

Last update: June 19, 2026

Moriroku Co., Ltd.

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The status of the Company's corporate governance is as follows.

I. Basic Approach to Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Approach

Our Management Philosophy is "Moriroku Group will create high value with its future-oriented creativity and advanced technologies, while contributing to the global society." By practicing this, the Moriroku Group's basic approach to corporate governance is to ensure transparency, fairness, and timeliness in management decision-making. The aim is to continuously increase its corporate value over the medium and long term, as well as to fulfill the Group's social responsibilities by maintaining close relations with all types of stakeholders, including customers, business partners, employees, local communities, and shareholders, in order to earn their trust.

[Reasons for not implementing Principles of the Corporate Governance Code]

The Company implements all the principles set in the Corporate Governance Code.

[Disclosure based on Principles of the Corporate Governance Code]

[Principle 1-4: Cross-Shareholdings]

The Company acquires and holds shares for strategic purposes in accordance with the following policies.

- (i) The Company examines whether shares for strategic purposes will be able to help maintain and reinforce business relationships and realize sustainable growth and a medium- to long-term increase in corporate value and whether the holdings may cause risks, etc. Only in the case that rationality can be recognized does the Company decide to acquire and hold such shares.
- (ii) Regarding shareholdings, the Board of Directors regularly verifies them based on quantitative evaluation such as transaction amounts and profit margin, and does a qualitative assessment on aspects such as future prospects, and then makes decisions on whether to continue holding. The Company has continuously worked to reduce its cross-shareholdings. However, in FY2025, based on a re-examination of the significance and rationality of its holdings, the Company neither sold nor acquired any shares held for strategic purposes. As a result, the value of the Company's cross-shareholdings stood at 5,578 million yen (8 issues) as of March 31, 2026. Due to the absence of any sales during the fiscal year and the increase in the market value of the shares held, the ratio of cross-shareholdings to the Group's total net assets increased to 10.1% (up 1.0 percentage point from the end of the previous fiscal year). The Company will continue to reduce cross-shareholdings in order to improve the quality of corporate governance, enhance capital efficiency and increase corporate value. The proceeds from the sale will be used for generating shareholder returns, etc. through means such as share repurchases.
- (iii) The Company shall, when exercising voting rights for listed shares held, consider whether to approve or disapprove each proposal, while comprehensively taking into account the impact of the proposal on the medium- to long-term corporate value of the investee companies.

[Principle 1-7: Transactions with related parties]

The Company shall execute transactions with its Directors or those with conflicts of interest after deliberation and approval by the Board of Directors.

In order to ensure the appropriateness of transactions with related parties, such as major shareholders and affiliated companies, the Company shall establish regulations for managing related party transactions, identify

and manage transactions with related parties, and, if the transaction falls under the category of a related party transaction, confirm the necessity, economic rationality and appropriateness of the terms of the transaction, and then implement approval and decision-making procedures based on the established regulations.

[Supplemental Principle 2-4-1: Ensuring diversity in appointment of core personnel, etc.]

Based on the concept that Moriroku cannot grow without the growth of diverse human resources, we are working to secure and promote diverse human resources. Recognizing diversity in the age, gender, nationality, disability, and values of each and every employee, demonstrate teamwork and utilize each other's strengths. We believe that this is what will lead to the realization of "Future-oriented creativity" as stated in our Management Philosophy.

<Appointment of women to management positions>

The ratio of women managers in the Company is 5.6% as of June 2026. In addition, as a result of internal promotions, there are 3 female executive officers as of June 2026. The ratio of women among new hires (career-track positions) is 46.2%, and an average of 40% or more of new graduate hires have been women over the past three years. We are strengthening our recruitment of women.

To promote women's empowerment, the Company aims to increase the number of women in management positions to more than double the level as of April 2024 by the end of March 2028.

<Appointment of non-Japanese to management positions>

We are actively recruiting human resources regardless of nationality, and we currently have 25 non-Japanese employees, including three who are active in management positions and one who serves as an executive officer. Over the past three years, an average of 14.9% of the Company's new graduate hires (career-track positions) have been non-Japanese. We will continue to hire new non-Japanese employees every year to ensure diversity, develop human resources, and expand opportunities for employees.

At each of our overseas affiliates in Canada, the U.S., China, South Korea, Thailand, India, and the Philippines, non-Japanese employees are serving as Directors.

<Appointment of mid-career hires to management positions>

We are promoting the mid-career hiring of highly specialized personnel and personnel with the technology, experience, and skills necessary for the future business of the Group. In FY2025, 14.3% of mid-career hires were hired into management positions.

We will continue to strengthen diversity by hiring mid-career personnel to account for about 50% of new hires each year.

<Policies on human resource development and internal environment improvement to ensure diversity and their status>

The Company has established a Human Resources Policy that clearly defines the objectives and aspirations all employees should strive for. Based on this policy, we are working to develop human resources who can demonstrate diverse capabilities and skills from a global perspective.

We are also striving to foster a corporate culture that respects and capitalizes on diverse values and new ideas so that employees can maximize their individual strengths and work with enthusiasm. In addition, as part of our efforts to promote diversity and inclusion (D&I), we are actively working to develop systems that support flexible work styles, such as a flextime system, telecommuting, and a reduced working hours system that employees are eligible for until their children complete the third grade of elementary school.

In addition, to support employees in balancing work and caregiving responsibilities, the Company provides a family care leave system, a shortened working hours system, and the "Wakaru Kaigo Biz" employee support service.

In recognition of these efforts, the Company obtained the Kurumin Certification from the Minister of Health, Labour and Welfare in March 2025 as a company that actively supports child-rearing employees.

[Principle 2-6: Functioning as an asset owner of corporate pension plan]

The Company formulates a strategic asset composition ratio for its defined-benefit pension funds and

manages them through dialogue and consultation with investment institutions by personnel with relevant knowledge in the departments in charge of human resources, accounting and finance.

In managing assets, we entrust the management of pension assets to investment institutions that have declared their acceptance of the Stewardship Code. In addition, we have established a structure under which the departments in charge of human resources and accounting and finance regularly monitor the investment status of the entrusted investment institutions, and review and revise the strategic asset composition ratio that has been established as necessary.

Furthermore, by having the relevant department staff participate in external training and seminars, the Company strives to confirm market trends related to investment management and improve their knowledge. The Company manages conflicts of interest appropriately by entrusting the selection of individual investee companies and the exercise of voting rights to the investment trust management organization.

[Principle 3-1: Enhancement of information disclosure]

(i) Management Philosophy, Management Strategies, and Management Plan

Management Philosophy: This is posted on the Company's website.

Management Strategies and Plan: The Company has formulated the Mid-Term Management Plan, the first year being FY2025, which is posted on the Company's website and in its Integrated Report.

(ii) Basic Approach and Policy on Corporate Governance

It is described in "I. 1. Basic Approach" of this report.

(iii) Policies and procedures for the Board of Directors in determining remuneration of Senior Management and Directors

The amount of remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members) is determined by the Board of Directors within the scope of the remuneration resolved by the General Meeting of Shareholders, taking into account a report from the Nomination & Remuneration Advisory Committee. For details, please refer to [Directors' remuneration] in "II. 1. Matters Related to Institutional Structure & Organizational Management, etc." of this report.

(iv) Policies and procedures for the Board of Directors' election and dismissal of senior management and nomination of candidates for Directors

For the election of Directors (excluding Directors who are Audit & Supervisory Committee Members), with the aim of ensuring high level functions of the Board of Directors for deciding important business execution through substantial discussions and supervising and auditing appropriate business execution, the Company elects talented persons who have a high sense of ethics and a strong law-abiding spirit with knowledge, experience, expertise, etc. considered to be necessary for the Board of Directors in light of the skill matrix, while paying attention to the balance and diversity of the Board of Directors as a whole. In respect of Outside Directors, the Company elects persons with abundant experience in business management and advanced expertise, broad knowledge and experience in finance, accounting, legal affairs, etc. From the viewpoint of ensuring independence, it is expected that Outside Directors will serve for a total term of office of six years, and even if they are nominated thereafter, the maximum they can serve is eight years in total. To elect a President and Representative Director, the Nomination & Remuneration Advisory Committee, a majority of whose members are independent Outside Directors, engages in repeated deliberations to clarify the election process and ensure objectivity, timeliness and transparency, thereby electing an appropriate talented person with a view in part to bringing the management philosophy and business strategy of the Company into reality.

In the case that any of the following events apply to any Director or Executive Officer, the Board of Directors will lose no time and deliberate on the dismissal of the Director or Executive Officer after receiving advice from the Nomination & Remuneration Advisory Committee.

- Cases where violations of laws and regulations, the Articles of Incorporation, etc. or other forms of malpractice are found
- Cases where a substantial hindrance occurs to the execution of duties
- Cases where there is an objective and reasonable reason for not fully fulfilling the role required for the job

With regard to the procedure for nominating candidates for Director, the Company has established the Nomination & Remuneration Advisory Committee, chaired by an independent Outside Director, as an advisory body to the Board of Directors in order to ensure objectivity, timeliness and transparency in the

functions concerning the nomination of Directors. The Nomination & Remuneration Advisory Committee provides advice on matters related to draft agenda for the General Meeting of Shareholders concerning the election and dismissal of Directors, the election and dismissal of Executive Directors, and their positions. Candidates for Director who is an Audit & Supervisory Committee Member are deliberated on by the Audit & Supervisory Committee prior to deliberation by the Board of Directors, which is required to obtain the consent of the Audit & Supervisory Committee.

- (v) Explanation of individual elections and nominations when the Board of Directors elects and dismisses senior management and nominates candidates for Director based on (iv) above.

The reasons for each election and nomination are stated in the notice of convocation of the General Meeting of Shareholders.

[Supplemental Principle 3-1-3: Sustainability initiatives]

The Group aims to realize a sustainable society by engaging in business activities that respect all stakeholders and contributing to solving social issues, based on the "Moriroku Group Sustainability Policy." In order to promote sustainability, we have established a Sustainability Committee chaired by the Representative Director and President. The Board of Directors has tasked the Committee with examining and deliberating on the Group's sustainability issues. Issues and initiatives examined and deliberated by the Sustainability Committee are reported to the Board of Directors, and we identify priority sustainability issues based on the Group's medium- to long-term vision, the demand from the international community and stakeholders, and the business environment. The Board of Directors monitors and supervises the setting and progress of sustainability goals and works to strengthen the foundation for sustainability management.

In particular, we recognize that addressing climate change, strengthening human capital, and respecting human rights are issues of utmost importance. Regarding climate change issues, we disclose the impact of climate change on the Group and relevant countermeasures in accordance with the TCFD recommendations. We have established the Moriroku Group Global Human Resources Policy to strengthen our human capital. Based on this policy, we are working to develop human resources who can demonstrate various capabilities and skills from a global perspective. With respect to human rights, under the Moriroku Group Human Rights Policy, the Company is committed to respecting the human rights of its employees and those throughout its supply chain.

In terms of investment in intellectual property (IP), we are promoting the enhancement of our intellectual property through the trinity of business strategies, research and development strategies, and intellectual property strategies. Specifically, we file intellectual property applications targeting new products and technologies based on our business strategies. In addition, we file intellectual property applications for improved inventions based on our existing technologies and for ideas. We are promoting the use of intellectual property based on these applications. Furthermore, in order to respect the intellectual property rights of others and reduce the risk of infringing such rights, we make efforts to build the Group's global IP structure, polish the skills of IP human resources, and strengthen business competitiveness.

- The sustainability policy and promotion system are disclosed on the "Sustainability" page of the Company's website.

<https://www.moriroku.co.jp/english/sustainability/index.html>

- Measures for priority sustainability issues are disclosed on the "Sustainability" page of the Company's website.

<https://www.moriroku.co.jp/english/sustainability/management/materiality.html>

- Initiatives in line with the TCFD recommendations are disclosed on the "Sustainability" page of the Company's website.

https://www.moriroku.co.jp/english/sustainability/environment/climatic_change/index.html

- Human capital initiatives are disclosed on the "Sustainability" page of the Company's website.

<https://www.moriroku.co.jp/english/sustainability/social/human/index.html>

In addition, we are actively promoting diversity in appointment of personnel as described in the Supplemental Principle 2-4-1.

- The Company's initiatives to respect human rights are disclosed on its corporate website and sustainability website.

https://www.moriroku.co.jp/english/company/principle/human_rights.html

<https://www.moriroku.co.jp/english/sustainability/social/procurement/index.html>

[Supplemental Principle 4-1-1: Matters to be resolved by the Board of Directors and scope of delegation to management]

The Board of Directors deliberates and decides on matters stipulated by law and regulations and the Articles of Incorporation, and important matters of the Company and Group companies stipulated by the Board of Directors Regulations.

As a company with the Audit & Supervisory Committee, the Board of Directors delegates the authority to execute certain important business operations to Directors, and delegates decision-making authority on the execution of individual business operations to the Representative Director and officers in charge in order to expedite decision-making.

On non-Board of Directors agenda, the Company has established criteria for the President, officers in charge, etc. to make decisions, and they are set forth in the Administrative Authority Regulations.

[Principle 4-9: Criteria for determining the independence of independent Outside Directors and their qualities]
In accordance with the requirements for Outside Directors stipulated in the Companies Act and the independence criteria stipulated by the stock exchanges, the Company appoints independent Outside Directors on the premise that they have sufficient independence to perform their duties as Outside Directors from the Company's management, based on their background and relationship with the Company.

[Supplementary Principle 4-10-1: Establishment of Nomination Committee and Compensation Committee]
The current composition of the Board of Directors consists of nine Directors, six of whom are independent Outside Directors.

With regard to the nomination and remuneration of Directors, the Company has established a voluntary Nomination & Remuneration Advisory Committee, chaired by an independent Outside Director, as an advisory body to the Board of Directors, as it is necessary to strengthen the independence, objectivity and accountability of the Board of Directors' functions.

The Nomination & Remuneration Advisory Committee consists of two Outside Directors and one inside Director, and the majority of members are independent Outside Directors to enhance the independence and objectivity of the committee.

[Supplemental Principle 4-11-1: Views on the balance of knowledge, experience and ability, diversity and size of the Board of Directors as a whole]

For the election of Directors, with the aim of ensuring high level functions of the Board of Directors for deciding important business execution through substantial discussions and supervising and auditing appropriate business execution, the Company elects talented persons who have a high sense of ethics and a strong law-abiding spirit with knowledge, experience, expertise, etc. considered to be necessary for the Company's Board of Directors in light of the skill matrix, while paying attention to the balance and diversity of the Board of Directors as a whole. In respect of Outside Directors, the Company elects persons with abundant experience in business management and advanced expertise, broad knowledge and experience in finance, accounting, legal affairs, etc.

A skills matrix that summarizes the knowledge and experience of the Company's Directors is included as a reference for this report.

[Supplemental Principle 4-11-2: Concurrent Officer position held by Directors and Audit & Supervisory Board Members at other listed companies]

The Company discloses the status of important concurrent positions of Directors and their candidates (including Officers of other listed companies) every year through the Notice of Convocation of the General Meeting of Shareholders and Securities Report.

[Supplemental Principle 4-11-3: Effectiveness assessment of the Board of Directors]

The Company conducts self-evaluation and analysis of the effectiveness of the Board of Directors with the aim of improving the functions of the Board of Directors and enhancing its corporate value. Self-evaluation and analysis were conducted in the following ways while receiving advice from external organizations.

In January 2026, the Company conducted a questionnaire survey to all Directors who are members of the Board of Directors. The Company secured anonymity by having respondents directly send their answers to an external organization. Based on reports of aggregate results from the external organization, the outcome of the questionnaire was reported at the Board of Directors meeting held in March 2026, and it has been confirmed that the effectiveness of the Board of Directors of the Company has remained generally secured. In the previous effectiveness assessment, we recognized that there were issues in terms of the enhancement of further discussions on management strategies, management resources, capital efficiency, etc., and the strengthening of supervision over the progress of management plans, etc. We therefore worked to have discussions on measures for corporate value improvement, engagement in management with an awareness of capital efficiency, etc. During the fiscal year under review, the Board of Directors discussed M&A opportunities that could contribute to enhancing corporate value from the perspectives of consistency with business strategies, investment effectiveness, and associated risks. In addition, the Board strengthened its monitoring function by providing opportunities to report on and review the progress of various initiatives implemented in line with the basic strategies of the 14th Mid-Term Management Plan. Going forward, the Company will continue to make an effort to enhance the functions of the Board of Directors by resolving issues detected in evaluating the effectiveness of the Board of Directors and push forward with management aimed at sustainable enhancement of corporate value.

[Supplemental Principle 4-14-2: Training Policy for Directors]

When Directors assume office, the Company requires them to attend training courses to learn the legal obligations to be observed and the roles and responsibilities to be fulfilled as Directors.

The Company also provides training after the appointment of Directors to ensure that they acquire and appropriately update the necessary knowledge and promote understanding of the roles and responsibilities they should fulfill.

[Principle 5-1: Policy on constructive dialogue with shareholders]

The Company's basic policy is to achieve sustainable growth and enhance medium- to long-term corporate value through constructive dialogue with shareholders. To this end, the Company has implemented the following initiatives:

1. Investor relations (IR) activities are overseen by the President and Representative Director. The department responsible for IR works closely with relevant departments to ensure appropriate information disclosure and promote constructive dialogue with shareholders and investors.
2. The Company holds financial results briefings twice a year, attended by the President and Representative Director and the Vice President and Representative Director, at which management policies, business performance, and other matters are explained and questions from investors are addressed.
3. The Company conducts meetings with investors and analysts on a quarterly basis and strives to enhance its IR activities by taking into consideration the opinions and requests obtained through such dialogue.
4. Opinions and requests obtained through dialogue are reported to the Board of Directors as necessary and are reflected in management decision-making and improvements to information disclosure.
5. The period from the end of each fiscal quarter until the announcement of financial results is designated as a silent period. During this period, the Company carefully manages insider information and responds appropriately in accordance with applicable rules.

<Status of Dialogue with Shareholders>

In accordance with the above policy, the President and Representative Director, the Vice President and Representative Director, and executive officers responsible for relevant functions actively engage in dialogue with shareholders and investors, depending on the subject matter discussed.

The main topics of dialogue include business performance and the progress of the 14th Mid-Term

Management Plan, initiatives relating to management with an awareness of the cost of capital and share price, the Company's policy on cross-shareholdings, and shareholder return policies. The content of such dialogue is regularly reported to the Board of Directors.

[Measures for realizing management mindful of capital cost and stock price]

- ① Content: Disclosure of initiatives taken (Update)
- ② Disclosure in English: Yes
- ③ Date of update: May 19, 2026
- ④ Explanation of applicable items:

The Company announced its basic policy in November 2023, with the aim of achieving a PBR of greater than 1x and transitioning to a management style that is conscious of improving ROE and reducing cost of capital. Based on this policy, the Company is currently implementing the following key measures.

1. Promotion of growth strategies

Based on the 14th Mid-Term Management Plan announced on May 22, 2025, the Company is working to transform its business portfolio and improve profitability. In addition, as part of the growth strategies set forth in the Plan announced on May 19, 2026, the Company is expanding its customer base and business domains through the creation of integration synergies with the ReNova business acquired through M&A.

2. Strengthening shareholder returns

The Company positions DOE (dividend on equity ratio) as an important indicator for shareholder returns and targets a DOE of 3.0% or higher. While maintaining a balance with growth investments, the Company is committed to providing stable and continuous shareholder returns and enhancing corporate value over the medium to long term.

3. Enhancement of capital efficiency

The Company continues to reduce its cross-shareholdings to ensure optimal allocation and efficient use of capital.

4. Deepening sustainability management

As part of the 14th Mid-Term Management Plan, the Company reevaluated and revised its material issues based on the progress of its business strategies and changes in social demands. This will help build a solid business foundation.

5. Strengthening IR Activities

The Company is enhancing its communication with shareholders and investors through financial results briefings, individual meetings with institutional investors and analysts, shareholder relations (SR) meetings, its Integrated Report, and its corporate website, thereby providing information on management strategies, capital policies, and business progress.

The Company will continue to promote constructive dialogue with shareholders and investors and strive to enhance corporate value by reflecting the opinions and requests obtained through such dialogue in its management.

By steadily implementing these measures, the Company aims to achieve sustainable growth and improve capital profitability, thereby enhancing ROE and achieving a PBR of greater than 1x.

For details of these initiatives, please refer to the following:

· Financial Results Briefing for the Fiscal Year Ended March 31, 2026 and Revision of Financial Targets under the 14th Mid-Term Management Plan

https://ssl4.eir-parts.net/doc/4249/ir_material_for_fiscal_ym4/205310/00.pdf

· Integrated Report 2025

https://www.moriroku.co.jp/english/ir/report/u6d0tn00000027d9-att/Moriroku_IntegratedReport2025_en_read.pdf

2. Capital Structure

Percentage of shares held by foreigners	More than 10% but less than 20%
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[Major shareholders]

Name	Number of Shares Held	(%)
Custody Bank of Japan, Ltd. (Sumitomo Mitsui Trust Bank, Limited Re-trust account, Mitsui Chemicals, Inc. Pension Trust Account)	1,416,000	9.85
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,264,500	8.80
Moriroku Employee Shareholding Plan	1,092,238	7.60
Shigeru Mori	966,560	6.73
Honda Motor Co., Ltd.	792,000	5.51
The Awa Bank, Limited	526,000	3.66
CHARLES SCHWAB FBO CUSTOMER	461,100	3.21
Toshiko Isome	260,476	1.81
Toyoko Mori	257,823	1.79
INTERACTIVE BROKERS LLC	238,900	1.66

Name of Controlling Shareholder (excluding Parent Company)	-----
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Name of Parent Company	-----
Stock exchange listing of Parent Company	-----

Supplementary Notes

The percentage of shares held is calculated by deducting the number of treasury stock (40,119 shares) and is rounded off to the second decimal place.

3. Corporate Attributes

Stock exchange listing and market classification	Tokyo Stock Exchange Prime Market
Fiscal Year End	March
Industry	Chemical
Number of (consolidated) employees at previous fiscal year-end	1,000 or more
(Consolidated) net sales for previous fiscal year	100 billion yen or more but less than 1 trillion yen
Number of consolidated subsidiaries at previous fiscal year-end	10 companies or more but less than 50

4. Guidelines on Measures to Protect Minority Shareholders in Transactions with Controlling Shareholders, etc.

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

II. Status of Management Control Organization and Other Corporate Governance Structures Related to Management Decision-Making, Execution and Oversight

1. Matters related to Institutional Structure & Organizational Management, etc.

Form of organization	Company with Audit & Supervisory Committee
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[Directors]

Number of Directors stipulated in Articles of Incorporation	14
Term of office of Directors stipulated in Articles of Incorporation	1 year
Chairperson of the Board of Directors	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	6
Number of Outside Directors designated as Independent Officer	6

Relationship with the Company (1)

Name	Attribute	Relationship with the Company (*1)										
		a	b	c	d	e	f	g	h	i	j	k
Kenichi Hirai	From another company											
Ryo Otsuka	From another company											
Hitomi Yokote	From another company											
Shinya Mitsudomi	From another company											
Chiaki Tsuji	Lawyer											
Yoichi Nishio	From another company											

*1 Selection items on the relationship with the Company

- a. Executives of the listed company or its subsidiary
- b. Executives or non-executive Directors of the parent company of listed company
- c. Executives of the affiliates of listed company
- d. A person whose major business partner is a listed company or Executive thereof
- e. Major business partner of a listed company or Executive thereof
- f. Consultants, accounting experts, or legal experts who receive a large amount of money or other assets from a listed company other than officer compensation
- g. Major shareholders of a listed company (if the major shareholder is a corporation, Executive thereof)
- h. Executives (only the principal) of listed company's business partners (not falling under any of d, e and f)
- i. Executives (only the principal) of a party in a relationship of mutual appointment as Outside Officer
- j. Executives (only the principal) of a party to which a listed company has made a donation
- k. Other

Relationship with the Company (2)

Name	Audit & Supervisory Committee Member	Independent Officer	Supplementary Note on Conformity Items	Reason for Appointment
Kenichi Hirai	—	○	-----	<p>He has been involved in corporate management in the automotive and chemical industries and is well versed also in the industries of the Company. He has extensive knowledge and experience particularly in the fields of accounting and finance, and has provided appropriate advice and suggestions to the Nomination & Remuneration Advisory Committee as a member from an objective and professional standpoint. In addition, as the Lead Independent Outside Director, he has compiled opinions from Independent Outside Directors and made recommendations to the executive side.</p> <p>It is expected that he will continue to supervise the execution of the duties by Directors, etc. from an independent position, thereby reinforcing the function of the Company's Board of Directors. The Company therefore elected him as an Outside Director.</p> <p>There are no personal or business relationships, etc., that fall under the items described in the independence criteria established by the financial instruments exchanges. He has been designated as Independent Officer based on the judgment that he can ensure sufficient independence to perform his duties as Outside Director from the Company's management.</p>
Ryo Otsuka	—	○	-----	<p>He has been serving as Representative Director in a manufacturing company for many years and is also well versed in the industries of the Company. The Company expects that he will continue to supervise the execution of the duties by Directors, etc. from an independent position by utilizing his abundant experience and extensive knowledge that he has accumulated to date in management in general, thereby reinforcing the function of the Company's Board of Directors. The Company therefore elected him as an Outside Director.</p>

				There are no personal or business relationships, etc., that fall under the items described in the independence criteria established by the financial instruments exchanges. He has been designated as Independent Officer based on the judgment that he can ensure sufficient independence to perform his duties as Outside Director from the Company's management.
Hitomi Yokote	—	○	-----	<p>She has abundant international experience including in negotiations with foreign governments and organizations, as well as experience and knowledge in a wide range of fields including management, as the executive director of NPOs, and human resource development. As a member of the Nomination & Remuneration Advisory Committee, she provides the Committee with appropriate advice and recommendations from an objective and professional perspective. It is expected that she will continue to supervise the execution of the duties by Directors, etc., from an independent position, thereby reinforcing the function of the Company's Board of Directors. The Company therefore elected her as an Outside Director.</p> <p>There are no personal or business relationships, etc., that fall under the items described in the independence criteria established by the financial instruments exchanges. She has been designated as Independent Officer based on the judgment that she can ensure sufficient independence to perform her duties as Outside Director from the Company's management.</p>
Shinya Mitsudomi	—	○	-----	He has extensive experience and a proven track record of significantly growing a globally operated railway business as its business leader and, as an executive in the building systems business, driving the growth of that business. Based on his extensive management experience and broad insight necessary for realizing the sustainable growth of the Group, the Company expects him to strengthen the functions of the Board of Directors by supervising the execution of duties by Directors and management from an

				<p>independent standpoint and has therefore appointed him as an Outside Director.</p> <p>In addition, he has no personal, business, or other relationships that fall under the independence criteria established by the financial instruments exchanges, and the Company has determined that he possesses sufficient independence to perform his duties as an Outside Director from a position independent of the Company's management. Accordingly, the Company has designated him as an Independent Officer.</p>
Chiaki Tsuji	○	○	-----	<p>She has a wealth of experience and a high level of expertise gained as a lawyer in Germany as well as Japan. She has international experience, and it is expected that she will supervise the execution of the duties by Directors, etc., from an independent position, thereby reinforcing the function of the Company's Board of Directors. The Company therefore elected her as an Outside Director.</p> <p>There are no personal or business relationships, etc., that fall under the items described in the independence criteria established by the financial instruments exchanges. She has been designated as Independent Officer based on the judgment that she can ensure sufficient independence to perform her duties as Outside Director from the Company's management.</p>
Yoichi Nishio	○	○	-----	<p>He possesses broad knowledge and insight into business operations and management cultivated through his experience as a chief financial officer at financial institutions and business companies. In addition, he has extensive international experience, including promoting overseas business operations and managing overseas subsidiaries. Based on these experiences and insights, the Company expects him to strengthen the functions of the Board of Directors by supervising the execution of duties by Directors and management from an independent standpoint and has therefore appointed him as an Outside Director.</p>

				In addition, he has no personal, business, or other relationships that fall under the independence criteria established by the financial instruments exchanges, and the Company has determined that he possesses sufficient independence to perform his duties as an Outside Director from a position independent of the Company's management. Accordingly, the Company has designated him as an Independent Officer.
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[Audit & Supervisory Committee]

Committee's Composition and Attributes of Chairperson

	Number of Members	Full-time Members	Inside Directors	Outside Director	Chairperson
Audit & Supervisory Committee	3	1	1	2	Inside Director

Assignment of Directors and employees to assist the Audit & Supervisory Committee in its duties	Yes
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Matters concerning the independence of such Directors and employees from Executive Directors

The Company assigns Audit & Supervisory Committee staff to the Audit & Supervisory Committee Division to assist the Audit & Supervisory Committee in its duties. Such staff members perform their assistance work under the direction and instructions of the Audit & Supervisory Committee, and are not subject to the direction and instructions of Company's officers or employees.

Status of cooperation among the Audit & Supervisory Committee, Accounting Auditor and Internal Audit division

The Audit & Supervisory Committee exchanges information regularly with the Internal Auditing Department, and also exchanges opinions with the Accounting Auditor and the Internal Auditing Department. on their audit plans and results, etc., and conducts audits through mutual cooperation, while considering the independence of each.

[Voluntary committee]

Any voluntary committee equivalent to Nomination Committee or Compensation Committee	Yes
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Status of establishment of voluntary committees, composition of members, and attributes of Chairperson

Voluntary committee equivalent to Nomination Committee

Name of Committee			Nomination & Remuneration Advisory Committee			
Number of Members	Full-time Members	Inside Directors	Outside Director	Inside Experts	Other	Chairperson
3	0	1	2	0	0	Outside Director

Voluntary committee equivalent to Compensation Committee

Name of Committee			Nomination & Remuneration Advisory Committee			
Number of Members	Full-time Members	Inside Directors	Outside Director	Inside Experts	Other	Chairperson
3	0	1	2	0	0	Outside Director

Supplementary Notes

With regard to the nomination and remuneration of Directors, the Company has established a voluntary Nomination & Remuneration Advisory Committee, chaired by an independent Outside Director, as an advisory body to the Board of Directors, as it is necessary to strengthen the independence, objectivity and

accountability of the Board of Directors' functions.

As of the date of submission of this report, the Nomination & Remuneration Advisory Committee consists of three members, Mr. Kenichi Hirai (Outside Director), Ms. Hitomi Yokote (Outside Director), and Mr. Naoki Kurose (Representative Director), two of whom are Outside Directors, and the majority of members are Outside Directors to enhance the independence and objectivity of the Committee.

In FY2025, meetings of the Nomination & Remuneration Advisory Committee were held eleven times in total to deliberate and report to the Board of Directors on the nomination of candidates for Director, the succession plan for the President, and the system and level of remuneration for Directors. In addition, the Committee deliberates on important human resource issues, such as the skills matrix of Directors, to ensure that the Board of Directors can sustainably fulfill its functions, and also supervises the election of executive officers. The Nomination & Remuneration Advisory Committee fulfills the functions of both a Nominating Committee and a Compensation Committee.

[Independent Officers]

Number of Independent Officers	6
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Other matters concerning Independent Officers

The Company has designated all Outside Directors who meet the qualifications for Independent Officer as Independent Officers.

The Independent Outside Director Council, consisting of Independent Outside Directors, has been established and meets regularly. The Council exchanges information and shares awareness on the Company's management policies and the improvement of management based on its independent and objective position, and advises on the Company's business execution as necessary.

[Incentives]

Implementation status of measures concerning provision of incentives to Directors	Introduction of performance-linked remuneration system
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Supplementary Note on Applicable Items

The performance-linked remuneration for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consists of performance-linked remuneration and performance-linked stock-based remuneration, and the ratio of performance-linked remuneration to total remuneration shall be approximately 35%.

Performance-linked remuneration is short-term incentive remuneration and constitutes performance-linked monetary remuneration that fluctuates based on the performance for each fiscal year. The amount is calculated by multiplying the monthly fixed basic remuneration by a certain coefficient and multiplying the resulting amount by a coefficient that is based on the degree of achievement of the targets for consolidated net sales (evaluation weight: 25%), consolidated operating income (evaluation weight: 50%), and profit attributable to owners of parent (evaluation weight: 25%). The payment amount is 100% when targets are achieved and fluctuates between 0% and 200%, and is paid at a certain time each year.

Stock-based remuneration is performance-linked, restricted stock-based remuneration as an incentive for medium- to long-term performance and enhancement of corporate value, and is subject to change based on performance, management indicators, etc. It shall, in principle, be granted in the first year of the Mid-Term Management Plan. The granting of shares during the tenure of office aims to promote further value-sharing with shareholders. The number of shares to be granted is set as a percentage of the basic remuneration, and the financial indicators and sustainability indicators set forth in the Mid-Term Management Plan are used as the conditions for lifting the transfer restrictions upon achievement of the targets linked to such indicators or according to the degree of achievement of the targets.

Persons eligible for stock options	
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Supplementary Note on Applicable Items

[Directors' remuneration]

Status of disclosure	Individual remuneration is not disclosed.
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Supplementary Note on Applicable Items

The Company discloses the total amount of remuneration to Directors in the Annual Securities Report and Business Report.

Any policy for determining the amount of remuneration or its calculation method	Yes
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Disclosure of the policy for determining amount of remuneration or its calculation method

The remuneration for Directors shall be determined in accordance with the basic policy set forth below.

The Company positions the remuneration system for Directors as "a mechanism to secure, maintain, and motivate human resources essential for sustainable growth, based on the Company's Basic Approach to Corporate Governance, in order to achieve sustainable enhancement of corporate value," and builds and operates the system based on the following principles.

- Remuneration amounts shall be determined so that short-, medium- and long-term performance and corporate value are enhanced
- Remuneration amounts shall be determined so that we can retain human resources essential for sustainable growth
- Remuneration shall be managed in accordance with duties, contribution to performance, business conditions, etc., based on management indicators that the Company considers important
- Amounts shall be determined through an appropriate process that ensures objectivity and transparency

The remuneration, etc. for Directors (excluding Directors who are Audit & Supervisory Committee Members and Outside Directors) consists of fixed basic remuneration, performance-linked remuneration and performance-linked stock-based remuneration. They are verified by comparison with the executive remuneration indicators of major companies of the same size as the Company, while considering the Company's business operations and environment.

(i) Fixed basic remuneration

This shall be monthly fixed monetary remuneration determined for each position based on the significance of responsibilities.

(ii) Performance-linked remuneration

Bonuses shall be short-term incentive remuneration and shall be performance-linked monetary remuneration that fluctuates based on the performance for each fiscal year. The amount is calculated by multiplying the monthly fixed basic remuneration by a certain coefficient and multiplying the resulting amount by a coefficient that is based on the degree of achievement of the targets for consolidated net sales (evaluation weight: 25%), consolidated operating income (evaluation weight: 50%), and profit attributable to owners of parent (evaluation weight: 25%) (the payment amount is 100% when targets are achieved and fluctuates between 0% and 200%), and is paid at a certain time each year.

(iii) Stock-based remuneration

- This shall be performance-linked, restricted stock-based remuneration as an incentive for medium- to long-term performance and enhancement of corporate value, and shall be subject to change based on performance, management indicators, etc.
- It shall, in principle, be granted in the first year of the Mid-Term Management Plan. The granting of shares during the tenure of office aims to promote further value-sharing with shareholders.
- The number of shares to be granted is set as a percentage of the total amount of monetary remuneration (the total amount of fixed basic remuneration and performance-linked remuneration) and stock-based compensation.
- Using the major management indicators listed in the Mid-Term Management Plan, the restriction on transfer shall be lifted subject to the achievement of the targets linked to such indicators or according to the degree of achievement of such targets.

(iv) Composition ratio of remuneration

The ratio of fixed basic remuneration, performance-based remuneration and stock-based remuneration shall be set at approximately 65:25:10.

(v) Return of remuneration, etc. (the malus clause and the claw back clause)

For the purpose of ensuring the soundness of the remuneration system, in the event of a certain incident, such as a significant violation of internal rules or other illegal act, or a significant accounting or other error or fraud that affects the indicators used as the basis for calculating the remuneration amount, the Company may request forfeiture of unpaid remuneration (the malus clause) and return of paid remuneration (the claw back clause), meaning performance-based remuneration and stock-based remuneration, based on the decision of the Board of Directors after deliberation by the Nomination & Remuneration Advisory Committee.

[Support Structure for Outside Directors]

To the Outside Directors, Directors and the Secretariat provide timely explanations, as necessary, of the contents of proposals, etc. to be submitted to the Board of Directors.

In addition, full-time Audit & Supervisory Committee Members and the Secretariat provide explanations as necessary to Outside Directors who are Audit & Supervisory Committee Members regarding the content of proposals, etc. to be submitted to the Board of Directors, and full-time Audit & Supervisory Committee Members report the results of on-site inspections and other information obtained through daily audits to the Audit & Supervisory Committee for information sharing.

2. Matters Related to Business Execution, Auditing and Supervision, Nomination, Remuneration Decision and Other Functions (Overview of Current Corporate Governance System)

As a company with an Audit & Supervisory Committee, the Company has established a governance system that combines the management decision-making and supervisory functions of the Board of Directors with the independent auditing functions of Directors (Audit & Supervisory Committee Members).

<Board of Directors>

The Board of Directors consists of nine Directors, three of whom are inside Directors and six of whom are Outside Directors. All Outside Directors are designated as Independent Officers and have been registered with the financial instruments exchange.

We have established the Board of Directors Regulations, and the Board of Directors holds regular meetings once a month and extraordinary meetings as necessary to make decisions on management policies and important management matters and also supervises business execution.

In FY2025, the Board of Directors met 18 times in total. Resolutions in writing pursuant to Article 370 of the Companies Act are excluded from the number of Board of Directors meetings held. During the fiscal year under review, resolutions in writing were adopted on three occasions. Specific matters discussed by the Board of Directors include various management issues such as management policies, corporate governance, and sustainability, as well as priority business issues and matters related to business execution.

<Audit & Supervisory Committee>

The Audit & Supervisory Committee consists of three members: one inside Director and two Outside Directors.

We have established the Audit & Supervisory Committee Regulations, and the Committee holds regular

meetings once a month to discuss important matters related to audits.

Directors who are full-time Audit & Supervisory Committee Members audit the legality and appropriateness of business operations through attending important meetings, including the Board of Directors meetings and Management Meetings, and inspecting important documents.

In addition, they also work with the Accounting Auditor, the Internal Auditing Department and the Audit & Supervisory Committee Division to improve the effectiveness of audits.

<Management Meeting>

We have established Management Meeting Regulations, and the Management Meeting, consisting of the Company's inside Directors (including Directors who are full-time Audit & Supervisory Committee Members), and Executive Officers, is held once a month. The Management Meeting deliberates on important corporate management issues such as our group's management policies and strategies.

To ensure enhanced deliberation and proper decision-making, particularly important matters are discussed thoroughly at the Management Meeting before being submitted to the Board of Directors.

<Executive Officer System>

The Company has introduced an Executive Officer System in order to divide the roles of management supervision and business execution functions. There are currently 16 Executive Officers, including two who concurrently serve as a Director.

<Accounting Audit>

The Company is audited by KPMG AZSA LLC.

Certified public accountants who performed the accounting audit of the Company are as follows:

- Atsushi Nagata
- Shuji Yasuzaki

<Nomination & Remuneration Advisory Committee>

With regard to the nomination and remuneration of Directors, the Company has established a Nomination & Remuneration Advisory Committee to ensure the independence, objectivity and accountability of the Board of Directors' functions.

The Nomination & Remuneration Advisory Committee consists of one inside Director and two Outside Directors, and thus the majority of members are Outside Directors. Chaired by an independent Outside Director, the Committee provides opinions and recommendations on the appointment, dismissal and remuneration of Directors to further enhance governance.

[Outline of Contracts for Limitation of Liability]

Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company and each Director (excluding those who are Executive Directors, etc.) have entered into an agreement to limit their liability for damage provided for in Article 423, Paragraph 1 of the same Act.

The maximum amount of liability for damages under the said agreement shall be the higher of either 1 million yen or the amount stipulated by laws and regulations.

3. Reasons for Selecting Current Corporate Governance System

The Company has chosen to operate as a "company with an Audit & Supervisory Committee" to further strengthen our corporate governance and improve management transparency. The Company has strengthened the supervisory function of the Board of Directors by including Audit & Supervisory Committee Members, who are responsible for auditing the execution of duties by Directors, among the members of the Board of Directors, thereby further enhancing corporate governance by further strengthening the monitoring system. At the same time, the Board of Directors broadly delegates decision-making authority on business operations to Directors. Through these measures, the Company separates the business execution function from the supervisory function, and expedites management decision-making.

Outside Directors have abundant experience in business management, advanced expertise in finance, accounting, legal affairs, etc. and broad knowledge and experience in human resource development, and provide advice from diverse perspectives. In addition, the Company strives to strengthen the supervisory

function of the Board of Directors and achieve fair and highly transparent management through the appointment of several Outside Directors and establishment of the Nomination & Remuneration Advisory Committee.

III. Implementation Status of Measures Concerning Shareholders and Other Interested Parties

1. Initiatives to Revitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Notes
Early dispatch of convocation notices for General Meeting of Shareholders	The Company has made efforts to send out the convocation notice early and also post it on the Company's website.
Scheduling shareholder meetings to avoid scheduling conflicts with other shareholder meetings	Holding shareholder meetings to avoid scheduling conflicts with other shareholder meetings
Exercise of voting rights by electromagnetic means	The Company has implemented the exercise of voting rights through electromagnetic methods.
Participation in the Electronic Voting Platform and other enhancements for institutional investors to exercise their voting rights	The Company has participated in a voting rights platform for institutional investors operated by ICJ, Inc.
Provision of Convocation Notice (Summary) in English	The Company has prepared an English translation of the Convocation Notice (Summary) and posted it on the Company's website.
Other	The Company takes measures to provide information electronically through the Company's website, the website of the Tokyo Stock Exchange, etc. In addition, after the General Meeting of Shareholders is held, the Company posts the notice of resolutions, the extraordinary report (results of the exercise of voting rights), videos, and other information on the Company's website.

2. Status of IR Activities

	Supplementary Notes	Explanation by Representative
Preparation and publication of disclosure policy	The Company has prepared its IR policy and posted it on the "Investors" page of the Company's website.	
Periodic briefings for individual investors	The Company holds briefings for individual investors several times a year. The Company also disseminates information through "Investor-related news release" in the "Investors" section of the Company's website.	Yes
Periodic briefings for analysts and institutional investors	The Company holds briefings on financial results twice a year: for the full fiscal year and the second quarter (planned), and explanatory materials are posted on the Company's website. Additionally, the Company holds individual meetings with institutional investors upon request.	Yes
Periodic briefings for overseas investors	Although we do not hold briefings at present, we have translated our financial results, Mid-Term Management Plan, timely disclosure materials, and corporate governance reports into English and posted them on our website. We will continue to make efforts to enhance the distribution of information for overseas investors.	None
Posting of IR materials on the	Summary of financial results, business forecasts,	

website	and other timely disclosure documents, Annual Reports, and Convocation Notice of General Meeting of Shareholders are posted on our website. (For details, please refer to https://www.moriroku.co.jp/english/ir/index.html)
Establishment of IR department (person in charge)	The IR Section is responsible.

3. Status of Initiatives on Respect for Stakeholder Position

	Supplementary Notes
Stipulation of respect for stakeholder position in internal rules, etc.	In order to respond to the demands of our stakeholders, we have established the "Moriroku Group Conduct Guidelines" as a guideline for actions to be taken by each and every officer and employee of the Group. https://www.moriroku.co.jp/english/company/principle/index.html
Implementation of activities for environmental conservation, CSR, etc.	In the business domains of Moriroku and its major operating companies, we have set objectives and targets and are working to reduce the environmental impact of our operations. We are also striving to earn the trust of society by raising the environmental awareness of all employees through education and communication activities, and by actively participating in local environmental activities. https://www.moriroku.co.jp/english/sustainability/social/society/index.html
Development of policies, etc. concerning the provision of information to stakeholders	As stated in "Basic Approach to Corporate Governance" and "Stipulation of respect for stakeholder position in internal rules, etc." above. (Please refer to the Moriroku Group Conduct Guidelines 1-(9). https://www.moriroku.co.jp/english/company/principle/index.html)
Other	<p>[Expanding support system for work-life balance] We have established an environment in which employees with individual restrictions, such as childcare and nursing care, can work with peace of mind and continue their careers. We have also implemented measures that exceed the legal standard in order to support employees in balancing work and family life, such as paid leave for childcare-related purposes and short-term care leave (unpaid by legal standard) as well as a reduced working hours system that employees are eligible for until their children complete the third grade of elementary school. The Company promotes the use of childcare leave regardless of gender and is working to foster a workplace culture in which all employees can readily take such leave, including through messages from the President. For caregiving support, the Company is enhancing its support measures by establishing a consultation system utilizing the "Wakaru Kaigo Biz" service and preparing a "Handbook for Balancing Work and Caregiving." In addition, the Company plans to introduce e-learning programs on caregiving.</p> <p>[Work style reform] We are working to create an environment where employees can increase their productivity and fully demonstrate their abilities, regardless of where they work, by promoting flexible work styles, such as the introduction of a flextime system and telecommuting.</p> <p>[Measures to ensure diversity] For measures to secure and encourage the promotion of diverse human resources, please refer to "Supplemental Principle 2-4-1: Ensuring diversity in appointment of core personnel, etc." in this report.</p>

IV. Matters related to Internal Control System, etc.

1. Basic Approach to Internal Control System and Status of Its Development

The Group, consisting of the Company and its subsidiaries, recognizes that internal controls are an important factor for strengthening corporate governance, and is developing and operating an internal control system in accordance with the basic policies set by the Board of Directors of the Company.

1.A structure to ensure that the execution of duties by Directors and employees complies with laws and regulations and the Articles of Incorporation

<Basic Policy>

- (1) We shall formulate the "Moriroku Group Conduct Guidelines" regarding compliance with laws and regulations, internal rules, corporate ethics, etc. as conduct guidelines to be applied to officers and employees of the Group, and shall ensure thorough dissemination.
- (2) We shall establish and operate the "Moriroku Group Internal Whistleblower Hotline and Inquiry Counter" independent from the business execution line as a contact point for reporting and consultation regarding compliance with laws and regulations, internal rules, corporate ethics, etc. in the Moriroku Group.
- (3) We shall monitor the status of compliance with laws and regulations, internal rules, corporate ethics, etc. in the Group, and shall take the necessary corrective measures for any problems identified as a result of such monitoring.
- (4) Regarding the Group's internal control system, our Internal Auditing Division shall conduct internal audits on the status of development and operation of the system, and the Audit & Supervisory Committee shall monitor and verify the content of resolutions of the Board of Directors and the status of development and operation by Directors.

<Summary of development and operation status>

- (1) We have formulated the "Moriroku Group Conduct Guidelines" to be applied to officers and employees of the Group, and prepare and distribute a booklet on the Conduct Guidelines to ensure thorough dissemination.
- (2) The Group conducts compliance training on a regular basis to raise compliance awareness.
- (3) As a contact point for reporting and consultation regarding compliance with laws and regulations, etc. in the Group, we have set up the "Moriroku Group Internal Whistleblower Hotline and Inquiry Counter" both internally and externally, and regularly disseminate information on its establishment and take action on matters reported or consulted.
- (4) The Internal Auditing Division and Legal & Intellectual Department conduct audits or monitor the status of compliance with laws and regulations, etc. in the Group, and take the necessary corrective measures for any problems identified as a result of such audits or monitoring.
- (5) Regarding the Group's internal control system, the Internal Auditing Division audits the status of internal control promotion operations by the divisions in charge of internal controls. The Audit & Supervisory Committee verifies the content of resolutions of the Board of Directors and the status of development and operation of the internal control system.

2. A structure for storage and management of information related to the execution of duties by Directors

<Basic Policy>

Information related to the execution of duties by Directors shall be prepared, stored and managed in the form of documents or electromagnetic records in accordance with the "Board of Directors Regulations" and other internal rules related to document and information management, and a structure shall be established and operated to allow viewing of such information as necessary.

<Summary of development and operation status>

In accordance with the "Board of Directors Regulations" and other internal rules related to document and information management, information related to the execution of duties by Directors is appropriately stored and managed by each department in charge, and is made available for inspection as necessary.

3.Regulations and other systems for managing risk of loss

<Basic Policy>

- (1) We shall establish and operate rules and systems to manage risks associated with business activities in

the Group.

- (2) We shall establish and operate a system to promptly and accurately respond to accidents and disasters that could have a serious impact on the Company or its subsidiaries.
- (3) We shall review risk assessments, risk management, and accident and disaster response systems and operations in response to changes in the internal and external business environment.

<Summary of development and operation status>

- (1) We have established the "Moriroku Group Risk Management Basic Policy" and "Moriroku Group Risk Management Regulations," and each company identifies, assesses and responds to risks, periodically reviews risk assessment and priority risks, and periodically confirms the status of response to priority risks at each company accordingly.
- (2) In order to respond quickly and accurately to accidents and disasters, we have established the "Domestic Crisis Management Regulations," "Overseas Crisis Management Regulations," and other internal regulations and guidelines for crisis management, and respond to accidents and disasters accordingly. In addition, emergency drills and safety confirmation drills are conducted on a regular basis every year.

4.A structure to ensure efficient execution of duties by Directors

<Basic Policy>

- (1) We shall establish and operate rules and systems concerning the division of duties, authority, and decision-making for appropriate and efficient business execution in the Group.
- (2) We shall formulate policies concerning business operations, including management policies, Mid-Term plans, and annual plans for the Group, and ensure that these policies and plans are thoroughly communicated.

<Summary of development and operation status>

- (1) The Company has established the "Administrative Authority Regulations," "Table of Administrative Authorities," and "Division of Duties Regulations," and carries out efficient decision-making and execution of duties accordingly.
- (2) A three-year Mid-Term plan for the Group and annual business plan for each Group company have been established, and based on these plans, each company and department have formulated and are executing specific business promotion plans accordingly.

5. A structure to ensure proper operations of the Company and its subsidiaries

<Basic Policy>

- (1) Regarding the execution of business by our subsidiaries, we shall establish and operate contracts, rules, and systems that mandate prior approval by and reporting to the Company.
- (2) We shall establish and operate a reporting system to promptly identify and respond to important issues, compliance problems, etc. in our subsidiaries.

<Summary of development and operation status>

- (1) Subsidiaries shall report to the Company as necessary on matters stipulated in the "Affiliated Company Management Regulations" and shall obtain the Company's approval on important matters, thereby establishing a cooperation structure within the Group.
- (2) The Company works to enhance the effectiveness of Directors by having the Audit & Supervisory Committee audit the execution of duties by Directors. Audit & Supervisory Committee Members attend important meetings, and audit the execution of duties by Directors in accordance with the audit policy and audit plan. Major subsidiaries enhance the effectiveness of Directors by having the Audit & Supervisory Committee audit the execution of duties by Directors.
- (3) Our Internal Auditing Division, in accordance with the "Internal Audit Regulations," oversees or conducts audits, including on subsidiaries, and works to establish cross-sectional risk management and compliance systems to ensure proper operations in an integrated manner.
- (4) In order to identify and respond to important issues and compliance problems at subsidiaries at an early stage, we have established a reporting system in the "Moriroku Group Basic Regulations for Internal Controls" and receive reports from subsidiaries on a regular and timely basis accordingly.

6.A structure to ensure appropriateness and reliability of financial reporting

<Basic Policy>

We shall establish basic policies for internal controls over financial reporting in the Group, and develop, operate, and assess the system necessary to ensure appropriateness and reliability of the financial reporting.

<Summary of development and operation status>

We have established the "Moriroku Group Basic Policy for Internal Controls over Financial Reporting" and the "Moriroku Group Basic Regulations for Internal Controls over Financial Reporting," and develop, operate and assess the system that is necessary to ensure appropriateness and reliability of the financial reporting accordingly.

7. Matters concerning employees who are to assist the Audit & Supervisory Committee in its duties

<Basic Policy>

When requested by the Audit & Supervisory Committee, the Company shall assign Audit & Supervisory Committee staff to the Audit Committee Office to assist the Audit & Supervisory Committee in its duties.

<Summary of development and operation status>

Audit & Supervisory Committee staff perform duties under the direction and orders of the Audit & Supervisory Committee.

8. Matters concerning securing independence of employees who are to assist the duties of the Audit & Supervisory Committee from Directors (excluding Directors who are Audit & Supervisory Committee Members) and ensuring the effectiveness of instructions to such employees

<Basic Policy>

(1) Audit & Supervisory Committee staff who are to assist the Audit & Supervisory Committee in its duties shall perform such assistance work under the direction and orders of the Audit & Supervisory Committee, and shall not be subject to the direction and orders of officers and employees of the Company.

(2) Personnel change, evaluation, and disciplinary action regarding such Audit & Supervisory Committee staff shall be determined with the prior consent of the Audit & Supervisory Committee.

<Summary of development and operation status>

The Audit & Supervisory Committee staff perform their duties under the direction and orders of the Audit & Supervisory Committee, and any personnel change, evaluation, and disciplinary action will be decided with the prior consent of the Audit & Supervisory Committee.

9. Reporting system to the Audit & Supervisory Committee

<Basic Policy>

(1) Officers and employees of the Group shall report matters related to the execution of the Group's business operations in accordance with internal rules or at the request of Audit & Supervisory Committee Members.

(2) We shall ensure that Audit & Supervisory Committee Members have the opportunity to attend important meetings and shall grant them the authority to inspect the agenda materials, minutes and other meeting documents.

(3) Our Internal Auditing Division shall report the internal audit results of the Company and its subsidiaries to the Audit & Supervisory Committee.

(4) We shall establish and operate a system to ensure that those who report to the Audit & Supervisory Committee are not treated disadvantageously for the reason that they made such reports.

<Summary of development and operation status>

(1) Officers and employees of the Group report matters related to the execution of business operations in accordance with internal rules or at the request of Audit & Supervisory Committee Members.

(2) We shall ensure that full-time Audit & Supervisory Committee Members have the opportunity to attend important meetings and shall grant them the authority to inspect the agenda materials, minutes and other meeting documents.

(3) Our Internal Auditing Division shall report the internal audit results of the Company and its subsidiaries to the Audit & Supervisory Committee.

(4) We shall establish and operate a system to ensure that officers and employees who have made reports to the Audit & Supervisory Committee are not subjected to any disadvantageous treatment on the grounds of making such reports.

10. Matters concerning treatment policy on expenses and debts arising from execution of duties by Audit & Supervisory Committee Members (limited to execution of duties for the Audit & Supervisory Committee)
<Basic Policy>

We shall process expenses and debts arising from the execution of duties by Audit & Supervisory Committee Members, except in cases where it is recognized that such expenses and debts are not necessary for the execution of Audit & Supervisory Committee Members' duties.

<Summary of development and operation status>

Expenses incurred in the execution of duties by Audit & Supervisory Committee Members are budgeted in the amount deemed necessary by the Audit & Supervisory Committee, and the Company bears the actual expenses incurred.

11. Other structures to ensure effective audits conducted by the Audit & Supervisory Committee

<Basic Policy>

(1) The President and Representative Director and other Directors (excluding Directors who are Audit & Supervisory Committee Members) shall hold meetings with the Audit & Supervisory Committee as necessary to ensure smooth communication.

(2) We shall establish and operate a system to ensure mutual cooperation between the Audit & Supervisory Committee, our Internal Auditing Division and Accounting Auditor, such as exchanging information on audit results.

(3) If the Audit & Supervisory Committee gives specific instructions, our Internal Auditing Division shall perform its duties in accordance with such instructions.

<Summary of development and operation status>

(1) The Audit & Supervisory Committee holds meetings with the President and Representative Director and other Directors (excluding Directors who are Audit & Supervisory Committee Members) as necessary to foster communication.

(2) The Audit & Supervisory Committee holds monthly meetings with our Internal Auditing Division and quarterly meetings with the Accounting Auditor to exchange information and promote mutual cooperation.

(3) If the Audit & Supervisory Committee gives specific instructions, our Internal Auditing Division performs its duties in accordance with such instructions.

2. Basic Approach to Elimination of Antisocial Forces and Status of Its Development

1. Basic approach to eliminating antisocial forces

We have established the "Moriroku Group Basic Policy on Antisocial Forces" as follows :

(1) We shall cut off all relations, including transactions, with antisocial forces.

(2) We shall not provide any funds or conduct any backroom transactions with antisocial forces.

(3) We shall establish a system to deal with antisocial forces, and the entire organization will take action.

(4) We shall take appropriate measures against antisocial forces in cooperation with the police and other external specialized organizations.

(5) We shall take legal action, both civil and criminal, against unreasonable demands from antisocial forces.

2. Developing a structure to eliminate antisocial forces

The Company has established the "Regulations for Dealing with Antisocial Forces" and takes the following measures:

(1) Respond as an organization to unreasonable demands, etc. from antisocial forces, by appointing a director in charge of general affairs as a chief officer to supervise the response to antisocial forces, and assigning the general affairs division as the main department in charge of managing the response to antisocial forces, as well as to assign a manager for preventing unreasonable demands at each base.

(2) Investigate new business partners at the commencement of transactions and ongoing business partners on a regular basis to ensure that they do not fall under the category of antisocial forces, and conclude a contract or memorandum to the same effect that includes a clause to eliminate antisocial forces when concluding a transaction contract.

(3) Investigate employees to be hired to ensure that they do not fall under the category of antisocial forces, and obtain a written pledge that includes a clause to eliminate antisocial forces upon joining the company.

V. Other

1. Introduction of Takeover Defense Measure

	None
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Supplementary Note on Applicable Items

2. Other Matters Concerning Corporate Governance System, etc.

[Timely disclosure system]

The Group Management Philosophy and Conduct Guidelines uphold the following six principles: Compliance, Respect for life and dignity, Customer satisfaction, Contribution to society, Progressive spirit, and Total cooperation. We comply with domestic and international laws and regulations, and aim to be a trusted corporate group through fair and impartial corporate activities. Based on the Philosophy and Guidelines, we have established and are operating an internal system to appropriately disclose corporate information in a prompt, accurate and fair manner, and will continue to strengthen the system.

The General Manager of the Accounting & Finance Department shall serve as the Information Controller, and the IR Section shall serve as the Information Controlling Department. They shall develop an internal information communication and management system. They shall assess information, prepare materials, and conduct timely disclosure in close cooperation with the Corporate Planning Department, Human Resources Department, Administrative Department, Accounting & Finance Department, Information System Department, Legal & Intellectual Department, Sustainability Promotion Department, Corporate Communications Department, Business Planning Department, and administrative divisions of affiliated companies.

1. Information related to decision-making facts and financial information, etc.

(1) Information on decision-making facts

The IR Section shall obtain in advance the agenda items of the Board of Directors' meetings and other important meetings, and obtain the meeting minutes without delay after the completion of the meetings. In addition, the Division consolidates information on matters for approval, investigates whether or not there are any decision-making facts regarding the Company and its affiliates that are subject to timely disclosure, reports the results to the Information Controller or Representative Director, and, if applicable, immediately prepares materials for timely disclosure on the Timely Disclosure Network (TDnet) and the Company's website.

(2) Information on financial results

The IR Section, led by the Accounting & Finance Department, prepares financial disclosure materials (financial statements and quarterly summary of financial statements) jointly with the Corporate Planning Department, Human Resources Department, Administrative Department, Legal & Intellectual Department, Internal Auditing Department, and Administrative Department of affiliated companies. The results of such information are reported to the Information Controller or Representative Director, and the IR Section shall disclose the information on TDnet and the Company's website in a timely manner basically after a resolution by the Board of Directors.

2. Information on the fact of event

Accidents, disasters, and other incidents that occur at the Group companies are reported from the department in charge of the Group and the plant or other business office where the incident occurred to the Corporate Planning Department, Human Resources Department, Administrative Department, Accounting & Finance Department, Information System Department, Legal & Intellectual Department, Sustainability Promotion Department, Corporate Communications Department, Business Planning Department, or Administrative Department of affiliated companies. Such information is consolidated by the IR Section, which investigates whether or not there are any events that are subject to timely disclosure by the Company and its affiliates, reports the results to the Information Controller or Representative Director, and if applicable, immediately prepares materials for timely disclosure on TDnet and the Company's website.

[Knowledge and experience of the Company's Directors]

	Name	Position	Gender	Corporate management	Legal affairs and risk management	Finance and accounting	Global experience	Business strategy	Human resources development and diversity	Sustainability
Directors (Excluding Directors who are Audit & Supervisory Committee Members)	Naoki Kurose		Male	○			○	○		○
	Koichi Kikuchi		Male	○		○	○	○		
	Kenichi Hirai	Outside Independent	Male	○		○	○	○		
	Ryo Otsuka	Outside Independent	Male	○			○			○
	Hitomi Yokote	Outside Independent	Female	○			○		○	○
	Shinya Mitsudomi	Outside Independent	Male	○			○	○		
Directors who are Audit & Supervisory Committee Members	Hideki Koike		Male	○	○	○				○
	Chiaki Tsuji	Outside Independent	Female		○		○			○
	Yoichi Nishio	Outside Independent	Male	○	○	○	○			

Note: The above list does not represent all the knowledge and experience of Directors