







**Strategic Capital: To Resolve JSF's ESG Issue Caused by the BOJ, MOF and the TSE,  
We Have Requested an Extraordinary General Meeting of Shareholders  
(For details, please see [here](#))**

BOJ				MOF		TSE	
Former Executive Directors		Former Non-Executive-Directors					
1950	Seika Shirane President	1950	Hiro Takayama Mg. Ex. Director	1950		1950	
	Takeru Taniguchi President		Hideo Shinozaki Director				
	Masami Kamada President		Mishima Yajima ME Director	1960	Shoji Shinokawa Mg. Ex. Director		
	Kenichi Okada President		Setsumi Kawashima ME Director		Yoshisuke Isoda Sr. ME Director	1974	Sachio Uehara Director
	Masami Kamada President		Shizuka Sato Sr. ME Director		Kazumasa Tashiro Vice President		Atsushi Yasui Director
	Tatsuo Tajima President		Humiho Kimura ME Director		Toshio Iyoda Sr. ME Director		Masataka Takahashi Auditor
	Akira Aoki President		Toshio Hayashi ME Director		Minoru Kadota Vice President		Koji Takahashi Outside Auditor
	Kunio Kojima President		Suke Horiguchi ME Director		Tetsuya Hiraoka Vice President		Yoshiyasu Arai Outside Auditor
	Minoru Masubuchi President		Yasuhisa Hashimoto ME Director		Hiroshi Saito Vice President	2008	Ushio Mizuno Outside Auditor
2012	Eizo Kobayashi President	2012	Toshihiro Oritate ME Director		Hiroimitsu Matsuda Vice President		
				2013	Takao Horita Vice Chairperson		
				2016	Shunichiro Higuchi Vice President	2016	Shuya Iimura Outside Auditor
							
		2018	Yutaka Okada ME Director		Vice President		
2019	Shigeaki Kushida President				Vice President		
			ME Officer		Vice President		
					Vice President		
					Vice President		
2022		2022	Sr. ME Officer	2022	Vice President	2022	

Source: Annual Securities Report, Notice of Convocation of Shareholder Meeting

Strategic Capital, Inc. (SC) is the manager of a fund that holds approximately 5.0% of Japan Securities Finance (JSF).

Since listing on the Tokyo Stocks Exchange (TSE), the Bank of Japan (BOJ), the Ministry of Finance (MOF) and the TSE have long been using JSF's director and officer positions as an *amakudari*<sup>1</sup> destination. Therefore, we have requested to convene an extraordinary general meeting of shareholders (EGM) because we believe the *amakudari* is damaging the shareholder value of JSF from the viewpoint of S (Society) and G (Governance) of ESG.

We hope that all of JSF's shareholders will support our shareholder proposal from the perspective of S and G.

Please see our special website ([here](#)) for more details on the harm caused by *amakudari*, the breakdown of governance and the proposal.

<sup>1</sup> *amakudari* - (天下り, literally "descent from heaven") is a metaphor for the institutionalized practice where Japanese senior bureaucrats retired to high-profile positions in the private and public sectors.

◆ **SC's proposal**

- Appoint three attorneys to conduct an investigation into the background of the *amakudari* by the BOJ, MOF and TSE into JSF
- The investigation to focus on how the current President and Sr. Managing Executive Officer (BOJ alumni), current Vice President (MOF alumni) and current outside director (TSE alumni) were appointed

<Issues with *amakudari*>

◆ **S : A violation of social justice**

- It is a subversion of the regulations on *amakudari*, which are aimed at preventing collusion between public and private sectors
- BOJ and MOF officials see their remuneration increase by more than triple as a result

◆ **G : Hindering the promotion of outstanding human resources**

- Suspect that senior management appointments are being made solely based on work history, irrespective of individual qualifications
- The Nominating Committee is tacitly approving the *amakudari*, and governance by the outside directors and Nominating Committee has ceased to function.
- The current president, who is a BOJ *amakudari*, does not even understand the meaning of ROE

<The *amakudari* facts>

◆ ***amakudari* by BOJ directors**

- Since becoming listed in 1950, all 10 presidents of JSF, including the current president, Shigeki Kushida, were former executive directors (ED) of the BOJ

◆ ***amakudari* by BOJ director-generals**

- Since 1980, all seven BOJ director-generals (and lacking ED experience) were appointed as managing executives within one month of joining JSF

◆ ***amakudari* from the MOF**

- Since 1960, all 10 employees from the MOF were appointed to managing executive or higher positions within one month of joining JSF

◆ ***amakudari* from the TSE**

- Since 1974, there has been 7 *amakudari* from the TSE and since 1994, they have been appointed as "outside" directors of JSF

**<A message to investors in Symphony Financial Partners' funds>**

Symphony Financial Partners (SFP) through its funds is the largest shareholder in JSF with approximately 21.9%.

◆ **Voted against the proposal to disclose the President's remuneration**

At the last AGM, SC submitted a formal shareholder proposal to "disclose the individual remuneration of the President", pointing out that all JSF presidents were from the BOJ. ISS recommended supporting the proposal. SFP, however, opposed the proposal.

◆ **Should *amakudari* be supported?**

It is clear JSF is an *amakudari* destination for an organization that plays a central role in the Japanese economy. It is not easy to get a return on one's investment nor do we think it is the intention of investors to tolerate *amakudari* which is against social justice.

◆ **To the investors**

It is essential for JSF to put an end to the harmful practice of *amakudari* and to increase shareholder value through appropriate personnel and good management. We would like you the investors to encourage SFP to exercise its voting rights in an appropriate manner.

See next page for more details of our proposals.

<Abstract of the Proposals >

◆No.1: Election of persons who will be charged to investigate the status of the operations and property of the Stock Company as set forth in Article 316, Paragraph 2 of the Companies Act. (Regarding *amakudari* of the BOJ alumni)

◆No.2: Election of persons who will be charged to investigate the status of the operations and property of the Stock Company as set forth in Article 316, Paragraph 2 of the Companies Act. (Regarding *amakudari* of the MOF alumni)

◆No.3: Election of persons who will be charged to investigate the status of the operations and property of the Stock Company as set forth in Article 316, Paragraph 2 of the Companies Act. (Regarding *amakudari* of the TSE alumni)

Note: Except for “The Objectives of Investigation”, the contents of all three proposals are in common

**【Persons to Investigate the Status of the Operations and Property】**

Kenji Shinjo, Hansen Nels Christian, and Akira Maekawa shall be elected as persons to investigate the status of the operations and property of the Stock Company (the “Investigators”) as set forth in Article 316, Paragraph 2 of the Companies Act, allowing them to investigate the matters stated in the Objectives of Investigation. The Investigators’ appointment shall become effective upon the approval of this proposal, and no separate agreement with Japan Securities Finance Co., Ltd. (the “Company”) shall be required.

[Name] Kenji Shinjo

[Date of birth] December 12, 1952

[Summary of the career]

1984: Prosecutor at The Tokyo District Public Prosecutors Office

2001: Prosecutor at The Fukuoka District Public Prosecutors Office

2001: Prosecutor at The Yokohama District Public Prosecutors Office

2006: Prosecutor at The Tokyo High Public Prosecutors Office

2010: Registered as a lawyer (Dai-Ichi Tokyo Bar Association), joined IPAX PARTNERS

2016: Joined Ueda-Koichi Law Office(present)

[Significant concurrent positions]

Lawyer at Ueda-Koichi Law Office

[Number of Company Shares owned] 0

[Name] Hansen Nels Christian

[Date of birth] October 27, 1982

[Summary of the career]

2008: Joined Skadden, Arps, Slate, Meagher & Flom LLP  
2008: Admitted to CA bar  
2009: Visiting Scholar, Research Institute of Economy, Trade and Industry  
2009: APEC Office, Trade Policy Bureau, Ministry of Economy, Trade and Industry  
2011: Admitted to NY bar  
2010: Joined Skadden, Arps, Slate, Meagher & Flom LLP  
2015: Adjunct Instructor at Keio University Law School (Present)  
2016: Registered as a Gaikokuho Jimu Bengoshi (Tokyo Bar Association)  
2017: Local Partner at White & Case Law Offices (Registered Association)  
2020: Partner at White & Case Law Offices (Registered Association) (Present)  
2020: Member of the Japanese Law Translation Council (Present)

[Significant concurrent positions]

Partner at White & Case Law Offices (Registered Association) (Present)

Adjunct Instructor at Keio University Law School (Present)

Member of the Japanese Law Translation Council (Present)

[Number of Company Shares owned] 0

[Name] Akira Maekawa

[Date of birth] October 9, 1972

[Summary of the career]

1999: Registered as a lawyer (Dai-Ichi Tokyo Bar Association), joined Okamura Law Office

2006: Financial Securities Inspector for Kanto Finance Bureau of the Ministry of Finance

2008: Joined Masuda & Partners Law Office

2009: Manager at Maekawa Akira Law Office

2011: Partner at IOTA Law Offices (Present)

2016: Vice-president at the Daiichi Tokyo Bar Association.

2018: Outside Director at Japan Investment Adviser Co., Ltd. (Present)

2018: Mediator at Tokyo Summary Court (Present)

2021: Outside Auditor at TRI bank Kanagawa (Present)

[Significant concurrent positions]

Partner at IOTA Law Offices

Outside Director at Japan Investment Adviser Co., Ltd.

Outside Auditor at TRI bank Kanagawa

Mediator at Tokyo Summary Court

[Number of Company Shares owned] 0

### 【The Objectives of Investigation】

All matters deemed necessary by the Investigators concerning whether or not the nomination (President Kushida and Senior Managing Executive Officer Okada for Proposal No.1, Vice President Higuchi for Proposal No.2 and Outside Director Iimura for Proposal No.3. hereinafter referred to as the “the Nomination”) was conducted in a fair and impartial manner without the involvement of third parties (e.g., the BOJ, MOF and the TSE).

### 【Method of Investigation and Report】

- (i) The Investigators shall conduct the investigation independently of the Company, and independently of the shareholders, who are requesting this Extraordinary General Meeting of Shareholders.
- (ii) The investigation period shall be three (3) months from the date of the appointment of the Investigators by this Extraordinary General Meeting of Shareholders.
- (iii) By the end of the investigation period, the Investigators shall conduct the necessary investigations and deliver the document(s) to the Company describing the results of such investigations (the “Investigation Report”) and announce the contents thereof in public. The Investigators shall also report the contents of the Investigation Report at the general meeting of shareholders to be held after this Extraordinary General Meeting of Shareholders.
- (iv) The Investigators may request that the Company’s executives and employees disclose and deliver documents, etc., that the Investigators deem necessary for the investigation. The Investigators may also request reports on matters that they deem necessary for the investigation. The Company’s executives and employees may not refuse such requests.
- (v) If any executive or employee of the Company or any other person does not cooperate with the investigation, or refuses or interferes with the investigation, or if the Investigators or any assistants are directly or indirectly pressured by any executive or employee of the Company or any other person, the Investigators shall state this in the Investigation Report.
- (vi) The Investigators shall determine the scope of facts to be investigated (hereinafter referred to as the “Investigation Scope”) with the Company’s executives and employees’ input as needed. The Investigation Scope shall be necessary and sufficient to achieve the aim of the Investigators’ appointment, which is to investigate whether or not the Nomination was conducted in a fair and impartial manner without the involvement or undue influence of third parties . In addition, the Investigators can, at their discretion, expand or change the Investigation Scope as necessary. In such cases, the circumstances of such an expansion or change shall be explained in the Investigation Report.
- (vii) The Investigators shall set the Investigation Scope, taking into account the

Company's cost and resource allocation, so as not to have a significant adverse impact on the Company's corporate value.

**【Remuneration】**

(i) To the extent reasonable in general societal terms, the Company shall reimburse the Investigators for the expenses incurred in the investigation (including the daily allowance for the Investigators and assistants). If the Investigators and assistants charge remuneration based on a time charge in the course of their regular work, the remuneration calculated based on such time charge shall be deemed reasonable in general societal terms.

(ii) If the Company refuses to pay all or part of the expenses incurred in the investigation in response to the Investigators' request, Strategic Capital, Inc. shall indemnify the Investigators for the expenses not paid.

**【Others】**

The Investigators may elect persons whom they deem appropriate as assistants and delegate a part of the Investigators' work to the assistants. However, executives and employees of the Company may not be elected as assistants.

**Disclaimer**

This press release is an abbreviated reference translation of the original announcement in Japanese ([here](#)). In the event of any differences between the original Japanese version and the English translation, the original Japanese version shall prevail.

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