

Corporate Governance Report

CORPORATE GOVERNANCE

Open House Group Co., Ltd.

Last update: December 25, 2025

Open House Group Co., Ltd

President & CEO Ryosuke Fukuoka

Contact: 03-6213-0776

Securities code: 3288

The corporate governance of Open House Group Co., Ltd (the "Company") is described below.

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

1. Basic Views

The Company recognizes the development and promotion of a corporate governance system as one of the important management issues to realize sustainable growth of the Group and enhance corporate value over the medium to long term, under our corporate mission of "To thoroughly pursue the needs of our customers and deliver valuable real estate." Based on this recognition, the Company has formulated and disclosed the "Corporate Governance Basic Policy" which outlines our basic approach and fundamental policies regarding corporate governance for the Group, and have this disclosed on our website.

(Reference) "Basic Policy on Corporate Governance" within the "Other Materials" page: https://openhouse-group.co.jp/ir/en/library/library_03.html

The Company has positioned the "Basic Policy on Corporate Governance" as the highest norm for corporate governance of the Group, and will practice management based on this Basic Policy while fully considering the purpose and background of the Corporate Governance Code.

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

[Supplementary Principle 2.4.1] (Ensuring Diversity, Including Active Participation of Women)

(1) Approach to Ensuring Diversity

The Group strives to create an organization that respects the human rights of each employee and leverages diversity regardless of attributes such as gender, age, nationality or disability, while also creating a comfortable work environment. To develop the initiatives that have been promoted by each department, we established the Work Design Promotion Committee in April 2024. This committee has set "Promotion of Women's Empowerment", "Promotion of Employment of Persons with Disabilities" and "Support for Caregivers" as priority initiatives and is working towards promoting diversity.

In promotion of women's empowerment, we are encouraging long-term career development for female employees through welfare programs and training. In promotion of employment of persons with disabilities, we are working to create an environment and systems where persons with disabilities can perform stably, and our employment rate is consistently above the legally required rate. In support for caregivers, we have established various systems and environments, such as caregiving support allowances and caregiving leave, to enable employees to maintain a healthy work-life balance and work with peace of mind for an extended period while managing their caregiving responsibilities.

The Company is committed to non-discriminatory hiring practices, regardless of gender or nationality. We actively promote diversity by encouraging the advancement of women and foreign nationals within our organization. Additionally, we place a strong emphasis on recruiting experienced mid-career professionals, many of whom have successfully transitioned into key managerial roles, contributing significantly to our core operations.

(2) Voluntary and Quantifiable Objectives and Their Current Progress

Regarding the goals and indicators for human capital in the Group, the Open House Group "Declaring Promoting Women's Empowerment" states that we aim to increase the percentage of female managers in our four main companies to 15% by the end of September 2030. As of October 1st, 2025, the rate stands at 11.1%.

As measures to achieve this goal and increase the percentage of female managers, we are also focusing on the number of middle management positions (equivalent to section chiefs). We are implementing mid-career recruitment of female managers and managerial candidates, holding career discussion training for female employees to create future prospects, and regularly working to strengthen cooperation with executive management.

The Company discloses the status of the Group's initiatives on the corporate website.

(Reference) Work-Style Reforms and Promoting Diversity: <https://openhouse-group.co.jp/en/company/sustainability/workplace-environment/>
Promoting Women's Empowerment: <https://openhouse-group.co.jp/en/company/sustainability/workplace-environment/>

[Supplementary Principle 4.14.2] (Directors and Outside Audit & Supervisory Board Members Training)

The Company, when nominating Directors and Audit & Supervisory Board Members, their respective capabilities, experiences, and knowledge are deliberated and reviewed in the Nomination and Remuneration Committee, which is predominantly composed of Outside Directors. With the thorough examination in the process of nominating and appointing Directors and Audit & Supervisory Board Members, and in accordance with our corporate culture that values autonomy, we leave the decision regarding officer training to the individual's discretion and do not implement organizational measure or support. However, Directors and Audit & Supervisory Board Members within the Group are dedicated to self-improvement, and often participate in training activities they deem necessary, such as workshops, seminars, and networking events facilitated by external organizations, as well as internal study sessions.

Disclosure Based on each Principle of the Corporate Governance Code

[Principle 1.4] (Cross-Shareholdings)

Regarding cross-shareholdings, the Company determines whether to retain these shares after thoroughly considering the profits garnered from strengthened business relations, the investment amount, and other factors. This includes a comprehensive review of the medium to long-term economic rationale and future outlook. If cross-shares are held, the appropriateness of retaining each share is evaluated annually at the Board of Directors' meetings, and the details of these evaluations are disclosed as necessary. When exercising voting rights associated with cross-shareholdings, the Company weighs the potential impact and extent of this impact on our corporate value, in line with our holding objectives, as well as the potential

effects on the corporate value of the invested companies. Each decision to approve or disapprove proposals is made on an individual basis, following a holistic consideration of these factors.

[Principle 1.7] (Related Party Transactions)

The Company, in order to prevent the detriment to the interests of other shareholders resulting from conflicting transactions with specific shareholders, has stipulated in the 'Board of Directors Regulations' that decisions concerning fair procedures for transactions among related parties shall be made by the Board of Directors as a resolution item. Additionally, conflicting transactions are specified as matters for deliberation and reporting to the Board of Directors. Furthermore, the Audit & Supervisory Board Members oversee conflicting transactions.

When the company engages in transactions among related parties, disclosure is carried out in accordance with applicable laws and regulations in the securities report.

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

The Group does not engage in the management of pension fund accumulations, and does not assume the role of an asset owner. To assist in the stable asset formation of our employees, we have introduced a defined contribution pension system, and we conduct regular awareness activities for our employees regarding this system.

[Principle 3.1] (Full Disclosure)

(i): Management philosophy etc., business strategy, and business plan

The Company discloses its Group's corporate philosophy, business strategy, and business plan on its website and in its financial results briefing materials. By disclosing our corporate philosophy, the Company provides shareholders and investors (hereafter referred to as "shareholders, etc.") with a clear vision of the Group's strategic direction..

(Reference) Corporate philosophy: <https://openhouse-group.co.jp/en/company/philosophy.html>

Consolidated Financial Highlights, etc: https://openhouse-group.co.jp/ir/en/library/library_01.html

(ii): Basic philosophy and policy on corporate governance

The Company has established a "Basic Policy on Corporate Governance" which outlines our fundamental thoughts and guidelines concerning the Group's corporate governance.

This policy is disclosed on our website for public access.

(Reference) "Basic Policy on Corporate Governance" within the "Other Materials" page: https://openhouse-group.co.jp/ir/en/library/library_03.html

(iii): Policy and procedure for determining Director remuneration

Directors' remuneration consists of fixed remuneration, performance-based remuneration, and stock-based remuneration. Outside Directors' monetary remuneration is not determined based on performance evaluation from the standpoint of their role and independence. Furthermore, Outside Directors do not receive stock remuneration.

For fixed remuneration, we have adopted a policy to determine the amount based on a remuneration table, calculated according to position, responsibilities, skills and assigned duties.

Performance-based remuneration aims to immediately reflect the previous term's results in the current term's remuneration, thereby enhancing directors' motivation towards performance. We have established that the performance indicator is the ordinary profit from the previous consolidated fiscal year. Additionally, we consider the achievement status of financial indicators in the medium-term management plan and ESG evaluation indicators, as well as the scope of supervision, position, and responsibilities to ensure that the remuneration is not overly focused on short-term performance. The total amount of performance-based remuneration for all Directors is capped at 1% of consolidated ordinary profit.

For stock remuneration, we have adopted a policy to grant stock option-type stock remuneration equivalent to 10% of the monetary remuneration amount annually. This aims to share the benefits and risks of stock price fluctuations with shareholders and further enhance motivation to contribute to medium to long-term corporate value improvements.

In addition, individual remuneration amounts are determined by the Nomination and Remuneration Committee, composed of a majority of Outside Directors, in accordance with the remuneration policy decided in advance through the deliberation of the Nomination and Remuneration Committee and approved by the Board of Directors.

(iv): Executive appointments and dismissals: policies and procedures for director and Audit & Supervisory Board Member nominations

The Board of Directors makes decisions regarding the nomination of officer candidates and the appointment of management executives based on sufficient discussion and exchange of opinions, in accordance with internal regulations. In addition, the Nomination and Remuneration Committee deliberates on the suitability of candidates from an independent position of the Board of Directors and makes recommendations to the Board.

In nominating officer candidates, we consider important knowledge, experience, and abilities for managing the entire Group, and in addition to these, we comprehensively consider personality, experience, and other factors. On the other hand, when appointing management executives, we consider their achievements and contributions to the Company, and their sufficient ability and expertise in their respective fields as important judgement factors.

As for the dismissal of management executives, we will decide on a dismissal proposal after deliberation at the Board of Directors while comprehensively considering the presence and degree of legal and constitutional violations, physical and mental disabilities, significant unfitness for duties, and failures in business judgment.

(v): Details of each appointment/dismissal of management executives and appointment/dismissal/nomination of directors and Audit & Supervisory Board Members

The Company, in the notice of the Annual General Meeting of Shareholders, provides the reasons for each nomination when proposing the appointment of officer candidates. Furthermore, in cases where an officer is dismissed, we commit to disclosing the reason for the dismissal.

(Reference) Materials related to the General Meeting of Shareholders: https://openhouse-group.co.jp/ir/en/library/library_02.html

(Supplemental Principle 3.1.3) (Disclosure on Sustainability Initiatives)

The Group is promoting sustainability with the aim of contributing to the realization of a sustainable society through our business activities while pursuing sustainable corporate growth. As stated in our corporate philosophy, we continue to practice "to thoroughly pursue the needs of our customers and deliver valuable real estate" and we are engaged in business with the mission of "Providing affordable housing in metropolitan areas". By continuously realizing the Group's mission amidst changing times, we are practicing the creation of shared value that aims to balance social value and business value. In addition, the Group is strongly aware of the social responsibilities accompanying our business activities and contributions towards achieving the SDGs. We are promoting initiatives through our business activities to address issues related to Environment, Society, and Governance (ESG), and the contents are disclosed on our website.

(Reference) Sustainability and ESG Initiatives: <https://openhouse-group.co.jp/en/company/sustainability/>

(Investment in Human Capital and Intellectual Property)

The Company positions human resources as the most important capital in a company for achieving sustainable growth. We are strengthening the recruitment of excellent talent and continuously implementing education and training aimed at developing the abilities of our employees. As stated in our corporate philosophy, in order to "Attract a wide range of motivated people and create an organization that rewards results," we appoint personnel regardless of their background and strive to develop human resources who will be the driving force for business growth and future management.

Furthermore, the Company discloses the status of the Group's initiatives on our corporate website.

(Reference) Talent Development and Labor Practices: <https://openhouse-group.co.jp/en/company/sustainability/hrm/> As the Group provides single-family-homes and condominiums for actual use to customers, we believe it is important to satisfy our customers and differentiate our products from our peers. We are committed to properly acquiring and managing trademark rights that contribute to brand value in housing.

(TCFD Based Disclosure)

The Group recognizes that addressing climate change is an urgent matter. In January 2021, we expressed our support for the TCFD recommendations and joined the "TCFD Consortium". In November of the same year, we evaluated the financial impact of climate change on our single-family home related business and disclosed information in line with the TCFD recommendations. Subsequently, from August 2025, we expanded the scope of this evaluation to include the "Single-family homes," "Condominiums," "Property Resale," and "U.S. Real Estate" businesses. As a result, we now evaluate the financial impact of climate change in a manner that covers all businesses operated by the Group. Details of these disclosures are available on our website. (Reference) Approach to Climate Change: <https://openhouse-group.co.jp/en/company/sustainability/environment/>

【Supplementary Principle 4.1.1】(Overview of the Scope of Delegation to Management)

The Company, based on the Board of Directors Regulations, determines matters stipulated by laws and the Articles of Incorporation, as well as equally important matters (such as management-related issues) through resolutions of the Board of Directors. For other matters, in order to achieve swift business execution, we delegate judgement and decision making to the management team.

[Principle 4.9] (Independence Standards and Qualification for Independent Directors)

The Company has established "Criteria for Judging the Independence of Outside Directors and Outside Audit & Supervisory Board Members," and discloses the contents in securities reports and the like. The Board of Directors selects candidates for independent Outside Directors based on these criteria, considering individuals who possess independence and are expected to make a positive contribution to the Board's deliberations.

【Supplementary Principle 4.10.1】(Use of Optional Approach)

The Company establishes a Nomination and Compensation Committee comprising a majority of Outside Directors as an optional approach to contribute to the enhancement of governance. This committee holds deliberations on the appointment of key executives within the Group and has the authority to determine the individual compensation of Company directors, among other responsibilities. Operating from an objective standpoint with a certain distance from the Company's operations, the committee supplements the decision-making of the board of directors.

[Supplementary Principle 4.11.1] (Balance and Diversity of the Board of Directors)

To ensure that our Board of Directors can make swift decisions while fulfilling sufficient management functions, we have adopted a policy of nominating a select few highly competent individuals who ensure a balance between diversity and an appropriate size, having limited the maximum number of directors to the minimum necessary for business execution as stipulated by the Articles of Incorporation. We have created a skill matrix that lists the skills of directors we deem necessary in light of our business strategy, as well as the knowledge and experience each director possesses, and disclose this on our website.

(Reference) "Skill Matrix of Directors" within the "Other Materials" page: https://openhouse-group.co.jp/en/library/library_03.html

In appointing directors, the Nomination and Remuneration Committee, which consists of a majority of Outside Directors, deliberates on the appropriateness of candidate selection from an independent position, and recommends the results to the Board of Directors.

[Supplementary Principle 4.11.2] (Disclosure of Concurrent Positions at Other Companies)

When an executive of the Company serves as an executive in another listed company, the Company permits concurrent roles within reasonable limits. The details of such concurrent roles are disclosed annually.

[Supplementary Principle 4.11.3] (Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole)

The Board of Directors conducts an analysis and evaluation of the overall effectiveness of the board each year to enable swift and accurate decision-making, and we disclose the summary of these results.

The summaries of past evaluations are disclosed on the Company's website.

(Reference) "Summary of the Analysis and Evaluation Results of the Overall Effectiveness of the Board of Directors" within "Other Materials" page https://openhouse-group.co.jp/en/library/library_03.html

[Principle 5.1] (Policy for Constructive Dialogue with Shareholders)

The Company has positioned the timely, appropriate, and fair provision of necessary information as the basic policy of IR, and to promote constructive dialogue with shareholders, we are implementing the following policies.

(1) Designation of a director and establishment of IR department.

We have established a department to serve as the point of contact for actual dialogues (interviews) with shareholders etc. The director in charge of IR or their designated person (hereinafter referred to as the "IR Representative") will handle this.

(2) Organic collaboration with various internal departments through meetings, etc.

The IR representative, through meetings and other forums, will appropriately share information with various departments within the company and aim for organic collaboration.

(3) Proactive dissemination of information and dialogue with domestic and international shareholders.

For domestic shareholders, we hold financial results briefings after the end of the fiscal year and the second quarter. In addition, for international shareholders, we disseminate financial information and arrange visits to overseas investors by directors.

(4) Feedback of shareholder opinions to management executives.

The IR representative will appropriately report the opinions of shareholders etc. that have been collected to the management executives.

(5) Prevention of dissemination of insider information: operation of internal regulations.

The Company has established regulations and guidelines for the management of information, including insider information, and ensures strict operation.

Through this, the Company takes utmost care to ensure that it does not disseminate insider information during dialogues with shareholders etc.

(Reference) Information for Investors (Japanese) <https://openhouse-group.co.jp/ir/>

Information for Investors (English) <https://openhouse-group.co.jp/ir/en/>

Action to Implement Management That Is Conscious of Cost of Capital and Stock Price

Content of Disclosure	Disclosure of Initiatives (Update)
Availability of English Disclosure	Available
Date of Disclosure Update	11/14/2025

Explanation of Actions

The Company accurately grasps the cost of capital and discloses targets related to profitability and capital efficiency, including profit plans, capital policies, and policies/status of business portfolios, through financial results briefings and other means.

For information on our approach to realizing management that is conscious of capital costs and stock prices, please refer to the following.

"Management Focused on Cost of Equity and Stock Price" on pages 26-35 of the "Consolidated Financial Highlights for the Fiscal Year Ended September 30 2025"

(Japanese) https://openhouse-group.co.jp/ir/upload_file/m005-m005_07/fy2025_4q_financialhighlight_j.pdf

(English) https://openhouse-group.co.jp/ir/en/upload_file/m000-/fy2025_4q_financialhighlight_e.pdf

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage(%)
Masaaki Arai	38,237,200	33.97
Ichigo Trust PTE Limited	15,242,100	13.54
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,867,800	8.76
Custody Bank of Japan, Ltd. (Trust Account)	3,303,000	2.93
JP MORGAN CHASE BANK 385864	2,960,492	2.63
JP MORGAN CHASE BANK 385632	2,204,660	1.95
SMBC Trust Bank Ltd., as Trustee of a Specified Securities Trust	2,200,000	1.95
Hitoshi Imamura	1,708,700	1.51
STATE STREET BANK AND TRUST COMPANY 505001	1,368,981	1.21
Morgan Stanley MUFG Securities Co., Ltd.	1,276,138	1.13

Name of Controlling Shareholder, if applicable (excluding Parent Companies)

Name of Parent Company, if applicable
 Not applicable

Supplementary Explanation

(Note) 1. The 2,200,000 shares held by SMBC Trust Bank Ltd., as Trustee of a Specified Securities Trust, are related to a trust agreement intended for the management of shares, with Masaaki Arai, a Director of the Company, as the settlor and beneficiary, and SMBC Trust Bank Ltd. as the trustee. Accordingly, the actual number of shares held by Masaaki Arai is 40,437,200 shares, representing 35.93% of the total shares.

2. The Company holds 8,174,834 shares of its own stock.

The percentage (%) is calculated based on the ratio of owned shares to the total number of issued shares (excluding own shares).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Prime Market
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Fiscal Year-End	September
Business Sector	Real Estate
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	50 or more but fewer than 100

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

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

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

1. Organizational Composition and Operation

Corporate Governance System	Company with Audit and Supervisory Board
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Directors

Number of Directors Stipulated in Articles of Incorporation	12
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	9
Election of Outside Directors	Elected
Number of Outside Directors	3
Number of Independent Directors	3

Outside Directors' Relationship with the Company (1)

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Hitoshi Ishimura	From another company											
Yuko Omae	Lawyer											
Maoko Kotani	Other											

* Selection items regarding the relationship with the company

* If the person in question is currently or recently applicable to each item, mark with “○”, if they were applicable in the past, mark with “△”

* If a close relative is currently or recently applicable to each item, mark with “●”, if they were applicable in the past, mark with “▲”

- a. Executive officer of a listed company or its subsidiary.
- b. Executive officer or non-executive director of the parent company of a listed company.
- c. Executive officer of a sibling company of a listed company.
- d. Executive officer of a listed company or those who have a listed company as a major client.
- e. Executive officer of a listed company or those who are a major client of a listed company.
- f. Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from a listed Company in addition to remuneration as an executive officer.
- g. The major shareholder of a listed company (if the major shareholder is a corporation, the executive officer of the corporation).
- h. Executive officer (only the individual in question) of the client company of a listed company (those that do not fall under any of d, e, and f).
- i. Executive officer (only the individual in question) who is in a mutual appointment relationship as an outside director.
- j. Executive officer (only the individual in question) of the entity to which the listed company makes donations to.
- k. Others

Outside Directors' Relationship with the Company (2)

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Hitoshi Ishimura	○	-----	<p>Based on Hitoshi Ishimura's extensive experience and deep knowledge as an executive in financial institutions and real estate companies, he provides supervision and advice from an independent standpoint to ensure the validity and appropriateness of the Board of Directors' decision-making. From this experience and track record, we have determined that he will continue to appropriately fulfill his duties as an Outside Director of our company.</p> <p>Furthermore, he is not an executive of our parent company, sibling company, or major client, nor is he a close relative of those who fall under these categories. In addition, apart from his remuneration as a director, the Company does not compensate him with large sums of money or other significant assets.</p> <p>For these reasons, as there is no risk of a conflict of interest with general shareholders, we have decided to continue to appoint him as an independent director.</p>
Yuko Omae	○	-----	<p>Based on Yuko Omae's extensive experience and deep knowledge as a lawyer, she provides supervision and advice from an independent standpoint to ensure the validity and appropriateness of the Board of Directors' decision-making. Although she has not been involved in corporate management other than as an outside officer in the past, we have determined that she will continue to appropriately fulfill her duties as an Outside Director of our company based on these experiences and achievements.</p> <p>Furthermore, she is not an executive of our parent company, sibling company, or major client, nor is she a close relative of those who fall under these categories. In addition, apart from her remuneration as a director, the Company does not compensate her with large sums of money or other significant assets.</p> <p>For these reasons, as there is no risk of a conflict of interest with general shareholders, we have decided to continue to appoint her as an independent director.</p>

Maoko Kotani	○	-----	<p>Based on Maoko Kotani's extensive experience and deep knowledge gained from serving as a news anchor for information programs over many years, raising a wide range of issues related to politics, economics, international relations, and society, she provides valuable advice on the Company's management and sustainability, as well as appropriate supervision and advice on business execution. From these experiences and achievements, we have determined that she will continue to appropriately fulfill her duties as an Outside Director.</p> <p>Furthermore, she is not an executive of our parent company, sibling company, or major clients, nor is she a close relative of those who fall under these categories. In addition, apart from her remuneration as a director, the Company does not compensate her with large sums of money or other significant assets.</p> <p>For these reasons, as there is no risk of a conflict of interest with general shareholders, we have decided to continue to appoint her as an independent director.</p>
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Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Renumeration Committee	Established
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Status of Voluntarily Established Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntarily Established Committee Equivalent to Nomination Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside Director
Voluntarily Established Committee Equivalent to Remuneration Committee	Nomination and Compensation Committee	3	0	1	2	0	0	Outside Director

Supplementary Explanation

The Nomination and Remuneration Committee is a discretionary committee set up by the Company with the aim of contributing to the enhancement of the corporate governance of the Group as a whole. The composition, functions, and activity status of this committee are as described in the following section " Matters Concerning Functions of Business Executions, Auditing and Supervision, Nomination, and Remuneration Decisions (Overview of Current Corporate Governance System)." .

Audit and Supervisory Board Member

Establishment of Audit and Supervisory Board	Established
Number of Audit and Supervisory Board Members Stipulated in Articles of Incorporation	4
Number of Audit and Supervisory Board Members	3

The Audit & Supervisory Board Members, in collaboration with the Internal Audit Department and the Accounting Auditor, conducts audits on the appropriateness of directors' duties, and strives for organic collaboration in the following three types of audits.

1. The Audit & Supervisory Board Members actively and proactively engage in audit operations, such as asking questions about agenda items at the Board of Directors Meetings and pointing out matters of concern. The full-time Audit & Supervisory Board Member collects information proactively under close collaboration with the internal audit department. The part-time Audit & Supervisory Board Member performs their duties from a position independent to the Company.
2. The Audit & Supervisory Board Members discusses the internal audit plan for each fiscal year with the Internal Audit Department, and holds regular meetings and other sessions for discussions and exchanges of opinions on the results of internal audits and issues raised. They strive for close exchange of information and mutual understanding.
3. The Audit & Supervisory Board Members confirms the current status of the company, the auditor's audit plan, and the quality of audits with the Internal Audit Department and the Accounting Auditor.

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

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

Name	Attributes	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Koichi Matsumoto	From another company													
Shoko Sasaki	Other													

* Selection items regarding the relationship with the company

* If the person in question is currently or recently applicable to each item, mark with “○”, if they were applicable in the past, mark with “△”

* If a close relative is currently or recently applicable to each item, mark with “●”, if they were applicable in the past, mark with “▲”

a. Executive officer of the listed company or its subsidiary.

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

c. Executive officer or non-executive director of the parent company of the listed company.

d. Audit & Supervisory Board Member of the parent company of the listed company.

e. Executive officer of the sibling company of the listed company.

f. Individual or entity that have the listed company as a major client or is its executive officer.

g. Major client of the listed company or its executive officer.

h. Consultant, accounting expert, or legal expert who receives large amounts of monetary or other assets from a listed Company in addition to remuneration as an executive officer.

i. Major shareholder of a listed company (if the major shareholder is a corporation, the executive officer of the corporation).

j. Executive officer (only the individual in question) of the client company of a listed company (one that does not fall under f, g, or h).

k. Executive officer (only the individual in question) who is in a mutual appointment relationship as an outside director.

l. Executive officer (only the individual in question) of the recipient to which the listed company has made donations to.

m. Others

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

Name	Designation as Independent Audit and Supervisory Board Member	Supplementary Explanation of the Relationship	Reasons for Appointment
Koichi Matsumoto	○	---	<p>Koichi Matsumoto held key roles in both management and corporate governance departments of a major trading company, he conducts appropriate audits based on his extensive experience and deep knowledge of finance and accounting. From these experiences and achievements, we have determined that he will continue to appropriately fulfill his duties as an Outside Audit & Supervisory Board Member. Furthermore, he is not an executive of our parent company, sibling company, or major clients, nor is he a close relative of those who fall under these categories. In addition, apart from his remuneration as an officer, the Company does not compensate him with large sums of money or other significant assets.</p> <p>For these reasons, as there is no risk of a conflict of interest with general shareholders, we have decided to continue to appoint him as an independent director.</p>
Shoko Sasaki	○	---	<p>Shoko Sasaki has served as the Director-General of the Immigration Bureau of the Ministry of Justice and the first Commissioner of the Immigration Services Agency of the Ministry of Justice. She conducts appropriate audits based on her extensive experience and deep knowledge of legal affairs and risk management. Although she has not been involved in corporate management other than as an outside officer, we have determined that she will continue to appropriately fulfill her duties as an Outside Audit & Supervisory Board Member based on these experiences and achievements.</p> <p>Furthermore, she is not an executive of our parent company, sibling company, or major clients, nor is she a close relative of those who fall under these categories. In addition, apart from her remuneration as an officer, the Company does not compensate her with large sums of money or other significant assets.</p> <p>For these reasons, as there is no risk of a conflict of interest with general shareholders, we have decided to continue to appoint her as an independent director.</p>

Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and
Independent Audit and Supervisory Board
Members

5

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

The Company has established the following standards and policies regarding the independence of Outside Directors and Outside Audit & Supervisory Board Member:

- They are not currently an officer or employee of the Group (excluding Outside Directors and Outside Audit & Supervisory Board Members, the same applies hereafter). And has not been an officer or employee of the Group in the past.
- They do not fall under any of the following categories in the past five years.
 - Officer or employee of a supplier or vendor that provides products or services to the Group, and who has ongoing transactions amounting to more than 2% of their annual consolidated net sales.
 - Officer or employee of a client of the Group, where there are transactions that continuously exceed 2% of the Group's annual consolidated net sales.
 - Officer or employee of a major lender to the Group (referring to a lender related to an amount exceeding 2% of the Group's consolidated total assets)

- iv. Shareholder who holds more than 10% of the total voting rights of the Company, or an officer or employee of such a shareholder.
- v. Officer or employee of a company where the Group has voting rights, and the Group holds more than 10% of the total voting rights of the shareholders of that company.
- vi. Consultants, accounting professionals, or legal professionals who receive significant financial or material benefits from the Group, excluding officer remuneration (including those who belong to such organizations, such as corporations or associations).
- c. They are not within the second degree of kinship with the following individuals.
- i. Officer or key employee of the Group.
- ii. Any individual that falls under any of the categories in section b.
- d. They should not be an officer or employee of a company that has reciprocal officer appointments with the Group.

Incentives

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-linked Remuneration Scheme, Introduction of Stock Options Scheme
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Supplementary Explanation for Applicable Items

• Performance-linked Remuneration Scheme

Please refer to [Disclosure Based on the Principles of the Corporate Governance Code] [Principle 3-1] (Full Disclosure) "(iii): Policy and procedure for determining Director Remuneration" in this report.

• Stock Options Scheme

By resolution of the 26th Annual General Meeting of Shareholders held in December 2022, we adopted a policy to grant stock-based stock options annually, with a guideline amount equivalent to 10% of monetary remuneration. This aims to share the benefits and risks of stock price fluctuations with shareholders and further enhance motivation to contribute to medium to long-term corporate value improvement. The Company has issued these stock options three times thus far. The stock-based stock options are allocated within the range of 300 million yen per year, separate from the amount of monetary compensation, as approved by the shareholders' meeting.

Persons Eligible for Stock Options	Inside Directors, Employees, Directors of Subsidiary, Subsidiaries' Employees
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Supplementary Explanation for Applicable Items

The Company grants tax-qualified stock options to the directors of its subsidiaries, executive officers of the Group, and other key employees. This initiative is aimed at increasing their motivation to improve the Group's business performance and sharing a sense of commitment toward enhancing stock value.

Additionally, we grant stock-based stock options to inside directors and executive officers with the purpose of sharing the benefits and risks of stock price fluctuations with shareholders and further enhancing motivation to contribute to medium to long-term corporate value improvement.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration	Disclosure for Selected Directors
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Supplementary Explanation for Applicable Items

The total remuneration for the Company's directors (excluding Outside Directors) for the fiscal year ended in September 2025 was 1,395 million yen. Please note that for directors whose total consolidated remuneration and other compensation amount to 100 million yen or more, the amount of their remuneration is disclosed in the Securities Report (Annual Financial Summary2023).

Policy on Determining Remuneration Amounts and Calculation Methods	Established
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Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The policy for determining the amount or calculation method of the remuneration for the Company's Board of Directors is outlined as per the disclosure based on each principle of the Corporate Governance Code - Principle 3-1 (Full Disclosure) "(iii): Policy and procedure for determining director remuneration".

Support System for Outside Directors (and/or Outside Audit and Supervisory Board Members)

While there are no dedicated staff members specifically assisting in the duties of Outside Directors or Outside Audit & Supervisory Board Members, the Management Division and the Internal Audit Department concurrently perform support duties. During the convening of regular and extraordinary Board of Directors meetings, as well as Nomination and Remuneration Committee meetings, the Management Division distributes materials in advance and provides explanations as necessary.

Additionally, the Company regularly holds opinion exchange meetings attended by all Outside Directors and Outside Audit & Supervisory Board Members, aiming to facilitate the information exchange and shared understanding necessary to fulfill their respective responsibilities.

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

<Board of Directors and Executive Officer System>

With Ryosuke Fukuoka, President & CEO, as the Chairman, the Board of Directors of the Company consists of a total of nine Directors, of which six are inside Directors (Ryosuke Fukuoka, Kazuhiko Kamata, Kotaro Wakatabi, Kenta Kikuchi, Hiroshi Munemasa and Masaaki Arai) and three are Outside Directors (Hitoshi Ishimura, Yuko Omae and Maoko Kotani). As a management decision-making body, the Board of Directors deliberates and makes decisions on management policies and other important management matters based on the Board of Directors Rules and supervises the execution of duties by Directors. In addition to regular meetings held once a month, the Board of Directors holds meetings as needed and has lively discussions over various matters related to the Company's business activities.

The Company's Articles of Incorporation limit the number of Directors to the minimum necessary from the perspective of pursuing swift decision-making and full management function of the Board of Directors simultaneously. The Board of Directors helps management make quick and drastic decisions based on such a structure.

Furthermore, the Board of Directors, in accordance with laws and regulations, makes decisions on important management matters and supervises business execution, while also periodically monitoring the development and operational status of the internal control system. In the fiscal year ending September 2025, the Board of Directors met 16 times and engaged in active discussions on a wide range of topics including business strategy, capital policy, fundraising, internal regulations development, and sustainability.

<Audit & Supervisory Board>

With Megumi Koyama, Full-time Audit & Supervisory Board Member, as the Chairman, the Audit & Supervisory Board consists of one Inside Audit & Supervisory Board Member (Megumi Koyama), and two Outside Audit & Supervisory Board Members (Koichi Matsumoto and Shoko Sasaki). In addition to a regular monthly meeting, meetings are held on a needed basis. Full-time Audit & Supervisory Board Member Megumi Koyama and Audit & Supervisory Board Member Koichi Matsumoto have extensive knowledge of finance and accounting.

In accordance with audit policies and plans drawn up and formulated by the Audit & Supervisory Board at the beginning of the fiscal year, Audit & Supervisory Board Members conduct audits of the execution of duties by Directors from a standpoint independent from Directors through their attendance at the Board of Directors' meetings and interviews with Directors and other officers on the status of business operations. Through information exchange, shared recognition and cooperation with the Internal Audit Division and Accounting Auditor, the Audit & Supervisory Board also strives to strengthen its auditing function by supplementing operational audits and accounting audits.

Further, the Audit & Supervisory Board assesses the appropriateness of the Accounting Auditor in accordance with the "Standards for Appointment and Evaluation of Accounting Auditor," and determines the details of a proposal concerning matters including the election of the Accounting Auditor to be submitted at a general meeting of shareholders.

In the fiscal year ending September 2025, the Audit & Supervisory Board met 14 times, focusing on discussions and exchanges of opinions on corporate governance and internal control.

<Nomination and Remuneration Committee>

The Nomination and Remuneration Committee is composed of three members, chaired by Outside Director Hitoshi Ishimura, Outside Director Yuko Omae and Director Masaaki Arai, and the purpose of the Committee, which the Company established voluntarily, is to contribute to the enhancement of corporate governance in the Group as a whole. In addition to deliberating on the nomination of key executives and employees of the Group, the Nomination and Remuneration Committee is authorized to decide on the amounts of compensation, etc. for individual Directors of the Company, and it supplements the decision-making by the Board of Directors from an objective stance that is somewhat removed from the execution of the Company's business.

In the fiscal year ending September 2025, 5 meetings were held and based on the Nomination and Remuneration Committee Regulations, deliberated and considered matters such as the remuneration amounts for individual directors and the appointment and dismissal of key officers.

<Internal Audit Division>

The Internal Audit Division (fourteen staff members), which is placed directly under the President, conducts internal audits on the legality and appropriateness of the operation of internal systems and business executions in all aspects of management, in accordance with an internal audit plan and other such documents drawn up and formulated at the beginning of the fiscal year. In principle, the Internal Audit Division conducts internal audits of all departments of the Group and reports the results to each group company's President & Representative Director and departments subject to the audits. The Internal Audit Division also gives improvement instructions to departments subject to the audits and monitors their improvement in an ongoing basis. Furthermore, the Internal Audit Division strives to strengthen its internal audit function by supplementing internal audits through information exchange, shared recognition and cooperation with Audit & Supervisory Board Members and the Accounting Auditor.

<Accounting Auditor>

The Company has appointed Deloitte Touche Tohmatsu LLC as its Accounting Auditor, and certified public accountants (CPAs) from the firm conduct audits in a fair manner under the Companies Act and the Financial Instruments and Exchange Act of Japan. Additionally, CPAs from the said auditing firm also conduct accounting audits of the Company's significant subsidiaries.

The Accounting Auditor reports the audit plans and audit results to the Audit & Supervisory Board and Internal Audit Division as needed to ensure cooperation within the tripartite audit system.

In the current fiscal year, the certified public accountants who executed the accounting audit services were two designated limited liability partners and executive members. The composition of assistants involved in the audit work includes 16 certified public accountants, 9 individuals who have passed the certified public accountant examination, and 21 other staff members. We have taken measures to ensure that the executive members are not involved in the Company's accounting audit for more than seven accounting periods (five accounting periods for the lead engagement partner of listed companies) as a continuous audit period.

Furthermore, Deloitte Touche Tohmatsu LLC, which served as the Company's Accounting Auditor, retired due to the expiration of its term of office at the conclusion of the 29th Annual General Meeting of Shareholders held on December 24, 2025. At the same meeting, Ernst & Young ShinNihon LLC was newly appointed as the Accounting Auditor.

<Other matters>

The Company, based on Article 427, Paragraph 1 of the Companies Act, can stipulate a contract that limits the liability for damages under Article 423, Paragraph 1 of the Companies Act between directors (excluding those who are executive officers, etc.) and Audit & Supervisory Board Members, when the requirements stipulated by laws and regulations are applicable, as stipulated in the articles of incorporation. We have concluded a liability limitation contract with 3 outside directors and 3 Audit & Supervisory Board Members.

3. Reasons for Adoption of Current Corporate Governance System

The Company believes that swift decision-making is especially important in appropriately adapting to the business environment surrounding the Group and consistently enhancing its corporate value. The Company adopts the current corporate governance structure from the perspective of ensuring the transparency and fairness of management by establishing an objective and neutral management monitoring function while enabling flexible decision-making by taking into account the Group's business size and business plans.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measure to Vitalize General Meeting of Shareholders and Facilitate Exercise of Voting Rights

	Supplementary Explanation
Early Posting of Notice of the General Meeting of Shareholders	The notice for the General Meeting of Shareholders 2025 was dispatched more than 3 days prior to the statutory deadline (two weeks prior to the Meeting date). Specifically, the notice was dispatched on December 5, and the date of the Meeting was on December 24.
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	Taking in consideration that the fiscal year ends in September, we place a strong emphasis on scheduling the General Meeting of Shareholders on non-peak days
Electronic Exercise of Voting Rights	Since the General Meeting of Shareholders conducted in December 2015, we have facilitated online voting via computers and smartphones.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	Since the General Shareholders Meeting held in December 2015, we have implemented the use of the electronic voting platform run by ICJ Inc.
Provision of Convocation Notice (Summary) in English	The English version of the Convocation Notice (Summary) is prepared and uploaded on our corporate website for the convenience of our foreign shareholders.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative director or a representative executive officer
Formulation and Publication of Disclosure Policies	Under the compliance action policy set by top management, the Group is committed to ensuring fair and transparent corporate governance for our stakeholders. We strive to provide necessary corporate information in a timely and appropriate manner. This policy is publicly available on the Company's website. (Reference) IR Information Disclosure Policy https://openhouse-group.co.jp/ir/mpolicy/	
Regular Investor Briefings held for Analysts and Institutional Investors	We hold financial results briefings (venue + video streaming) for analysts and institutional investors after the end of the fiscal year and the second quarter, where the Representative Director and CFO explain the financial results and business strategies. Additionally, we hold telephone conferences every quarter where the CFO explains the financial results and other matters.	Held
Online Disclosure of IR Information	To help investors and others better understand our company, we have established a dedicated IR page on our corporate website. There, we publish financial information (financial results, consolidated financial highlights, annual financial summary), timely disclosure materials, and other relevant information. (Reference) Investor Relations https://openhouse-group.co.jp/ir/en	
Establishment of Department and/or Placement of a Manager in Charge of IR	We have IR representatives positioned within our Corporate Planning Division.	

3. Status of Measure to Ensure Due Respect for Stakeholders

		Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders		<p>The Company has established a corporate philosophy, and one of our management policies is to aim for sustainable development and growth by enhancing corporate value through implementing management measure from the perspective of all stakeholders, including shareholders, customers, and employees, while responding appropriately and in a timely manner to changes in the business environment.</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.		<p>The Group promotes sustainability aimed at contributing to the realization of a sustainable society through our business activities while pursuing sustainable corporate growth. At the Group, we continue to practice "To thoroughly pursue the needs of our customers and deliver valuable real estate" as stated in our corporate philosophy, while working on our business with the mission of "providing affordable housing in urban areas." By continuously realizing our mission amidst changing times, we are practicing the creation of shared values aimed at balancing social value and business value. Furthermore, the Group is strongly aware of our social responsibility associated with business activities and our contribution towards achieving the SDGs, and we are promoting initiatives through our business activities to address issues related to the environment, society, and governance (ESG).</p> <p>We have established an independent sustainability site within our company website where we publish the status of our initiatives.</p> <p>(Reference) Sustainability https://openhouse-group.co.jp/en/company/sustainability/</p>
Formulation of Policies, etc. on Provision of Information to Stakeholders		<p>The Company actively disclose information to our stakeholders through the corporate website, financial results briefing materials, ESG information, and other means.</p>

IV. Matters Concerning the Internal Control System

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

The Group has established the "Basic Policy on the Establishment of a System to Ensure the Appropriateness of Business", serving as a foundational guideline for creating an internal control system. Along with the consistent implementation of this basic policy, the Group is committed to further bolstering corporate governance. This is achieved through various measures such as disseminating messages from senior management, intensifying compliance education, and broadening reporting mechanisms. An outline of the contents of this basic policy follows (however, matters concerning the exclusion of antisocial forces are documented in "2. Basic Views on Measure for Eliminating Anti-Social Forces and Status of Development").

A) A system to ensure that the execution of duties by directors and employees complies with laws and regulations as well as the articles of incorporation.

a. The Group has positioned the "Basic Policy on Corporate Governance" set by the Board of Directors as the highest standard for corporate governance. Based on this policy, the Group works on measures to achieve sustainable growth and improve corporate value over the medium to long term.

1) The Board of Directors and Directors

The Board of Directors, in accordance with laws, articles of incorporation, resolutions of the General Meeting of Shareholders, and the "Board of Directors Regulations", makes important decisions about management and supervises the execution of business. It also strives to disseminate the "Employee Code of Conduct" throughout the company, its subsidiaries, and affiliated companies (hereinafter referred to as "the Group") and to build a control environment. Directors deeply understand that compliance forms the core of management and continuously work towards the establishment of a compliance system. In addition, Outside Directors are to critically examine the appropriateness of the execution of director's duties from an objective and independent standpoint.

2) Executive Officers

The Executive Officers are responsible for the actual execution of the decisions made by the Board of Directors. They carry out the company's operations in accordance with the "Executive Officers Regulations" and other related regulations.

3) Audit & Supervisory Board and Audit & Supervisory Board Members

The Audit & Supervisory Board and the Audit & Supervisory Board Members exercise the powers defined by laws and regulations. In collaboration with the internal audit department and the accounting auditor, they conduct audits on the appropriateness of the execution of duties by directors in accordance with the "Audit & Supervisory Board Regulations" and the "Audit & Supervisory Board Audit Standards".

b. Compliance

The Board of Directors manages decisions and progress regarding compliance efforts, adheres to "Compliance Regulations", and strives to enhance the compliance system, such as planning and implementing compliance education and training, and establishing a dedicated hotline for reporting compliance violations. In the implementation of this system, meticulous safeguards are put in place to protect those who report misconduct, ensuring they do not experience any negative consequences.

c. Developing a System for Ensuring Accurate Financial Reporting

The Company strives to enhance the system for ensuring the appropriateness of financial reporting by complying with "Accounting Regulations" and other internal regulations, accounting standards, and other related laws and regulations.

d. Internal audit

The internal audit department, based on the "Internal Audit Regulations", conducts regular audits on the general business operations for compliance with laws, articles of incorporation, internal regulations, and the appropriateness of the procedures and content of directors' duties, and strives for continuous improvement of the compliance system. The results of these audits will be reported to the Board of Directors.

B) Establishing a System for Storing and Managing Information Related to the Board of Directors' Duties

a. Preservation and Management of Information.

The director in charge of the management division, in accordance with the "Rules for Handling Official Documents" and other internal company rules, appropriately preserves and manages documents (including electronic records, the same shall apply hereinafter) that contain important information related to the performance of duties, such as the minutes of the General Meeting of Shareholders and the Board of Directors meetings, along with related materials. In addition, by properly implementing operations in accordance with the "Act on the Protection of Personal Information", "Basic Information System Regulations", and other internal company rules, we prevent information leakage, unauthorized acquisition, and unauthorized use.

b. Accessing Information

The Company maintains a situation where both the Directors and the Audit & Supervisory Board Members can access the previously mentioned information at any time.

C) Implementing Regulations and Systems for Managing the Risk of Loss

The Company recognizes risk management as a critical issue in management. In order to properly address various risks such as market risk, credit risk, investment risk, CSR and compliance risk, and information security risk, we have established necessary risk management systems and methods, such as the enactment and operation of various internal regulations and the establishment of a system for reporting and monitoring latent and manifest risks. We manage the risks of the entire Group in a comprehensive and individual manner.

In addition, the Company has established a "BCP Basic Policy" (Group guidelines on business continuity planning) for the Company and its major subsidiaries, clarifying information transmission rules and response methods in case of risk realization. In case of events that make it difficult to continue normal business operations, such as large-scale disasters, we will establish a BCP Strategy Headquarters to implement necessary and appropriate initial responses based on this basic policy.

The status of risk management of the Company and its subsidiaries is regularly audited by our internal audit department, and the results are reported to the Board of Directors.

D) System to Ensure Efficient Execution of Duties by Directors and Others

a. Distinction Between Decision-Making and Operational Execution

The Company and its key subsidiaries have introduced an executive officer system to differentiate between decision-making and supervisory functions and business execution functions, to ensure proper and efficient execution of duties. In addition, the Company has established internal regulations such as the "Business Division Regulations" and "Job Authority Regulations" to clarify the division of business, command lines, and decision-making bodies of the Group. These are applied to the Company and its key subsidiaries and are regularly reviewed. By doing so, we aim to clarify the authority and responsibilities of each position and promote the proper and efficient execution of directors' duties.

b. System Pertaining to Business Management and Accounting Management

The Company, recognizing the close relationship between the business activities of the Company and its subsidiaries, has introduced a business management system that comprehensively understands and manages the progress of business across the entire Group, thereby improving the efficiency of the directors' performance of their duties. Furthermore, by implementing a common accounting management system within the Group, we aim to understand the financial situation of the Group and improve the efficiency of accounting operations.

c. Consolidation of Indirect Departments

The Company, as the parent company, has consolidated indirect departments within the Group, including General Affairs, Human Resources, Financial Accounting, Legal Affairs, Information Systems, Investor Relations, and Internal Audit, etc. This approach has enabled the Company to centralize information, optimize capital raising within the Group, and prevent discrepancies or divergences in business policies among group companies.

E) Employee Support for Audit & Supervisory Board Member: Independence and Instruction Efficacy

a. Dedicated Employee Support for Audit & Supervisory Board Member Duties

When deemed necessary by the Audit & Supervisory Board Member, dedicated employees (hereinafter referred to as "supporting staff") to assist in their duties will be set up, based on the "Audit & Supervisory Board Member Audit Standards".

b. Command Authority and Personnel Rights Over Supporting Staff

The command authority over supporting staff is exclusively held by the Audit & Supervisory Board, and neither the directors nor other employees have this authority. The personnel evaluation of the supporting staff is performed by the Audit & Supervisory Board Member designated by the Audit & Supervisory Board. Any personnel changes or disciplinary actions against the supporting staff require the prior consent of the Audit & Supervisory Board.

F) Reporting Structure to the Audit & Supervisory Board Member

a. Directors and other officers regularly report the status of their duties to the Audit & Supervisory Board Member.

b. In addition to matters mandated by laws and regulations, directors promptly report the following matters to the Audit & Supervisory Board Member as and when they arise.

1) Decisions significantly affecting finance and business operations.

2) Contents of performance and performance forecasts announcements.

3) Contents and results of internal audits and measures for identified issues.

4) Contents of administrative sanctions.

5) Other matters requested by the Audit & Supervisory Board Members.

c. If there are circumstances that could lead to substantial harm to the Company, or significant breaches of laws or the Articles of Incorporation, the Company's employees have the right to report directly to the Audit & Supervisory Board Member.

d. Any employee within the Group who makes a report is safeguarded from any adverse consequences or unfavorable treatment connected to their reporting. The Group also pledges to implement appropriate measures to maintain a secure and supportive workplace for these employees.

e. Directors, Audit & Supervisory Board Members, and employees of subsidiaries, or those who have received reports from these individuals, may also report to the Company's Audit & Supervisory Board Member in accordance with the above points a. to d.

G) Policy on Managing Expenses Related to the Execution of Audit & Supervisory Board Member Duties

The Audit and Supervisory Board Member, based on the "Code of Audit and Supervisory Board Member Auditing Standards", may receive prepayment and reimbursement of audit expenses from the Company. In addition, the Audit and Supervisory Board Member, when necessary, can seek advice from external experts or undergo training for the execution of their duties, and in such cases, they are entitled to claim these expenses from the Company.

H) Structure to Ensure Effective Conduct of Audits by Other Audit & Supervisory Board Members

a. Collaboration between the Internal Audit Department and Audit & Supervisory Board Members

The Audit & Supervisory Board Members will closely collaborate with the Internal Audit Department, discussing the internal audit plan for each fiscal year and regularly holding meetings to discuss internal audit results and points raised, as well as exchanging information and sharing understanding.

b. Appointment of Outside Experts

The Audit & Supervisory Board Members, when deemed necessary in conducting an audit, can independently appoint external experts such as lawyers, certified public accountants, and others.

c. Cooperation with Outside Directors

The Audit & Supervisory Board Members will aim to exchange information and share understanding about corporate governance through optional committees and regular meetings with Outside Directors.

I) Establishing a Framework to Ensure the Appropriateness of Operations within the Corporate Group

The Company conducts management of the Group as follows, based on the "Affiliated Company Management Regulations" and "Compliance Regulations".

a. Affiliated Company Management Regulations

For new business plans, budget control, capital policy, financial results and other important management items stipulated in the "Affiliated Company Management Regulations", it shall be required to report in advance and after to the director in charge of the Company's Management Headquarters. Furthermore, for certain important matters, these shall be executed under the direction or supervision of the Company's Board of Directors.

Furthermore, for important affiliated companies, we will supervise and audit their business performance by dispatching Directors and Audit & Supervisory Board Members from the Company.

b. Compliance Regulations and Internal Reporting Rules

The Board of Directors will make decisions on the basic policy concerning compliance within the Group. Furthermore, as the principal responsible for compliance initiatives, the President of the Company will advance a comprehensive compliance structure. We will establish a system of internal reporting across all domestic companies within the Group, and we will maintain a constant presence for internal and external reporting channels, as well as channels for reporting from business partners.

c. Other Internal Regulations

The Company applies various internal regulations to the entire Group, including information system regulations, the "Personal Information Protection Rules," the "Document Management Rules," the "Official Seal Management Rules," the "Insider Trading Prevention Rules," and regulations concerning the exclusion of anti-social forces, and thereby exercises direct control and supervision over their implementation.

d. Internal audit

The Company's internal audit department, as a rule, conducts audit every fiscal period on the appropriateness of the business performance of important affiliated companies. It also verifies the appropriateness of the Company's management system in relation to these affiliated companies.

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

(1) Basic Principles

Under the philosophy that as corporate citizens, it is our social responsibility to contribute to the healthy development of society, not only through our business activities but also by severing ties with antisocial forces that threaten the order and safety of civil society, the Group maintains a system to cut off relations with antisocial forces, regardless of the reasons. By documenting the policy towards antisocial forces in the 'Employee Code of Conduct' and "Regulations to Prevent Involvement of Antisocial Forces", we demonstrate the stance required of businesses in severing ties with antisocial forces and strive to raise awareness.

Furthermore, from a crisis management perspective, we establish "Guidelines for Responding to Antisocial Forces", and we ensure that we take a firm stance when unavoidably confronted with antisocial forces.

(2) Preparation Status

A) Establishment of Supervisory Department

In the Group, to prevent transactions with antisocial forces in advance, we have positioned the Company's Legal Department as the Supervisory Department. Based on the 'Regulations to Prevent Involvement of Antisocial Forces' and the 'Guidelines for Responding to Antisocial Forces', we thoroughly screen new business partners and continuously conduct appropriate checks for existing business partners.

B) Collaboration with External Agencies

We strive to gather the most up-to-date information on antisocial forces through partnerships with specialized external agencies, our membership in associated groups like the "Metropolitan Police Department Special Violence Prevention Measures Association" (Tokubouren), and our active participation in information exchange sessions. We have implemented measures aimed at preemptively preventing any harm from antisocial forces. When there's any doubt regarding potential antisocial forces, we collaborate with investigative agencies for thorough examinations or conduct rigorous internal deliberations.

C) Cultivating Awareness for Exclusion of Antisocial Forces

The Company is striving to cultivate an internal awareness towards the exclusion of antisocial forces through internal training and other initiatives.

V. Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures

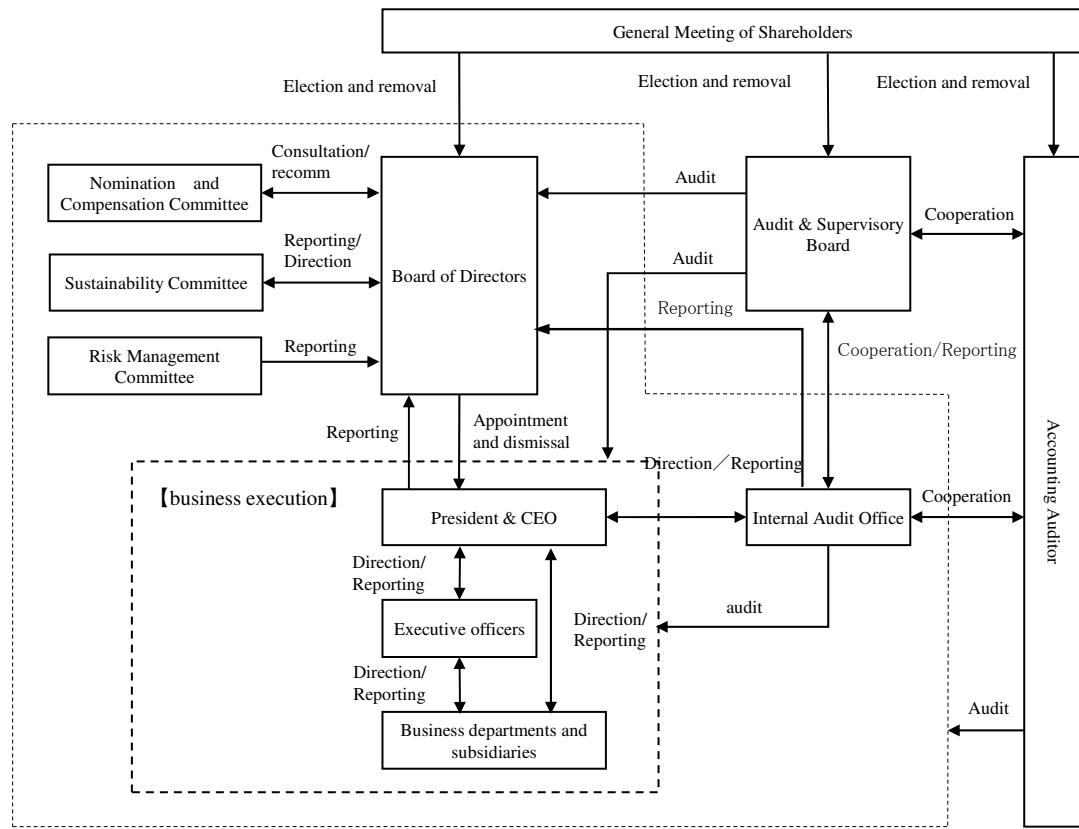
Not Adopted

Supplementary Explanation for Applicable Items

The Company, as a principle, shall not implement measures to prevent takeovers. If the Company's shares are subjected to a public tender offer, the Board of Directors will promptly disclose their views to prevent confusion in the stock market. In addition, the Company respects the rights of shareholders etc., and will not hinder them from responding to public tender offers.

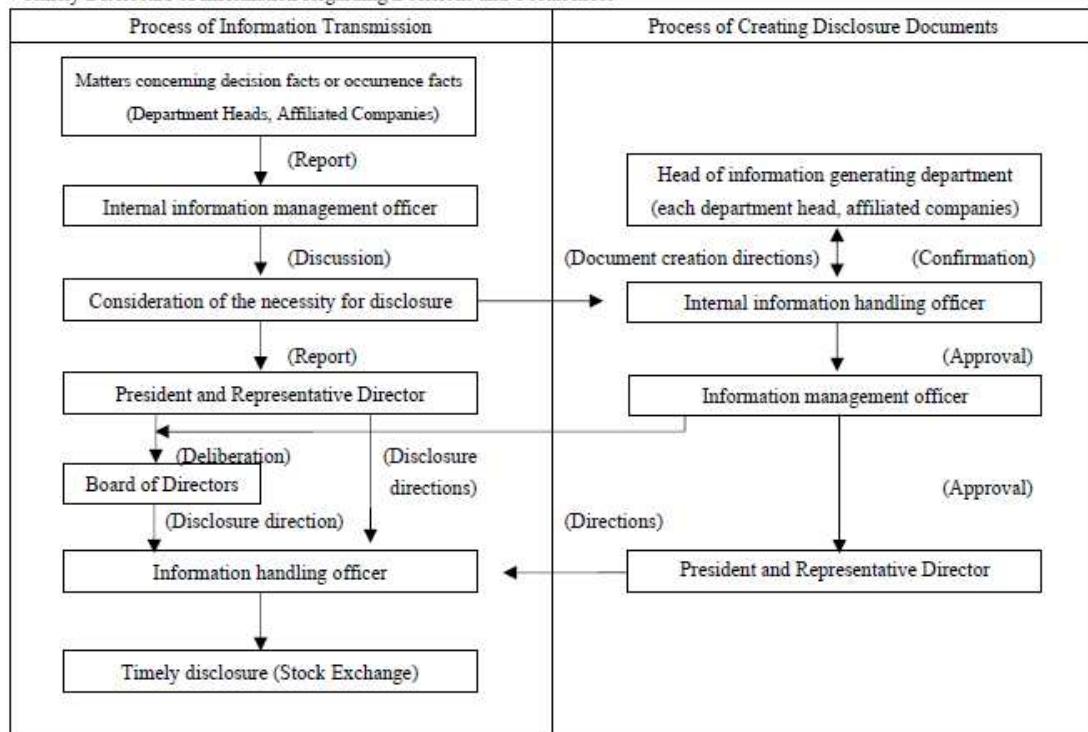
2. Other Matters Concerning the Corporate Governance System

Corporate Governance Structure Diagram



[Overview of Timely Disclosure System (Schematic Diagram)]

◦ Timely Disclosure of Information Regarding Decisions and Occurrences



◦ Timely Disclosure of Financial Information

