

## Corporate Governance Report

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### **IINO Kaiun Kaisha, Ltd. (IINO LINES)**

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The corporate governance of IINO Kaiun Kaisha, Ltd. (the “Company”) is described below.

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

### **1. Basic Views**

The Company’s basic approach to establish relationship of trust with each stakeholders, which is the sustainable growth and enhancement of corporate value over the medium to long term, is expressed in the group-wide Corporate Philosophy, which states “Connecting Wishes. Building a Brighter Future. Always Safety First.” In addition to the Management Policy and Code of Conducts to realize the Corporate Philosophy, the Group has established the Sustainability Policy composed of nine categories: Safety is Priority No. 1; Respect for Human Rights; Environmental Protection; Contribute to Society; Ensuring Thorough Compliance; Respects for Customers; Promotion of Diversity; Disclosure of Information and Communication; Education and Training. By putting the each policies into practice, we are working on corporate activities to solve environmental and social issues. Therefore, we believe it is important to ensure the soundness, transparency and efficiency of management required to put the Sustainability Policy into practice through corporate governance, and we consider corporate governance to be a mechanism framework for coordinating the interest of the various stakeholders that comprise a company and for realizing efficient corporate activities. Based on these views and under the Auditor System, we are working to both enrich our corporate governance and secure soundness, transparency, and efficiency in management, and concerning decision-making and operational execution in management, we are considerate of relationships with shareholders, employees, and other stakeholders, sparing no effort to produce the best corporate results, ultimately in an effort to create sustainable growth and enriching corporate value over the medium to long term.

The Company aims to enrich corporate governance based on the following basic policies.

- (1) While providing appropriate response to effectively secure the rights of shareholders and maintain an environment where shareholders can appropriately exercise their rights, we will be considerate in effectively securing fairness for all shareholders.
- (2) We will be considerate of the rights and standpoints of various stakeholders, including shareholders, employees, customers, transaction partners, creditors, and regional societies, and work for appropriate cooperation with stakeholders.
- (3) We will actively work toward appropriate disclosure of not only financial information, but also non-financial information, and aim to provide easy to understand and useful information disclosure alongside securing transparency.
- (4) The Board of Directors, in view of the responsibility entrusted to it by shareholders and in an effort to create sustainable growth and enhance corporate value over the medium to long term, will appropriately fulfill its duties and responsibilities, including maintaining an environment to support appropriate risk taking and having highly effective supervision of directors. Auditors and the Board of Auditors, in view of the responsibility entrusted to them by shareholders, will appropriately fulfill their duties and responsibilities from an independent and objective standpoint, including auditing the execution of duties by directors.
- (5) To contribute to sustainable growth and enhancement of corporate value over the medium to long term, we will engage in constructive dialogue with shareholders.

## [Reasons for Non-compliance with the Principles of Japan's Corporate Governance Code]

The Company implements all of the principles of the Corporate Governance Code.

## [Disclosure Based on the Principles of Japan's Corporate Governance Code]

### [Principle 1.4 Cross-Shareholdings]

<The Company's policy on cross-shareholdings>

In holding listed shares for purposes other than investment, the Company shall verify the economic rationale (e.g., whether the benefits and risks associated with holding the shares are commensurate with the cost of capital in light of our investment criteria established from the perspective of the cost of capital) and appropriateness of the purpose of holding (e.g., if the purpose is to maintain and strengthen business and other relationships with investee companies, whether the maintenance and strengthening of such relationships will contribute to expanding our medium- to long-term earnings and increasing our corporate value), and the Company will hold only those shares for which the rationale for holding these shares is recognized.

In contrast, as a result of verification of the economic rationale and appropriateness of the purpose of holding the shares, the Company will consider reducing the number of shares to be held as appropriate if the rationale of holding such shares is no longer recognized.

Based on the above policy, specific verification of the significance of holding individual listed shares was conducted at the Board of Directors meeting held in August 2023 in accordance with internal procedures.

<Criteria for the exercise of voting rights for shares held by the Company>

When exercising voting rights, the Company does not make a mechanical decision to approve or disapprove based on uniform standards, but rather conducts a comprehensive review from the perspective of whether or not the proposal contributes to improving the medium- to long-term corporate value of the Company, taking into consideration whether or not the proposal is compatible with our holding policy and whether or not it contributes to improving the corporate value of the investee company.

In the event of significant business deterioration or serious corporate scandal, the Company will make a considered prudent decision, including consideration of voting against the proposal.

### [Principle 1.7 Related Party Transactions]

The Company has designated any transactions by its Directors that have a conflict of interest or compete with the Company's business as matters to be referred for decision and reported to the Board of Directors, and each transaction is subject to prior approval by the Board of Directors and a report on the results of the transaction. The Company has not established procedures for such transactions, because it does not currently have any parent company or other shareholders that fall under the category of major shareholders and has no possibility of engaging in such transactions with them.

### [Supplementary Principle 2.4.1 Ensuring Diversity in Promotion to Core Human Resources]

<Approach to ensuring diversity>

The Company has established the IINO Group Human Rights Policy, which prohibits discrimination based on nationality, race, religion, age, gender, physical or mental disability, sexual orientation, or any other unreasonable grounds. This policy demonstrates our commitment to accepting diversity and respecting human rights as well as our social responsibility as a company.

<Goals and current status of promoting women, foreign nationals and midcareer hires to management positions>

#### ○ Promoting women to management positions

As of end of March 2024, the percentage of women in the total career-track workforce of the Company was 11.7%, and the percentage of women in all managers was 5.6%. In order to further increase the percentage of female managers, the Company has set a goal in its action plan under the Act on the Promotion of Female Participation and Career Advancement in the Workplace that the percentage of women in the total career-track on-shore workforce (candidates for middle managerial positions) will be raised to 20% or more by the end of March 2026, and is working toward the goal. (17.7% as of end of March 2024).

#### ○ Promoting foreign nationals to management positions

One foreign national employee joined the Company in April 2024, following last year. The Company will continue to actively recruit to ensure diversity. IINO Group has 67 non-Japanese employees, with 14 of them

being in management positions. We will continue to promote employees based on their abilities without regard to race or nationality, and aim to increase the number even higher.

○ Promoting midcareer hires to management positions

As of end of March 2024, 40.9% of the midcareer hires in the career-track positions are in the management positions and leading a successful career as part of the people who support the Company's business. The percentage of midcareer hires in total management positions is 12.5%, and we will aim to increase the percentage even higher by actively recruiting midcareer hires.

\*The aggregate number of women, foreign nationals and midcareer hires in the Company includes those seconded to the group companies of the Company.

<Policies and their status of implementation regarding the development of human resources and the improvement of the internal environment to ensure diversity>

The ESG investing, which has been attracting attention recently, also focuses on the development and utilization of human resources including women, and it is believed that implementation of measures for such development and utilization in a visible way will promote long-term corporate growth. Active engagement of our human resources is essential for the Group's sustainable growth for a long time to come. To create a workplace where employees can work energetically while achieving a good balance between work and family life, we are expanding systems to promote work-life balance.

In August 2022, the Company received certification from the Minister of Health, Labour and Welfare as a company that supports raising children (*Kurumin* certification) after its childcare support plan initiatives formulated in accordance with the Act on Advancement of Measures to Support Raising Next-Generation Children met the criteria.

In addition, as human resources measure to support the global business expansion at overseas sites, we foster the development of Japanese employees who are able to succeed overseas while also hiring and strengthening the development of local staff of various nationalities. We have also introduced a highly transparent personnel evaluation system.

Details are disclosed in the Integrated Report and the Company's website (Strengthening Diversity and Human Capital).

Integrated Report:

[https://www.iino.co.jp/kaiun/english/ir/library\\_annual.html](https://www.iino.co.jp/kaiun/english/ir/library_annual.html)

The Company's website (Strengthening Diversity and Human Capital):

<https://www.iino.co.jp/kaiun/english/csr/talent.html>

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

The Company has a defined benefit corporate pension plan and a lump-sum retirement benefit plan to provide for the payment of retirement benefits to employees. For the management and investment of the reserves of the defined benefit corporate pension plan and lump-sum retirement benefit plan, the Company has entered into trust agreements with external trust banks and life insurance companies.

Investment performance by external institutions is monitored by the human resources department in charge.

The human resources department is working to improve the qualifications of personnel in charge through such activities as participation in training programs conducted by the Pension Fund Association.

[Principle 3.1 Full Disclosure]

(i) The Company's objectives (e.g., Corporate philosophy), business strategies and business plans

The Company has organized our Group's importance of existence and value we provide to stakeholders as the Corporate Philosophy and Management Policy, and has established IINO VISION for 2030 as the Group's goal for the year 2030, and has formulated a mid-term management plan, "The Adventure to Our Sustainable Future," as the items to be addressed during the three-year period from the FY2023 to the FY2025 in order to achieve these goals.

In the mid-term management plan, the company aims to create economic value through business portfolio management, create social value by overcoming materiality, and enhance corporate value by creating common value through the combination of these two. In business portfolio management, the Company will deepen the IINO MODEL\*, aiming for an optimal portfolio structure that will enable us to realize sustainable growth based on a strong financial foundation. In overcoming materiality, the Company has identified three of the nine materialities (key sustainability issues) that we must address (Formulation and Implementation of Plan to

Realize a Decarbonized Society, Strengthening of Human Capital, and Addressing Respect for Human Rights) as key strategies in our mid-term management plan.

<9 Materialities (Sustainability Key Issues)>

E: Realization of a decarbonized society, Reducing air pollution and waste usage, and Preserving biodiversity

S: Safety and security, Strengthening diversity and human capital, and addressing human rights

G: Compliance, including anti-corruption, Developing more sophisticated risk management, and Enhancing corporate governances

For details about our Philosophy System, mid-term management plan and our sustainability initiatives, please refer to Integrated Report and our website.

IINO Philosophy System (<https://www.iino.co.jp/kaiun/english/company/philosophy.html>)

Mid-term management plan (<https://www.iino.co.jp/kaiun/english/ir/plan.html>)

Sustainability initiatives (<https://www.iino.co.jp/kaiun/english/csr/>)

Integrated Report, etc. ([https://www.iino.co.jp/kaiun/english/ir/library\\_annual.html](https://www.iino.co.jp/kaiun/english/ir/library_annual.html))

\*The Company's unique business model with two business pillars; Shipping, which is subject to high market volatility, and the Real Estate, which is subject to relatively less volatile changes in market conditions.

(ii) The Company's basic views and guidelines on corporate governance

For the Company's basic views and guidelines on corporate governance, please refer to "I. 1. Basic Views."

(iii) Board policies and procedures in determining the remuneration of the senior management and Directors

The maximum amount of total remuneration to Directors was set at ¥500 million per year at the 115th Annual General Meeting of Shareholders. Remuneration to Executive Directors consists of monthly compensation set according to the position of each Director, the bonuses paid in proportion to the degree of achievement of performance targets based on the consolidated net income and other key performance indicators, and the stock compensation plan for all Executive Directors, which is designed to provide incentives to contribute to the enhancement of corporate value. Outside Directors, who are responsible for the supervisory function, are paid only monthly compensation in light of their duties.

As for the procedures for determining the remuneration of Directors, the amount of individual monthly compensation for each Director (a portion of which is contributed to the Directors' shareholding association for the purchase of shares under the stock compensation plan) and bonuses as performance-linked compensation are resolved after careful deliberation at a meeting of the Board of Directors attended by Outside Directors and Outside Audit & Supervisory Board Members, based on recommendations by the voluntary Nomination and Remuneration Committee, which was established in October 2019 to enhance the objectivity, transparency and fairness of the procedures for determining remuneration and which is chaired by an independent Outside Director since May 2021.

The Company has established the stock compensation plan under which a portion of the Executive Directors' remuneration is contributed to the Directors' shareholding association and has continued with the initiatives to share the shareholder value with shareholders in an effort to achieve sustainable growth of the Company and enhance its corporate value in the medium to long term. In order to better clarify the senior management's commitment to the achievement of the Company's Mid-term Management Plan and to provide incentives that will contribute to the medium- to long-term enhancement of the corporate value, the Company has revised the stock compensation plan for all Executive Directors, effective July 2020.

(iv) Board policies and procedures in the appointment/dismissal of the senior management and the nomination of Directors and Audit & Supervisory Board Members candidates

The Company has established the Nomination and Remuneration Committee, a voluntary advisory body to the Board of Directors, the majority of whose members are independent Outside Directors, for the purpose of enhancing the objectivity, transparency and fairness of procedures related to the appointment and dismissal of Directors and Audit & Supervisory Board Members and the nomination of candidates for Director and Audit & Supervisory Board Member as well as strengthening the supervisory system and accountability of the Board of Directors. At the request of the Board of Directors for opinions, the committee deliberates and makes recommendations to the Board of Directors on the selection and dismissal of the President and Representative Director and succession planning for the President and Representative Director and other similar position, the appointment and dismissal of Directors and Audit & Supervisory Board Members, and the nomination of

candidates for Director and Audit & Supervisory Board Member, in light of the Company's selection criteria and requirements.

We nominate for candidates for Director, individuals who have outstanding personalities, broad insight and abundant experience, and who can appropriately fulfill their responsibilities with foresight and contribute to the Company's sustainable growth and enhancement of corporate value, while also ensuring a balance in knowledge, experience and abilities as well as diversity of the Board of Directors as a whole.

We nominate for candidates for Audit & Supervisory Board Member, individuals who have outstanding personalities, broad insight and abundant experience, and who can appropriately fulfill their responsibilities with the high level of professional expertise, while also ensuring that an individual with the appropriate level of expertise in finance and accounting is included.

For the President and Representative Director, we nominate an individual who not only meets the selection criteria for the candidates for Director, but also has the ability to conceptualize a vision for the future and make decisions, and who has the qualities to play a central role in maximizing the Company's corporate value by demonstrating outstanding leadership while working appropriately with a variety of stakeholders.

Nominations of candidates for Director and Audit & Supervisory Board Member are made based on the above selection criteria, and are subject to resolution after careful deliberation by the Board of Directors based on recommendations by the voluntary Nomination and Remuneration Committee chaired by an independent Outside Director. Nomination of candidates for Audit & Supervisory Board Member requires the consent of the Audit & Supervisory Board, prior to the deliberation by the Board of Directors.

For dismissal of a Director, the Board of Directors shall resolve a proposal for dismissal of that Director to be submitted to the General Meeting of Shareholders or release from the position held by that Director, after careful deliberation and giving due respect to the recommendations by the Nomination and Remuneration Committee, in cases where there is any wrongdoing or material violation of laws, regulations or the Articles of Incorporation in the execution of duties by that Director or any other reasons that Director is extremely inappropriate for a senior management member of the Company.

(v) Explanations by the Board with respect to the individual appointments/dismissals of the senior management and the individual nominations of Directors and Audit & Supervisory Board Members candidates

The individual appointments and nominations of candidates for Director and Audit & Supervisory Board Member are disclosed in the Reference Documents attached to the Notice of the Annual General Meeting of Shareholders.

The Reference Documents attached to the Notice of the Annual General Meeting of Shareholders ([https://www.iino.co.jp/kaiun/english/ir/stock\\_meeting.html](https://www.iino.co.jp/kaiun/english/ir/stock_meeting.html))

Individual dismissals of Directors are not disclosed because no dismissals have occurred.

[Supplementary Principle 3.1.3]

The Company recognizes strengthening of Human Capital as one of the priority strengthening measures for creating social value in its mid-term management plan, and continuously invests in human capital, including securing, developing and nurturing excellent seafarers, safety training to foster a culture of safety, and invests in human capital, including technical training to improve technical capabilities. Efforts to develop and make the best use of human resources are also underway for the employees working onshore.

For details of our sustainability initiatives, please refer to the Company's website (Sustainability) and the Integrated Report.

Sustainability: <https://www.iino.co.jp/kaiun/english/csr/>

Integrated Report, etc.: [https://www.iino.co.jp/kaiun/english/ir/library\\_annual.html](https://www.iino.co.jp/kaiun/english/ir/library_annual.html)

[Supplementary Principle 4.1.1 Brief Summary of the Scope and Content of Matters Delegated by the Board to the Management]

The Company has established the Board of Directors as the management decision-making and supervisory body, the Executive Committee to discuss business execution methods based on decisions made by the Board of Directors, the Risk Management Committee to manage overall risks across the Group, and the Risk Management Committee's three advisory subcommittees, namely the Safety and Environment Committee, the Quality and Systems Committee, and the Compliance Committee, which serve as subordinate management bodies.

The Board of Directors makes decisions on matters stipulated by laws and regulations or the Articles of Incorporation, i.e., important matters for the Company and its group companies. The Company's internal

regulations clarify the scope of decisions to be made by the Board of Directors by setting monetary and other criteria that take into consideration the Company's size and other factors as specific criteria for referral to the Board of Directors for decision. Detailed matters related to the decisions made by the Board of Directors, as well as matters that the internal regulations do not require the Board of Directors to make decisions, are delegated to the Representative Directors or subordinate management bodies in accordance with the internal regulations, to the extent possible under the laws and regulations or the Articles of Incorporation. The Executive Committee has been established pursuant to the resolution of the Board of Directors, and performs such functions as deciding matters as requested by the Board of Directors, deliberating on matters as instructed by the Board of Directors, and exchanging opinions and information concerning management. The Risk Management Committee has been established pursuant to the resolution of the Board of Directors and determines and manages various measures for effective and efficient risk management of the entire Group. It also conducts preliminary deliberations on particularly important matters to be referred to the Executive Committee that may have a significant impact on the Company's performance, and makes proposals, provides advice and reports on the status of such matters.

[Principle 4.9 Independence Standards and Qualification for Outside Officers]

Concerning the independence and qualities required of Outside Directors and Outside Audit & Supervisory Board Members, the Company has defined the "Criteria Relating to the Independence and Qualifications of Outside Directors and Audit & Supervisory Board Members" as below.

[Criteria Relating to the Independence and Qualifications of Outside Directors and Auditors]

These criteria are to determine the independence of candidates for outside director and outside auditor (hereinafter collectively referred as "Outside Officers") of the Company, and also set forth the qualities required of candidates.

(Outside Directors) As candidates for outside director, the Company shall nominate persons who satisfy the requirements for outside directors set forth in the Companies Act; are of outstanding character; are knowledgeable, capable and possess abundant experience; are able to appropriately fulfill the duties of outside directors; hold constructive opinions; and are expected to contribute to further growth of the Company, and the Company shall give consideration to ensuring a balance of knowledge, experience, and abilities and the diversity of the Board of Directors as a whole.

(Outside Auditors)

As candidates for outside auditor, the Company shall nominate persons who satisfy the requirements for outside auditors set forth in the Companies Act; are of outstanding character; are knowledgeable, capable and possess abundant experience; and are able to appropriately fulfill the duties of outside auditors, and the Company shall give consideration to ensuring that persons with appropriate knowledge of finance and accounting are included.

(Criteria for Determining the Independence of Outside Officers)

In the Company's judgment, a person to whom none of the following items applies satisfies the independence criteria for an Outside Officer, or candidates for Outside Officer.

1. A business executor of the Company or a subsidiary of the Company (Note 1)
2. A person for whom the Company is a major business partner (Note 2) or a business executor thereof
3. A major business partner of the Company (Note 3) or a business executor thereof
4. A current major shareholder of the Company (a person who directly or indirectly holds 10% or more of total voting rights) or a business executor thereof
5. A person who undertakes audits of the Company as the Company's accounting auditor or an employee etc. thereof
6. A consultant or accounting, legal, tax, or other professional receiving a significant amount (Note 4) of money or other assets from the Company other than executive remuneration. When such person is an organization such as a corporation or association, this includes a person belonging to such organization.
7. A person who receives a significant amount (Note 4) of donations or aid from the Company. When such person is an organization such as a corporation or association, this includes a director or business executor thereof.

8. When an executive officer or standing auditor of the Company concurrently serves as an outside director or outside auditor of another company, a person who is an executive director, operating officer, or executive officer of such other company

9. A person who fell under 1 to 8 above during the past three years (Note 5)

10. A person falling under 1 to 9 above or, in the case of determining the independence of an outside auditor, a spouse or relative within the second degree of kinship of an important person falling under any of the following items (Note 6)

(a) An accounting advisor of the Company (if such accounting advisor is a corporation, including an employee who executes the corporation's duties; the same below)

(b) A director or accounting advisor who is not a business executor of a subsidiary of the Company

(c) A person who fell under (a) or (b) above or who during the past three years has been a director who was not a business executor of the Company

(Note 1) "Business executor" means an executive director, operating officer, executive officer, or other equivalent person or an employee.

(Note 2) "Person for whom the Company is a major business partner" means a person receiving from the Company payments in an amount equivalent to at least 2% of annual consolidated sales in the business partner's most recent fiscal year.

(Note 3) "Major business partner of the Company" means a person who has made payments to the Company in an amount equivalent to at least 2% of the Company's annual consolidated sales in the most recent fiscal year or who has made loans to the Company in an amount equivalent to at least 2% of the Company's consolidated net assets in the most recent fiscal year.

(Note 4) "Significant amount" of money means financial assets received from the Company of 10 million yen or more per year if such person is an individual or, if such person is an organization such as a corporation or association, an amount of 10 million yen or more per year that is equivalent to at least 2% of annual consolidated sales or total revenues in such organization's most recent fiscal year.

(Note 5) With regard to 4. above, this means a person who was a business executor of a current major shareholder of the Company during the past three years.

(Note 6) "Important person" includes a director (excluding an outside director), auditor (excluding an outside auditor), executive officer, employee in a management position of department manager or higher, certified public accountant belonging to an accounting auditor, and attorney belonging to a law firm (including an associate).

[Supplementary Principle 4.10.1 Independent Nomination Committee and Remuneration Committee]

In October 2019, the Company established the Nomination and Remuneration Committee as a voluntary advisory body to the Board of Directors, for the purpose of enhancing the objectivity, transparency and fairness of the procedures for nominating candidates for, and remuneration of, Director, strengthening the supervisory system and accountability of the Board of Directors, and further enhancing the corporate governance system. The committee has five members, consisting of three Outside Directors and two Representative Directors, and is chaired by an Outside Director. At the request of the Board of Directors for opinions, the committee deliberates the matters and makes recommendations to the Board of Directors. The meeting of the committee was held nine times in the FY2023.

For details, please refer to "II. 1. Organizational Composition and Operation, [Directors], Voluntary Committee's Name, Composition and Chairperson's Attributes and Supplementary Explanation" of this report.

[Supplementary Principle 4.11.1 View on the Appropriate Balance Between Knowledge, Experience and Skills of the Board as a Whole and on Diversity and Appropriate Board Size as well as Policies and Procedures for Nominating Directors]

The Company believes that a maximum of eight Directors is an appropriate number for the Board of Directors to ensure rapid decision-making in corporate management and more substantive and active discussions. In nominating candidates for Director, consideration is given to ensure the appropriate balance between knowledge, experience and skills of the Board of Directors as a whole as well as diversity. Currently, the Company's Board of Directors consists of eight Directors, four of whom are Outside Directors.

Outside Directors are appointed from among those who have constructive opinions and can be expected to contribute to the Company's further growth, from the viewpoint of ensuring the ability of the Board of Directors to effectively fulfill its roles and responsibilities. We give sufficient consideration to the appropriate balance between knowledge, experience and skills as well as diversity by such measures as appointing

individuals with the high level of professional expertise, including those with experience in administrative supervision or who served as diplomat, an executive at other companies, and scholars.

For disclosures of the policies and procedures for nominating Directors, please refer to [Disclosure Based on the Principles of Japan's Corporate Governance Code] [Principle 3.1 Full Disclosure] (4).

The skills that are particularly emphasized and expected of each Director and Audit & Supervisory Board Member from the perspective of the Corporate Philosophy, and the priority strengthening measures in its mid-term management plan of the Company, are disclosed in the Integrated Report and other documents as Specialty and Experience of Directors and Audit & Supervisory Board Members. Two of the independent Outside Directors have experience in corporate management through serving as representative director and president of another company.

[Supplementary Principle 4.11.2 Concurrent Positions as an Officer of Other Listed Companies Held by Directors and Audit & Supervisory Board Members]

Please refer to the annual disclosure of the concurrent positions at other companies held by Directors and Audit & Supervisory Board Members, including Outside Directors and Outside Audit & Supervisory Board Members, in the Reference Documents attached to the Notice of the Annual General Meeting of Shareholders and in the Securities Report.

The Reference Documents attached to the Notice of the Annual General Meeting of Shareholders ([https://www.iino.co.jp/kaiun/english/ir/stock\\_meeting.html](https://www.iino.co.jp/kaiun/english/ir/stock_meeting.html))

Securities Report ([https://www.iino.co.jp/kaiun/ir/library\\_securities.html](https://www.iino.co.jp/kaiun/ir/library_securities.html)) (Available only in Japanese)

[Supplementary Principle 4.11.3 Summary of the Results of the Effectiveness Evaluation of the Board of Directors]

Aiming to improve the functioning of the Board of Directors with a view to achieving sustainable growth and enhancing corporate value over the medium and long term, since FY2016 the Company has undertaken an analysis and review of the effectiveness of the Board of Directors, covering all Directors and Auditors.

(Summary of FY2023 implementation)

In FY2023, we conducted a 61-question questionnaire covering the following 10 major areas: (1) composition of the Board of Directors, (2) operation of the Board of Directors, (3) discussions at the Board of Directors, (4) monitoring function of the Board of Directors, (5) performance of internal directors, (6) support system for directors and auditors, (7) training, (8) dialogue with shareholders and investors, (9) directors' own efforts, and (10) summary.

(Results of the effectiveness evaluation)

(1) Summary

The Company's Board of Directors was confirmed to have an appropriate composition and number of members and to be able to engage in substantive deliberations, as well as an appropriate support system for the Board of Directors, including improvements in materials and reporting content and advanced explanations of agenda items to outside directors to deepen deliberations. The Company received an evaluation from the outside directors that decision-making is appropriately reflected, and the Company evaluates that the effectiveness of the Board of Directors has been ensured as in FY2022.

(2) Challenges recognized in FY2022

- DX Support

In the mid-term management plan formulated in FY2023, "Acceleration of DX" is one of the business foundation strategies, and we have been promoting collaboration with startup companies. We recognized the need for further promotion of DX.

- Board Diversity

Further promotion of diversity in the Board of Directors has been a issue, and we have achieved a certain level of improvement by increasing the number of female directors to two.

- Improvement of communication among directors and employees

Communication between directors and employees, which had deteriorated in response due to the Covid-19 pandemic, was also improved through providing a forum for communication following the end of the pandemic.



(3) Issues recognized in FY2023

As issues in FY2023, the Board of Directors will deepen discussions on the long-term vision, future aspirations and a business strategy, including sustainability-related responses such as corporate value enhancement, PBR improvement and human capital. In addition, we will strengthen monitoring focusing on the use of DX, which has been an issue since FY2022.

Based on the results of the effective evaluation in FY2023, the Board of Directors will fully consider the issues raised and will promote efforts to further improve its effectiveness.

[Supplementary Principle 4.14.2 Training Policy for Directors and Audit & Supervisory Board Members]

We give an explanation of the Company's business, finances, organization and other matters to each Director, Audit & Supervisory Board Member and Executive Officer at the time of assuming office, and provide training to understand their roles and responsibilities for their respective position. After assuming office, in addition to conducting internal seminars such as training for officers, the Company encourages them to participate in external seminars for self-development and other similar purposes, and to join external organizations, thereby enhancing the knowledge and skills required for their duties.

[Principle 5.1 Policy for Constructive Dialogue With Shareholders]

The Company recognizes the importance of dialogue with our shareholders and other stakeholders for the Group's sustainable growth and medium- to long-term enhancement of corporate value. Regarding dialogue with shareholders, the executive officer in charge of the Stakeholder Relations Department supervises overall operations, and we designate the Stakeholder Relations Department as the department in charge of the dialogue, and are proceeding with building a system to realize constructive dialogue. Meetings with overseas investors, who are our shareholders, are held at least once a year in principle, mainly in the U.S. and Europe. For details about our IR activities, please refer to "III. 2. IR Activities." Other policies regarding the development of systems and initiatives to promote constructive dialogue with shareholders are as follows.

- (1) The President Executive Officer and the Executive Officer in charge of the Stakeholder Relations Department are designated to generally manage dialogue with shareholders.
- (2) Collaboration among such sections as the Stakeholder Relations Department, the Corporate Planning Department and the Finance & Accounting Department are managed by the General Manager of the Stakeholder Relations Department in terms of overall coordination and exchange of information.
- (3) As a means of dialogue other than individual meetings, the Company has been holding financial results presentations for analysts and institutional investors since the FY2014.
- (4) The opinions and concerns of shareholders obtained through dialogue with shareholders are reported to the Board of Directors approximately twice a year, and the Board of Directors discusses the content of the interviews.
- (5) With regard to insider information, in accordance with the Regulations for Inside Information Management and Insider Trading Regulation, the person responsible for managing information (the Executive Officer in charge of the Stakeholder Relations Department) takes the lead in preventing the leakage of undisclosed facts, and in dialogue with shareholders, the Company makes it a rule not to inform shareholders of undisclosed facts in order not to trigger insider trading by shareholders.

The Company, once a year, invites a lecturer with specialized knowledge to conduct two sessions of insider trading regulation training to raise awareness of officers and employees about compliance.

For details about our policy on dialogue with shareholders, please refer to our Disclosure Policy.

Disclosure policy: <https://www.iino.co.jp/kaiun/english/ir/disclaimer.html>

[Status of dialogue with shareholders]

The Group recognizes the importance of dialogue with shareholders, investors and other stakeholders for the Group's sustainable growth and medium- to long-term enhancement of corporate value. The opinions and concerns of shareholders obtained through dialogue are regularly reported to the Board of Directors. In addition, we continue to enhance our disclosures to ensure that our shareholders understand the Group's efforts to enhance our corporate value.

For further details, please refer to the "Dialogue with Investors" on our website.

(<https://www.iino.co.jp/kaiun/ir/dialogue.html>)

[Action to Implement Management that is Conscious of Cost of Capital and Stock Price]

As an independent company, the Group aims to increase its corporate value by developing both shipping and real estate businesses (IINO MODEL).

In the Group's three-year mid-term management plan “The Adventure to Our Sustainable Future,” which started in April 2023, the Group is promoting various measures to achieve both sustainable growth through business portfolio management based on the IINO MODEL and to overcome materiality. Furthermore, we are striving to increase our economic value by promoting strategies that are conscious of improving our return on capital and creating synergies between our businesses, with the aim of achieving a ROE of 9-10% and ROIC of 4-5% in FY2025. An analysis of our current situation, initiatives and policies for improvement towards “Management that is Conscious of Cost of Capital and Stock Price” is disclosed on the Company's website and in Supplementary Report for Financial Results for the third quarter of FY2023.

For further information, please refer to our website.

Mid-term management plan “The Adventure to Our Sustainable Future”

(<https://www.iino.co.jp/kaiun/ir/plan.html>)

Supplementary Report for Financial Results for the third quarter of FY2023

([https://www.iino.co.jp/kaiun/ir/ir\\_library.html](https://www.iino.co.jp/kaiun/ir/ir_library.html))

## 2. Capital Structure

Foreign Shareholding Ratio	From 10% to less than 20%
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### [Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Accounts)	12,081,400	11.41
IINO LINES' Client Stock Ownership	5,893,550	5.57
Tokio Marine & Nichido Fire Insurance Co., Ltd	4,211,275	3.98
Mizuho Bank, Ltd.	4,210,000	3.97
TAKENAKA CORPORATION	3,350,000	3.16
Sumitomo Mitsui Trust Bank, Limited	3,100,000	2.93
Custody Bank of Japan, Ltd. (Trust Accounts)	2,826,100	2.67
Misuga Kaiun Co., Ltd.	2,477,800	2.34
Nippon Life Insurance Company	2,256,300	2.13
The Toa Reinsurance Company, Limited	2,253,100	2.12

Controlling Shareholder (Except for Parent Company)	-----
Parent Company	None

Supplementary Explanation
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### 3. Corporate Attributes

Listed Stock Market and Market Section	Tokyo Stock Exchange Prime Market
Fiscal Year-End	March
Type of Business	Marine Transportation
Number of Employees (Consolidated) at End of the Previous Fiscal Year	From 500 to less than 1,000
Net Sales (Consolidated) for the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries at End of the Previous Fiscal Year	From 50 to less than 100

### 4. Policy for Measures to Protect Minority Shareholders in Conducting Transactions With Controlling Shareholder

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### 5. Other Special Circumstances Which May Have Material Impact on Corporate Governance

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## II. Business Management Organization and Other Corporate Governance Systems Regarding Decision-making, Execution of Business and Supervision in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board Members
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#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	8
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	8
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Number of Independent Officers Designated From Among Outside Directors	4

Outside Directors' Relationship With the Company (1)
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Name	Attribute	Relationship With the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Kei Oe	From another company											
Mari Miyoshi	Other											
Tomonori Nonomura	From another company											
Shizuyo Takahashi	From another company											

\* Categories for "Relationship With the Company"

\* "○" when the Director presently falls or has recently fallen under the category;

"△" when the Director fell under the category in the past

\* "●" when a close relative of the Director presently falls or has recently fallen under the category;

"▲" when a close relative of the Director fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or executive of the parent company of the Company

c. Executive of a fellow subsidiary of the Company

d. Party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a Director

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h. Executive of a client or supplier of the Company (which does not correspond to any of d., e., and f.) (the Director himself/herself only)

i. Executive of a corporation to which outside officers are mutually appointed (the Director himself/herself only)

j. Executive of a corporation that receives a donation from the Company (the Director himself/herself only)

k. Other

Outside Directors' Relationship With the Company (2)

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Kei Oe	○	-----	<p>The Company considers that Mr. Oe by applying his experience and knowledge gained as a corporate manager in the Company's management and has also judged that he is able to appropriately execute his duties as Outside Director by offering appropriate advice concerning the Company's management based on a broad point of view and exercising management oversight from an independent standpoint.</p> <p>There is no special relationship of interest between the Company and him.</p> <p>Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders and he maintains a neutral position.</p>
Mari Miyoshi	○	-----	<p>The Company considers that Ms. Miyoshi by leveraging the abundant international experience and knowledge gained through many years of service as a diplomat and has also judged that she is able to appropriately execute her duties as Outside Director by offering appropriate advice concerning the Company's management based on a broad point of view and exercising management oversight from an independent standpoint. Although she has not been involved in business management in the past, the Company has judged, based on the above reason, that as Outside Director, she will be able to appropriately perform the role of offering opinions from an objective standpoint on management decisions and providing oversight of Directors' performance of duties.</p> <p>There is no special relationship of interest between the Company and her.</p> <p>Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders and she maintains a neutral position.</p>

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Tomonori Nonomura	○	-----	<p>Mr. Nonomura has abundant knowledge and experience as a chief executive officer in addition to abundant knowledge and experience as a legal director of a listed company. Based on the above, the Company has judged that he is able to appropriately execute by providing objective opinions in management decision-making and supervising his duties as Outside Director, focusing on aspects related to legal affairs, risk management, business strategy, and marketing.</p> <p>There is no special relationship of interest between the Company and him.</p> <p>Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders and he maintains a neutral position.</p>
Shizuyo Takahashi	○	-----	<p>Ms. Takahashi has cultivated abundant experience and knowledge through her involvement in DX promotion for various companies as a consultant with strengths in both operations and IT, and has abundant knowledge of overall management through her experience as a director of a business company. Based on the above, the Company has judged that she is able to appropriately execute by providing objective opinions in management decision-making and supervising her duties as Outside Director, focusing on aspects related to technology, DX, and finance and accounting.</p> <p>There is no special relationship of interest between the Company and her.</p> <p>Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders and she maintains a neutral position.</p>

Establishment of Voluntary Committee(s) Equivalent to Nominating Committee or Remuneration Committee	Established
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Voluntary Committee's Name, Composition and Chairperson's Attributes
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	Committee Equivalent to Nominating Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination and Remuneration Committee	Nomination and Remuneration Committee
Total Committee Members	5	5
Full-time Members	0	0
Inside Directors	2	2
Outside Directors	3	3
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation
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In October 2019, the Company established the voluntary Nomination and Remuneration Committee for the purpose of enhancing the objectivity, transparency and fairness of the procedures for nominating candidates for, and remuneration of, Director, strengthening the supervisory system and accountability of the Board of Directors, and further enhancing the corporate governance system. In May 2021, the chairperson of the committee was replaced by an independent Outside Director.

**[Audit & Supervisory Board Members]**

Establishment of the Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	5
Number of Outside Audit & Supervisory Board Members	4

Cooperation Among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Department
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Under mutual cooperation between Audit & Supervisory Board Members, the Corporate Audit Office and the Accounting Auditor, the Company seeks to strengthen the internal controls of the entire Group. To appropriately implement audits of the Group, Audit & Supervisory Board Members monitor the independence of the Accounting Auditor while receiving explanations regarding the content of accounting audits from the Accounting Auditor, and through deep cooperation in the form of information exchange with the Accounting Auditor, raise the quality of their respective audits.

With the objective of strengthening corporate governance and internal controls, the Company established the Internal Audit Office in October 2005. In June 2019, the name of this office was changed to the Corporate Audit Office. Based on the Internal Audit Regulations, the Corporate Audit Office cooperates with the Company's Audit & Supervisory Board Members and the Accounting Auditor to conduct audit operations on all companies comprising the Group, with the objective of securing appropriate business execution across the entire Group.

Additionally, Audit & Supervisory Board Members and the Corporate Audit Office hold periodic meetings once a month in principle, while the full-time Audit & Supervisory Board Member exchanges information with the Corporate Audit Office as required, in an effort to raise the quality of their respective audits.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Officers Designated From Among Outside Audit & Supervisory Board Members	2

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

Name	Attribute	Relationship With the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshio Yamada	Attorney at law													
Hiroshi Takahashi	From another company							△						

\* Categories for "Relationship with the Company"

\* "○" when the Audit & Supervisory Board Member presently falls or has recently fallen under the category;  
"△" when the Audit & Supervisory Board Member fell under the category in the past

\* "●" when a close relative of the Audit & Supervisory Board Member presently falls or has recently fallen under the category;

"▲" when a close relative of the Audit & Supervisory Board Member fell under the category in the past

a. Executive (a person who executes business; hereinafter, the same) of the Company or its subsidiary

b. Non-executive director or accounting advisor of the Company or its subsidiary

c. Non-executive director or executive of the parent company of the Company

d. Audit & supervisory board member of the parent company of the Company

e. Executive of a fellow subsidiary of the Company

f. Party whose major client or supplier is the Company or an executive thereof

g. Major client or supplier of the Company or an executive thereof

h. Consultant, accounting professional or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as an Audit & Supervisory Board Member

i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j. Executive of a client or supplier of the Company (which does not correspond to any of f., g., and h.) (the Audit & Supervisory Board Member himself/herself only)

k. Executive of a corporation to which outside officers are mutually appointed (the Audit & Supervisory Board Member himself/herself only)

l. Executive of a corporation that receives a donation from the Company (the Audit & Supervisory Board Member himself/herself only)

m. Other



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

Name	Appointment as Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Yoshio Yamada	○	-----	<p>The Company considers that Mr. Yamada by reflecting abundant expert knowledge and experience regarding corporate law, developed as an attorney in the Company's Audit. Therefore, the Company has appointed him as an Outside Auditor.</p> <p>The Company has judged that he will be able to attend the meetings of the Board of Directors and the Audit &amp; Supervisory Board and to substantially fulfill his supervisory function. There is no special relationship of interest between the Company and him. Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders and he maintains a neutral position.</p>
Hiroshi Takahashi	○	<p>Outside Audit &amp; Supervisory Board Member Hiroshi Takahashi is from Development Bank of Japan Inc., the Company's main lender, but retired in June 2011 and is considered to be independent based on the Company's criteria for independence.</p>	<p>The Company considers that Mr. Takahashi by leveraging abundant business experience and knowledge gained at financial institutions and has judged that he is able to appropriately execute his duties as an Outside Auditor. Therefore, the Company has appointed him as an Outside Auditor.</p> <p>The Company has judged that he will be able to attend the meetings of the Board of Directors and the Audit &amp; Supervisory Board and to substantially fulfill his supervisory function. There is no special relationship of interest between the Company and him. Therefore, the Company has judged that there is no risk of a conflict of interest with general shareholders and he maintains a neutral position.</p>

**[Independent Officers]**

Number of Independent Officers	6
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Matters Relating to Independent Officers

All Outside Directors and Outside Audit & Supervisory Board Members who meet the qualifications for an independent officer are designated as independent officers.

**[Incentives]**

Implementation of Measures to Provide Incentives to Directors	Measures other than performance-linked remuneration and share options
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Supplementary Explanation
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At a given time each year, the Company pays Directors' bonuses to Executive Directors mainly according to the level of achievement of performance targets, using consolidated net income as the primary performance indicator for each fiscal year. The Company judges that the bonuses will incentivize Directors to contribute to enhancement of corporate value in the medium and long run because the Company uses consolidated net income, which is directly funds new capital investment and shareholder returns for enhancement of corporate value, as the primary indicator of performance. The amounts of Directors' bonuses are calculated according to the level of achievement of performance targets, using consolidated net income as the primary performance indicator, and the position of each Director, taking a report by the voluntary Nomination and Remuneration Committee, which is chaired by an Outside Director, into consideration, and the directors' bonuses are resolved by the Board of Directors, which is attended by Outside Directors and Outside Auditors upon careful deliberation of the propriety of payment and the amounts.

The Company has also established a stock compensation plan under which Executive Directors contribute part of their compensation to the Directors' shareholding association, with the aim of making Executive Directors share shareholder value with shareholders to a greater degree, clarifying management's commitment to achievement of the Company's Mid-term Management Plan and further promoting initiatives to enhance corporate value. The stock compensation plan is a plan for delivering Company shares to Executive Directors by having Executive Directors contribute an amount of their monthly compensation set according to their position to the Directors' shareholding association and having them withdraw Company shares purchased at fair market value in the open market by the Directors' shareholding association, from the Directors' shareholding association, in an amount commensurate with their holding, on a trading day at the end of the fiscal year, in principle. Stock compensation via the stock compensation plan is a means of achieving the Company's sustainable growth and enhancement of its medium- to long-term corporate value because the value of shares held is linked to the share price and Executive Directors share the shareholder value with shareholders. Moreover, the Company has introduced clawback regulations that require Executive Directors to return without compensation all or part of the shares that they purchased through the Directors' shareholding association according to the degree of their responsibility in the event of a material accounting fraud or a huge loss. For the procedures for determining the remuneration of Directors, please refer to "[Principle 3.1 Full Disclosure] (iii) Board policies and procedures in determining the remuneration of the senior management and Directors." The Company determines the ratio among the fixed compensation (monthly compensation), performance-linked compensation (bonuses), and performance-linked compensation (purchase of shares by the Directors' shareholding association), making sure that compensation incentivizes Executive Directors to contribute not only to improving business results in the short term but also to enhancing its medium- to long-term corporate value.

Recipients of Share Options	
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Supplementary Explanation
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**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No individual disclosure
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Supplementary Explanation
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The Company paid a total of ¥318 million in officer remuneration for the fiscal year ended March 31, 2023, consisting of ¥274 million to nine Directors and ¥44 million to four Audit & Supervisory Board Members.

Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Remuneration to Executive Directors consists of fixed monthly compensation set according to the position of each Director, bonuses paid in proportion to the degree of achievement of performance targets based on the consolidated net income and other key performance indicators, and the stock compensation plan in which an amount of the monthly compensation set according to the position of each Executive Director is contributed to the Directors' shareholding association as performance-linked compensation based on the stock price as an index. The fixed compensation (monthly compensation), performance-linked compensation (bonus), and performance-linked compensation (stock compensation plan) are determined in consideration of providing incentives that contribute not only to short-term performance improvement but also to medium- to long-term enhancement in corporate value. Outside Directors are paid only monthly compensation in light of their duties. For the procedures to determine such remunerations, please refer to "[Principle 3.1 Full Disclosure] (3) Board policies and procedures in determining the remuneration of the senior management and Directors."

#### **[Supporting System for Outside Directors and/or Outside Audit & Supervisory Board Members]**

The Executive Officer in charge of the Corporate Planning Department provides Outside Directors with necessary explanations and information prior to the meetings of the Board of Directors, as well as reports to Outside Directors on discussions made at important meetings related to internal control.

In addition, one employee is assigned to concurrently serve as an assistant to the Audit & Supervisory Board Members to assist them in their duties, including providing support to Outside Audit & Supervisory Board Members.

The materials for the Executive Committee and the meetings of the Board of Directors are distributed in advance to Outside Directors and Outside Audit & Supervisory Board Members primarily by the staff of the department in charge of the materials.

## **2. Matters on Functions of Business Execution, Audit and Supervision, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System)**

Regarding operational execution, the Executive Committee, composed of executive officers, holds meetings once a week, as a rule, to make decisions on matters authorized by the Board of Directors, including outside directors, deliberate on matters directed by the Board of Directors to be discussed, and exchange opinions and information regarding management issues.

With regard to audit and supervision, the Company has established an auditing system in which Audit & Supervisory Board Members, the Corporate Audit Office and the Accounting Auditor mutually cooperate with each other. The Company has two full-time Audit & Supervisory Board Member and two part-time Audit & Supervisory Board Members who are Outside Audit & Supervisory Board Members. One assistant to the Audit & Supervisory Board Members concurrently serves as the secretariat.

The Corporate Audit Office reports directly to the President Executive Officer, and the General Manager of the office is the person responsible for auditing. The Corporate Audit Office conducts regular audits of the Company and its group companies in accordance with the audit plan and, if necessary, conducts extraordinary audits.

The General Manager of the Corporate Audit Office regularly submits audit reports to the President Executive Officer. Furthermore, the audit reports for the FY2023 were submitted to the Board of Directors by the end of March 2024 as directed by the Board of Directors. The report for the FY 2024 will be submitted by the end of March 2025. Additionally, Audit & Supervisory Board Members and the Corporate Audit Office hold periodic meetings once a month in principle, while the full-time Audit & Supervisory Board Member exchanges information with the Corporate Audit Office as required. The Company has appointed KPMG AZSA LLC as the Accounting Auditor.

Nomination of Directors and determination of their remuneration are deliberated and recommended to the Board of Directors by the voluntary Nomination and Remuneration Committee at the request of the Board of Directors, and then deliberated and determined by the Board of Directors.

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

The Company defines corporate governance as "a framework for realizing efficient business activities by coordinating the interests of the various stakeholders who constitute a company," and has adopted a corporate

governance system under which the Board of Directors having four Outside Directors and the Audit & Supervisory Board having two Outside Audit & Supervisory Board Members supervise and audit the execution of duties by Directors and employees including Executive Officers.

The Company has appointed four Outside Directors and has established a system whereby the Outside Directors can fully exercise their monitoring function to Directors and employees including Executive Officers, from a neutral standpoint with no relationship of interest with them.

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

#### 1. Measures to Energize General Meetings of Shareholders and Facilitate Smooth Exercise of Voting Rights

	Supplementary Explanation
Early Notification of General Meeting of Shareholders	The notice of the 132nd Annual General Meeting of Shareholders was sent on June 2, 2023, more than three weeks prior to the date of the meeting.
Scheduling General Meeting of Shareholders Avoiding the Peak Day	The 132nd Annual General Meeting of Shareholders was held on June 28, 2023, to avoid the so-called peak day.
Allowing Electronic or Magnetic Exercise of Voting Rights	Since the Annual General Meeting of Shareholders held in June 2017, the Company has made it possible for its shareholders to exercise their voting rights via the internet, and since the Annual General Meeting of Shareholders held in June 2018, the Company has participated in the electronic voting platform for institutional investors.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	Since the Annual General Meeting of Shareholders held in June 2018, the Company has participated in the electronic voting platform for institutional investors.
Providing Convocation Notice in English (Translated Fully or Partially)	The Company prepares English translations of the convocation notice (translated fully or partially) and makes them available on its English website and the website of the electronic voting platform for institutional investors.
Other	The Company made early disclosure by posting the Notice of the 132nd Annual General Meeting of Shareholders and the accompanying documents on May 29, 2023, prior to the dispatch date, on the Company's and stock exchanges' websites. The proceedings of the 132nd Annual General Meeting of Shareholders held on June 28, 2023, were streamed live for those shareholders who were unable to attend the meeting in person.

## 2. IR Activities

	Supplementary Explanation	Explanation by Representative
Preparation and Publication of Disclosure Policy	The Company has prepared Disclosure Policy, which is posted on our website. Disclosure Policy ( <a href="https://www.iino.co.jp/kaiun/english/ir/disclaimer.html">https://www.iino.co.jp/kaiun/english/ir/disclaimer.html</a> )	
Holding Regular Investor Briefings for Analysts and Institutional Investors	The Company conducts individual briefings for analysts and institutional investors as well as annual presentation about financial results in the second quarter and at the end of the fiscal year. In FY 2023, the financial results for FY2022, mid-term management plan presentation and the financial results for FY2023 2Q were live-streamed, and a video recording of the presentation and Q&A are publicly available. Transcript of the presentation of financial results briefing for FY2023 and new mid-term management plan, and Q&A session. ( <a href="https://contents.xj-storage.jp/xcontents/AS00371/04bb5c9a/cad8/413b/b41c/83844465ea90/20230529152217323s.pdf">https://contents.xj-storage.jp/xcontents/AS00371/04bb5c9a/cad8/413b/b41c/83844465ea90/20230529152217323s.pdf</a> )  Transcript of the presentation of financial results briefing for 2Q of FY2023 and Q&A session conducted in November 2023 ( <a href="https://contents.xj-storage.jp/xcontents/AS00371/8fdd0303/1c54/457b/a6d9/698898a5c021/20231110151622171s.pdf">https://contents.xj-storage.jp/xcontents/AS00371/8fdd0303/1c54/457b/a6d9/698898a5c021/20231110151622171s.pdf</a> )	Yes
Holding Regular Investor Briefings for Overseas Investors	In principle, individual briefings for foreign institutional investors are held at least once a year each in the U.S. and Europe. In the FY 2023, interviews were conducted face-to-face and online.	Yes
Posting IR Materials on Website	IR materials such as financial highlights, financial results, Supplementary Report for Financial Results, Integrated Reports, shareholder newsletters and securities reports are available on the Investor Relations section of the Company's website ( <a href="https://www.iino.co.jp/kaiun/english/ir/">https://www.iino.co.jp/kaiun/english/ir/</a> ). Supplementary Report for Financial Results, Integrated Reports, summaries of financial results, and Corporate Governance Report are available in English ( <a href="https://www.iino.co.jp/kaiun/english/ir/ir_news.html">https://www.iino.co.jp/kaiun/english/ir/ir_news.html</a> ). In addition, we release monthly shipping market information once a month on our website. The status of dialogue with investors is also published on our website ( <a href="https://www.iino.co.jp/kaiun/english/ir/dialogue.html">https://www.iino.co.jp/kaiun/english/ir/dialogue.html</a> ).	
Establishment of Department and/or Manager in Charge of IR	The Stakeholder Relations Section is established as the department in charge of investor relations, and the Executive Officer in charge of the Stakeholder Relations Department is the person responsible for business contacts.	

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

	Supplementary Explanation
<p>Provisions to Ensure Due Respect for Stakeholders in Internal Regulations, Etc.</p>	<p><b>【Provisions to Ensure Due Respect for Stakeholders in Internal Regulations, Etc.】</b>  Management Policy: IINO COMMITMENT defines the value provided to our stakeholders as follows.  For our customers: We promptly and accurately respond to our customers' needs, providing safe and high-quality services consistently.  For our employees and executives: We offer a supportive work environment and opportunities for personal growth, recognizing that our employees and executives are the cornerstone of our company.  For our society: As responsible members of society, we work together with society to contribute to solving various issues.  For our shareholders: By focusing on sustainable growth, we enhance corporate value and implement rewarding shareholder returns.</p> <p>Further, the Sustainability Policy stipulates the following actions to be taken toward stakeholders.  &lt;IINO Group Sustainability Policy (excerpt) &gt;  4. Contribute to Society  As a good corporate citizen, the IINO Group will contribute to the sustainable development of the earth and society. We aim to enhance the corporate value in a sustainable and progressive manner through our business activities, and to gain the trust of a wide range of stakeholders.  6. Respects for Customers  The IINO Group will stand on an equal footing with all of its business partners and strive to respond to them with sincerity, kindness, and politeness. We will respond promptly and directly to our customers' needs, always striving to improve customer satisfaction.  8. Disclosure of Information and Communication  The IINO Group endeavors to consider the interests of all stakeholders and strives to engage in sufficient communication to gain understanding. Furthermore, we commit to disclosing information promptly and appropriately including information that may be unfavorable to the group.</p>

<p>Implementation of Environmental Activities, CSR Activities, Etc.</p>	<p>Toward the Creation of Shared Value The mid-term management plan "The Adventure to Our Sustainable Future" (April 2023 - March 2026) announced in May 2023 sets our goal IINO VISION for 2030: "Aiming to be an independent global corporate group that continues to evolve with creative ideas in response to the demands of the times," and achieves to create shared value by defining sustainable growth through business portfolio management and overcoming materiality (key sustainability issues) as its key strategies. In June 2022, we established the Sustainability Promotion Department to further strengthen management focused on sustainability.</p> <p>○Status of response to key issues (1) Climate Change Initiatives -Endorsed the TCFD in July 2021 -In June 2022, we established an Environmental Promotion Working Team within the Sustainability Promotion Department to work toward obtaining SBT certification in the future. -In May 2023, we formulated a new roadmap to achieve carbon neutrality by 2050.</p> <p>(2) Initiatives to Address Issues Related to Social Responsibility In June 2022, we established CSR Working Team within the Sustainability Promotion Department to address a wide range of issues related to corporate social responsibility. We are conducting human rights due diligence in line with the UN Guiding Principles on Business and Human Rights. - Support of the United Nations Global Compact in September 2022 - Establishment of IINO Group Human Rights Policy and Anti-Corruption Policy in October 2022 - Establishment of IINO Group Procurement Policy and IINO Group Supplier Code of Conduct in May 2023 - Establishment of IINO Group Policy on Social Contribution in September 2023 - Establishment of IINO Group Competition Law Compliance Policy in February 2024 - Establishment of IINO Group Sustainability Policy in March 2024</p>
<p>Formulation of Policies for Information Provision to Stakeholders</p>	<p>In accordance with the Sustainability Policy, we will endeavor to consider the interests of all stakeholders, strive to engage in sufficient communication to gain their understanding, while posting timely disclosure information on our website appropriately and providing information in English when necessary.</p>

#### IV. Matters Related to Internal Control System

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

1. System for retaining and managing information pertaining to the execution of duties by Directors  
The Company has a system in place to appropriately retain and manage the minutes of General Meetings of Shareholders, meetings of the Board of Directors and other important meetings related to the execution of duties by Directors, and approval documents and other important documents, and information media that record such documents by appointing a person responsible for managing the minutes, documents and media in accordance with internal regulations such as the Basic Policy for Managing Information, the Document Management Implementation Regulations, and the Basic Regulations for Information Security.

## 2. Regulations and other systems for management of risk of loss

The Group has established the Risk Management Committee to manage risk, deliberate on policy, make proposals and offer advice at the Group-wide level. It has also established three subcommittees, the Safety and Environment Committee, the Quality and Systems Committee, and the Compliance Committee, which report to the Risk Management Committee. Besides instructing the three subcommittees and receiving matters for decision and reports, the Risk Management Committee oversees risk management activities throughout the Group, including risk relating to business strategy and major investments.

The Safety and Environment Committee, established under the Safety and Environment Committee Regulations, is responsible for formulating and promoting policies on safety and the environment of the Group and implementing and reinforcing preventive and other measures to mitigate risks relating to any serious accidents or problems that might affect vessels and buildings during the course of the Group's business operations.

The Quality and Systems Committee, established under the Quality and Systems Committee Regulations, is responsible for formulating and promoting policies on systems and administrative procedures of the Group and implementing and reinforcing preventive and other measures to mitigate risks relating to system failure, etc. Furthermore, in the event of occurrence of any emergency concerning the Group's operations, such as an environmental pollution (oil spillage etc.), a major incident or problem involving human lives and/or assets, or a large-scale disaster, the Company establishes an emergency response headquarters led by the President Executive Officer acting as HQ Director to manage the crisis in accordance with the Basic Provisions on Risk Management.

Any risks that may arise in the Group's business are reported to the Board of Directors of the Company, and the Board of Directors supervises the operation status of the risk management system.

In addition, the Group has formulated a Business Continuity Plan (BCP) envisaging a large-scale earthquake occurring in the area where the Group operates. Under this plan, systemic preparations have been made to ensure the swift recovery and continuation of all businesses of the Group.

## 3. System to ensure efficiency of the execution of duties by Directors

In order to ensure efficiency in the execution of duties by Directors, the Company's Executive Committee, consisting of Executive Officers, meets in principle every week to decide matters as requested by the Board of Directors, deliberate on matters as instructed by the Board of Directors, and exchange opinions and information concerning management.

In addition, the Board of Directors holds regular meetings once a month in principle to decide important matters and supervise execution of duties by Directors and Executive Officers.

## 4. System to ensure that Directors and employees perform their duties in compliance with relevant laws and regulations and the articles of incorporation

The Sustainability Policy and the Compliance Regulations form the basis for the compliance system to ensure compliance in the execution of duties by the Group's officers and employees, including Directors and Executive Officers. The Compliance Committee, established under the Compliance Committee Regulations, formulates and promotes compliance policies regarding compliance throughout the Group. Working together with Auditors and the Corporate Audit Office and based on the Compliance Regulations, the Chief Compliance Officer oversees compliance-related procedures and processes throughout the IINO Group. All officers and employees of the Group are obliged to report any serious legal and regulatory compliance breaches based on the Compliance Regulations and the External Reporting System Operational Regulations.

## 5. System to ensure the appropriateness of the business operations of the corporate group consisting of the listed company, its parent company and subsidiaries

- (1) The Group conducts its corporate activities on the basis of the Sustainability Policy, which applies to all companies in the Group.
- (2) Important matters pertaining to the execution of duties by Directors and others of the Company's major group companies are referred for decision and reported to the Company's Board of Directors and the Executive Committee in accordance with the Company's Affiliated Companies Management Regulations and Job Authority Regulations.

Certain Executive Officers and employees of the Company concurrently serve as directors of our group companies as necessary, and receive reports on matters pertaining to the execution of duties through attendance at meetings of the board of directors of the group companies.



- (3) The Risk Management Committee, established to perform the centralized function of risk management of the Group, manages risk, deliberates on policy, makes proposals and offers advice at the Group-wide level, in cooperation with the three subcommittees consisting of the Compliance Committee, the Safety and Environment Committee, and the Quality and Systems Committee, whose members include representative directors of major group companies.
- (4) The corporate activities of each of our major group companies are conducted in accordance with the Group's mid-term management plan formulated by the Company, the progress of which is reported to the Company on a regular basis.
- (5) Based on the Internal Audit Regulations, the Corporate Audit Office, which reports directly to the President Executive Officer of the Company, cooperates with the Company's Audit & Supervisory Board Members and the Accounting Auditor to conduct audit operations on all companies comprising the Group, with the objective of securing appropriate business execution across the entire Group.

6. Matters concerning employees if Audit & Supervisory Board Members decide to call for employees to assist their duties

The Company assigns one employee to concurrently serve as staff of the Audit & Supervisory Board Members to assist them in their duties.

7. Matters concerning the independence of the employee described in the preceding provision from Directors, and matters concerning ensuring effectiveness of the instructions given by Audit & Supervisory Board Members to the employee described in the preceding provision

Appointment, dismissal and transfer of the staff of the Audit & Supervisory Board Members require the prior consent of the full-time Audit & Supervisory Board Member.

While the staff of the Audit & Supervisory Board Members is engaged in assisting them, the staff shall give priority to the work instructed by the Audit & Supervisory Board Members, and the relevant officers and employees shall not impose unreasonable restrictions on the performance of the staff's duties, thereby ensuring effectiveness of the instructions given to the staff.

8. System for reporting to Audit & Supervisory Board Members

- (1) Audit & Supervisory Board Members attend meetings of the Board of Directors and receive reports from Directors on the execution of their duties.
- (2) The full-time Audit & Supervisory Board Member attends the meetings of the Executive Committee, which are held weekly in principle, and receives reports on the execution of duties from employees including Executive Officers.
- (3) The full-time Audit & Supervisory Board Member reports to the other Audit & Supervisory Board Members at the meeting of the Audit & Supervisory Board on the content of the reports on the execution of the duties received at the meeting of the Executive Committee.
- (4) External reporting system has been established so that we can promptly recognize the following facts and take appropriate corrective measures, if any of our group's officers and employees, or any of our group's business partners, determines that our group or any of our group's officers or employees has committed any act that violates laws and regulations, various internal rules established by the group, or ethics, or any actions that could lead to such violations including human rights violation, discrimination, and various types of harassment. The External Reporting System Operational Regulations stipulate that an external law firm designated by the Company serves as the contact point for reporting. The full-time Audit & Supervisory Board Member receives reports from the compliance officer who receives reports from the external whistle-blowing contact.
- (5) The Compliance Regulations and the External Reporting System Operational Regulations clearly stipulate that no disadvantageous treatment shall be given to the officers, employees, or business partners who have made an external report.

9. Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board Members and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties

The Company sets aside a certain amount of budget each year to pay for expenses deemed necessary for the execution of duties by Audit & Supervisory Board Members. Reimbursement of any out-of-pocket expenses paid by an Audit & Supervisory Board Member on an emergency or extraordinary basis shall be later requested to the Company.

10. Other systems to ensure that Audit & Supervisory Board Members perform audits effectively  
 In addition to the above, the full-time Audit & Supervisory Board Member attends and receives reports at the meetings of the Risk Management Committee, the Compliance Committee, the Safety and Environment Committee, the Quality and Systems Committee and other important meetings in order to understand the status of business execution.

Audit & Supervisory Board Members may request reports on business from Directors and employees including Executive Officers, as needed.

Furthermore, in order to appropriately implement audits of the Group, Audit & Supervisory Board Members have a system for deep cooperation in the form of information exchange with the Corporate Audit Office on a regular basis, and may request explanations from the Accounting Auditor regarding the content of accounting audits of our group companies.

## 2. Basic Views on Eliminating Antisocial Forces and Progress of Related Efforts

The IINO Group’s Sustainability Policy includes the statement that we will not be involved with any antisocial forces or groups that threaten the order and safety of society. The Company also instituted the Anti-Social Forces Regulations that cover the entire Group. Any invitations to engage with anti-social forces or related monetary inducements shall be rejected resolutely through organizational responses and close cooperation with external bodies with the relevant professional expertise.

## V. Other

### 1. Adoption of Anti-takeover Measures

Adoption of Anti-takeover Measures	Adopted
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Supplementary Explanation
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At the 131st Annual General Meeting of Shareholders held on June 28, 2022, the Company submitted a proposal for an advance warning-type anti-takeover measures, which was approved and adopted with the approval of a majority of the shareholders present.

For details of the anti-takeover measures, please refer to “Continuation of the Response Measures to Large-Scale Purchases of the Company Shares (Takeover Defenses)” dated May 10, 2022, which is posted on the IR information page of the Company’s website (<https://contents.xj-storage.jp/xcontents/AS00371/055a6556/7169/4861/a94b/dc171fe59a0b/20220510140449309s.pdf>).

### 2. Other Matters Concerning Corporate Governance System

#### 1. Requirements for adopting the resolution to appoint Directors

The Company’s Articles of Incorporation stipulate that a resolution for the appointment of Directors shall be adopted by a majority of the voting rights of shareholders present at the shareholders’ meeting where shareholders holding one-third or more of the voting rights of shareholders who are entitled to exercise their voting rights are present, and that cumulative voting shall not be used.

#### 2. Matters to be resolved at the General Meeting of Shareholders that may be resolved by the Board of Directors

##### (1) Acquisition of treasury stock

The Company’s Articles of Incorporation stipulate that the Company may acquire its treasury stock by a resolution of the Board of Directors through such means as market transactions pursuant to the provisions of Article 165, paragraph (2) of the Companies Act, in order to enable the execution of a flexible capital policy in response to changes in the business environment.

##### (2) Interim dividends

In order to distribute profits to shareholders in a flexible manner, the Company’s Articles of Incorporation stipulate that the Company may, by a resolution of the Board of Directors, distribute dividends of surplus as stipulated in Article 454, paragraph (5) of the Companies Act (interim dividends) to shareholders or beneficial pledgees recorded in the final shareholder register as of September 30 of each year.

### 3. Overview of the system for timely disclosure

#### (1) Basic policy for timely disclosure

As a global company, we will endeavor to communicate fully with all stakeholders to ensure that their interests are considered and their understanding is gained, based on the Sustainability Policy, which was established to clarify our commitment to contribute to the realization of a sustainable society by resolving environmental and social issues. We will also disclose information in a prompt and appropriate manner, including information that may be disadvantageous to us.

#### (2) Person and department responsible for handling information

When disclosing information, the department responsible for that information prepares the material containing that information and notifies without delay the person responsible for handling information in the department responsible for managing information. The Executive Officer in charge of the Stakeholder Relations Department is the person responsible for handling information, and the Stakeholder Relations Department serves as the secretariat to assist that person, with the General Manager of the Stakeholder Relations Department being responsible for the operations of disclosure. The Stakeholder Relations Department timely discloses information including information about the Company's subsidiaries, working with a department responsible for the information.

#### (3) System for identifying information to be disclosed

In order to disclose the corporate information to investors and other stakeholders in a timely and appropriate manner, the Company has established the Timely Disclosure Regulations. In accordance with the regulations, the person responsible for handling information and the responsible department work with the Board of Directors, each department of the Company and subsidiaries to collect information.

- The collaboration with the Board of Directors is coordinated by the Corporate Planning Department, which serves as the secretariat of the Board of Directors. The Company has a system in place to refer important matters that fall under the category of timely disclosure for decision as agenda to the Board of Directors and to promptly disclose the results of the resolution. Disclosure of the fact that a disaster has occurred is made only after receiving instructions and approval from the emergency response headquarters established in accordance with the Basic Provisions on Risk Management stipulated by the Company.
- Cooperation with each department of the Company is coordinated by a system in which a meeting is called as necessary to enable the Company to identify facts that may be subject to disclosure.
- With regard to cooperation with subsidiaries, the Corporate Planning Department is responsible for the supervision of subsidiaries, and makes efforts to update itself on any information related to disclosure through monitoring of monthly consolidated financial results and other information.

#### (4) System for managing material facts about business

In accordance with the Regulations for Inside Information Management and Insider Trading Regulation established by the Company, the Company manages inside information obtained by all officers, employees and other persons who have employment contracts with the Company, as well as all persons engaged in the Company's business such as through personnel dispatch services.

- In accordance with the Timely Disclosure Regulations, inside information subject to disclosure is referred to the Board of Directors for decision through the Executive Committee. The General Manager of the Stakeholder Relations Department and the general manager of each department in charge of disclosure act as the responsible persons for managing inside information and manage the inside information until it is made public.
- After the inside information is made public by the General Manager of the Stakeholder Relations Department or the general manager of each department in charge of disclosure, the General Manager of the Stakeholder Relations Department acknowledges the public disclosure and has such inside information not subject to management.
- In cases where our officers and employees obtain inside information of our customers, we take necessary measures to prevent the leakage of such information in accordance with the Regulations for Inside Information Management and Insider Trading Regulation.

#### (5) Prevention of insider trading

Based on the aforementioned Regulations for Inside Information Management and Insider Trading Regulation, the Company is working on preventing insider trading by the officers and employees.

- If an officer or employee becomes aware of inside information, he or she is prohibited from buying, selling or otherwise trading shares or other securities of the Company, and from recommending such transactions, until such inside information is made public.

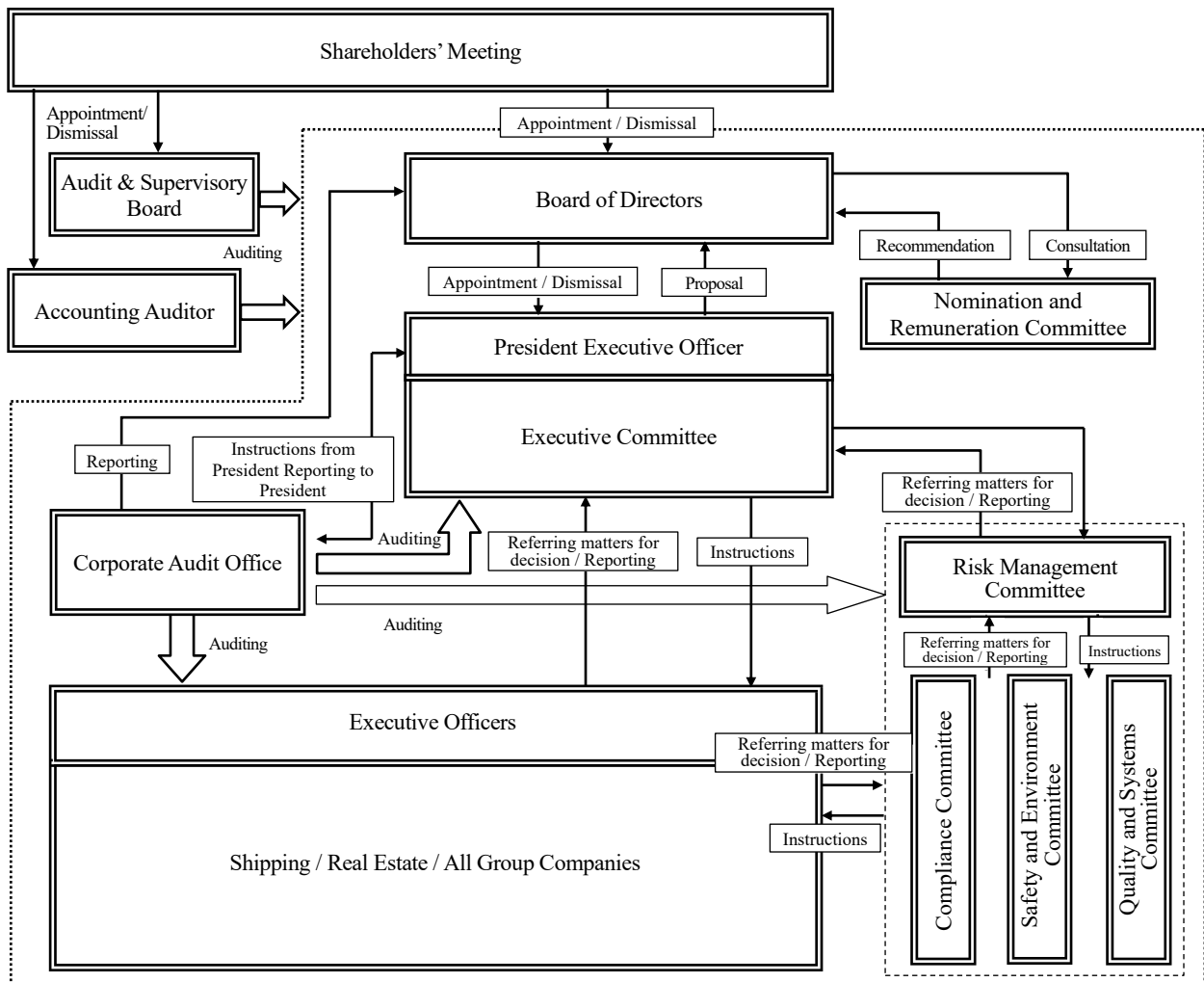
- When an officer intends to buy or sell the shares or other securities of the Company, he or she must submit a Notification of the Trading of the Company's Shares to the Executive Officer in charge of the Business Administration Department in advance for approval. When an employee intends to buy or sell the shares or other securities of the Company, he or she must submit a Notification of the Trading of the Company's Shares to the General Manager of the Business Administration Department in advance for approval.
- If there is unpublished inside information, the Executive Officer in charge of the Business Administration Department or the General Manager of the Business Administration Department may require officers or employees to stop buying or selling of the shares or other securities of the Company.
- Every year, the Company conducts training for all officers and employees of the Group on the prevention of insider trading and management of inside information to ensure that they are well informed.

(6) Monitoring system for timely disclosure

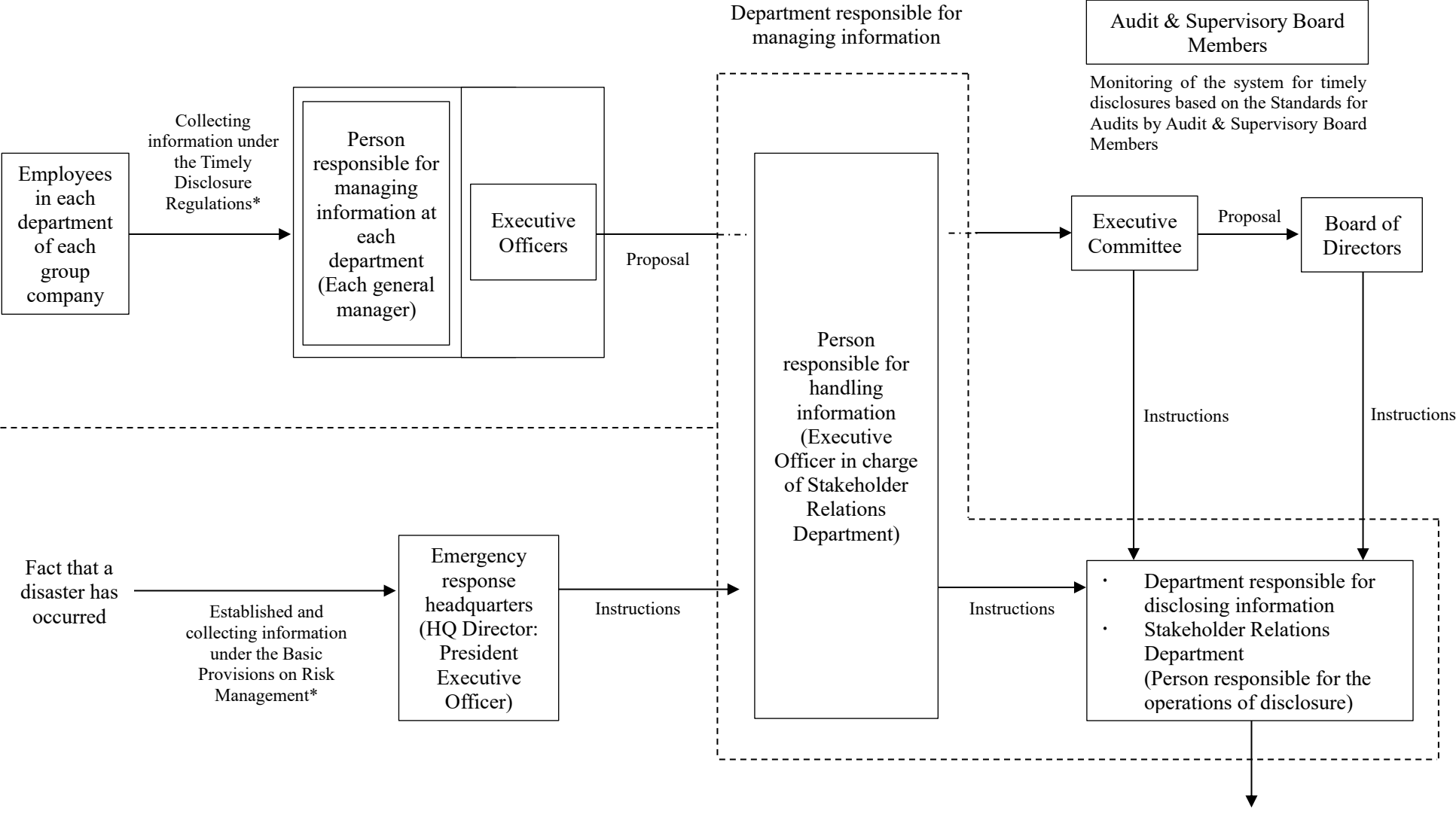
Audit & Supervisory Board Members monitor and verify that a system for the appropriate and timely disclosure of the corporate information has been established and is being operated, in accordance with the provisions of "Audit of Corporate Information Disclosure System" set forth in the Standards for Audits by Audit & Supervisory Board Members established by the Company.

\* The illustrative diagram for the system for timely disclosure stated above is provided in Attachment 2.

The Company's corporate governance system



Identification and disclosure of the corporate information and the system for timely disclosure



\* Each of the regulations is established pursuant to the resolution of the Board of Directors