

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, under the corporate philosophy of 'Remain committed to pursuing "Houses that customers want" honestly and constantly' aims to be a real estate company needed by society. To achieve this, the Company believe it is essential to establish an organizational foundation for the sustainable growth of the Group and the maximization of long-term corporate value by focusing on the development and enhancement of an organizational structure to ensure the appropriateness of organizational management. In line with this recognition, we have formulated the 'Basic Policy on Corporate Governance,' which outlines our basic thoughts and policies on corporate governance, and have it disclosed on our website.

https://openhouse-group.co.jp/ir/en/upload_file/m001-m001_03/bcgp.pdf

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)

The Company has positioned the promotion of diversity as one of the important business strategies of the Group, and is continuously working on talent development and improving the internal environment in order to ensure diversity of human resources, including women and persons with disabilities. However, we have not yet established specific measurable numerical targets.

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

(Reference) Regarding the concept of ensuring diversity: <https://openhouse-group.co.jp/en/company/sustainability/workplace-environment/>

Regarding the approach to human resources: <https://openhouse-group.co.jp/en/company/sustainability/hrm/>

[Supplementary Principle 4.14.2] (Director and Outside Audit & Supervisory Board Member 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. 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 companies we've invested in. 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 and charter, the Company shares the direction the Group aims to take with its shareholders and investors (hereafter referred to as "shareholders, etc.").

(Reference) Corporate philosophy & corporate charter: <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: https://openhouse-group.co.jp/ir/en/upload_file/m001-m001_03/bcgp.pdf

(iii): Policy and procedure for determining director remuneration

Director remuneration consists of monetary and stock remuneration. Outside directors' monetary remuneration is not determined based on performance evaluation from the standpoint of their role and independence. Furthermore, outside directors and Audit & Supervisory Board Members do not receive stock remuneration.

For monetary remuneration, a fixed amount is determined based on a remuneration table calculated according to position, responsibilities, and skills. To strongly motivate the achievement of single-year performance, the policy adopts flexible and fluid decisions based on performance indicators such as the Group's consolidated ordinary income and net income of the previous fiscal year, as well as financial indicators like ROE and equity ratio. The content of the officers' duties, the status of business execution, and responsibilities are taken into consideration in this process.

Regarding stock remuneration, the aim is to share the merits and risks of stock price fluctuation with shareholders and further enhance the motivation to contribute to medium to long-term corporate value improvement. The policy is to grant stock option-type stock remuneration annually, using 10% of the monetary remuneration amount as a benchmark as needed.

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 a position independent 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

[Masaaki Arai] (Director)

As the founder of the Company, he has demonstrated strong leadership, driving the development of the company group. With a profound understanding of the real estate industry and leveraging extensive insights and excellent management capabilities, he has been deeply involved in crucial decision-making as the representative director. He has steadfastly addressed various management challenges, and he is expected to continue fulfilling his duties as a Director.

[Kazuhiko Kamata] (Director)

As the Executive Vice President, he has taken on management responsibilities, and his wide-ranging experiences and high achievements, particularly his deep understanding and experience in the field of human resources management, have contributed to the growth of the Company and the improvement of its long-term corporate value through both management and human resources development. He has been committed to formulating strategies for the sustainable development of the Group, and he is expected to continue fulfilling his duties as a Director.

[Kotaro Wakatabi] (Director)

As the head of the Company's Corporate Planning Division and Management Division, he has accumulated a wealth of experience and deep knowledge in business management and has accurately and impartially fulfilled his duties and responsibilities. He is expected to properly perform his duties as a Director, utilizing these experiences and achievements for the sustainable growth of the Group and the improvement of mid-to-long term corporate value.

[Hitoshi Imamura] (Director)

As an officer of the Company's Management department and leveraging his rich experience and deep knowledge accumulated in financial institutions and the like, he has contributed to the sustainable growth of the Group and the improvement of mid-to-long term corporate value. In addition, he has also been involved in the planning of new businesses and the promotion of business strategies. He is expected to properly perform his duties as a Director.

[Ryosuke Fukuoka] (Director)

Having served as a representative director of our consolidated subsidiary, he has accumulated a wealth of experience and deep knowledge in the real estate industry, has appropriately fulfilled his duties and responsibilities, and has contributed to the performance. He is expected to properly perform his duties as a Director, utilizing these experiences and achievements for the sustainable growth of the Group and the improvement of mid-to-long term corporate value.

[Hiroshi Munemasa] (Director)

With his extensive practical experience and high capabilities gained from years of involvement in a wide range of duties in the financial market, including market sales and business planning, we expect this individual will be able to contribute to the Group's future management through financial market analysis and financial strategy planning. He is expected to properly perform his duties as a Director.

[Hitoshi Ishimura] (Outside Director)

Drawing on rich experience and exceptional insights gleaned from managerial roles in financial institutions and real estate companies, this individual provides advice and suggestions to ensure the validity and appropriateness of board decisions from an independent perspective. He is expected to properly perform his duties as an Outside Director.

[Yuko Omae] (Outside Director)

Drawing from a wealth of experience and a wide range of knowledge as a lawyer, she offers supervision and advice to ensure the soundness and appropriateness of decisions made by the Board of Directors. Although she does not previously been involved in company management in any capacity other than as an outside director, she is expected to effectively perform the duties of an Outside Director, based on the reasons mentioned above.

[Maoko Kotani] (Outside Director)

Having long served as a news program anchor, raising a wide range of issues related to politics, economics, international relations, and society, she has extensive experience and broad insights. She has been providing beneficial advice on the Company's management and sustainability, and appropriately supervising the execution of business. She is expected to appropriately perform her duties as an Outside Director.

[Koichi Matsumoto] (Outside Audit & Supervisory Board Member)

Having held key roles in both the management and corporate governance departments of a major trading company, this individual possesses extensive experience and broad insight. Through appropriate monitoring and supervision of overall management, particularly management control and corporate governance, he is expected to properly perform his duties as an Outside Audit & Supervisory Board Member.

[Mieko Hosaka] (Outside Audit & Supervisory Board Member)

As a lawyer, she possesses extensive experience and broad insight, along with proficiency in corporate legal affairs and international legal issues. Although she does not have direct experience in company management, based on the aforementioned reasons, she is expected to continue to adequately perform her duties as an Outside Audit & Supervisory Board Member.

[Shoko Sasaki] (Outside Audit & Supervisory Board Member)

With a lengthy involvement in the administrative operations of the Ministry of Justice, including serving 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, this individual possesses insight into legal affairs and risk management cultivated over a career. She has been nominated as an Outside Audit & Supervisory Board Member to incorporate these insights into our audit. Although she does not have direct experience in company management, based on the aforementioned reasons, she is expected to adequately perform her duties as an Outside Audit & Supervisory Board Member.

(Supplemental Principle 3.1.3) (Disclosure on Sustainability Initiatives)

The Group is promoting sustainability in order to contribute to the realization of a sustainable society through our business activities and to aim for the sustainable growth of the corporation. As stated in our corporate philosophy, the Group is dedicated to 'Remain committed to pursuing "Houses that customers want" honestly and constantly' and "Providing affordable housing in metropolitan areas" as our mission. 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 Initiatives <https://openhouse-group.co.jp/en/company/sustainability/>

(Investment in Human Capital and Intellectual Property)

The Company positions investment in human resources as one of the important management strategies across the Group, and we are continuously working on human resources development and improving the internal environment.

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

(Reference) Approach to human resources: <https://openhouse-group.co.jp/en/company/sustainability/hrm/>

Regarding intellectual property, the Group provides single-family-homes and condominiums for actual use to customers, which is why 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 declared its support for the TCFD recommendations in January 2021, and conducted a scenario analysis on the impact of climate change on our main business, which is the single-family-homes related business. In November of the same year, we made disclosures in accordance with the information disclosure framework proposed by the TCFD (a framework for disclosing governance, strategy, risk management, metrics and targets regarding the impact of climate-related risks and opportunities on our business activities and profits, etc.). This content is disclosed on our website.

(Reference) Support for the Task Force on Climate-related Financial Disclosures "TCFD"

<https://openhouse-group.co.jp/en/company/sustainability/environment/>

[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: https://openhouse-group.co.jp/ir/en/upload_file/m001-m001_03/skillmatrix.pdf

In appointing directors, we ensure that the eligibility of the candidates is examined in advance by the Nomination and Remuneration Committee, where Outside Directors constitute a majority, before being presented 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

https://openhouse-group.co.jp/ir/en/upload_file/m001-m001_03/summaryofevaluation.pdf

[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/>

[Measures Towards Realizing Management Conscious of Capital Costs and Stock Prices] [English disclosure available]

For information on measures towards realizing management conscious of capital costs and stock prices, please refer to the following.

"Consolidated Financial Highlights for the Fiscal Year Ended September 30 2023" pages 19-28

(Japanese) https://openhouse-group.co.jp/ir/upload_file/tdnrelease/3288_20231114589552_P01_.pdf

(English) https://openhouse-group.co.jp/ir/en/upload_file/m001-m001_01/fourthquarterconsolidatedfinancialhighlightsrevisedFIN.pdf

2. Capital Structure

Foreign Shareholding Ratio

30%以上

Status of Major Shareholders

Name or Company Name	Number of Shares Owned	Percentage(%)
Masaaki Arai	38,237,200	31.70
The Master Trust Bank of Japan, Ltd. (Trust Account)	11,773,900	9.76
Ichigo Trust PTE Limited (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited Tokyo branch)	10,619,000	8.80
SMBC Trust Bank Ltd. (Trustee of Regulated Securities in Trust)	4,520,000	3.74
Custody Bank of Japan, Ltd. (Trust Account)	3,426,100	2.84
STATE STREET BANK AND TRUST COMPANY 510312 (Standing proxy: Mizuho Bank, Ltd.)	2,243,887	1.86
Hitoshi Imamura	2,004,000	1.66
STATE STREET BANK AND TRUST COMPANY 510311 (Standing proxy: Mizuho Bank, Ltd.)	1,821,613	1.51
BNYM TREATY DTT 15 (Standing proxy: Mitsubishi UFJ Bank, Ltd.)	1,686,802	1.39

Morgan Stanley MUFG Securities Co., Ltd.	1,671,353	1.38
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Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-----
Name of Parent Company, if applicable	Not applicable

Supplementary Explanation

(Note) 1. Of the 4,520,000 shares owned by SMBC Trust Bank Ltd., a specific securities trust beneficiary, 4,400,000 shares pertain to a trust agreement intended for the management of stocks, with our company's representative director, Masaaki Arai, as the settler and beneficiary, and SMBC Trust Bank Ltd. as the trustee. Therefore, the actual number of shares owned by Masaaki Arai is 42,637,200 shares, which represents 35.35% of the total shares.

2. The Company holds 3,515 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
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	10 or more but fewer than 50

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

The Company has Pressance Corporation Co.,Ltd. (hereinafter referred to as "Pressance Co.") and MELDIA Development & Construction CO., LTD. (hereinafter referred to as "MDC CO.") as listed subsidiaries.

1. Pressance Co.

By utilizing the know-how and strong sales force of the investment condominium business that Presence Co. possesses, we can expect business synergies such as regional and product supplementation in our business. In order to fully enjoy these benefits, it is effective to utilize the benefits of being listed, such as brand recognition, credibility, and securing high-quality personnel. Therefore, we believe that maintaining the listing of Pressance Co. contributes to the improvement of the corporate value of the entire Group. In addition, we have dispatched one director to Pressance Co. to promote the improvement and enhancement of their corporate governance structure while aiming to realize business synergy with Presence Co. However, we are not involved in the nomination of candidates for director appointments. Furthermore, we conduct transactions with Presence Co. on the same terms as general transactions, ensuring a structure that does not unfairly harm the interests of minority shareholders.

2. MDC CO.

On November 6, 2023, we acquired the shares of Sanei Architecture Planning Co., Ltd. (Company name changed after March 1, 2024 to MELDIA CO.,LTD. hereinafter referred to as "Meldia") through a public takeover bid, thus making it a wholly-owned subsidiary. MDC CO., a subsidiary of Meldia, collaborates with Pressance Co. in the Kansai region. Their joint efforts encompass comprehensive construction and real estate businesses, including the construction, planning, and sales of collective housing, as well as real estate transactions and brokerage. By harnessing the construction capabilities of MDC CO. and the planning and sales strength of Pressance Co., the aim is to enhance their collaboration and create business synergy. Maintaining MDC CO.'s listing is considered an effective way to reap the benefits of being listed, such as increased brand recognition, credibility, and the ability to attract high-quality personnel. This strategy is believed to contribute to the enhancement of the corporate value of the entire Group.

In addition, the Company aims to realize business synergy with MDC CO., and in order to promote the improvement and enhancement of the corporate governance structure and compliance management of Meldia, the parent company of MDC CO., we have dispatched three directors and one Audit & Supervisory Board Member to Meldia. However, we are not involved in the nomination of the candidate for the director of MDC CO. Furthermore, the

Group conducts transactions with MDC CO. under the same conditions as general transactions, ensuring a system that does not unfairly harm the interests of minority shareholders.

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 as a manager in financial institutions and real estate companies, with excellent insight, he provides advice and suggestions to ensure the validity and appropriateness of the Board of Directors' decision-making from an independent standpoint. He is expected to properly perform his duties as an Outside Director.</p> <p>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 a director, the Company does not compensate him with large sums of money or other significant assets.</p> <p>Therefore, since there is no risk of a conflict of interest arising with general shareholders, we have decided to continue to appoint him as an independent director.</p>
Yuko Omae	○	-----	<p>Yuko Omae has a wealth of experience and a wide range of knowledge as a lawyer, she offers supervision and advice to ensure the soundness and appropriateness of decisions made by the Board of Directors. Although she has never been involved in corporate management in any way other than as an outside director, she is expected to properly perform her duties as an Outside Director, based on the reasons mentioned above.</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 with large sums of money or other significant assets.</p> <p>Therefore, since there is no risk of a conflict of interest arising with general shareholders, we have decided to continue to appoint her as an independent director.</p>
Maoko Kotani	○	-----	<p>Maoko Kotani has long served as a news program anchor, raising a wide range of issues related to politics, economics, international relations, and society, she has extensive experience and broad insights. She has been providing beneficial advice on the Company's management and sustainability, and appropriately supervising the execution of business. She is expected to appropriately perform 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 with large sums of money or other significant assets.</p> <p>Therefore, since there is no risk of a conflict of interest arising with general shareholders, we have decided to continue to appoint her as an independent director.</p>

Voluntary Establishment of Committee (s) equivalent to Nomination Committee or Remuneration Committee	Established
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* 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 the management and corporate governance departments of a major trading company, he possesses extensive experience and broad insight. Through appropriate monitoring and supervision of overall management, particularly management control and corporate governance, he is expected to appropriately perform his duties as an Outside Audit & Supervisory Board Member.</p> <p>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>Therefore, since there is no risk of a conflict of interest arising with general shareholders, we have decided to continue to appoint him as an independent director.</p>
Mieko Hosaka	○	-----	<p>Mieko Hosaka possesses rich experience and broad insight as a lawyer, along with proficiency in corporate legal affairs and international legal issues. Although she has no direct experience in corporate management, based on the above reasons, she is expected to appropriately perform her duties as an Outside Audit & Supervisory Board Member.</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 with large sums of money or other significant assets.</p> <p>Therefore, since there is no risk of a conflict of interest arising with general shareholders, we have decided to continue to appoint her as an independent director.</p>

Shoko Sasaki	○	-----	<p>Shoko Sasaki a lengthy involvement in the administrative operations of the Ministry of Justice, including serving 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, this individual possesses insight into legal affairs and risk management cultivated over a career. She has been nominated as an Outside Audit & Supervisory Board Member to incorporate these insights into our audit. Although she does not have direct experience in corporate management, based on the aforementioned reasons, she is expected to adequately perform the duties of an Outside Audit & Supervisory Board Member.</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 with large sums of money or other significant assets. Therefore, since there is no risk of a conflict of interest arising with general shareholders, we have decided to continue to appoint her as an independent director.</p>
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Matters Concerning Independent Directors and Independent Audit and Supervisory Board Members

Number of Independent Directors and Independent Audit and Supervisory Board Members

6

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:

- a. 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.
- b. They do not fall under any of the following categories in the past five years.
 - i. 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.
 - ii. 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.
 - iii. 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

Other

Supplementary Explanation for Applicable Items

Regarding stock compensation, we have adopted a policy of granting restricted stock annually with the aim of sharing the merits and risks of stock price fluctuations with shareholders and further enhancing the motivation to contribute to medium-to-long term corporate value improvement. Additionally, the Company has introduced a stock ownership scheme for directors, allowing them to automatically allocate a fixed amount each month for the purchase of the Company's stock.

Persons Eligible for Stock Options

Employees, Subsidiaries' Employees

Supplementary Explanation for Applicable Items

The Company grants stock options using share acquisition rights to its executive officers and other key employees. This policy aims to increase their motivation for improving the performance of the Group, as well as to share the objective of enhancing the value of the Company's stock.

Director Remuneration

Status of Disclosure of Individual Director's Remuneration

Disclosure for Selected Directors

Supplementary Explanation for Applicable Items

The total remuneration for the Company's directors (excluding Outside Directors) for the fiscal year ended in September 2023 was 1.302 billion 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

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 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 Masaaki Arai, President & CEO, as the Chairman, the Board of Directors of the Company consists of a total of nine Directors, of which six are internal Directors (Masaaki Arai, Kazuhiko Kamata, Kotaro Wakatabi, Hitoshi Imamura, Ryosuke Fukuoka and Hiroshi Munemasa) 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.

The Company also adopts the Executive Officer system to increase flexibility and efficiency in both management decision-making and business execution and delegates business execution to Executive Officers. Executive Officers are responsible for practical execution of business in accordance with basic management policies and business plans resolved by the Board of Directors. During this fiscal year, 14 board of directors' meetings were held, where the members actively discussed matters such as business strategies, capital measures, fundraising, and internal system adjustments, amongst others.

<Audit & Supervisory Board>

With Koichi Matsumoto, Full-time Audit & Supervisory Board Member, as the Chairman, the Audit & Supervisory Board consists of three Outside Audit & Supervisory Board Members (Koichi Matsumoto, Mieko Hosaka, and Shoko Sasaki), and, in addition to a regular monthly meeting, will hold meetings on a needed basis. Full-time Audit & Supervisory Board Member Koichi Matsumoto is an Outside Audit & Supervisory Board Member with extensive knowledge and insight into finance and accounting as well as a wealth of experience as an auditor, ensuring an objective and neutral supervisory structure. 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.

Furthermore, in this fiscal year, the Board of Corporate Auditors held 13 meetings, with a focus 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 Senior Managing Director Kotaro Wakatabi, 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.

Furthermore, in this fiscal year, 7 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 (four 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 addition, during this fiscal year, the CPAs who performed the auditing tasks were 2 designated limited liability employees and executive officer, and the continuous audit years for all were within 7 years. The composition of assistants related to audit work is 11 certified public accountants and 30 others.

<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 2023 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 1, and the date of the Meeting was on December 20.
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.

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. https://openhouse-group.co.jp/ir/mpolicy/	
Regular Investor Briefings held for Analysts and Institutional Investors	Briefings are held following the end of the fiscal year and the second quarter. (To prevent the spread of COVID19, we adopted a hybrid approach where the briefings are conducted at a physical venue and simultaneously streamed online).	Held
Online Disclosure of IR Information	We have a dedicated IR page on the Company's website where financial results and other information are published. 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	The Company has established a corporate philosophy and charter. One of our management policies is to respond timely and appropriately to changes in the business environment and to implement management measures from the perspectives of all stakeholders, including shareholders, customers, and employees. By doing this, we aim to enhance our corporate value and strive for sustainable development and growth.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	The Group has put into place a range of policies and practices. These include refraining from planning meetings during peak times and adopting online voting since December 2015. Moreover, the Group is committed to fairness and transparency by utilizing an electronic voting platform. In response to the COVID-19 situation, the Group now conducts briefings in a hybrid format. An Investor Relations (IR) dedicated page is on our corporate website, and the Group is actively engaged in promoting sustainability. The Group's overarching aim with these initiatives is to boost corporate value and support sustainable development and growth. https://openhouse-group.co.jp/en/company/sustainability/
Formulation of Policies, etc. on Provision of Information to Stakeholders	The Company actively disclose information to our stakeholders through the corporate website and at company briefings.

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
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 information system regulations, 'Act on the Protection of Personal Information', 'Rules for Handling Official Documents', 'Rules for Managing the Official Seal', regulations to prevent insider trading, regulations to exclude antisocial forces, etc., to the entire Group and exerts direct control and supervision by the Company.
- 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

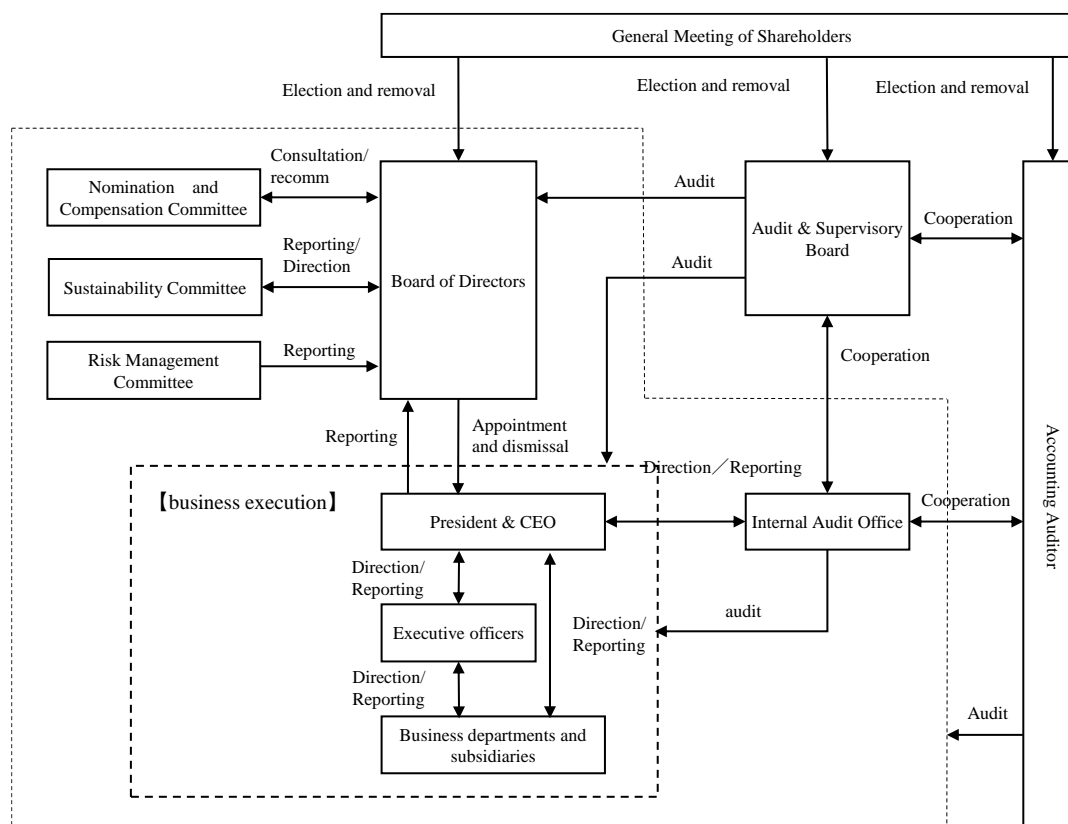
Adoption of Anti-Takeover Measures	Not Adopted
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Supplementary Explanation for Applicable Items

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.

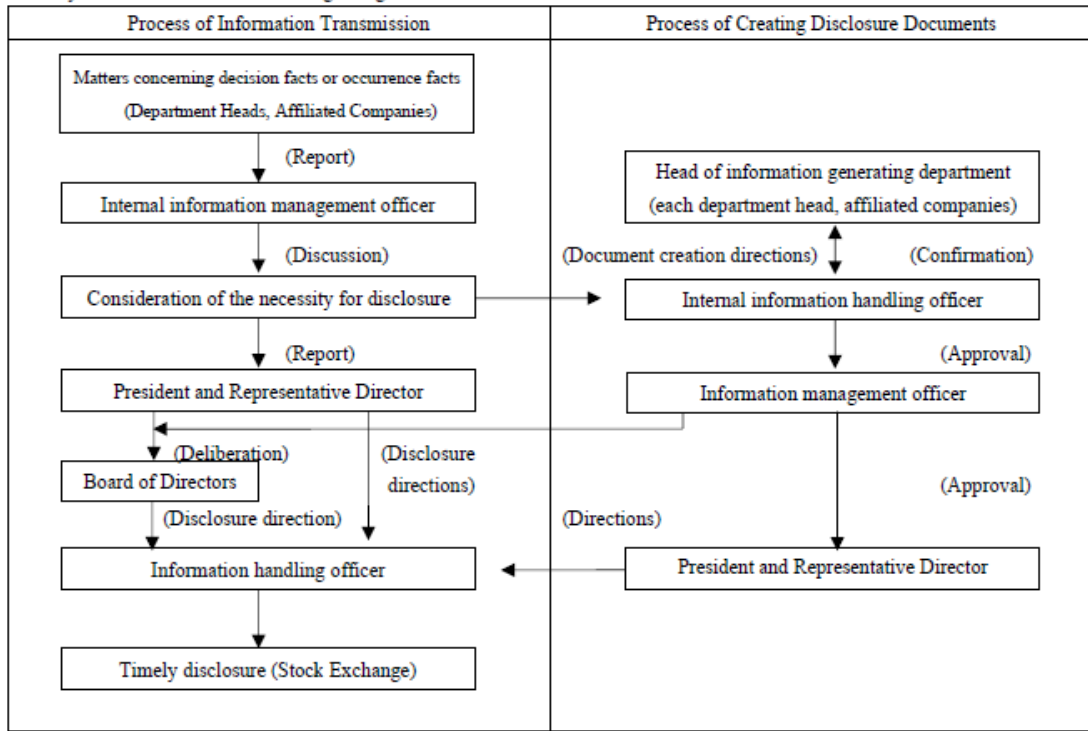
2. Other Matters Concerning the Corporate Governance System

Corporate Governance Structure Diagram



[Overview of Timely Disclosure System (Schematic Diagram)]

o Timely Disclosure of Information Regarding Decisions and Occurrences



o Timely Disclosure of Financial Information

