fiscal year, including a new contract to operate a municipal funeral hall. The four group companies in the building management and maintenance business commenced full-scale integration operations in October 2022 aiming to leverage group synergies and the advantage of scale, finally completing integration in October 2023 with plans to offer service as a general building maintenance company going forward.

As a result of the above, net sales for the fiscal year under review in the Non-energy Business were 19,354 million yen (up 6.9% year on year) and operating profit was 856 million yen (up 324.9% year on year).

*CIS stands for Customer Information System. It is a system allowing centralized management of everything from customer information management to fee calculation and invoicing according to contract type.

Net sales by business segment

Segment name	Net sales	Composition ratio	Previous fiscal year
	million yen	%	million yen
Retail/Wholesale Energy & Related Business (B to C Business)	81,419	23.8	73,152
Energy Solution Business (B to B Business)	241,251	70.5	197,715
Non-energy Business	19,354	5.7	18,097
Other	228	0.1	374
	million yen	%	million yen
Total	342,254	100	289,340

(2) Issues to be addressed

The environment surrounding the oil and gas businesses, which are the mainstay businesses of the Group, remains harsh as energy demand continues to decline in the face of a decreasing population in Japan, the spread of energy-saving equipment, and changes to lifestyles. Furthermore, in addition to heightened awareness of global decarbonization and SDGs, efforts to achieve carbon neutrality by 2050 are picking up steam in Japan. Demand will rise significantly for us to take responsible action as a comprehensive energy service group.

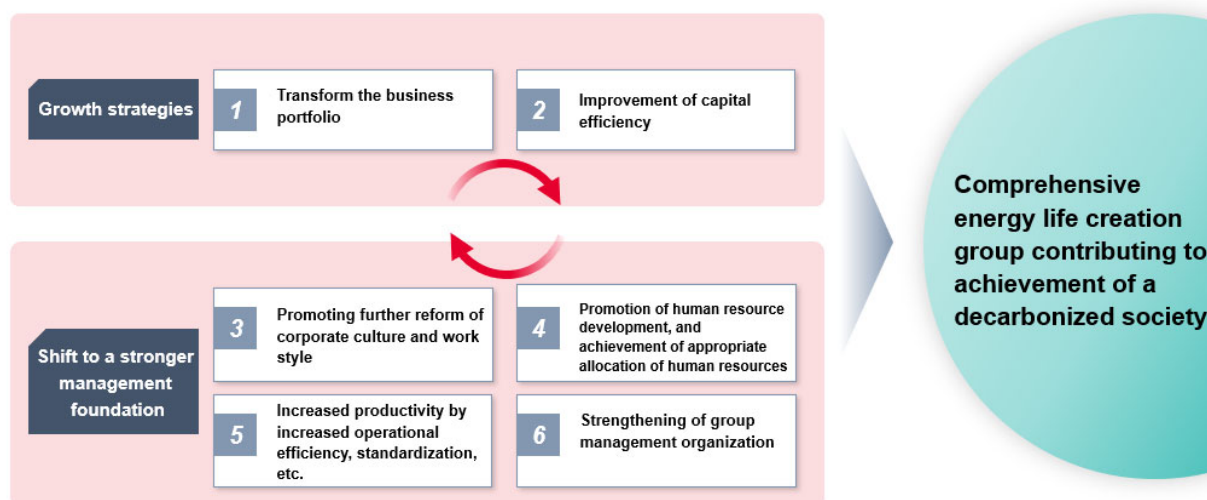
In order to respond to these changes in the business environment and the trend of the times, the Group has moved forward on developing a business foundation for a leap toward the centennial anniversary with the 2nd Medium-Term Management Plan up to the fiscal year under review. The 3rd Medium-Term Management Plan heralds a new start from April 2023 as part of our evolution into a comprehensive energy life creation group that contributes to achieving a decarbonized society.

We believe that the issues to be addressed by the Group are to accelerate the reinforcement of our management foundation and to steadily implement our growth strategy in order to realize the vision set forth in the 3rd Medium-Term Management Plan.

An overview of 3rd Medium-Term Management Plan is as follows.

Overview of group strategy

We aim to realize our vision by accelerating the strengthening of our management foundation while implementing our growth strategy.

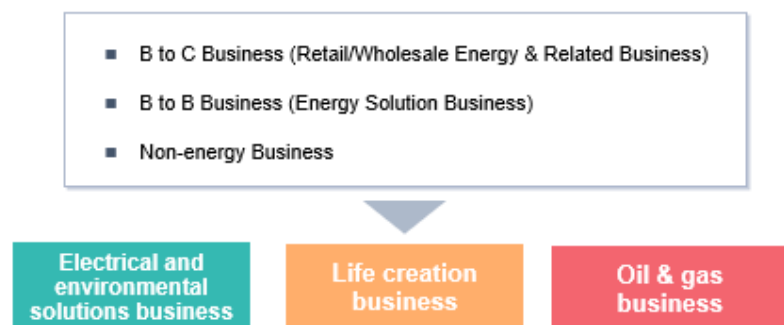


[Growth strategies]

1. Transforming the business portfolio

To shift from a business portfolio dependent on the oil and gas business, which is heavily influenced by external factors such as season and climate, to a sustainable business portfolio that is less affected by external factors, we will identify growth areas, focusing on the electric power business, renewable energy business, and lifestyle-related business, and concentrate investment of management resources, while promoting the creation of new businesses. In addition, to clarify the portfolio transformation, we will change our business segments during the period of the 3rd Medium-Term Management Plan.

Change in business segments (expected during 3rd Medium-Term Management Plan)

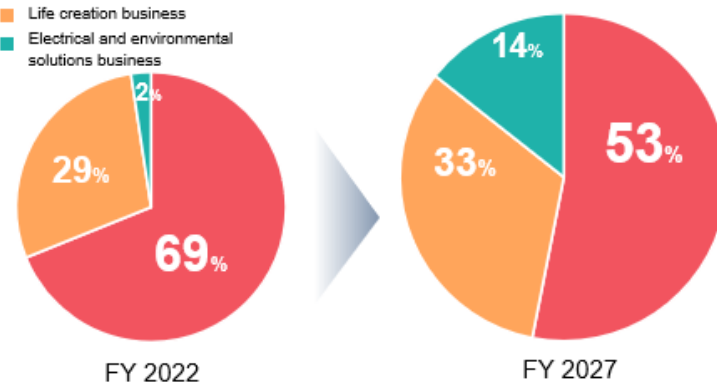


Transform the business portfolio

Charts showing gross profit

- Oil & gas business
- Life creation business
- Electrical and environmental solutions business

*The circle size indicates the gross profit



2. Improvement of capital efficiency

Starting with the integration of the building management and maintenance business, we will promote reorganization within the group based on selection and concentration of existing businesses. In addition, we will promote area efficiency improvements in our core businesses to maximize earnings.

[Shift to a stronger management foundation]

3. Promoting further reform of corporate culture and work style

We will continue to promote reforms in corporate culture and work styles from the 2nd Medium-Term Management Plan to foster a free and vigorous organizational culture that enhances and makes the most of individual strengths, and to develop systems and frameworks that contribute to employee growth.

4. Promotion of human resource development, and achievement of appropriate allocation of human resources

Based on the idea that corporate value is the sum of the market value of employees, we will develop a training system that contributes to the autonomous growth of employees and shift personnel based on our business portfolio, aiming to build an organization that maximizes profits.

5. Increased productivity by increased operational efficiency, standardization, etc.

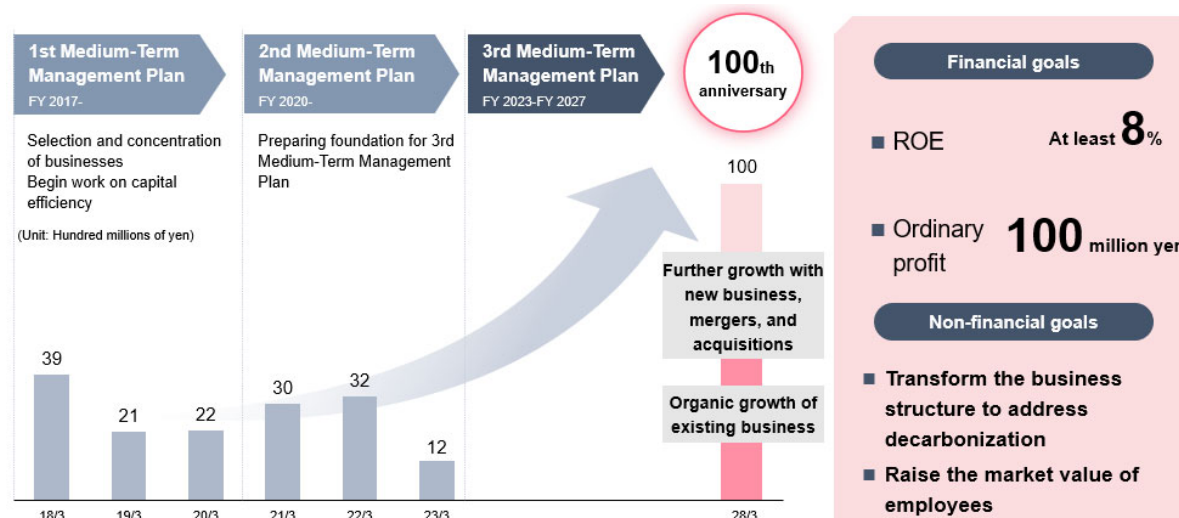
We will promote productivity improvement by establishing optimal business processes in line with our business strategy and by establishing a smooth business management system through the creation of a new core system.

6. Strengthening of group management organization

We will work to strengthen group governance, particularly by reinforcing the risk management system and establishing an effective and flexible group management system. In particular, in FY 2023, we will place priority on clarifying investment criteria, including strengthening the investment evaluation function and specifying withdrawal criteria, as well as improving the accuracy of forecast management, such as by strengthening market risk management in the energy business.

In addition, we will strengthen our group management system by working to create new value through cross-functional collaboration among business units and operating companies and digital technology.

Financial and non-financial targets



[Financial targets]

We have set ROE of 8% or more and ordinary income of 10 billion yen as our financial targets for FY 2027.

[Non-financial targets]

In setting our non-financial targets, we have made a comprehensive list of social issues that we consider important for the group and our stakeholders, referring to international guidelines. The issues on the list were examined in terms of both the importance and urgency of the issues, while taking into account the Group's mission and values, and after discussions mainly by the Sustainability Committee, discussions by the management team and a resolution by the Board of Directors, the following issues were established.

• Transforming the business structure to address decarbonization

The Group has set carbon neutrality targets to realize a decarbonized society, and aims to reduce GHG emissions (Scope 1 + 2) from its own operations by 31% compared to the FY 2016 level by FY 2027, by 50% compared to the FY 2016 level by FY 2030, and zero emissions by FY 2050.

We have also adopted carbon productivity, which measures productivity per ton of GHG emissions, as a target for the entire supply chain (Scope 1 to 3). The Group has defined the carbon productivity indicator as gross profit/GHG emissions, and aims to improve carbon productivity by 6.0% in FY 2027 compared to FY 2016, thereby creating more profit with less GHG emissions and shifting to a business structure compatible with a decarbonized society.

- Raising the market value of employees

The Group aims to improve corporate value by linking individual growth and organizational growth. Based on the idea that corporate value is the sum of the market value of employees, we will simultaneously implement measures to promote individual growth and improve the workplace environment to ensure that our organization continues to be chosen by growing individuals, thereby increasing corporate value. We have also set the following goals from the perspectives of engagement, investment in education, and diversity and inclusion, each of which we consider particularly important.

“Engagement”

We will improve the engagement index (satisfaction index in the surveys on organizational culture) from 3.3 in FY 2022 to 4.0 or more in FY 2027 by attractively communicating the company’s reason for being, business contribution to society, mission, vision, providing educational opportunities to employees who are willing to learn, structuring career development, and creating an environment where diverse employees can play an active role.

“Investment in education”

We will increase the annual hours of education and training per employee from 16.4 hours in FY 2022 to 25.0 hours in FY 2027 in order to expand educational opportunities to support the growth of individuals as a company structure.

“Diversity and inclusion”

To promote diversity and create new value, we will increase the ratio of female managers from 5.1% in FY 2022 to 20.0% in FY 2027, in order to actively promote female employees and reflect their diverse perspectives in management.

Business strategy

We will improve profitability by expanding earnings from existing businesses and creating new businesses that contribute to the realization of a decarbonized society.



[New businesses]

We will leverage management resources from existing businesses and aim to create new businesses that contribute to the realization of a decarbonized society (renewable energy, waste recycling, production and supply of new fuels with low environmental impact, decarbonization of houses and buildings, etc.).

[Retail/Wholesale Energy & Related Business: B to C Business]

Along with increasing the total number of customers, especially direct sales customers, we will promote the expansion of high value-added services such as home maintenance and renovation.

[Energy Solution Business: B to B Business]

We will aim to shift our portfolio from an oil-centered portfolio to comprehensive energy services including electricity and renewable energy.

[Non-energy Business]

We aim to expand mainly in the building maintenance and management business and the bicycle sharing business.

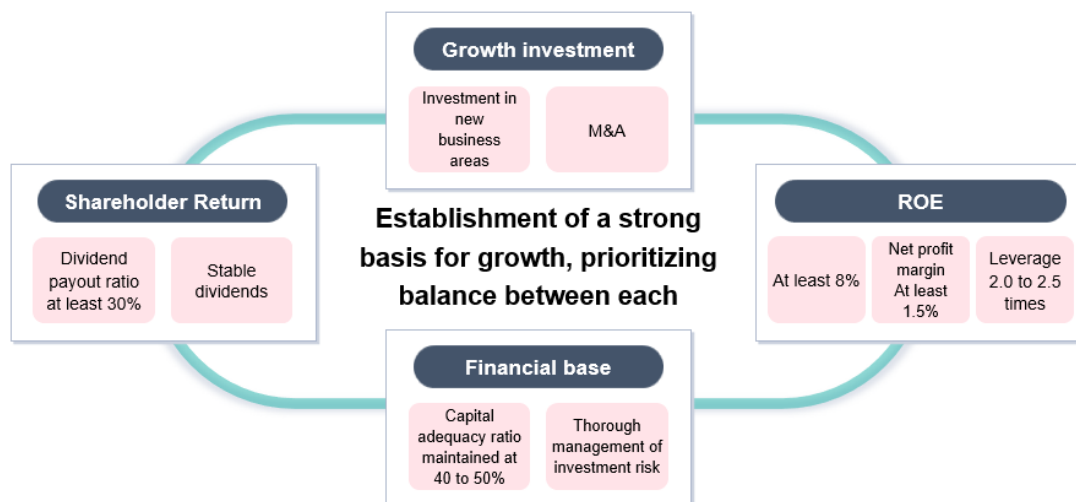
- Building management and maintenance business

We will secure stable earnings and improve profitability by integrating our operating companies to provide one-stop services.

- Bicycle sharing business

We aim to further improve profitability by developing new stations in highly profitable areas and create new revenue streams such as maintenance services.

Capital strategy



Our basic policy is to maintain and utilize a sound financial base, promote investment in growth to sustainably increase corporate value, and continue stable shareholder returns. In terms of shareholder returns, we will maintain a stable dividend payout ratio of 30% with a minimum dividend of 75 yen per share, while aiming to increase the dividend payout ratio to 40% in the medium term.

We would like to ask for the further understanding and support of our shareholders regarding these policies.



Environmental initiatives



Solar power plant “Utsunomiya Sinanen Solar Park” begins operation



Sinanen Co., Ltd. is engaged in the development, construction, and sales of solar power generation facilities throughout Japan as well as the power generation business using power plants. This power plant, Utsunomiya Sinanen Solar Park, was developed using idle land located in Oya-machi, Utsunomiya City, and began operation in February 2023.

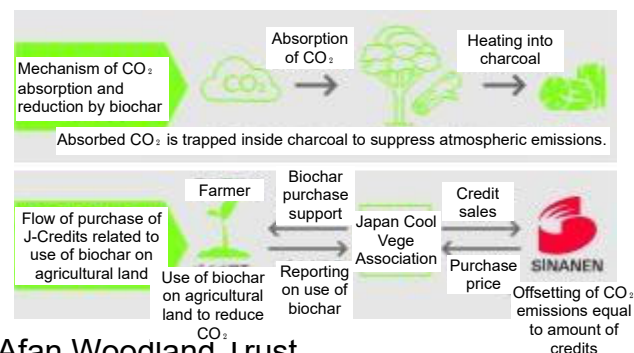
The annual amount of electricity generated in the first year is equivalent to the annual electricity consumption of approximately 811 ordinary households, and the electricity generated will be sold to Tokyo Electric Power Company Holdings, Inc.



Purchase of J-Credits from use of Japan’s first certified biochar on agricultural land

Biochar is a type of biomass that is produced by heating biological resources such as wood, bamboo, and rice husks and turning them into charcoal. Using it together with compost has the effect of trapping the CO₂ absorbed by plants in charcoal and suppressing atmospheric emissions. In June 2022, the company became the first in Japan to receive credit certification for the 247 tons of CO₂ emission reductions achieved through the application of this biochar to agricultural land. In response, Sinanen Holdings purchased credits for 10 tons of CO₂ emission reductions.

Starting with this credit purchase, in addition to offsetting CO₂ emissions in its own Group, Sinanen Holdings will also consider new businesses that utilize biochar, which is similar to the charcoal used in its ancestral business.



Support for forest maintenance project of the C.W. Nicol Afan Woodland Trust

The Afan Woodland Trust has been working to protect forests since its founder and writer C.W. Nicol, started forest restoration activities in abandoned and neglected forests, with the aim of regenerating Japanese forests. Sinanen Holdings has endorsed the mission of the Afan Woodland Trust and signed a project sponsorship agreement to support their work on forest maintenance.

Going forward, we will carry out joint efforts with the Afan Woodland Trust and work on activities to protect forests through cooperation with the trust's initiatives.



Afan Woodland▶



Social contribution initiatives



Participation in agriculture-welfare collaboration

Since FY 2020, Sinanen Holdings has been participating in a project of the Shizensaibai Party, and supporting agriculture-welfare collaboration activities of supporting employment of people with disabilities along with growing naturally cultivated rice, and as part of our support for the activities, we have participated in rice planting and harvesting of naturally cultivated rice.

This fiscal year, our third year of support, we planted rice in June and harvested it in October in Kumagaya City, Saitama Prefecture, together with members of Saitama Fukko Co., Ltd., a Japanese social farm engaged in agriculture-welfare collaboration activities.

We participated in the event with our Group executives and employees, and deepened exchanges with the people working at Saitama Fukko.

The naturally cultivated rice grown and harvested together with members of Saitama Fukko is donated to children's cafeterias and their management groups in various regions.



On-site classes on the theme of environment and energy at 11 junior high schools nationwide



Sinanen Holdings visited 11 junior high schools in Hokkaido, Kanagawa, Ehime, Okinawa, and other prefectures in Japan to give classes on the theme of the environment and energy. In the first half of the classes, we provided junior high school students with easy-to-understand explanations about global warming and efforts toward a decarbonized society. In the second half of classes, the students enjoyed learning about the importance and difficulties of the energy mix through a card game. We will continue to pass on knowledge about the environment and energy to children through these on-site classes and support the development of human resources who will lead the next generation.

(3) Changes in assets and profit and loss

(Unit: Millions of yen)

Classification	FY 2019 86th term	FY 2020 87th term	FY 2021 88th term	FY 2022 89th term (current fiscal year)
Net sales	237,036	217,122	289,340	342,254
Operating profit	2,454	2,935	2,480	895
Ordinary profit	2,203	3,023	3,272	1,227
Profit attributable to owners of parent	2,989	2,717	2,487	478
Profit per share	274.84yen	249.83yen	228.33yen	43.82yen
Total assets	90,611	96,834	104,908	101,350
Net assets	48,821	51,905	54,381	53,631
Net assets per share	4,425.87yen	4,707.96yen	4,922.46yen	4,902.63yen

(Note) Effective from the beginning of the 88th term, the Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and has followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition.

<Reference>

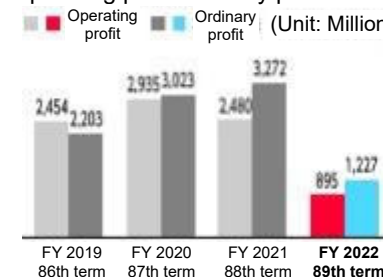
Net sales

(Unit: Millions of yen)



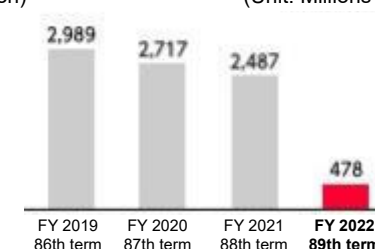
Operating profit/ordinary profit

(Unit: Millions of yen)



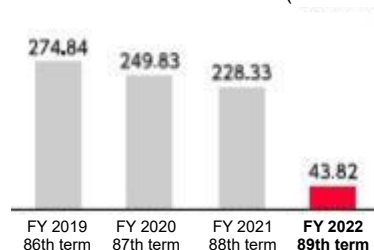
Profit attributable to owners of parent

(Unit: Millions of yen)



Profit per share

(Unit: Yen)



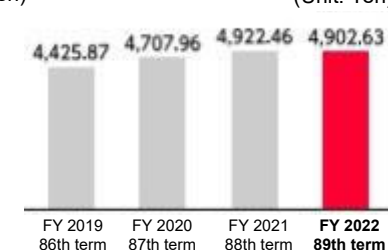
Total assets/net assets

(Unit: Millions of yen)



Net assets per share

(Unit: Yen)



(4) Status of capital investment

The total amount of capital investment during the current fiscal year was 4.0 billion yen, which consisted mainly of the following.

- Renovation and reconstruction of offices, etc.
- Solar power generation facilities
- Installation of supply facilities in the gas business, etc.
- Installation of software
- Kerosene center facilities, etc.
- Investment related to the bicycle sharing business

(5) Status of fund procurement

There is no significant fund procurement.

(6) Status of employees (As of March 31, 2023)

(i) Status of employees of the corporate group

Segment name	Number of employees	YoY change
Retail/Wholesale Energy & Related Business (B to C Business)	870 (237)	Increase of 1 (no change)
Energy Solution Business (B to B Business)	228 (129)	Increase of 12 (decrease of 10)
Non-energy Business	478 (1,165)	No change (increase of 32)
Companywide (common)	117 (13)	Increase of 11 (increase of 3)
Total	1,693 (1,544)	Increase of 24 (increase of 25)

- (Notes) 1. The number of employees is the number of full-time employees (excluding employees seconded from the Group to outside the Group and including employees seconded from outside the Group to the Group), and the average number of temporary employees per year is shown in parentheses.
2. The number of employees listed as "Companywide (common)" is the number of employees belonging to the administrative divisions.

(ii) Status of the Company's employees

Number of employees	YoY change	Average age	Average years of service
117 (13)	Increase of 11 (increase of 3)	44.2	8.5

- (Notes) 1. The number of employees is the number of full-time employees (excluding employees seconded from the Company to outside the Company and including employees seconded from outside the Company to the Company), and the average number of temporary employees per year is shown in parentheses.
2. Average age and average years of service exclude employees seconded to outside the Company and employees seconded from outside the Company.

(7) Major lenders

(As of March 31, 2023)

Lender	Borrowing amount
	million yen
Mizuho Bank, Ltd.	1,000
Sumitomo Mitsui Banking Corporation	1,000

(8) Principal offices and important subsidiaries

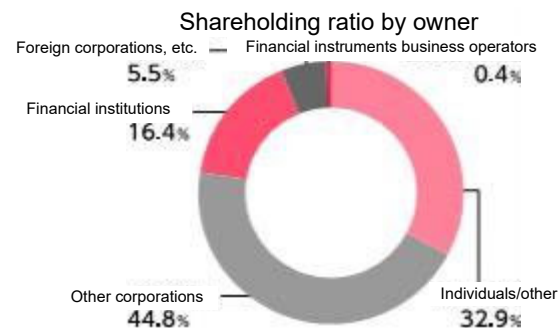
(As of March 31, 2023)

Sinanen Holdings Co., Ltd.	Headquarters	3-5-27 Mita, Minato-ku, Tokyo			
			Share capital	The Company's ownership	Description of main business
			million yen	%	
	Melife-West Co., Ltd.	Headquarters: Nishi-ku, Osaka City	90	100.00	Sales of various fuels
	Melife Co., Ltd.	Headquarters: Minato-ku, Tokyo	300	100.00	Sales of various fuels
	Melife-East Co., Ltd.	Headquarters: Aoba-ku, Sendai City	200	100.00	Sales of various fuels
	Hidaka Toshi Gas Co., Ltd.	Headquarters: Hidaka City, Saitama	80	100.00	City gas supply
	Sinanen Co., Ltd.	Headquarters: Minato-ku, Tokyo	100	100.00	Sales of various fuels
Subsidiaries	Sinanen Bike Co., Ltd.	Headquarters: Minato-ku, Tokyo	100	100.00	Bicycle import and sales
	Sinanen Mobility Plus Co., Ltd.	Headquarters: Minato-ku, Tokyo	30	100.00	Bicycle sharing
	Sinanen Ecowork Co., Ltd.	Headquarters: Minato-ku, Tokyo	30	100.00	Environment and recycling
	Sinanen Zeomic Co., Ltd.	Headquarters: Minato-ku, Nagoya City	50	100.00	Manufacture and sales of antimicrobial agent
	Minos Co., Ltd.	Headquarters: Minato-ku, Tokyo	95	100.00	Computer system service
	Takara Building Maintenance Co., Ltd.	Headquarters: Ryugasaki City, Ibaraki	10	100.00	Building management/maintenance

2 Matters concerning the Company's shares

(As of March 31, 2023)

- (1) Total number of authorized shares 47,520,600 shares
- (2) Total number of issued shares 10,936,185 shares
(Excluding 2,110,406 shares of treasury stock)
- (3) Number of shareholders 4,332
- (4) Major shareholders



Shareholder name	Number of shares held	Percentage
	Thousands of shares	%
UH Partners 2, Inc.	1,067	9.76
The Master Trust Bank of Japan, Ltd. (trust account)	831	7.59
UH Partners 3, Inc.	818	7.48
HIKARI TSUSHIN, INC.	811	7.42
Cosmo Oil Marketing Co., Ltd.	789	7.21
Meiji Yasuda Life Insurance Company	672	6.14
Idemitsu Kosan Co., Ltd.	452	4.13
Sinanen Group Clients Shareholding Association	445	4.07
System Integrating Laboratory Co., Ltd.	430	3.93
Rinnai Corporation	374	3.42

- (Notes)
1. The Company holds 2,110,406 shares of treasury stock but is excluded from the above major shareholders.
 2. The shareholding ratio is calculated excluding 2,110,406 shares of treasury stock.

(5) Shares issued to the Company's officers as compensation for the execution of their duties during the fiscal year under review

	Number of shares	Number of persons to whom shares were granted
Directors (excluding Audit/Supervisory Committee Members)	Common stock of the Company 2,949 shares	3

- (Note) The details of the Company's stock-based compensation are described in "(2) Compensation, etc. for Directors" on pages 38 to 40 of the Business Report.

- (6) Other important matters concerning shares
Not applicable.

3 Matters concerning the Company's officers

(1) Names of Directors

(As of March 31, 2023)

Position	Name	Responsibilities and important concurrent positions
President and CEO	Masaki Yamazaki	
Representative Director and Senior Managing CCO	Naoki Shimizu	CCO
Director	Kenji Madokoro	
Director who is an Audit/Supervisory Committee Member (Full time)	Kazuhisa Hirano	Representative Director of Japan Society of U.S. CPAs
Director who is an Audit/Supervisory Committee Member	Ren Shino	Partner of Kohwa Sohgo Law Offices Outside Director (Audit and Supervisory Committee Member) of Takashima Co., Ltd.
Director who is an Audit/Supervisory Committee Member	Nobutaka Murao	Professor of Kwansei Gakuin University Senior Adviser of Japan Platform
Director who is an Audit/Supervisory Committee Member	Hiroyuki Mitani	Representative of Office Mitani Advisor of Layers Consulting Co., Ltd. Part-time lecturer at the School of Engineering at the University of Tokyo Professor of Graduate School of Leadership and Innovation Shizenkan University Senior Advisor of the Boston Consulting Group K.K. President and CEO of NC Medical Research, Inc.

- (Note)
1. Based on its fiduciary responsibility to shareholders, the Company has determined that a high level of information gathering capability by a full-time person is necessary to ensure that the Audit/Supervisory Committee conducts objective and appropriate audits, and the Audit/Supervisory Committee Regulations stipulate that a Director who is a standing Audit/Supervisory Committee Member be selected. In accordance with the said regulations, Kazuhisa Hirano has been appointed as a Director who is a standing Audit/Supervisory Committee Member.
 2. Kazuhisa Hirano, Ren Shino, Nobutaka Murao, and Hiroyuki Mitani are Outside Directors who are Audit/Supervisory Committee Members and have been reported to the Tokyo Stock Exchange as independent officers.
 3. Kazuhisa Hirano, a Director who is an Audit/Supervisory Committee Member, is a licensed U.S. Certified Public Accountant and has considerable knowledge of finance and accounting matters.
 4. Ren Shino, a Director who is an Audit/Supervisory Committee Member, is a licensed attorney at law and has considerable knowledge of corporate legal affairs.

(2) Compensation, etc. for Directors

Amount of compensation, etc. for Directors for the current fiscal year

(i) Total amount of compensation, etc. by Director classification, total amount of compensation, etc. by type of compensation, etc., and number of officers eligible for compensation, etc.

Officer category	Total amount of compensation, etc. (million yen)	Total amount by type of compensation, etc. (million yen)			Number of officers eligible for compensation, etc. (People)
		Fixed compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding Audit/Supervisory Committee Members) (excluding Outside Directors)	123	109	14	17	4
Directors (Audit/Supervisory Committee Members) (excluding Outside Directors)	-	-	-	-	-
Outside Directors	43	43	-	-	5

(Notes) 1. The total amount of compensation, etc., for Directors does not include the employee salary for Directors who concurrently serve as employees.

2. Non-monetary compensation in the form of restricted stock compensation is recorded as an expense for the fiscal year under review.

(ii) Matters regarding performance-linked compensation

In order to raise awareness of the need to improve the Company's performance in each fiscal year, the Company has set consolidated ordinary income as the target performance indicator for a single fiscal year, and the amount calculated in accordance with the degree of achievement of the target value is multiplied by the coefficient that corresponds to the contribution to medium- to long-term performance and then paid in cash every month as performance-linked compensation in addition to the fixed compensation.

The reason for selecting consolidated ordinary income as the performance indicator is that the Company believes it is important to improve overall profitability, including not only operating activities but also financial activities.

The performance-linked compensation for the current fiscal year is determined based on the degree of achievement of consolidated ordinary income, etc. for the previous fiscal year, and the achievement rate for FY 2021 was 128.6%.

(iii) Details of non-monetary compensation

The system provides restricted stock compensation, which is non-monetary compensation, to Directors (excluding Directors who are Audit/Supervisory Committee Members) for the purpose of giving them incentives to continuously improve the Group's corporate value and to further share value with shareholders.

(iv) Matters concerning a resolution of the General Meeting of Shareholders on compensation, etc. for Directors

At the 82nd Ordinary General Meeting of Shareholders held on June 24, 2016 maximum annual compensation for Directors (excluding Directors who are Audit/Supervisory Committee Members) was set at 276 million yen (not including salaries as employees), and the maximum annual compensation for Directors who are Audit/Supervisory Committee Members was set at 72 million yen.

As of the close of the 82nd Ordinary General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit/Supervisory Committee Members) was four and the number of Directors who are Audit/Supervisory Committee Members was three.

In addition, at the 87th Ordinary General Meeting of Shareholders held on June 22, 2021, a resolution was approved to pay compensation of up to 60 million yen per year to Directors (excluding Directors who are Audit/Supervisory Committee Members) for the grant of restricted stock, in addition to the above maximum amount of compensation. As of the close of the 87th Ordinary General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit/Supervisory Committee Members) was four.

(v) Policy for determination of compensation, etc. for individual Directors

(a) Method of determining the policy for determination of compensation, etc. for individual Directors

The Company resolved at the meetings of the Board of Directors held on March 31, 2021 and May 24, 2021 to revise and enact rules and regulations concerning officer compensation, including a policy for determining the details of remuneration, etc. for individual Directors (below, the “decision policy”).

The individual compensation of Directors who are Audit/Supervisory Committee Members will be determined through consultation with the Directors who are Audit/Supervisory Committee Members.

(b) Outline of the details of the decision policy

A) The basic remuneration for the President shall be determined at a competitive level, taking into consideration the levels of other companies in the same industry and public.

B) The basic remuneration for full-time officers shall be determined by multiplying the base amount by a coefficient determined for each position, with the base remuneration for the President as the base amount. The determination of the base amount and the coefficients for each position shall be left to the discretion of the Nominating and Compensation Committee.

C) Remuneration for part-time Directors (excluding Directors who are Audit/Supervisory Committee Members) shall be determined separately.

D) The ratio of performance-linked compensation to the total amount of compensation for officers shall be approximately 15%.

E) The performance-linked compensation for the President shall be determined by calculating the consolidated ordinary income, etc., and this shall be the performance-based amount. The performance-linked compensation for other full-time officers shall be determined by multiplying the performance-based amount by a coefficient determined for each position. The total amount of performance-linked compensation shall not exceed a certain percentage of consolidated ordinary income, etc. The performance-linked compensation for each individual, including the President, will be finally determined by taking into account the contribution to medium- to long-term performance. The determination of the performance-based amount, coefficients for each position, and medium- to long-term evaluation shall be left to the discretion of the Nominating and Compensation Committee.

F) Restricted stock compensation is granted to Directors other than those who are Audit/Supervisory Committee Members, and the restriction on transfer is lifted on the condition that certain performance targets determined by the Board of Directors of the Company are achieved. The number of shares to be granted shall be equivalent to 10% of the basic remuneration, and the specific allocation to each eligible Director shall be determined by the Board of Directors.

(c) Reasons why the Board of Directors determined that the content of individual compensation, etc. of Directors for the current fiscal year is in line with the decision policy

In determining the content of individual compensation, etc., for Directors, the voluntary Nominating and Compensation Committee makes decisions based on multifaceted considerations, including consistency with the decision policy, and the Board of Directors has determined that the results of its deliberations are in line with the decision policy.

(vi) Matters concerning delegation of authority to determine individual compensation, etc. for Directors

In the current fiscal year, the Board of Directors, at its meeting held on June 22, 2021, passed a resolution to delegate to President and CEO Masaki Yamazaki the authority to determine the specific details of individual compensation, etc. for each Director, and the President and CEO made the decision. The reason for delegating this responsibility to the President and CEO is that the Company has determined that the President and CEO is best suited to evaluate each Director's area of responsibility and job responsibilities while overseeing the Company's overall business performance.

(3) Outline of the contents of the liability limitation agreement

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into an agreement with each Director (excluding Business Executive Directors, etc.) to limit his or her liability for damages under Article 423, Paragraph 1 of the Companies Act to the extent provided by laws and regulations.

(4) Summary of contents of D&O liability insurance contract

The Company has concluded a D&O liability insurance contract with an insurance company as stipulated in Article 430-3, Paragraph 1 of the Companies Act, which covers damages such as compensation and litigation costs to be borne by the insured in the event that a claim for compensation is brought by a shareholder or third party.

The insured under the contract are Directors, Auditors, Executive Officers, and other key executives of the Company and its subsidiaries and sub-subsidiaries. The Company pays all insurance premiums.

(5) Matters concerning outside officers

(i) Significant concurrent positions held at other companies and relationship between such companies and the Company

There is no special relationship between the Company and the entities where the outside officers hold important concurrent positions.

(ii) Principal activities of outside officers

Category	Name	Summary of attendance, statements made, and duties performed in relation to the roles expected of Outside Directors
Director who is an Audit/Supervisory Committee Member (Full time)	Kazuhisa Hirano	Attended all 14 meetings of the Board of Directors and all 12 meetings of the Audit/Supervisory Committee held during the fiscal year under review. Based on his professional knowledge and abundant experience in accounting and internal auditing, he provided opinions and suggestions on risk management and other issues of the Company. In addition, as a member of the voluntary Nominating and Compensation Committee, he plays a supervisory and advisory role through his involvement in the selection of candidates for Directors and executive compensation.
Director who is an Audit/Supervisory Committee Member	Ren Shino	Attended all 14 meetings of the Board of Directors and all 12 meetings of the Audit/Supervisory Committee held during the fiscal year under review. Based on her extensive experience and broad insight as a lawyer and Outside Director, etc. of other companies, she provides opinions and recommendations regarding the Company's compliance system, etc. In addition, as a member of the voluntary Nominating and Compensation Committee, she plays a supervisory and advisory role through her involvement in the selection of candidates for Directors and executive compensation.
Director who is an Audit/Supervisory Committee Member	Nobutaka Murao	Attended all 14 meetings of the Board of Directors and all 12 meetings of the Audit/Supervisory Committee held during the fiscal year under review. Based on his professional experience and insight, he provides opinions and recommendations without being restricted to existing corporate management, and in light of social and international conditions. In addition, as a member of the voluntary Nominating and Compensation Committee, he plays a supervisory and advisory role through his involvement in the selection of candidates for Directors and executive compensation.
Director who is an Audit/Supervisory Committee Member	Hiroyuki Mitani	He attended all 11 meetings of the Board of Directors and all 10 meetings of the Audit/Supervisory Committee held during the fiscal year under review since his appointment on June 22, 2022. Based on his extensive business experience, he provides opinions and recommendations regarding the Company's management and business execution. In addition, as a member of the voluntary Nominating and Compensation Committee, he plays a supervisory and advisory role through his involvement in the selection of candidates for Directors and executive compensation.

4 Status of Accounting Auditor

(1) Name of Accounting Auditor: Ernst & Young ShinNihon LLC.

(2) Amount of compensation, etc. for the current fiscal year

	Amount paid
(i) Total amount of compensation, etc. to be paid by the Company and its subsidiaries to the Accounting Auditor	89 million yen
(ii) Out of the total amount in (i) above, the total amount of compensation, etc. to be paid as compensation for audit certification services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	89 million yen
(iii) Out of the total amount in (ii) above, the amount of compensation, etc. to be paid by the Company to the Accounting Auditor	70 million yen

(Notes) 1. The audit contract between the Company and the Accounting Auditor does not clearly distinguish between the amounts of compensation, etc. for audits based on the Companies Act and those for audits based on the Financial Instruments and Exchange Act, and it is practically impossible to do so, so the amount of compensation, etc. in (iii) above is the total of these amounts.

2. Based on the Practical Guidelines for Cooperation with Accounting Auditors published by the Japan Audit & Supervisory Board Members Association, the Audit/Supervisory Committee reviewed the actual audit time by audit item and the amount of remuneration in the audit plan for the past fiscal year and the status of the execution of duties by the Accounting Auditor, and examined the appropriateness of the audit plan and the amount of remuneration for the current fiscal year. As a result, the Audit/Supervisory Committee consented to the remuneration, etc. of the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.

(3) Policy on dismissal or non-reappointment of Accounting Auditor

The Audit/Supervisory Committee decides the details of the proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders when it determines that such action is necessary, such as when there is a problem with the Accounting Auditor's performance of its duties.

In addition, the Audit/Supervisory Committee will dismiss the Accounting Auditor with the unanimous consent of all Audit/Supervisory Committee Members if the Accounting Auditor falls under any of the items of Article 340, Paragraph 1 of the Companies Act and the dismissal of the Accounting Auditor is deemed appropriate. In this case, a Director who is an Audit/Supervisory Committee Member selected by the Audit/Supervisory Committee will report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

5 System to ensure the appropriateness of business operations

The Company has resolved the basic policy for the establishment of internal control systems as follows in accordance with the provisions of the Companies Act.

- (1) System to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation
 - (i) The Company shall establish the Group Charter of Corporate Conduct and Compliance Rules, and make compliance with laws and regulations a prerequisite for all corporate activities of the Group.
 - (ii) The Company shall establish the Risk Management and Compliance Committee, chaired by the Chief Compliance Officer, to establish the Group's compliance system.
 - (iii) The Chief Compliance Officer shall develop the compliance system, identify problems, give instructions on measures to prevent the recurrence of compliance violations, and conduct training. Particularly important issues shall be discussed by the Risk Management and Compliance Committee and reported to the Board of Directors and the Audit/Supervisory Committee.
 - (iv) The Company shall establish an internal consultation service and an external lawyer consultation service as an internal reporting system, and endeavor to secure information related to compliance.
 - (v) The Company recognizes that having relationships with antisocial forces is a violation of compliance and have implemented measures to firmly refuse such dealings as an ongoing priority.
- (2) System for the storage and management of information related to the execution of duties by Directors
 - (i) The Company shall stipulate the basic matters for document management in its internal rules and appropriately store and manage important information related to the execution of duties by Directors.
 - (ii) Directors may access the information in the preceding item at any time.
- (3) Rules and other systems for managing the risk of loss
 - (i) The Company shall establish internal rules for risk management, clarify the risks involved in the execution of business, and conduct appropriate management in accordance with the risks.
 - (ii) In accordance with the organizational rules, each member of the management shall manage risks that arise or are encountered in the course of operating the company in accordance with the authority and responsibility assigned to them.
 - (iii) In accordance with the Internal Audit Regulations, the Audit Department shall conduct internal audits based on the risk-based audit plan approved by the Board of Directors, and the audit results shall be reported directly to the Board of Directors.
 - (iv) The Company shall conduct an inventory of the risks and risk management status of the Company and its group companies at the Risk Management and Compliance Committee, and propose methods to improve risk management and reduce risks to the President as necessary.

(4) System to ensure the efficient execution of duties by Directors

- (i) The Board of Directors shall formulate a Medium-Term Management Plan, set priority management targets and budgets for each fiscal year, review monthly business results, and implement improvement measures.
- (ii) The Company shall establish internal rules for segregation of duties and decision-making rules, etc., to ensure a prompt and efficient execution of duties.
- (iii) The Company shall establish a Management Meeting to assist the President in decision-making. The Company shall also establish the Group Management Meeting and other bodies to address management issues of the Group.
- (iv) The Company shall establish a voluntary Nominating and Compensation Committee to enhance the objectivity and transparency of the procedures for determining the nomination and compensation of Directors (including officers of Group companies).

(5) System to ensure the appropriateness of business operations of the corporate group consisting of the relevant stock company and its subsidiaries

- (i) The Company shall establish rules for the management of operating companies, which require reporting to the Company of important information on Group companies, and shall dispatch Directors to each Group company for appropriate management and supervision.
- (ii) The Company shall establish common risk management rules and Compliance Rules for the Group, and the Risk Management and Compliance Committee shall comprehensively manage the risks and compliance of the Group companies.
- (iii) All officers and employees of the Group companies shall be able to use the internal consultation service and the external lawyer consultation service established by the Company for internal reporting, etc., and shall strive for early detection of compliance violations.
- (iv) The Company shall prohibit the disadvantageous treatment of any person who has made a report as described in the preceding item on the grounds that such report was made.
- (v) The Audit Department shall conduct internal audits of Group companies as necessary to check the appropriateness of operations.
- (vi) Corporate auditors of Group companies shall share audit results with the Audit Department, and the Audit Department shall report the audit status of Group companies to the Audit/Supervisory Committee.
- (vii) The Company shall improve the operational and financial efficiency of the entire Group by introducing a common accounting management system and cash management system for the Group.

(6) Matters related to employees who are requested by the Audit/Supervisory Committee to assist in the performance of their duties

Employees to assist the Audit/Supervisory Committee Members in their duties shall be assigned to the Audit/Supervisory Committee Office and shall perform their duties under the direction of the Audit/Supervisory Committee Members.

- (7) Matters concerning the independence of the employees set forth in the preceding paragraph from Directors other than the Audit/Supervisory Committee Members and ensuring the effectiveness of the Audit/Supervisory Committee's instructions
- (i) Internal audits conducted by the Audit Department in consultation with the Audit/Supervisory Committee are not subject to the direction and orders of Directors other than the Audit/Supervisory Committee Members.
 - (ii) The consent of the Audit/Supervisory Committee must be obtained for the appointment of employees to assist the Audit/Supervisory Committee.
- (8) System for reporting to the Audit/Supervisory Committee by Directors other than Audit/Supervisory Committee Members and employees, and officers and employees of subsidiaries
- (i) Directors other than Audit/Supervisory Committee Members shall report the following matters to the Audit/Supervisory Committee.
 - 1) Important matters concerning the monthly management status
 - 2) Important matters concerning the status of internal audits and risk management conducted by the Audit/Supervisory Committee
 - 3) Important matters concerning the assessment of the appropriateness of financial information conducted by the Audit Department
 - 4) Status and details of reporting under the whistleblowing system
 - 5) Matters that may cause significant damage to the Group
 - 6) Serious violations of laws, regulations, or the Articles of Incorporation
 - 7) Other important compliance matters
 - (ii) All officers and employees of Group companies may report directly to the Audit/Supervisory Committee if they discover any material fact related to 4) to 6) above.
 - (iii) The Company shall prohibit the disadvantageous treatment of any person who has made a report as described in the preceding item on the grounds that such report was made.
- (9) Other systems to ensure that audits by the Audit/Supervisory Committee are conducted effectively
- (i) The Audit/Supervisory Committee shall regularly exchange opinions with the President, the Chairman of the Risk Management and Compliance Committee, and the Accounting Auditor.
 - (ii) In the event that an Audit/Supervisory Committee Member makes a request for advance payment or reimbursement of expenses incurred in the performance of his or her duties, the Company shall comply with such request, unless the expenses incurred are deemed to be unnecessary for the execution of the Audit/Supervisory Committee Member's duties.
- (10) System to ensure the appropriateness of financial reporting
- (i) The Company and its Group companies shall establish accounting rules and other internal rules, and comply with accounting standards and other relevant laws and regulations.
 - (ii) The internal control departments of the Group companies shall share the results of their assessment of the appropriateness of financial reporting with the Audit Department, which shall report the assessment of the Group companies to the Audit/Supervisory Committee and the Chairman of the Risk Management and Compliance Committee.

6 Outline of operation of the system to ensure the appropriateness of business operations

(1) Compliance system

- (i) Compliance training is periodically conducted for employees to ensure that they are fully aware of and comply with laws and regulations.
- (ii) The Risk Management and Compliance Committee holds meetings to summarize compliance violations that have occurred in the Group, and instructs and implements measures to prevent recurrence of such violations.
- (iii) Internal and external whistleblowing hotlines have been established to prevent misconduct.

(2) Risk management system

- (i) The Risk Management and Compliance Committee manages risks across the entire Group.
- (ii) Important investment projects are resolved by the Board of Directors after detailed risk analysis by the Preliminary Review Committee.

(3) Business management of Group companies

- (i) Rules for the management of operating companies and each company's rules on decision-making stipulate the obligation to report to the Company on decisions on important matters and the occurrence of major accidents, etc.
- (ii) Monthly Group Management Meetings are held to receive reports on the status of business execution from each Group company.
- (iii) The Company dispatches its Directors to major Group companies as Directors and Auditors to manage and supervise their business execution.

(4) System to ensure that audits by Directors who are Audit/Supervisory Committee Members are conducted effectively

- (i) Four assistants are assigned to Directors who are Audit/Supervisory Committee Members to ensure the smooth execution of the duties of Directors who are Audit/Supervisory Committee Members through the necessary budget appropriation and prompt reimbursement processing.
- (ii) The Compliance Rules stipulate that serious compliance violations may be reported directly to Directors who are Audit/Supervisory Committee Members.
- (iii) The Audit/Supervisory Committee meets regularly with the Representative Director and the Accounting Auditor to exchange opinions on issues to be addressed by the Company, important auditing issues, etc.

7 Policy on determination of dividends from surplus, etc.

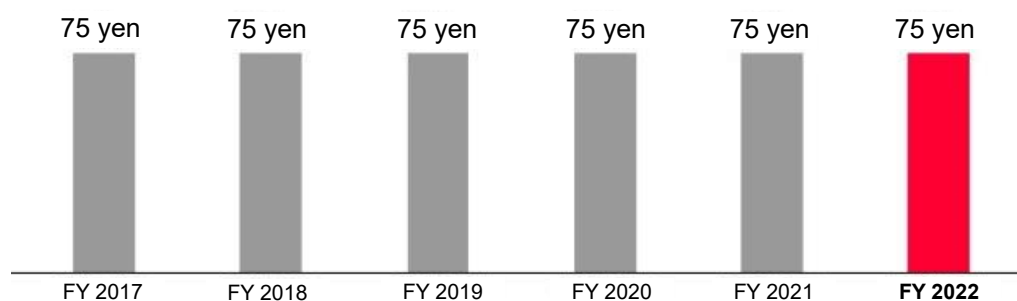
The Company considers returning profit to shareholders the most important management policy. Our basic policy is to provide stable dividends with a consolidated payout ratio of 30% or more, and a minimum of 75 yen per share. We plan to allocate internal reserves to expanding our business domains and capital expenditures to strengthen our business foundation.

Based on the above policy, the Company has decided to pay a year-end dividend of 75 yen per share for the current fiscal year.

In accordance with Article 459, Paragraph 1 of the Companies Act, the Company's Articles of Incorporation stipulate that dividends from surplus may also be paid by a resolution of the Board of Directors.

(Reference) [Dividends]

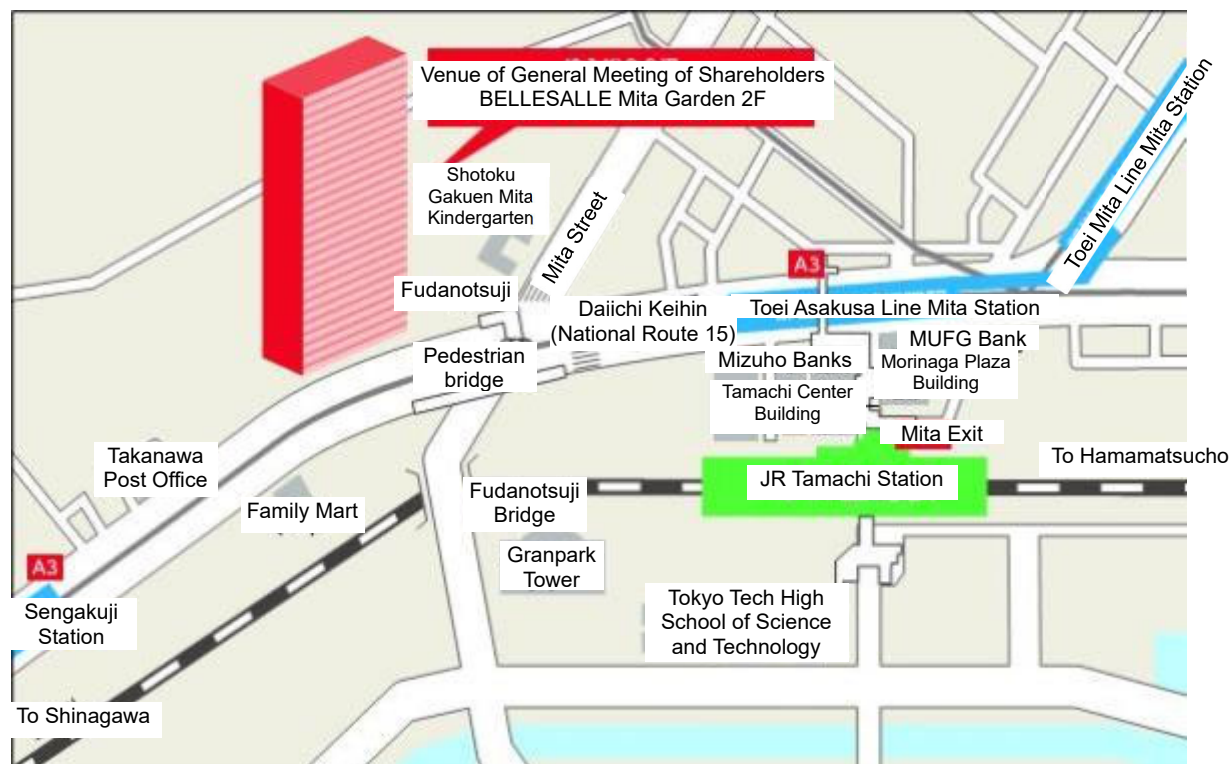
Dividend per share



Venue of the General Meeting of Shareholders

Venue

Sumitomo Realty & Development Tokyo Mita Garden Tower BELLESALLE Mita Garden
2F, 3-5-19 Mita, Minato-ku, Tokyo
(Please refer to the venue map below and make sure you are at the correct location.)



Transportation information

- JR (Yamanote Line/Keihin Tohoku Line) Tamachi Station Mita Exit: 8-minute walk
- Subway (Toei Asakusa Line, Toei Mita Line) Mita Station, Exit A3: 6-minute walk
- Subway (Toei Asakusa Line, Keikyu Line) Sengakuji Station, Exit A3: 6-minute walk

*Please use public transportation as parking is not available at the venue.



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