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Corporate Governance Report

Last Updated: May 27, 2024

KYORITSU MAINTENANCE CO., LTD.

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The corporate governance of KYORITSU MAINTENANCE CO., LTD. (the “Company”) is described below.

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

1. Basic Views

Since its founding, the Company has set as its Management Philosophy “the spirit of the company is to put customers first,” while its Management Policy is “contributing to the progress of society as a whole through food and housing.” The Company believes that enhancing corporate governance is essential for ongoing expansion and for the maximization of shareholder value over the long term. It is taking steps to speed up management decision-making, to strengthen supervision of management, to emphasize and fulfil accountability, and to disclose information promptly and appropriately, among other matters, and it recognizes that ensuring the transparency and soundness of management is an important issue.

The Company has established a General Meeting of Shareholders, a Board of Directors, and an Audit and Supervisory Committee as organizations based on the Companies Act, and has appointed an Accounting Auditor in accordance with said Act. In addition to these organizations, it has established a Nomination Committee, a Remuneration Committee, a Group Management Information-Sharing Meeting, an Executive Committee, a Compliance Committee, and a Sustainability Promotion Committee.

Please see the diagram at the end of this document for an overview of mechanisms for the execution and supervision of business.

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

[Principle 1.4] Cross-Shareholdings

<Policy on cross-shareholdings>

The Company holds shares of some of its clients as cross-shareholdings with the objective of strengthening business relationships.

The Corporate Planning Division and departments that supervise transactions make judgments on whether to hold the shares of such companies based on their current and future levels of profitability, etc., and from the perspective of whether strengthening relationships with the companies will help maintain and increase the corporate value of the Company.

<Verification of cross-shareholdings>

For shares of clients held by the Company, once a year the Corporate Planning Division validates the status of the shareholding with the departments that supervise transactions by considering the economic rationale, which includes the original objective of holding the shares, the status of the business relationship such as transaction amounts and the nature of the business, and the cost of capital.

The Company seeks to reduce shareholdings that are found, as a result of this process, to no longer match the original objective for holding shares by selling them or taking other steps.

The details of this verification are reported to the Board of Directors every year.

Moreover, for shares of clients held by the Company as of March 31, 2024, as a result of verifying the objective and reasonability of the holdings, the Company has decided to maintain holdings of all 12 listed stocks.

<Standard for exercising voting rights>

With regard to the exercising of voting rights associated with cross-shareholdings, through dialogue between the departments (companies) that supervise transactions and the companies in question, and through verification by specialist departments such as the Corporate Planning Division, voting rights are exercised appropriately after making a judgment as to whether the content of the proposals in question will help maintain or increase the corporate value, and help increase the shareholder value of the Company.

The Company will not exercise its voting rights in the affirmative for proposals that may impair the corporate value or shareholder value of the Company, irrespective of whether the proposal originates from the company in question or its shareholders.

[Principle 1.7] Related Party Transactions

With regard to related party transactions, Audit and Supervisory Committee Members, including Outside Directors, conduct interviews on the state of execution of duties by Directors after the end of the fiscal year. These interviews include meetings centered on related party transactions, and in this way supervision of such matters is achieved.

When approval is sought for related party transactions, if necessary a resolution is passed by a meeting of the Board of Directors from which related parties have been excluded. In addition, the opinions of Outside Directors are respected during discussions.

[Principle 2.4] Ensuring Diversity in Companies, Including Active Participation of Women

<<Supplementary Principle 2.4.1>> Diversity of Core Human Resources

<Approach to ensuring diversity>

Due to our belief that ensuring diversity leads to the sustainable growth of the organization, the Company has hitherto recruited the new graduates and mid-career hires it needs regardless of gender or nationality, and has promoted competent people to management positions. Furthermore, in terms of ESG-related initiatives, it has worked to increase the percentage of women in management positions and to create a comfortable working environment.

<Voluntary and measurable goals for ensuring diversity and its progress>

(1) Promotion of women to managerial positions

In accordance with the Act on the Promotion of Women's Active Engagement in Professional Life, the Company has drawn up a plan of action to create a more comfortable working environment for women, and to enable them to fully demonstrate their abilities. As of March 31, 2024, the percentage of female employees in management positions was 15.8%, and the Company has set a target of achieving at least 20% for this metric by March 31, 2028.

(2) Promotion of midcareer hires to managerial positions

The Company has for many years proactively recruited mid-career hires, and as of March 31, 2024, the percentage of mid-career hires in management positions was 77.0%. The percentage of mid-career hires in management positions is thus extraordinarily high, and because individuals are promoted to management based on their track record, abilities, and other factors, regardless of the route by which they were recruited, no target for this metric is currently set.

(3) Promotion of foreign nationals to managerial positions

As of March 31, 2024, the percentage of foreign nationals in management positions was 1.9%. Because individuals are promoted to management based on their track record, abilities, and other factors, regardless of nationality, no target for this metric is currently set.

<Human resource development policy for ensuring diversity, policy for establishing an internal environment, and status of their implementation>

To promote the empowerment of women, the Company has implemented a program of sending employees on a volunteer basis to universities to encourage the development of female managers, and going forward it will implement training for the development of female managers and for the next generation of female leaders. The Company has hitherto proactively recruited mid-career hires with proven ability, and going forward it will continue to focus on creating an environment in which such individuals can demonstrate their abilities. In recent

years we have been strengthening our recruitment of foreign nationals from among new graduates, and our basic approach to their development is the same as that applied to other new graduates, in that individuals will be promoted to management based on their abilities, experience, track record and other factors.

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

The Company operates a contract-type corporate pension plan, with management of the funds outsourced to multiple management institutions in Japan and overseas. By entrusting the selection of individual investments and the exercise of voting rights to the respective management institutions, conflicts of interest between corporate pension plan beneficiaries and the Company are avoided.

The Company has assigned personnel proficient in finance and human resources to raise the level of management expertise in the responsible department and to ensure that expected functions, such as monitoring of management institutions, are executed properly.

[Principle 3.1] Enhancement of Disclosure

<(i) Management Philosophy, management strategies and management plans>

The Company's Management Philosophy says that the spirit of the company is to put customers first, and its Management Policy is "contributing to the progress of society as a whole through food and housing."

The Management Philosophy and Management Policy are stated as basic policies on business operation in the business report (in Japanese only) that is included in the Notice of the General Meeting of Shareholders, and initiatives based on the Management Philosophy are described in the "About" section of the Company's website. In terms of management strategy and plans, the "KYORITSU Growth Vision/Rise Up Plan 2028" medium-term management plan has been made available on the Company website, in addition to which we provide explanations in the course of IR activities, such as financial results briefings.

(General meeting of shareholders: <https://www.kyoritsugroup.co.jp/en/ir/calendar/>)

(Medium-term management plan: <https://www.kyoritsugroup.co.jp/en/ir/mediumtermmanagementplan/>)

(IR news: <https://www.kyoritsugroup.co.jp/ir/news/>) (in Japanese)

<(ii) Basic views and policies on corporate governance>

As presented in the "Corporate Governance" section (in Japanese only) of the Annual Securities Report, the Company's basic view and basic policy is that enhancing corporate governance is essential for ongoing expansion and for the maximization of shareholder value over the long term. The Company is taking steps to speed up management decision-making, to strengthen supervision of management, to emphasize and fulfil accountability, and to disclose information promptly and appropriately, among other matters, and it recognizes that ensuring the transparency and soundness of management is an important issue.

(Annual Securities Report: <https://www.kyoritsugroup.co.jp/en/ir/download/>)

<(iii) Policies and procedures for determining the remuneration of the senior management and Directors>

a. Matters concerning the policy regarding the details of individual remuneration, etc. for Directors

The policy of the Company on determining the amount of individual remuneration, etc. for Directors or its calculation method is as follows.

- i Our basic policy for remuneration for the Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) is to maintain a remuneration system that functions sufficiently as an incentive to continuously enhance corporate value and to ensure appropriate remuneration based on the individual Director's job responsibilities when deciding their remuneration. In addition, the composition of director remuneration is comprised of a basic remuneration paid monthly, an executive officer bonus paid at a certain time each year, and share-based remuneration related to transfer restricted shares.

The basic remuneration is comprised of a position salary according to the incumbent position and the degree of business contribution, and a performance salary determined according to individual evaluation, and is determined after making an individual evaluation of business performance, degree of contribution to company management, etc. Payment levels for basic remuneration are calculated comprehensively considering factors including levels at industry peers and changes in the management environment, and are revised as needed.

The executive officer bonus is performance-linked remuneration, and non-consolidated net income is used as the main performance indicator. This indicator is used because it is a numerical value showing the final performance of the relevant fiscal year and is considered to be the most rational standard as the basis for calculating performance-linked remuneration.

As for the method of determining executive officer bonuses, the total amount is determined based on non-consolidated net income, and the amount to be paid to each Director is determined by individual evaluation of the division for which they are responsible.

Share-based remuneration concerning transfer restricted shares is given in accordance with each Director's incumbent position, etc. from the perspective of providing incentive regarding enhancing corporate value in the long term.

- ii Remuneration of Outside Directors and Directors who are Audit and Supervisory Committee Members is comprised of a basic remuneration paid monthly, which is fixed in order to maintain objectivity and fairness.
- iii The Company's policy is to set the payment ratio of each remuneration, etc. to the most appropriate ratio so that it will be a sound incentive for sustainable growth over the medium to long term.

b. Outline of mechanisms and procedures to determine policy regarding the calculation method of individual remuneration, etc. for Directors.

The policy on determining the details of individual remuneration, etc. for Directors of the Company is determined by a resolution of the Board of Directors.

Authority for determining the amount of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) is delegated by the Board of Directors to a Remuneration Committee whose members are comprised of Chairman Haruhisa Ishizuka, Outside Director Takayuki Hayakawa, and Outside Director who is an Audit and Supervisory Committee Member Toshiaki Miyagi, within the range of the total remuneration amount resolved at the General Meeting of Shareholders. The reason for the delegation is that the Remuneration Committee, with a majority of its members being independent Outside Directors, is expected to exercise its decision-making authority in a fair, transparent, and objective manner.

Based on the policy for determining individual remuneration, etc. for Directors, the Remuneration Committee deliberates corporate performance and other indicators before determining individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), and the Board of Directors makes a judgment as to whether the details thus determined conform to the policy for determining individual remuneration, etc. for Directors.

<(iv) Policies and procedures for electing and dismissing senior management, and for nominating Directors and Audit and Supervisory Committee Members>

When nominating candidates for Director (excluding Directors who are Audit and Supervisory Committee Members), the policy of the Company is to select individuals who have abundant knowledge and experience in the areas of business for which they are responsible, who have achieved a significant degree of contribution to their responsible business areas and the Company's management, and who are likely to successfully perform their duties as Director and contribute to increases in corporate value.

When nominating candidates for Audit and Supervisory Committee Member and Outside Director, the policy of the Company is to select individuals who not only have a high level of expertise in a variety of areas but also have wide-ranging experience and insights, and who can proactively offer advice to the Board of Directors, etc.

The selection procedure is as follows: The Board of Directors recommends individuals as candidates for Director who conform to the policy. These candidates are subsequently deliberated by the Nomination Committee, a majority of whose members consist of independent Outside Directors, and then the candidate proposal is determined by the Board of Directors and put before the General Meeting of Shareholders for approval.

In cases where a Director is deemed to not fulfill the requirements for individuals set out in the selection policy for Directors described above, the dismissal of the Director in question is deliberated by the Nomination Committee, discussed at a meeting of the Board of Directors, and put before the General Meeting of Shareholders for approval, in accordance with the Rules for Board of Directors Duties.

<(v) Individual reasons for electing and dismissing senior management, and for nominating Directors and Audit and Supervisory Committee Members>

An explanation of the individual reasons for nominating Directors and Audit and Supervisory Committee Members is provided in the Reference Documents for the General Meeting of Shareholders accompanying the Notice of the General Meeting of Shareholders.

(General meeting of shareholders: <https://www.kyoritsugroup.co.jp/en/ir/calendar/>)

<<Supplementary Principle 3.1.3>> Initiatives to Address Sustainability Issues, Such as Climate Change

The Group's overall view on sustainability, disclosure in accordance with TCFD or an equivalent framework, and its human capital initiatives are described in "2. (2) Approach and Initiatives for Sustainability" in the Annual Securities Report.

(Annual Securities Report: <https://www.kyoritsugroup.co.jp/en/ir/download/>)

[Principle 4.1] Roles and Responsibilities of Directors

<<Supplementary Principle 4.1.1>> Delegation of Business Execution to Directors

The Company delegates important matters of business execution to Directors in the case of individual projects that require careful timing and rapid management decision-making, such as the purchase or disposal of important assets, or significant amounts of borrowings.

For specific projects to be delegated, the policy is determined by the Board of Directors and delegated to Directors after conditions, such as the scope and duration of the delegation, have been attached.

In addition, the Board of Directors supervises such matters by requiring performance reports on outcomes and progress from the Directors to which such matters have been delegated.

<<Supplementary Principle 4.1.3>> Succession plan for the CEO and other top executives

In terms of our "Basic Policy on Company President Succession Plan," deliberations were held at a meeting of the Nomination Committee, composed mainly of Outside Directors, held in April 2024, and the details of the policy were resolved at the Board of Directors based on those deliberation results.

[Principle 4.9] Independence Standards and Qualifications for Independent Outside Directors

The Company selects independent Outside Directors based on its own independence criteria, which conform to the independence criteria set by the Tokyo Stock Exchange.

In addition, the policy of the Company is to select independent Outside Directors who not only have a high level of expertise in a variety of areas but also have wide-ranging experience and insights, and who are expected to proactively offer advice to the Board of Directors, etc. The current independent Outside Directors have long experience in government, or in the industries of banking, securities, healthcare, and tourism, which gives them a broad range of knowledge and insights and enables them to provide appropriate supervision from an independent perspective.

[Principle 4.10] Use of Optional Approaches

<<Supplementary Principle 4.10.1>> Independence, Authority, and Roles in Relation to the Composition of the Nomination/Remuneration Committees

- The Nomination Committee and Remuneration Committee of the Company were established with the objective of enhancing its corporate governance by strengthening the fairness, transparency, and objectivity of the procedures used to nominate and remunerate, etc. Directors (including Audit and Supervisory Committee Members; hereinafter the same shall apply).
- A majority of the members of the Nomination Committee and Remuneration Committee are independent Outside Directors, and each is also chaired by an independent Outside Director, thus ensuring the independence of these two bodies.
- The members of the Nomination Committee and the Remuneration Committee are appointed by a resolution of the Board of Directors, and each chairperson is elected by a resolution of the respective committee.
- The Nomination Committee is consulted by the Board of Directors in relation to the nomination, etc. of Directors, and it deliberates and submits its findings to the Board of Directors mainly on the following matters.
 - (i) Details of proposals for election or dismissal of Directors to be submitted to the General Meeting of Shareholders
 - (ii) Other matters that are considered necessary by the Board of Directors
- The Remuneration Committee is consulted by the Board of Directors in relation to the remuneration, etc. of Directors, and it deliberates and submits its findings to the Board of Directors, or makes a decision itself and reports it to the Board of Directors, mainly on the following matters.
 - (1) Matters deliberated and the findings thereof reported based on consultations from the Board of Directors
 - (i) Remuneration system for Directors and policies for determining remuneration
 - (ii) Details of proposals on the remuneration, etc. of Directors to be submitted to the General Meeting of Shareholders
 - (iii) Other matters that are considered necessary by the Board of Directors

- (2) Matters deliberated and decided upon based on delegation by the Board of Directors
 - (i) Content of individual remuneration, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - (ii) Other matters delegated by the Board of Directors

[Principle 4.11] Preconditions for Ensuring Effectiveness of the Board of Directors and Audit and Supervisory Committee

<<Supplementary Principle 4.11.1>> View on Composition of the Board of Directors

The policy of the Company is for all Directors to be equipped with abundant knowledge and experience of company management, finance, and other matters, and to elect individuals without being unduly influenced by their nationality, ethnicity, gender, career background, or age. The composition of the Board of Directors of the Company is constituted such that each Director has a high level of expertise, and diversity is ensured through the overall balance of knowledge, experience, and skills, and through the selection of female Directors and other measures. Diversity is further promoted by the selection of Outside Directors with a broad range of knowledge and insights.

A list of the skills of each Director is provided in the Notice of the Ordinary General Meeting of Shareholders, based on the skills identified by comparing those that should be possessed by the Board of Directors in order to implement the Company's management strategy and management issues.

(General meeting of shareholders: <https://www.kyoritsugroup.co.jp/en/ir/calendar/>)

<<Supplementary Principle 4.11.2>> Concurrent Positions for Directors and Audit and Supervisory Committee Members

Positions concurrently held by Directors of the Company are disclosed every year in the Reference Documents accompanying the Notice of the General Meeting of Shareholders.

Because there is a high level of attendance at meetings of the Board of Directors by Directors, including Outside Directors, and because these meetings include lively presentations, question-and-answer sessions, and discussions, the number of companies at which Directors have concurrent positions is considered to be within a range considered reasonable, and the assessment is that Directors are fulfilling their roles and duties appropriately.

(General meeting of shareholders: <https://www.kyoritsugroup.co.jp/en/ir/calendar/>)

<<Supplementary Principle 4.11.3>> Evaluation of the Effectiveness of Directors

To further improve the future composition and operations of the Board of Directors, each year, the Company performs an analysis and evaluation (Board of Directors evaluation) of the effectiveness of the Board of Directors from the end of the business year at the end of March through May.

In terms of the method of analysis and evaluation, the Company has all Directors perform self-evaluations using an anonymous questionnaire, and after receiving responses from all eligible parties, the details of the analysis and evaluation are confirmed at the Board of Directors. In the fiscal year ended March 31, 2024, the Company revised the questionnaire items referencing both information from competitors and external knowledge.

Our analysis and evaluation of the previous fiscal year showed that the expected roles of the Company's Board of Directors are being appropriately fulfilled, and that the effectiveness of the Board of Directors is being sufficiently ensured based on positive evaluation of items including the composition and scale of the Board of Directors, the operations of the Board of Directors, cooperation with auditing bodies, and relationships with shareholders and investors, in addition to the evaluation that our governance system has become more enhanced compared to the preceding fiscal year.

Expectations have been voiced for the Company to further enhance training opportunities for Directors and opportunities to provide information about the Company and the business to Outside Directors so that the Board of Directors can further exercise its roles and functions. We are taking a focused and detailed approach in exploring these suggestions as we continue to work to increase the effectiveness of the Board of Directors.

[Principle 4.14] Training for Directors and Audit and Supervisory Committee Members

<<Supplementary Principle 4.14.2>> Training Policy

In addition to having newly appointed Directors, including Audit and Supervisory Committee Members, undergo external training in order to enhance their knowledge, the Company also provides opportunities for knowledge acquisition after they have been appointed, such as by holding study meetings with external specialists to address revisions to laws.

In order to ensure that the necessary knowledge is acquired by each operations division, the Company encourages appropriate participation in various external seminars, etc.

[Principle 5.1] Policy for Constructive Dialogue With Shareholders

The Manager of Corporate Planning Department has been appointed as the person in charge of investor relations for the Company with regard to promoting constructive dialogue with shareholders, overseen by the Executive Director responsible for Planning and Development Group. This team engages proactively with stakeholders not only via the General Meeting of Shareholders but also through financial results briefings, IR activities with domestic and overseas investors, and participation in IR fairs.

<<Supplementary Principle 5.1.1>> Persons Engaging in Dialogue With Investors

The policy of the Company is that financial results briefings, etc. are attended by the Representative Directors and the Executive Director responsible for Planning and Development Group, but requests for individual meetings in Japan are handled by the Executive Director responsible for Planning and Development Group or the Manager of Corporate Planning Department. The policy also allows for Outside Directors or Audit and Supervisory Committee Members to be involved as appropriate in responses to requests from investors, if deemed necessary.

<<Supplementary Principle 5.1.2>>

<(i) Nomination of person who will contribute to achieving constructive dialogue>

From the perspective of nominating personnel who are able to give careful consideration to ensure that dialogue takes place, the Manager of Corporate Planning Department has been appointed as the person in charge of investor relations for the Company, overseen by the Executive Director responsible for Planning and Development Group.

<(ii) Cooperation between departments aimed at supporting dialogue>

The person responsible for IR at the Company is the Executive Director responsible for Planning and Development Group, who supervises the Corporate Planning Department, Accounting Department, and Financial Affairs Department. They cooperate with the Director Responsible for Management Group, who supervises the HR Department, General Affairs Department, Risk Management Department, and Corporate Communication Department to ensure that all the divisions are working to support IR activities.

<(iii) Initiatives aimed at enhancing opportunities for dialogue>

In addition to holding financial results briefings, conducting IR activities with domestic and overseas investors, and participating in IR fairs, the Company engages proactively in dialogue with shareholders through Monthly Reports, etc. on the Company website.

Furthermore, the General Meeting of Shareholders of the Company is attended by large numbers of shareholders, primarily individual investors, and the meeting incorporates lively question-and-answer sessions.

(Monthly Report: <https://www.kyoritsugroup.co.jp/news/>) (in Japanese)

<(iv) Relaying the content of dialogue>

The Executive Director responsible for Planning and Development Group and the Manager of Corporate Planning Department, who are in charge of IR, ensure that information is shared by relaying the content of their dialogue with shareholders to the President and other Directors who execute the operations of the Company.

Reports to the Board of Directors are also provided, as necessary.

<(v) Management of insider information>

From the perspective of managing insider information, the Company takes a prudent approach to the provision of material information, such as by taking advice from legal advisors when required in relation to whether information should or should not be disclosed, in addition to which it takes care not to leak information in any IR situation.

[Principle 5.2] Action to Implement Management that is Conscious of the Cost of Capital and the Stock Price

Our medium-term management plan “KYORITSU Growth Vision Rise Up Plan 2028” announced in May 2023 calls for ROE of 10%, and by working to increase the Company’s medium- to long-term ROE, we aim to enhance our corporate value.

(Notice Regarding the Formulation of the Medium-term Management Plan:

https://www.kyoritsugroup.co.jp/cms/wp-content/uploads/2023/05/20230515_3.pdf) (in Japanese)

(Medium-term management plan: <https://www.kyoritsugroup.co.jp/en/ir/mediumtermmanagementplan/>)

2. Capital Structure

Foreign Shareholding Ratio	From 20% to less than 30%
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[Status of Major Shareholders]

Name	Number of Shares Owned (Shares)	Shareholding Ratio (%)
Milestone Co., Ltd.	4,242,800	10.87
The Master Trust Bank of Japan, Ltd.	3,409,800	8.73
Custody Bank of Japan, Ltd. (Trust Account)	2,457,100	6.29
KYORITSU INTERNATIONAL FOUNDATION	2,037,500	5.22
Haruhisa Ishizuka	1,052,984	2.69
NOMURA PB NOMINEES LIMITED OMNIBUS-MARGIN (CASHPB)	992,909	2.54
MSIP CLIENT SECURITIES	931,145	2.38
Sumitomo Mitsui Banking Corporation	792,720	2.03
Nippon Life Insurance Company	548,580	1.40
GOLDMAN, SACHS & CO.REG	521,455	1.33

Controlling Shareholder (except for Parent)	—
Parent (Listed Stock Market)	N/A

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	Services
Number of Employees (Consolidated) at End of the Previous Fiscal Year	1,000 or more
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 10 to less than 50

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

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5. 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 and supervisory committee
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[Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	22
Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	18
Appointment of Outside Directors	Appointed
Number of Outside Directors	6
Number of Independent Officers Designated From Among Outside Directors	6

Outside Directors' Relationship With the Company (1)

Name	Attribute	Relationship With the Company*										
		a.	b.	c.	d.	e.	f.	g.	h.	i.	j.	k.
Shigeto Kubo	From another company											○
Yasunobu Hirata	From another company											○
Takayuki Hayakawa	From another company								△			
Keiko Oda	From another company											○
Toshiaki Miyagi	From another company								△			
Tokio Kawashima	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; and
 "▲" 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 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	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Shigeto Kubo		○	The Company has designated Director Shigeto Kubo as an independent officer.	Shigeto Kubo has been involved in the administration in the areas of land, infrastructure and transport, as well as tourism, for many years. The Company expects that he will utilize his objective, broad and advanced perspective in management of the Company based on his experience and abundant knowledge. Accordingly, the Company appointed him as Outside Director. He also fulfils the independence criteria set by the Tokyo Stock Exchange, and has been designated as an independent officer because there is no risk of a conflict with the interests of general shareholders.
Yasunobu Hirata		○	The Company has designated Director Yasunobu Hirata as an independent officer.	Yasunobu Hirata has extensive experience and knowledge acquired from many years of engaging in medical treatment as a clinician and student instruction as a university professor. He also has working experience in management at a university, hospitals and others. Therefore, the Company expects that he will provide valuable advice for the Company's management and health and hygiene aspects, and it has determined that he will properly perform his duties as Outside Director. Accordingly, the Company appointed him as Outside Director. He also fulfils the independence criteria set by the Tokyo Stock Exchange, and has been designated as an independent officer because there is no risk of a conflict with the interests of general shareholders.

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Takayuki Hayakawa		○	The Company has designated Director Takayuki Hayakawa as an independent officer.	Takayuki Hayakawa has advanced knowledge regarding finance, accounting and market analysis based on his working experience at a major city bank and extensive knowledge about corporate management based on his experience as a manager of real estate companies. Therefore, the Company expects that he will provide valuable advice for the Company's management decision-making and business execution. Accordingly, the Company appointed him as Outside Director. He also fulfils the independence criteria set by the Tokyo Stock Exchange, and has been designated as an independent officer because there is no risk of a conflict with the interests of general shareholders.
Keiko Oda		○	The Company has designated Director Keiko Oda as an independent officer.	Keiko Oda has been involved in the international publication of tourism in Japan and its food culture and the regional revitalization through the Cool Japan initiative and other activities for many years. The Company expects that she will provide valuable advice for the Company's management decision-making and business execution based on her experience and extensive knowledge. Accordingly, the Company appointed her as Outside Director. She also fulfils the independence criteria set by the Tokyo Stock Exchange, and has been designated as an independent officer because there is no risk of a conflict with the interests of general shareholders.

Name	Audit and Supervisory Committee Member	Independent Officer	Supplementary Explanation of the Relationship	Reasons for Appointment
Toshiaki Miyagi	○	○	The Company has designated Director Toshiaki Miyagi as an independent officer.	Toshiaki Miyagi had been involved in management in the securities business sector and possesses experience and knowledge in business management. Therefore, the Company expects that he will supervise and provide advice on the Director's execution of duties, the nomination of candidates for Directors and decisions on the remunerations for Directors from a neutral and objective standpoint. Accordingly, the Company appointed him as Outside Director. He also fulfils the independence criteria set by the Tokyo Stock Exchange, and has been designated as an independent officer because there is no risk of a conflict with the interests of general shareholders.
Tokio Kawashima	○	○	The Company has designated Director Tokio Kawashima as an independent officer.	Tokio Kawashima has many years of working experience in a financial institution and possesses considerable knowledge regarding finance and accounting. Therefore, the Company expects that he will supervise and provide advice on the Director's execution of duties, the nomination of candidates for Directors and decisions on the remunerations for Directors from a neutral and objective standpoint. Accordingly, the Company appointed him as Outside Director. He also fulfils the independence criteria set by the Tokyo Stock Exchange, and has been designated as an independent officer because there is no risk of a conflict with the interests of general shareholders.

[Audit and Supervisory Committee]**Committee's Composition and Chairperson's Attributes**

	Total Committee Members	Full-time Members	Inside Directors	Outside Directors	Chairperson
Audit and Supervisory Committee	3	1	1	2	Inside Director

Appointment of Directors and/or Employees to Support Duties of the Audit and Supervisory Committee

Not appointed

Reasons for Adopting the Current Structure

The Audit and Supervisory Committee selects the chairperson of the Audit and Supervisory Committee, and because it implements audits in cooperation with the Internal Auditing Department, no employees have been assigned to assist with the duties of the Audit and Supervisory Committee.

Cooperation Among Audit and Supervisory Committee, Accounting Auditor and Internal Auditing Department

The Company has adopted the structure of a company with audit and supervisory committee, for which it selects three Audit and Supervisory Committee Members (of whom two are Outside Audit and Supervisory Committee Members), who attend the Board of Directors and other meetings, express their opinions with energy, and work to strengthen the management oversight function.

The internal audit system consists of Audit and Supervisory Committee Members working together with head office internal audit personnel dispatched to the Internal Auditing Department, and conducting audits to determine whether business execution has been adapted to compliance, whether it conforms with relevant laws and regulations, and internal regulations, etc., and whether it is being conducted legally and appropriately.

[Voluntary Committees]

Establishment of Voluntary Committee(s) Equivalent to Nomination Committee or Remuneration Committee

Established

Voluntary Committee's Name, Composition, and Chairperson's Attributes

	Committee Equivalent to Nomination Committee	Committee Equivalent to Remuneration Committee
Committee's Name	Nomination Committee	Remuneration Committee
Total Committee Members	3	3
Full-time Members	1	1
Inside Directors	1	1
Outside Directors	2	2
Outside Experts	0	0
Other	0	0
Chairperson	Outside Director	Outside Director

Supplementary Explanation

<<Supplementary Principle 4.10.1 Use of Optional Approaches>>

- The Nomination Committee and Remuneration Committee of the Company were established with the objective of enhancing its corporate governance by strengthening the fairness, transparency, and objectivity of the procedures used to nominate and remunerate, etc. Directors (including Audit and Supervisory Committee Members; hereinafter the same shall apply).
- A majority of the members of the Nomination Committee and Remuneration Committee are independent Outside Directors, and each is also chaired by an independent Outside Director, thus ensuring the independence of these two bodies.
- The members of the Nomination Committee and the Remuneration Committee are appointed by a resolution of the Board of Directors, and each chairperson is elected by a resolution of the respective committee.
- The Nomination Committee is consulted by the Board of Directors in relation to the nomination, etc. of Directors, and it deliberates and submits its findings to the Board of Directors mainly on the following matters.
 - (i) Details of proposals for election or dismissal of Directors to be submitted to the General Meeting of Shareholders
 - (ii) Other matters that are considered necessary by the Board of Directors
- The Remuneration Committee is consulted by the Board of Directors in relation to the remuneration, etc. of Directors, and it deliberates and submits its findings to the Board of Directors, or makes a decision itself and reports it to the Board of Directors, mainly on the following matters.
 - (1) Matters deliberated and the findings thereof reported based on consultations from the Board of Directors
 - (i) Remuneration system for Directors and policies for determining remuneration
 - (ii) Details of proposals on the remuneration, etc. of Directors to be submitted to the General Meeting of Shareholders
 - (iii) Other matters that are considered necessary by the Board of Directors
 - (2) Matters deliberated and decided upon based on delegation by the Board of Directors
 - (i) Content of individual remuneration, etc. of Directors (excluding Directors who are Audit and Supervisory Committee Members)
 - (ii) Other matters delegated by the Board of Directors

[Independent Officers]

Number of Independent Officers	6
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Matters Relating to Independent Officers
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[Incentives]

Implementation of Measures to Provide Incentives to Directors	Introduction of the performance-linked remuneration plan and others
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Supplementary Explanation

The Company has introduced a performance-linked remuneration plan and a restricted share-based remuneration plan (RS).

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

It is stated in the Notice of the General Meeting of Shareholders that annual remuneration for Directors in the fiscal year ended March 31, 2024 was ¥722 million, and that annual remuneration for Audit and Supervisory Committee Members was ¥21 million.

It is further stated in the Annual Securities Report that remuneration is disclosed separately for Directors whose total remuneration exceeds ¥100 million.

The Notice of the General Meeting of Shareholders and the Annual Securities Report are available on the Company website.

[Individual remuneration]

Name	Haruhisa Ishizuka	Total amount of remuneration: ¥214 million	Basic remuneration: ¥80 million	Bonus: ¥133 million
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Policy for Determining Remuneration Amounts or Calculation Methods Thereof	Established
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Disclosure of Policy for Determining Remuneration Amounts or Calculation Methods Thereof
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At a meeting held on April 26, 2024, the Board of Directors of the Company resolved a policy for determining the content of individual remuneration, etc. of Directors. In relation to individual remuneration, etc. of Directors for the current fiscal year, the Board of Directors also has judged that the methods used to determine the content of remuneration, etc. and the content of remuneration, etc. thus determined conform to and are aligned with said policy.

- a. Matters concerning the policy regarding the details of individual remuneration, etc. for Directors

The policy of the Company on determining the amount of individual remuneration, etc. for Directors or its calculation method is as follows.

 - i Our basic policy for remuneration for the Company's Directors (excluding Outside Directors and Directors who are Audit and Supervisory Committee Members) is to maintain a remuneration system that functions sufficiently as an incentive to continuously enhance corporate value and to ensure appropriate remuneration based on the individual Director's job responsibilities when deciding their remuneration. In addition, the composition of director remuneration is comprised of a basic remuneration paid monthly, an

executive officer bonus paid at a certain time each year, and share-based remuneration related to transfer restricted shares.

The basic remuneration is comprised of a position salary according to the incumbent position and the degree of business contribution, and a performance salary determined according to individual evaluation, and is determined after making an individual evaluation of business performance, degree of contribution to company management, etc. Payment levels for basic remuneration are calculated comprehensively considering factors including levels at industry peers and changes in the management environment, and are revised as needed.

The executive officer bonus is performance-linked remuneration, and non-consolidated net income is used as the main performance indicator. This indicator is used because it is a numerical value showing the final performance of the relevant fiscal year and is considered to be the most rational standard as the basis for calculating performance-linked remuneration.

As for the method of determining executive officer bonuses, the total amount is determined based on non-consolidated net income, and the amount to be paid to each Director is determined by individual evaluation of the division for which they are responsible.

Share-based remuneration concerning transfer restricted shares is given in accordance with each Director's incumbent position, etc. from the perspective of providing incentive regarding enhancing corporate value in the long term.

- ii Remuneration of Outside Directors and Directors who are Audit and Supervisory Committee Members is comprised of a basic remuneration paid monthly, which is fixed in order to maintain objectivity and fairness.
- iii The Company's policy is to set the payment ratio of each remuneration, etc. to the most appropriate ratio so that it will be a sound incentive for sustainable growth over the medium to long term.

b. Outline of mechanisms and procedures to determine policy regarding the calculation method of individual remuneration, etc. for Directors.

The policy on determining the details of individual remuneration, etc. for Directors of the Company is determined by a resolution of the Board of Directors.

Authority for determining the amount of individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members) is delegated by the Board of Directors to a Remuneration Committee whose members are comprised of Chairman Haruhisa Ishizuka, Outside Director Takayuki Hayakawa, and Outside Director who is an Audit and Supervisory Committee Member Toshiaki Miyagi, within the range of the total remuneration amount resolved at the General Meeting of Shareholders. The reason for the delegation is that the Remuneration Committee, with a majority of its members being independent Outside Directors, is expected to exercise its decision-making authority in a fair, transparent, and objective manner.

Based on the policy for determining individual remuneration, etc. for Directors, the Remuneration Committee deliberates corporate performance and other indicators before determining individual remuneration, etc. for Directors (excluding Directors who are Audit and Supervisory Committee Members), and the Board of Directors makes a judgment as to whether the details thus determined conform to the policy for determining individual remuneration, etc. for Directors.

The amount of remuneration, etc. for Directors does not include the employee salary portion for Directors who also serve as employees.

At the 40th Ordinary General Meeting of Shareholders held on June 26, 2019, the monetary compensation amount for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved as a maximum amount of ¥1,000 million per year (not including the employee salary portion for Directors who also serve as employees). At the conclusion of that General Meeting of Shareholders, there were 13 Directors, including one Outside Director. At the 43rd Ordinary General Meeting of Shareholders held on June 28, 2022, the amount of non-monetary compensation, etc. (share-based remuneration) for the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors) was approved as a maximum amount of ¥200 million per year. At the conclusion of that General Meeting of Shareholders, there were 14 Directors, including four Outside Directors. At the 36th Ordinary General Meeting of Shareholders held on June 25, 2015, the monetary compensation amount for Audit and Supervisory Committee Members was approved as a maximum amount of ¥70 million per year. At the conclusion of that General Meeting of Shareholders, there were three Audit and Supervisory Committee Members.

Moreover, the amount of remuneration, etc. for Directors of the Company (excluding Directors who are Audit and Supervisory Committee Members) in the current fiscal year was deliberated and approved at a meeting of the Remuneration Committee held on June 26, 2024, in accordance with the Company's policy for determining remuneration.

[Supporting System for Outside Directors]

Although no employees have been assigned full-time to Outside Directors (including Audit and Supervisory Committee Members), the Secretariat and the Internal Auditing Department provide them with support. Materials for meetings of the Board of Directors are distributed to Outside Directors (including Audit and Supervisory Committee Members) in advance.

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

With regard to business execution, management policies for the Group as a whole are confirmed at monthly meetings of the Board of Directors and the Group Management Information-Sharing Meeting.

In terms of management supervision, the Company has adopted the structure of a company with audit and supervisory committee, under which Audit and Supervisory Committee Members attend the Board of Directors and other important meetings, where they receive reports on business execution from Directors, etc., and provide oversight for the process and content of decision-making.

The Company is making efforts to strengthen and enhance the internal control system in accordance with the Basic Policy on Building Internal Control System. It is also working to strengthen systems and structures involved in management, supervision, and assurance that are based on operational standards and procedures determined in advance, with the objective of ensuring the sound, effective, and efficient operation of mechanisms in the Internal Auditing Department to prevent illegal acts, wrongdoing, mistakes, and errors, etc. within the organization.

With regard to compliance initiatives, a Compliance Committee has been established under the Board of Directors, and the Compliance Committee secretariat plays the main role in seeking to further enhance such activities.

In terms of dealing with risk, risk management is to be dealt with by the Compliance Committee, which seeks to respond promptly to unexpected situations.

As well as regular financial results briefings, IR activities include Monthly Reports giving monthly net sales and other information, and disclosure of quarterly financial results. The Executive Director responsible for Planning and Development Group and the Manager of Corporate Planning Department proactively hold meetings to explain the Company to investors, and the Company is also working on information disclosure, such as by early web posting of the Notice of the General Meeting of Shareholders, and providing financial information on the website.

The Company has entered into an audit agreement with Ernst & Young ShinNihon LLC as the Accounting Auditor, whereby an appropriate audit based on information and data provided by the Company is implemented not only for the fiscal year-end but also during the fiscal year (including those of Group companies), in order to confirm the reliability of financial statements. The two certified public accountants who provided accounting audit services to the Company were Hidetsugu Kaneko and Seishi Yoshida, who are affiliated with Ernst & Young ShinNihon LLC. They were assisted by six certified public accountants and 20 other individuals in the accounting audit services provided to the Company.

3. Reasons for Adoption of Current Corporate Governance System

This system was adopted because the Company believes that its corporate governance structure is fully functional. In addition to mutual monitoring by Directors, the Company has adopted the structure of a company with audit and supervisory committee, under which the effectiveness of monitoring and supervision of management is ensured through audits by Audit and Supervisory Committee Members.

It has also appointed Outside Directors to ensure that corporate governance is objective, neutral, and effective.

III Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Early Notification of General Shareholders Meeting	To facilitate appropriate decision-making by shareholders at the General Meeting of Shareholders, the Company dispatches the Notice of the General Meeting of Shareholders at least two weeks before the meeting is held.
Scheduling AGMs Avoiding the Peak Day	The Company's policy is to avoid the peak day to enable as many shareholders as possible to attend.
Allowing Electronic or Magnetic Exercise of Voting Rights	This was first implemented for the 27th Ordinary General Meeting of Shareholders held on June 28, 2006, with the objective of enhancing convenience for shareholders.
Participation in Electronic Voting Platform and Other Efforts to Enhance the Voting Environment for Institutional Investors	The Company began participating in an electronic voting rights exercise platform as an initiative to improve the environment for the exercise of voting rights by institutional investors, beginning with the 38th Ordinary General Meeting of Shareholders held on June 28, 2017.
Providing Convocation Notice in English (Translated Fully or Partially)	This was first implemented for the 37th Ordinary General Meeting of Shareholders held on June 29, 2016, with the objective of enabling the content to also be understood more easily by foreign shareholders.
Other	The Notice is disclosed to the Tokyo Stock Exchange and made available on the Company's website at least one week before it is dispatched by postal mail.

2. IR Activities

	Supplementary Explanation	Explanation by Representative
Holding Regular Investor Briefings for Individual Investors	The Company participates in IR fairs for individual investors about twice a year.	Not adopted
Holding Regular Investor Briefings for Analysts and Institutional Investors	The regular financial results briefings for analysts and institutional investors are held online twice a year after the year-end and interim financial results, and are livestreamed on the Company website.	Yes
Holding Regular Investor Briefings for Overseas Investors	Simultaneous English interpretation and Q&A in both Japanese and English are provided for online financial results briefings for analysts and institutional investors. The financial results briefings held after the year-end and interim financial results are livestreamed on the Company website with an English translation. Visits to and discussions with institutional investors in the United States, Europe, and Asia are conducted around four times a year.	Yes

Posting IR Materials on Website	Summaries of financial results, supplemental materials, annual securities report, quarterly securities report, financial results briefing materials and medium-term management plan are made available in Japanese and English.	
Establishment of Department and/or Manager in Charge of IR	The Corporate Planning Department IR team is in charge of IR, supervised by the Executive Director responsible for Planning and Development Group.	
Other	A Monthly Report that contains monthly net sales and other information for the Group is made available on the Company website. (Monthly Report: https://www.kyoritsugroup.co.jp/news/) (in Japanese)	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Implementation of Environmental Activities, CSR Activities, etc.	For details of the Group's sustainability initiatives, please visit the website. (Sustainability site: https://www.kyoritsugroup.co.jp/en/sustainability/)

IV Matters Related to Internal Control System

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

1. Basic policies on business operation

The following Management Philosophy is the foundation of the Company's management.

[Management Philosophy]

The spirit of the company is to put customers first

- 1) Be thankful and be appreciated
- 2) Gather wisdom and work to improve the service
- 3) Always desire for prosperity and work to achieve mutual profits

In addition, the Company has embodied the above Management Philosophy in the form of Action Guidelines, Management Policy, Three Principles of Corporate Management, and Mindset for Approving Circular Memos, which provide direction for day-to-day business operations.

[Action Guidelines]

- 1) Acquire skills, knowledge, and decorum
- 2) Win trust by thinking and acting as if you were in other's position
- 3) Do not compromise your own behavior, and seek always to enlighten and improve yourself

[Management Policy]

Contributing to the progress of society as a whole through food and housing

- 1) Humans are vital: developing human resources is a farsighted policy
- 2) The only constant is change: establish a management system that captures the spirit of the times, makes immediate decisions, and responds to change
- 3) Focus on performance: define objectives efficiently, clarify them, and ensure that the results are reflected back
- 4) Nature is the fundamental truth: grow by harmonizing the whole with the parts, and the ideal with reality
- 5) Continuation is the mission: build a corporate culture that accumulates trust and responds to society

[Three Principles of Corporate Management]

● Independence of judgment

Management judgments and decisions shall be made of the individual's own free will and benchmarked against the criteria of societal significance, the public interest, and business ethics. Responsibility must not be shifted onto others.

● Thoroughly rationalist approach

Increasing the value of a product or service by making it better, cheaper, and with fewer interruptions is the ultimate societal significance of corporate management. Rationalization and efficiency improvements should be thoroughly implemented.

● Be skeptical of authoritative sources

The views and opinions of authoritative sources (people or institutions that are well-versed in a particular field or state of affairs, or professionals and leaders of organizations in that area) should not be accepted as absolutes. Do not compromise in the quest for truth.

[Mindset for Approving Circular Memos]

- 1) Those with executive responsibility, business responsibility, and implementation responsibility should be aware of their respective responsibilities as final decision-makers.
- 2) The corporate precept of "customer first" shall be the highest-priority criterion when forming judgments.
- 3) Verify whether or not they conform to general guidelines of the Kyoritsu Group.
- 4) Adopt a positive mindset when making judgments, but do not neglect to check the management figures (cost-effectiveness).
- 5) Discard self-interest, and act with the restraint of a public figure (organizational figure).
- 6) Make decisions in accordance with corporate ethics and social norms.

2. The Company's system to ensure that execution of duties by Directors and employees complies with laws and regulations, and with the articles of incorporation
 - (1) The Company is building a compliance promotion system based on Compliance Regulations to ensure that execution of duties by Directors and employees complies with laws and regulations and the articles of incorporation, as well as social responsibilities and corporate ethics.
 - (2) The Company has established a Compliance Committee and a Compliance Committee secretariat. The Risk Management Department is in charge of the Compliance Committee secretariat.
 - (3) With regard to the promotion of compliance, the compliance policies of the Company are set out in compliance manuals, and shall be thoroughly instilled in all Directors and employees. Guidance is provided through training and other methods to ensure that compliance is seen by all Directors and employees as something that involves them directly, and is reflected in business operations.
 - (4) For situations in which there are doubts as to whether acts, etc. are in compliance with laws and regulations, the Company has established a whistleblowing hotline to ensure that employees, etc. have the means for direct reporting, and has also set up an external point of contact for receiving direct reports from employees, etc. of clients. The Company prohibits the unfair treatment of whistleblowers in our "Whistleblowing System Regulations."
3. System for the preservation and management of information relating to the execution of duties by the Company's Directors
 - (1) Documents, etc. are stored and managed appropriately based on the duties for which the individual is responsible, in accordance with laws and regulations, and internal regulations.
 - (2) Management of information is conducted in accordance with the Information Asset Management Regulations, Basic Regulations for Information Security, Information Security Countermeasures Rules, and Basic Regulations for the Protection of Personal Information.
4. Regulations pertaining to crisis management involving losses by the Company, and other systems
 - (1) In accordance with the Basic Regulations on Risk Management, risk management is to be dealt with by the Compliance Committee.
 - (2) The Risk Management Department is in charge of the Compliance Committee secretariat.
 - (3) Risk management is practiced in accordance with the Basic Regulations on Risk Management and Basic Regulations on Crisis Management, in addition to which the Company seeks to ensure safety and minimize losses in the event of a crisis occurring.
5. The Company's system to ensure efficient execution of duties by Directors
 - (1) The Board of Directors of the Company holds monthly meetings to decide important matters and to supervise the efficient execution of business.
 - (2) The Company has adopted a divisional structure under which management is undertaken by multiple operations divisions split into different business areas.
 - (3) General managers of operations divisions use the authority they have been delegated under the Authority for Approval Regulations, etc. to efficiently execute management plans determined in advance.
 - (4) The Company has established a Nomination Committee and Remuneration Committee with members consisting mainly of Outside Directors. Each committee reports its findings in response to consultations from the Board of Directors, undertakes deliberations and decision-making delegated by the Board of Directors, and reports on the performance of its duties to the Board of Directors, thus ensuring the fairness, transparency, and objectivity of procedures related to the nomination and remuneration of Directors, etc.
6. System to ensure the properness of operations by the corporate group comprised of the Company and its subsidiaries
 - (1) The Group is building a compliance system under which the presidents of Group companies are the persons responsible for promoting compliance at each company, in accordance with the Compliance Regulations.
 - (2) The Group seeks to ensure that the Group Management Information-Sharing Meeting is used to discuss and thoroughly publicize the promotion of compliance.

- (3) The Company has established internal and external whistleblowing hotlines that can be used by all employees of Group companies, their families, and persons who resigned no more than one year previously.
- (4) The Company seeks to strengthen cooperation within the Group while respecting the autonomy of Group companies by holding monthly Group Management Information-Sharing Meetings to share information on and ensure thorough implementation of policies determined by the Board of Directors of the Company, and to promote the sharing of information on the state of business at Group companies.

7. Matters relating to Directors and employees who should assist in the duties of the Audit and Supervisory Committee

In the event of a request by Audit and Supervisory Committee Members, an employee will be assigned to assist as required after taking into account their independence and expertise in audit procedures, and after discussion with Audit and Supervisory Committee Members.

- 8. Matters relating to the independence of the Directors and employees referred to in the preceding item from Directors (excluding Directors who are Audit and Supervisory Committee Members), and matters relating to ensuring the effectiveness of instructions from the Audit and Supervisory Committee to Directors who are Audit and Supervisory Committee Members and employees who assist with the duties of the Audit and Supervisory Committee.

In order to ensure the independence of the employees referred to in the preceding item and the effectiveness of instructions from the Audit and Supervisory Committee, decisions regarding assignments, personnel transfers, personnel evaluations, and disciplining of said employees shall require the approval of the Audit and Supervisory Committee.

9. System for reports to the Audit and Supervisory Committee of the Company

In the event that Directors or employees become aware of matters that could cause significant harm to the Company, or illegal acts, or material violations of laws and regulations or the articles of incorporation, they shall make a report to the Audit and Supervisory Committee in accordance with laws and regulations, and internal regulations such as the Audit and Supervisory Committee Auditing Standards and the Audit and Supervisory Committee Rules.

- 10. System to ensure that persons making a report as described in the preceding item are not subject to unfair treatment as a result of making such reports

Unfair treatment of Directors or employees of the Group as a result of making such reports is prohibited in internal regulations, etc.

- 11. Matters relating to the treatment of expenses or debts incurred in the course of the execution of duties by Audit and Supervisory Committee Members (restricted to matters related to the execution of Audit and Supervisory Committee duties)

When an Audit and Supervisory Committee Member invoices the Company for prepayment, etc. of expenses relating to the execution of duties, said expense or debt shall be processed promptly, except in cases where it is recognized that the expense or debt is not required for the execution of duties by said Audit and Supervisory Committee Member.

- 12. Other systems to ensure that audits by the Audit and Supervisory Committee of the Company are conducted effectively

- (1) In addition to attending meetings of the Board of Directors, etc. in order to gain an understanding of important decision-making and the state of business execution, Audit and Supervisory Committee Members may view important documents related to business execution, such as approval documents, and require explanations from Directors or employees as necessary.

- (2) Audit and Supervisory Committee Members work to conduct effective audits by holding regular meetings with the Representative Directors to exchange opinions, and by cooperating with the internal control departments and the Accounting Auditor.

2. Basic Views on Eliminating Anti-Social Forces and Progress of Related Efforts

In order to prevent the involvement in management of antisocial forces that threaten the order and security of society, and to prevent damage caused by said antisocial forces, the Company has thoroughly instilled in all of its officers and employees an approach of resolutely confronting such antisocial forces and rejecting relationships with them.

The General Affairs Department cooperates with external bodies such as the police, the Tokubouren (the Special Anti-Violence Countermeasures Federation of the Metropolitan Police Department) and legal advisors, etc. and works to put in place internal systems, gather and manage information, and provide training, etc.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not adopted
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Supplementary Explanation

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2. Other Matters Concerning Corporate Governance System

1. Overview of timely disclosure system

(1) Basic views on timely disclosure of corporate information

Since the founding of the Company, it has made putting the customer first the starting point of its business, and made it a Management Policy to contribute to the development of society in a wider sense through the provision of services in multiple life stage scenarios. In this way it has made fulfilling its social mission and responsibilities as a company the core of various management judgments. The Company recognizes that enhancing timely disclosure of corporate information is important for the fulfilment of its mission and responsibilities and for ongoing expansion of the Company and the maximization of shareholder value over the long term.

(2) Internal systems related to timely disclosure of corporate information

By holding meetings of the Board of Directors and Group Management Information-Sharing Meetings on a monthly basis, the Company confirms management policies for the Group as a whole. Having adopted the structure of a company with audit and supervisory committee, the Company has selected three Audit and Supervisory Committee Members (of whom two are Outside Directors), who attend the Board of Directors and other important meetings, express their opinions with energy, and work to strengthen the management oversight function.

Outside Directors who are Audit and Supervisory Committee Members are appointed from among candidates who represent the financial and securities industries, and use their deep insights and wide-ranging viewpoints to provide advice.

In addition, the internal audit system consists of Audit and Supervisory Committee Members working together with head office internal audit personnel dispatched to the Internal Auditing Department, and conducting audits to determine whether business execution conforms with relevant laws and regulations, and internal regulations, etc., and whether it is being conducted legally and appropriately.

The Company has also entered into an audit agreement with Ernst & Young ShinNihon LLC as the Accounting Auditor, in order to confirm the reliability of financial statements.

The Company has also entered into an advisory agreement with Okamura Law Office as legal advisors, from which it receives advice on corporate management and other matters of day-to-day operations as required.

(3) Methods for the timely disclosure of corporate information

Through the above-mentioned internal systems, the Company works to disclose information more promptly and accurately, with approved information being used in summaries of financial results, and annual and quarterly securities reports, as well as being provided at financial results briefings, or as management information on the corporate website, or in meetings held by the Corporate Planning Department to explain the Company to investors.

Corporate Governance System

