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## Corporate Governance Report

CORPORATE GOVERNANCE

Loadstar Capital K.K.

Last Update: March 28, 2025

**Loadstar Capital K.K.**

Tatsushi Iwano, President

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Securities code: 3482

The corporate governance of Loadstar Capital K.K. ("Loadstar" or the "Company") is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes, and Other Key Information

### 1. Basic Views

Loadstar Capital K.K. ("Loadstar" or the "Company") aims to enhance its corporate value over the long term by ensuring soundness of management, transparency, and compliance. To this end, Loadstar recognizes that it is vital to build an organization that can promptly and flexibly address changes in the business environment, with the aim of enhancing corporate governance. As such, Loadstar conducts business efficiently considering shareholders' value.

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

Loadstar carries out each principle of the Corporate Governance Code.

#### Supplementary principle 2.4.1

Regarding ensuring diversity, Loadstar has not set any measurable goals or other targets. It is because Loadstar has placed great value on securing diversity from its founding and is committed not to discriminating against its employees with respect to gender, nationality, work history, age, or any other factor. To this end, Loadstar makes efforts to foster an open corporate culture and creates a work environment in which all employees can pursue their own career goals.

#### Supplementary principle 3.1.3

Loadstar's initiatives on sustainability, investments in human capital, and how to tackle climate change risks are posted on its website and in the Annual Securities Report.

(URL: <https://www.loadstarcapital.com/en/sustainability.html> )

Loadstar has not disclosed its policy on intellectual property because the Company has not seen many opportunities to invest in this area due to the nature of its business.

## Disclosure Based on each Principle of the Corporate Governance Code

### Principle 1.4

Currently, Loadstar does not hold any policy stock. Regarding policy stocks that Loadstar holds for non-investment purposes, the Company's basic policy is to hold such shares strategically and to a limited extent only when they are deemed to contribute to enhancing the medium- to long-term corporate value of the Company from the standpoint of building and strengthening business relationships. In case of holding policy stock, every fiscal year, the Board of Directors will examine the holding purpose and the appropriate risk and return of holding the stock. Then, the Board of Directors will determine whether the holding is appropriate or not, and they disclose the results. Loadstar does not set specific criteria for exercising voting rights for the policy stock. However, the Company carefully examines each proposal and decides whether to approve or disapprove it, taking into consideration the sound development and enhancement of corporate value of the issuing company, as well as whether the proposal is in line with Loadstar's holding policy.

### Principle 1.7

The Board of Directors shall confirm the scope of related party transactions each year and fully deliberate and resolve on the appropriateness of transactions with those parties.

### Supplementary principle 2.4.1

Regarding ensuring diversity, Loadstar has not set any measurable goals or other targets. It is because Loadstar has placed great value on securing diversity from its founding and is committed not to discriminating against its employees with respect to gender, nationality, work history, age, or any other factor.

To this end, Loadstar makes efforts to foster an open corporate culture and creates a work environment in which all employees can pursue their own career goals.

### Principle 2.6

Loadstar has not established a defined benefit corporate pension plan, but has introduced a corporate defined contribution pension plan. The Company offers seminars on asset management to its employees so that they can learn further about how to manage their assets. In the event that Loadstar introduces a defined benefit corporate pension plan in the future, the Company will establish a system to function effectively as an asset owner.

### Principle 3.1

- (i) Loadstar discloses its mission and medium-term management plan on its website.
- (ii) Loadstar discloses its basic views and policies on corporate governance in the Corporate Governance Report, on its website, and in the Annual Securities Report, etc.  
(URL: <https://www.loadstarcapital.com/en/sustainability/governance.html>)

- (iii) Policies and procedures for determining directors' compensation are disclosed in the Notice of Annual General Meeting of Shareholders, Annual Securities Report, and Corporate Governance Report, etc.
- (iv) When the Company appoints internal directors, including the President, they are selected and appointed by the resolution of the Board of Directors following the report of the Nomination and Compensation Committee. Such selection and appointment are based on the Company's management philosophy and mission, as well as a comprehensive evaluation of their ability and experience to drive the growth of the Group. As for the dismissal of the internal directors, the Company follows the same procedure applied for the selection and appointment. Candidates for Audit & Supervisory Board Members shall be nominated by the Audit & Supervisory Board, taking into consideration such factors as those who can demonstrate expertise in their respective business fields and those who possess qualifications for corporate management, as well as extensive knowledge in finance, accounting and other specialized fields and a wealth of experience as senior executives.
- (v) The reasons for the appointment and dismissal of directors and Audit & Supervisory Board Members are disclosed in the Notice of the Annual General Meeting of Shareholders.

#### **Supplementary principle 3.1.2**

Loadstar has an English website and discloses English version of the Notice of Annual General Meeting of Shareholders, Earnings Reports, Presentation Materials for Earnings, and significant timely disclosure materials. (English website: <https://www.loadstarcapital.com/en/index.html>)

#### **Supplementary principle 3.1.3**

Please see the "Reasons for Non-compliance with the Principles of the Corporate Governance Code" above.

#### **Supplementary principle 4.1.1**

The Board of Directors resolves significant matters pursuant to laws, regulations, the Articles of Incorporation, and the Board of Directors rules. Concerning deliberations and decisions other than those resolved by the Board of Directors, Loadstar has stipulated the Rules of Administrative Authority and the Rules of Segregation of Duties. Then, the deliberations and decisions for these matters are delegated to the management team, including the President, or to a council that consists of the management as its members.

#### **Principle 4.8**

Loadstar has formulated the "Criteria for Determining the Independence of Independent Outside Directors and the Policy on Their Appointment," and appoints Outside Directors who are highly qualified and independent. The Company appoints three independent Outside Directors, at least one-third of the total number of Directors, so that they can fully discuss matters at the Board of Directors meetings from an independent and impartial standpoint.

### **Supplementary principle 4.8.3**

Currently, Loadstar has no controlling shareholder, and Loadstar does respect the interests of minority shareholders. Any material transactions or actions that may conflict with their interests will be fully discussed and deliberated at the Board of Directors meetings where the independent Outside Directors and Audit & Supervisory Board Members are present.

### **Principle 4.9**

Loadstar appoints Outside Directors who serve as Independent Officers in accordance with the requirements of the Companies Act as well as the independence criteria stipulated by the Tokyo Stock Exchange.

### **Supplementary principle 4.10.1**

Loadstar has established the Nomination and Compensation Committee under the Board of Directors. The Nomination and Compensation Committee deliberates and reports to the Board of Directors on policies regarding the appointment and dismissal of directors and the compensation scheme. The Nomination and Compensation Committee also deliberates and reports to the Board of Directors on the nomination and compensation of directors, giving due consideration to diversity in gender and other skills. The chairperson and a majority of the members of the Committee are independent Outside Directors. To ensure independence of the Committee, a resolution is passed only when a majority of the Committee members who are eligible to participate in the resolution are present and when a majority of those members agree to the resolution.

### **Supplementary principle 4.11.1**

Please see the skill matrix of each director in the Notice of the Annual General Meeting of Shareholders and the Annual Securities Report. The Company's policy on the appointment of directors is described in Principle 3.1 (iv). Based on this policy, the Company appoints directors who possess relevant skills that suit the business climate and characteristics of the Company's business.

### **Supplementary principle 4.11.2**

Please see the Notice of Annual General Meeting of Shareholders and the Annual Securities Report for the significant concurrent positions of Directors, Audit & Supervisory Board Members, Outside Directors and Outside Audit & Supervisory Board Members.

### **Supplementary principle 4.11.3**

Every year, Loadstar analyzes and evaluates the effectiveness of its Board of Directors for further improvement of the Board's functionality. The following is a summary and results of the Board of Directors' effectiveness as of March 2025.

#### **(1) Evaluation Procedure**

The Company conducted a questionnaire survey to all directors on the Board of Directors' effectiveness. Then,

the Nomination and Compensation Committee consulted and reported on the survey results. Following this, the Board of Directors analyzed and evaluated the results.

(2) Evaluation Results and Actions to be Taken

The Company confirmed that the Board of Directors functioned effectively. The followings are topics that need to be further discussed in order for the Company to grow sustainably.

- Hiring and training of human resources
- Training of successors

The Company will continue to review how the Board of Directors runs based on the evaluation of the Board's effectiveness. The Company will make efforts to further enhance the Board of Directors' effectiveness and increase its corporate value.

#### **Supplementary principle 4.14.2**

Loadstar encourages all directors and Audit & Supervisory Board Members to take part in training and seminars that are necessary for them to fully perform their roles and responsibilities. All costs required for such training and seminars are covered by the Company. The Company has established "Rules for Qualification Acquisition Support Program." In the rules, incentives are designed for obtaining knowledge and skills to operate business so that all directors and Audit & Supervisory Board Members can pursue their own goals. At the same, in this rule, Loadstar lays the foundation for sustainable development of the Company. When Outside Directors and Outside Audit & Supervisory Board Members assume office, every one of them is individually briefed on the Company's business operations, financial condition, and corporate governance system.

#### **Principle 5.1**

Loadstar holds a financial results briefing once a half year in order to improve the company's sustainable growth and corporate value over the medium to long term. At the financial results briefing, the Company discloses financial results-related materials and videos of financial results explanations. For institutional investors, the President or the Chief Financial Officer ("CFO"), who is responsible for investor relations, holds individual meetings and small conferences after the financial results are disclosed each quarter. Loadstar is also open to meeting requests to Outside Directors if such request is made by investors. The CFO reports a summary of these meetings to the Board of Directors as necessary. When Loadstar dialogues with shareholders, regardless of financial results briefings or other meetings, the Company strives to prevent the leakage of insider information to ensure all information is shared equally among shareholders and investors.

(URL: <https://www.loadstarcapital.com/en/ir.html> )

#### **Principle 5.2**

When Loadstar creates its strategic plan, the Company evaluates investment efficiency, liquidity on hand, equity to asset ratio, and dividend payout ratio aside from profitability and growth potential. The Company has set ROE as a target with cost of capital in mind, aiming to achieve effective management that leads to increased shareholders' value. For the medium-term management plan, the Company has set quantitative targets for ROE and a dividend

payout ratio as well as profits. The Company also strives to deepen investors' understanding by illustrating our capital allocation and balance sheet outlook. These targets are disclosed on the Company's website.

In a financial results briefing, the Company explains its approach to the equity to assets ratio, the borrowing conditions of interest-bearing debts, and the dividend payout ratio, relating them to the management plan.

The Company updates the progress and discloses the quantitative targets set forth in the medium-term management plan in the financial results presentation materials and other relevant documents.

(Medium-Term Management Plan and Presentation Materials for Earnings Briefing:

<https://www.loadstarcapital.com/en/ir/library/Medium-Term-Management-Plan.html>)

## 2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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### Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage (%)
Tatsushi Iwano	3,380,000	20.43
The Master Trust Bank of Japan., Ltd.	1,466,100	8.86
Capital Generation Co., Ltd.	1,100,000	6.64
Custody Bank of Japan, Ltd.	973,000	5.88
RENREN LIANHE HOLDINGS	579,300	3.50
Daiwa Securities Co. Ltd.	482,900	2.91
Naoyuki Kubo	312,900	1.89
Yo Narita	312,000	1.88
Yasuhiro Morita	300,000	1.81
THE TOKYO TANSI CO., LTD.	255,900	1.54

As of December 31, 2024

Name of Controlling Shareholder, if applicable (excluding Parent Company)	None
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None

Name of Parent Company, if applicable	None
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None

Listed stock market	None
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None

Supplementary Explanation
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None

### 3. Corporate Attributes

Listed Stock Exchange and Market Segment	Prime Market
Fiscal Year-End	December
Business Sector	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	Fewer than 100
Net Sales (Consolidated) as of the End of the Previous Fiscal Year	10 billion yen or more and less than 100 billion yen
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10

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

None

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

Not applicable

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

### 1. Organizational Composition and Operation

Corporate Governance System	Company with the Audit and Supervisory Board*
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\*Referred to in the Corporate Governance Code reference translation as "Company with *Kansayaku* Board"

### Directors

Number of Directors Stipulated in Articles of Incorporation	No upper limit
Directors' Term of Office Stipulated in Articles of Incorporation	1 years
Chairperson of the Board	President (Representative Director)
Number of Directors	6
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hideo Wanami	Tax Accountant											
Jun Onishi	Attorney, Real estate appraiser											
Mayumi Funaki	From another company											

\*Categories for "Relationship with the Company."

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- Person who executes business or a non-executive director of a parent company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- Person who executes business for an entity receiving contributions from the Company (applies to self only)
- Other

Outside Directors' Relationship with the Company (2)

**Hideo Wanami**

Designated as an Independent Officer Applicable

Supplementary information on the relationship with the Company: None

**Reason(s) for appointment as an Independent Officer**

He served in various important positions at the National Tax Administration Bureau. In addition, based on his work experience as a professor at the National Tax College of the National Tax Agency and as a certified tax accountant, he is well versed in finance and accounting with a high degree of expertise in tax audits. Although he does not have corporate management experience, he has supported corporate management from an advisory perspective. From a professional standpoint based on his extensive knowledge and experience, he provides fair, impartial, and beneficial comments at the Board of Directors meetings. We have therefore designated him as an independent officer in order to strengthen the supervisory function of the Board of Directors and to enhance our corporate value.

**Jun Onishi**

Designated as an Independent Officer: Applicable

Supplementary information on the relationship with the Company: None

**Reason(s) for appointment as an Independent Officer**



He is a licensed attorney and licensed real estate appraiser with knowledge and experience in real estate-related legal affairs, labor law, corporate legal affairs, and real estate appraisal. In addition, he ran his own law/ real estate appraisal firm. From a professional standpoint based on his extensive knowledge and experience, he provides fair, impartial, and beneficial comments at the Board of Directors meetings. We have therefore designated him as an independent officer in order to strengthen the supervisory function of the Board of Directors and to enhance our corporate value.

**Mayumi Funaki**

Designated as an Independent Officer: Applicable

Supplementary information on the relationship with the Company: None

**Reason(s) for appointment as an Independent Officer**

Having extensive experience in Public Relations (PR) and supporting PR activities for a great number of companies, she has professional expertise in corporate communications. As a corporate senior executive, she also has broader insight into overall management. From a professional standpoint based on her extensive knowledge and experience, she provides fair, impartial, and beneficial comments at the Board of Directors meetings. We have therefore designated her as an independent officer in order to strengthen the supervisory function of the Board of Directors and to enhance our corporate value.

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Compensation Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chair (Chairperson)

	Committee's Name	All Members	Full-time Members	Inside Director s	Outside Directors	Outside Experts	Other	Chairperso n
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director
Voluntarily Established Committee Equivalent to Compensation Committee	Nomination and Compensation Committee	4	0	1	3	0	0	Outside Director

Supplementary Explanation

The Nomination and Compensation Committee has been established to enhance the corporate governance of the Company by strengthening the fairness, transparency, and objectivity of procedures related to the nomination and compensation of directors. The Nomination and Compensation Committee is a voluntary advisory body to the Board of Directors. The Nomination and Compensation Committee consists of at least three members. The majority of the members are selected from Independent Outside Directors. The Committee is chaired by an Independent Outside

Director. The Board of Directors resolves the selection and dismissal of the members and chairperson of the Committee.

### Audit and Supervisory Board Member\*

\*Referred to in Corporate Governance Code reference translation as "*kansayaku*"

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	7
Number of Audit and Supervisory Board Members	3

#### Cooperation among Audit and Supervisory Board Members, Accounting Auditors and Internal Audit Departments

The Internal Auditor audits independently from the Audit & Supervisory Board Members and the Accounting Auditor, respectively. Yet, they exchange information from time to time and make sure to work closely for more efficient audits. The Audit & Supervisory Board Members work closely with the Internal Auditor and Accounting Auditor to improve the effectiveness and efficiency of their audits.

Appointment of Outside Audit and Supervisory Board Members	Appointed
Number of Outside Audit and Supervisory Board Members	2
Number of Independent Audit and Supervisory Board Members	2

#### Outside Audit and Supervisory Board Members' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshinobu Ueno	From another company													
Ryoko Kawaguchi	From another company													

\*Categories for "Relationship with the Company."

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business of the Company or a subsidiary
- A non-executive director or an accounting advisor of the Company or its subsidiaries
- Person who executes business or a non-executive director of a parent company
- An Audit and Supervisory Board Member of a parent company of the Company
- Person who executes business of a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for such person/entity
- Major client of the Company or a person who executes business for such client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets in addition to director/Audit and Supervisory Board Member compensation from the Company

- i. Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- j. Person who executes business for a client of the Company (excluding persons categorized as any of f, g, or h above) (applies to self only)
- k. Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- l. Person who executes business for an entity receiving contributions from the Company (applies to self only)
- m. Other

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Outside Audit and Supervisory Board Members' Relationship with the Company (2)

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**Yoshinobu Ueno**

Designated as an Independent Officer: Applicable

Supplementary information on the relationship with the Company: None

**Reason(s) for appointment as Independent Officer**

After passing the examination for Certified Public Accountant, he served at an auditing firm. Subsequently, he served as Chief Financial Officer ("CFO") for several financial institutions and as a director of the subsidiary company. Recently, he has served as CFO for a real estate fund AM company and has also served as an outside auditor for several companies. We have appointed him as an Outside Audit & Supervisory Board Member so that he can audit the Company's management with the aim of enhancing the Company's sustainable corporate value. Furthermore, we have designated him as an independent officer as there is no potential conflict of interest between him and ordinary investors.

**Ryoko Kawaguchi**

Designated as an Independent Officer: Applicable

Supplementary information on the relationship with the Company: None

**Reason(s) for appointment as Independent Officer**

As an attorney at law, she has a wide range of experience and expertise in corporate legal affairs, including corporate law, business contracts, intellectual property, and labor relations. In addition, she has experience as an outside corporate auditor at another company. Based on her deep insight into governance and auditing systems, we expect that she will be able to conduct audits of the Company's management for sustainable growth and enhancement of corporate value. Therefore, we have designated her as an Outside Audit & Supervisory Board Member. Furthermore, we have designated her as an independent officer as there is no potential conflict of interest between her and ordinary investors.

**Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members**

Number of Independent Directors and Independent Audit and Supervisory Board Members	5
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Other Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

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The criteria to determine whether or not a director of the Company is independent shall conform to the criteria for

independence set forth by the Tokyo Stock Exchange. All Outside Directors and/or Outside Audit & Supervisory Board Members (hereinafter “Outside Officers”) who fulfill the requirements for Independent Officers are designated as Independent Officers.

## Incentives

Implementation Status of Measures related to Incentives Granted to Directors

Introduction of Restricted Stock Compensation Plan

Supplementary Explanation for Applicable Items

Loadstar has introduced a restricted stock compensation plan as an incentive for directors so as to sustainably increase corporate value and to further shared value with shareholders.

Persons Eligible for Stock Options

Internal directors, internal auditors, employees, and others

Supplementary Explanation for Applicable Items

Loadstar grants share acquisition rights or stock options to its officers, employees, and contractors with the aim of increasing incentives for better business performance and enhancing corporate value of the Loadstar group.

## Director Compensation

Status of Disclosure of Individual Directors' Compensation

No Disclosure for any Directors

Supplementary Explanation for Applicable Items

Compensation for directors is not disclosed because none of the directors received more than 100 million yen for a single year. The total amount of compensation paid to all directors for the fiscal year ended December 31, 2024 was 187 million yen.

Policy on Determining Compensation Amounts and the Calculation Methods Thereof

Established

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

The following is a summary of the Company's policy with respect to determination of compensation for each director.

a. 1) Performance-linked compensation: None

2) Non-monetary compensation: Restricted stock shall be granted to directors, excluding Outside Directors, for the purpose of providing incentives to sustainably increase the Company's corporate value and to drive further shared value with shareholders. Pursuant to the provisions of the allotment agreement for shares with transfer

restrictions, which have been concluded between the Company and the directors, the Company shall take back any shares, for free, that have not yet been released from restrictions on transfer. The number of shares to be allotted to each director shall, in principle, be determined by the Board of Directors upon deliberation and report by the Nomination and Compensation Committee. The Board of Directors shall take into consideration each director's contribution, the Company's performance, expectations of future contributions, and other factors in a comprehensive manner. The maximum number of shares to be allotted to all directors and the maximum total amount shall be no more than 60,000 shares per year and no more than 200 million yen annually.

3) Amount or calculation method of compensation other than the above 1) and 2): The amount of compensation for each director shall, in principle, be determined by the Board of Directors upon deliberation and report by the Nomination and Compensation Committee. The Board of Directors shall take into consideration each director's contribution, the Company's performance, expectations of future contributions, and other factors in a comprehensive manner. The total amount of compensation for all directors shall fall within the total amount of compensation approved at the 7th Annual General Meeting of Shareholders on March 28, 2019, which is an annual monetary compensation of 100 million yen plus an amount equivalent to 5% of consolidated profit before income taxes for the previous fiscal year (including no more than 20 million yen for Outside Directors).

4) Ratio of 1), 2) and 3): In principle, the Board of Directors shall resolve how much 1), 2), and 3) are to be paid to each director upon deliberation and report by the Nomination and Compensation Committee. The Board of Directors shall take into consideration each director's contribution, the Company's performance, expectations of future contributions, and other factors comprehensively.

- b. Policy on timing and conditions for granting compensation to directors:
  - a. 2) Paid annually
  - a. 3) Paid monthly during director's term of office.
- c. Decision-making procedure when the Company delegates the decision on the details of compensation to directors or other third parties: As a rule, the Board of Directors shall resolve the compensation matter following deliberation and report by the Nomination and Compensation Committee and shall not delegate it to any other parties.
- d. Other significant matters concerning the determination of the details of each director's compensation: None.

Regarding the amount of compensation for Audit & Supervisory Board Members, the full-time Audit & Supervisory Board Member shall resolve it following discussions by the Audit & Supervisory Board. The compensation amount shall fall within the range of the total amount of compensation resolved at the Annual General Meeting of Shareholders.

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

General Manager of the Administrative Division and the Legal & General Affairs Department serve as the Board of Directors' Secretariat and give full support to the Outside Directors and Outside Audit & Supervisory Board Members. To be specific, they circulate the agenda of the Board of Directors meetings in advance and update necessary information on the proceedings of the meetings and so forth.

## Statutes of Persons who have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc.

Name	Job title/ position	Responsibilities	Terms and Conditions of Employment (Full/part time, with/without compensation, etc.)	Date when former role as president/ CEO ended	Term

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc. 0

Other Related Matters

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

### (1) Board of Directors

The Board of Directors of the Company is a decision-making body for the Company's management policies, strategies, business plans, acquisition and disposal of significant assets, and important organizational and human resources matters. The Board consists of seven directors, three of whom are Outside Directors. Every month, the Board of Directors holds a meeting. When significant matters arise, the Board holds an extraordinary meeting.

### (2) Audit & Supervisory Board

The Audit & Supervisory Board of the Company consists of one full-time Audit & Supervisory Board Member and two part-time Audit & Supervisory Board Members, who are outside Audit & Supervisory Board Members.

At least once a month, the Audit & Supervisory Board is held. The Audit & Supervisory Board Members audit whether the directors comply with laws, regulations, and the Articles of Incorporation as well as their duties. They also strive to ensure if all operational and accounting audits of directors are carried out effectively.

Working closely with the accounting auditor and internal auditor, the Audit & Supervisory Board Members exchange information regularly. Through this mutual collaboration, the Audit & Supervisory Board Members work to improve the effectiveness and efficiency of the audits.

(3) Nomination and Compensation Committee

The Nomination and Compensation Committee of the Company consists of at least three directors appointed by the resolution of the Board of Directors. The majority of the members consist of Independent Outside Directors. The Nomination and Compensation Committee consults with the Board of Directors. Then, the Committee deliberates mainly on matters related to the nomination and compensation policies and the selection and dismissal of directors, as well as the compensation for each director. The Committee reports to the Board of Directors about such matters.

(4) Risk Management System

Loadstar reinforces how to manage risks so as to minimize any potential damage to its business. The Company has established the Risk Management Committee to enhance the risk management system throughout the Company. The chairperson is a President. As a rule, the Risk Management Committee meets once a year. At the meeting, the Committee discusses a wide range of topics related to risk management, including risk assessment and countermeasures. Then, they come up with concrete measures to deal with these risks. The Risk Management Committee convenes if necessary to address earthquakes, fires and other disasters so that the Company acts swiftly when unforeseen events occur. The Internal Auditor of the Company examines the appropriateness and effectiveness of the overall risk management system.

(5) Internal Audits

A single Internal Auditor is in charge of all internal auditing of the Company. The Internal Audit Department is constituted as an independent body from the regular business operations in order to verify the appropriateness and effectiveness of the execution of business operations. The Internal Auditor is responsible for an investigation, from a fair and objective perspective, into how the management activities of the Company are carried out and how the Company's assets are managed in accordance with the "Internal Audit Rules" set out by the Company. The internal audit is carried out in coordination with the Audit & Supervisory Board Members and accounting auditors, as necessary, to ensure effective audits.

(6) Status of Audit by the Accounting Auditor

Loadstar had an audit agreement with Deloitte Touche Tohmatsu LLC for auditing accounting matters until the fiscal year ending December 2024. At the Annual General Meeting of Shareholders in 2025, Grant Thornton Taiyo LLC was appointed as a new accounting auditor. There is no conflict of interest between the audit firm and the executive officers of the audit firm who are engaged in the audit of the Company.

(7) Limited Liability Contract

Pursuant to Paragraph 1 of Article 427 of the Companies Act, Loadstar has entered into an agreement with Outside Directors Hideo Wanami, Jun Onishi and Mayumi Funaki and Outside Audit & Supervisory Board Members Yoshiaki Ueno and Ryoko Kawaguchi to limit their liability for damages under Paragraph 1 of Article 423 of the Companies Act. The liability limit for damages under such an agreement is whichever is higher: the

total of two years' annual compensation or the minimum liability limit stipulated by laws and regulations. Such liability limit is only applicable when the Outside Directors or Outside Audit & Supervisory Board Members have performed their duties, which gave rise to their liability, in good faith and without gross negligence.

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

Loadstar is a company with a Board of Directors consisting of seven directors. Of these, three are Outside Directors and two are Audit & Supervisory Board Members. Loadstar has adopted this Board of Directors system because the Company believes that the management oversight function from external perspectives is functioning effectively.

## III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Posting of Notice of the General Shareholders Meeting	Loadstar strives to send the Notice of Annual General Meeting of Shareholders promptly.
Scheduling of the General Shareholders Meeting During Non-Peak Days	As a rule, the Annual General Meeting of Shareholders is held in late March each year so that Loadstar still avoids conflicts with the dates of the General Meetings of Shareholders of other companies.
Electronic Exercise of Voting Rights	An Internet voting system is in place.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Loadstar is participating in the institutional voting platform operated by ICJ Inc.
Provision of Notice (or Summary of Notice) of the General Shareholders Meeting in English	Loadstar provides an English version of the Notice of Annual General Meeting of Shareholders.
Other	The Notice of Annual General Meeting of Shareholders is available on the Company's website.

### 2. Status of IR-related Activities

	Supplementary Explanation
Formulation and Publication of Disclosure Policies	The disclosure policy is available on the Company's website.
Regular Investor Briefings held for Individual Investors	Through the internet and media, the President and CFO explain the company's overview and business results to individual investors.
Regular Investor Briefings held for Analysts	Loadstar holds financial results briefings twice a year, at the end of the



and Institutional Investors	second quarter and the end of the fiscal year. The President explains the company's performance and management policy.
Regular Investor Briefings held for Overseas Investors	Loadstar holds investor relations meetings and individual meetings with foreign investors via securities firms. Holding regular briefings will be considered in the future.
Online Disclosure of IR Information	Loadstar has an IR page on its website and promptly discloses information on IR activities and IR materials. The company proactively discloses information to all shareholders and investors.
Establishment of Department and/or Placement of a Manager in Charge of IR	The Finance and Accounting Department is responsible for investor relations. The head of investor relations is CFO.

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

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	Loadstar respects the interests of all its stakeholders, shareholders and investors. To this end, the Company is aware of the importance of strengthening its compliance system. Having established the "Compliance Rules" and "Compliance Manual," the Company has ensured that all employees are fully aware of these rules.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	Loadstar has established the Sustainability Committee. The Committee is committed to improving the corporate value of the Company as a whole and to the sustainable growth of society. Especially for climate change risks, the Company proactively works to switch to renewable energy for the electricity that is used at its owned properties.
Formulation of Policies, etc. on Provision of Information to Stakeholders	Loadstar strives to enhance its internal systems to enable timely, prompt, accurate and fair disclosure of the Company's information to its shareholders and many other stakeholders.
Other	Regarding ensuring diversity, Loadstar has not set any measurable goals or other targets. It is because Loadstar places great value on securing diversity and is committed not to discriminating its employees with respect to gender, nationality, work history, age, or any other factor. To this end, Loadstar makes efforts to foster an open corporate culture and creates a work environment in which all employees can pursue their own career goals.

## IV. Matters Concerning the Internal Control System

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

Loadstar sets out its basic policy on internal control as follows, pursuant to the Companies Act, the Ordinance for

Enforcement of the Companies Act, and the Financial Instruments and Exchange Act.

(1) Systems for the storage and management of information related to the execution of duties by Directors.

- a. The Company has established a system to appropriately store and manage information related to the execution of duties by Directors in accordance with laws, regulations, and the Articles of Incorporation, as well as internal rules.
- b. The information stored and managed is maintained in a condition that it can be accessed by Directors and Audit & Supervisory Board Members upon request in a timely manner.

(2) Regulations and systems to manage the risk of the Group's losses

Regarding the system to manage the risk of the Group's losses, the Board of Directors identifies risks, then assesses the risks, examines, and implements preventive and countermeasures at the Board's meetings, where both internal and external information is gathered. If necessary, a member from each department attends the Board of Directors meetings and reports on the identification and assessment of risks.

(3) Systems to ensure the efficient execution of the duties of the Group's Directors

- a. For ensuring the efficient execution of the directors' duties, the Board of Directors holds a regular meeting once a month. In case of necessity, the Board of Directors also holds extraordinary meetings from time to time to make decisions related to the execution of business.
- b. In respect of business execution, the Company stipulates authority and responsibility in the internal rules. These rules are reviewed from time to time if necessary.

(4) Systems to ensure that the execution of duties by the Group's directors and employees comply with laws, regulations, and the Articles of Incorporation

- a. Loadstar has established the Board of Directors, which supervises the execution of the duties of the directors, and the Audit & Supervisory Board, which has the authority to audit the directors. Having appointed Outside Directors or Outside Audit & Supervisory Board Members, the Company closely monitors the directors' execution of their duties and ensures that these are in compliance with laws, regulations, the Articles of Incorporation, and internal rules.
- b. The Internal Audit Department of the Company audits the entire Group, including the Company and its subsidiaries, to ensure compliance with laws, the Articles of Incorporation, and internal rules. They point out problems and propose corrective measures.

(5) Reporting system of directors and employees of the Company's subsidiaries on matters pertaining to the execution of their duties to the Company

The directors of the Company concurrently serve as directors of the subsidiaries so that they keep abreast of the status of the execution of duties of the subsidiaries. Such directors report on the execution of duties of the subsidiaries at the Board of Directors meetings of the Company.

- (6) Matters pertaining to the appointment of employees to assist the duties of Audit & Supervisory Board Members  
If the Audit & Supervisory Board or the Audit & Supervisory Board Members call for the appointment of employees to assist them in their duties, employees are assigned to assist the Audit & Supervisory Board Members accordingly.
- (7) Matters related to the independence of employees who assist the Audit & Supervisory Board Members from the directors  
For securing the independence of employees who provide support to the Audit & Supervisory Board Members, consent is obtained from the Audit & Supervisory Board Members with respect to personnel transfers, evaluations and disciplinary actions of the employees.
- (8) Matters pertaining to securing the effectiveness of instructions given by the Audit & Supervisory Board Members to employees who assist them
- a. The authority to supervise employees who are to assist the Audit & Supervisory Board Members in their duties shall be transferred to the Audit & Supervisory Board Members for the period in which the employees assist the Audit & Supervisory Board Members, as designated by the Audit & Supervisory Board Members. The employees shall not be subject to any direction or order from the President during that period.
  - b. The Company ensures that the above details are known to all directors and employees of the Company.
- (9) The Group's system for directors and employees to report to the Audit & Supervisory Board Members and other systems for reporting to the Audit & Supervisory Board Members
- a. Audit & Supervisory Board Members and Outside Audit & Supervisory Board Members attend the Board of Directors meetings to obtain reports on important matters.
  - b. If any director or employee finds out a fact that may cause significant damage to the Group, he or she shall immediately report it to the Audit & Supervisory Board Members.
- (10) Systems to secure that any director or employee who reports to the Audit & Supervisory Board Members shall not be treated in a disadvantageous manner solely because he/she has made such a report
- a. The Company shall not treat any director or employee who has made a report to the Audit & Supervisory Board Members in an unfavorable manner merely because he or she has made such a report.
  - b. The aforementioned details are thoroughly informed to all directors and employees of the Company.
- (11) Matters pertaining to procedures for the advance payment or reimbursement of expenses incurred while the Audit & Supervisory Board Members carry out their duties, and other policies pertaining to the expenses or liabilities incurred while carrying out such duties.
- a. The Audit & Supervisory Board Members possess the right to call for attorneys, certified public

accountants and other external experts when necessary, and to incur expenses.

- b. When the Audit & Supervisory Board Members make a payment request for expenses incurred in their duties, the Company reimburses the expenses promptly, unless such expenses are proven not to be necessary for the duties of the Audit & Supervisory Board Members.

(12) Systems to ensure that the Audit & Supervisory Board Members can carry out their audits effectively

- a. To ensure effective audits, the President holds meetings with the Audit & Supervisory Board Members as frequently as possible, apart from the Board of Directors meetings, to exchange opinions on the Company's operations and to communicate with them.
- b. The Audit & Supervisory Board Members regularly hold discussions with the accounting auditor and the Internal Audit Department to exchange information for more effective audit.

## 2. Basic Views on Measures for Eliminating Anti-Social Forces and Status of Development

Loadstar has set out in its Internal rules that the Company shall have no relations whatsoever with antisocial forces that pose a threat to the order and safety of civil society and shall resolutely reject such forces.

The Administrative Division supervises all related activities in collaboration with the police, attorneys, and other external experts. Such activities cover information gathering on antisocial forces, the establishment of internal systems, and raising full awareness and alerts within the Company.

## V. Other

### 1. Adoption of Anti-Takeover Measures

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

None

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

(1) Corporate Governance Systems

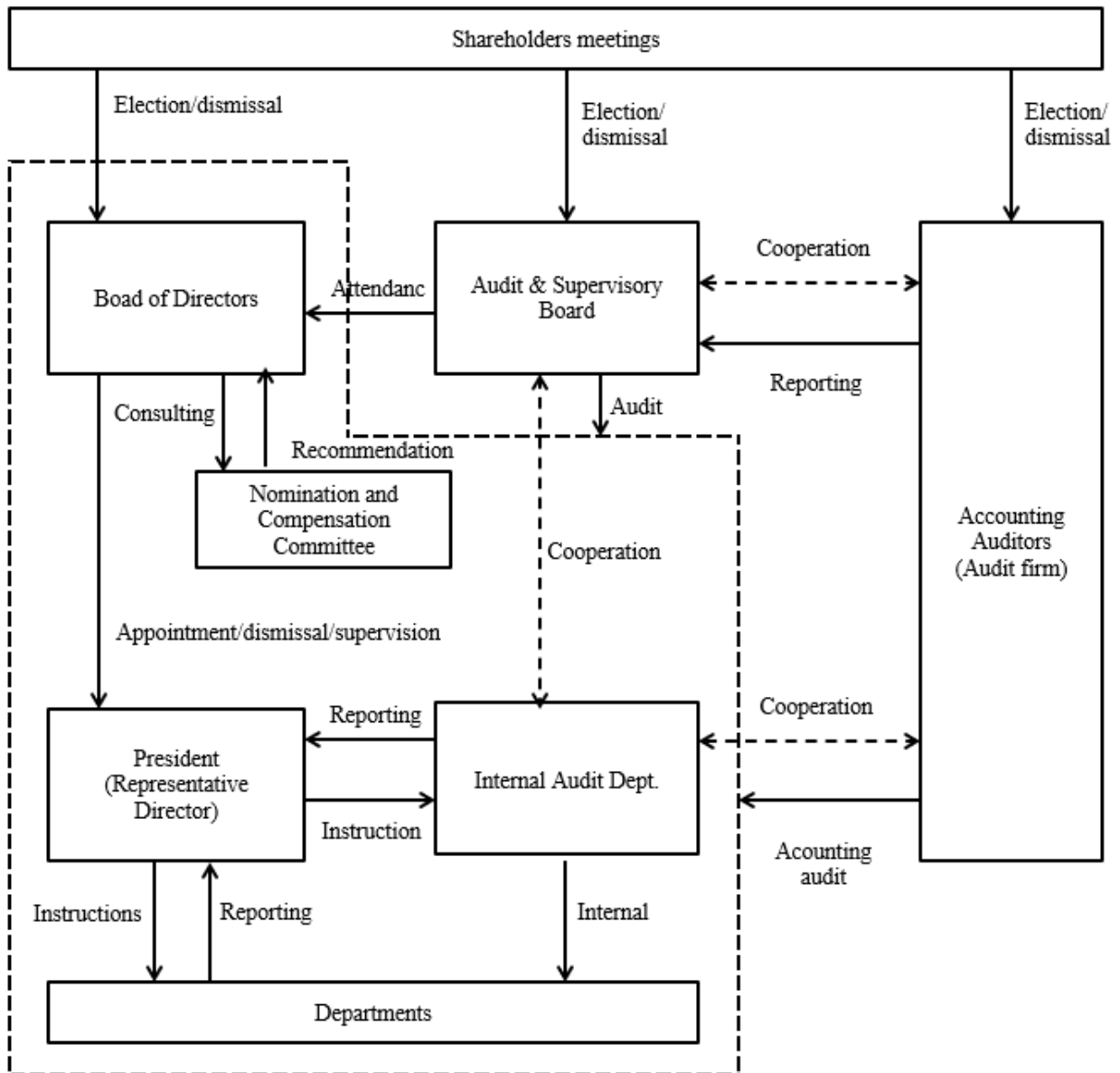
Please see the "Schematic Diagram (Reference Material)".

(2) Information Disclosure System

Loadstar discloses information in a timely manner in accordance with the procedures outlined in the "Overview of Timely Disclosure System (schematic diagram)". CFO is appointed as the "Timely Disclosure Officer" responsible for managing the timely disclosure of company information.

The Finance and Accounting Department is in charge of timely disclosure.

【Schematic Diagram (Reference Material)】



**【Overview of Timely Disclosure System】**

