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Corporate Governance Report

CORPORATE GOVERNANCE

NIPPON DENSETSU KOGYO CO., LTD.

Last Update: June 26, 2026

NIPPON DENSETSU KOGYO CO., LTD.

Kazushige Yasuda, President & CEO

Contact: 03-3822-8819

Securities code: 1950

<https://www.densetsuko.co.jp/>

The corporate governance of NIPPON DENSETSU KOGYO 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 enhancing and strengthening corporate governance as well as improving the transparency, fairness, and soundness of management and the swiftness of decision-making as key management priorities, and strives for appropriate disclosure of corporate information.

With the aim of further strengthening corporate governance and enhancing corporate value, the Company transitioned from a company with a Board of Company Auditors to a company with an Audit and Supervisory Committee, based on a resolution at the 74th Annual General Meeting of Shareholders held on June 24, 2016.

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

[Supplementary Principle 2.4.1]

The Company aims to contribute to the maintenance and advancement of social functions through the creation of social infrastructure. Given the nature of its business, the Company recognizes human resources as its most important management asset in ensuring safety and quality as well as in maintaining and improving advanced technical capabilities. As the recruitment environment for engineers becomes increasingly challenging due to such factors as the declining birthrate and aging population, the securing, development, and retention of human resources has become a critical management issue directly linked to the business sustainability and medium- to long-term corporate value enhancement.

Accordingly, the Company has identified human capital as a material issue and is committed to strengthening its human capital as a foundation supporting the achievement of its growth strategy and other key material issues.

The Company appoints employees to managerial positions based on a comprehensive assessment of their character, abilities, experience, health, and other relevant factors, without regard to gender, nationality, or other personal attributes, and promotes those deemed suitable for managerial roles. The Company’s targets regarding the appointment of managers are as follows:

- With respect to women and foreign nationals, no numerical targets have been established due to their relatively low representation in the Company’s workforce. However, the Company strives to secure diverse human resources by increasing the recruitment of female new graduates and continuously conducting recruitment activities regardless of nationality.
- Approximately 20% of the Company’s managers are mid-career hires.

For details of the Company's human capital measures, including the policy on human resource development, policy on the internal environment development, and the status of their implementation, please refer to "Part I. Corporate Information," "II. Business Overview," "2. Views and Initiatives on Sustainability," "(5) Human Capital Measures (Material Issues (v) Securing and development of human resources, (vi) Respect for human rights and diversity, and (vii) Creation of a healthy and vital workplace)" of the Company's Annual Securities Report for the 84th Term, which is provided in Japanese only.

(The Company's website: <https://www.densetsuko.co.jp/company/ir/irlibrary/securities-report/>)

Disclosure Based on Each Principle of the Corporate Governance Code **Updated**

[Principle 1.4]

With the aim of achieving sustainable growth and medium- to long-term corporate value enhancement, the Company holds shares of companies where such holdings are deemed necessary for maintaining and strengthening relationships with business partners and facilitating the smooth operation of its business. The Board of Directors annually reviews such shareholdings and verifies the benefits of holding them in light of their holding purposes, taking into account past business transactions and future prospects. In conducting such review, the Board also considers economic factors, including unrealized gains or losses and dividend yields, as reference information. Based on a comprehensive assessment of these factors, the Company determines whether continued ownership is appropriate.

When exercising voting rights associated with strategically-held shares, the Company determines whether to vote for or against each proposal as appropriate so as not to impair the interests of the Company or its stakeholders.

[Principle 1.7]

The Company's Board of Directors Regulations and other internal rules stipulate that transactions involving competition with the Company by Directors, transactions between Directors and the Company, and transactions involving conflicts of interest require the prior approval of the Board of Directors.

With respect to transactions with Directors, major shareholders, or other related parties (related-party transactions), the Company deliberates such transactions at meetings of the Board of Directors, conducts them appropriately so as not to prejudice the interests of the Company or those of its shareholders as a whole, and discloses the details thereof in its Securities Report and other disclosure documents.

[Principle 2.6]

The Company has adopted a defined benefit corporate pension plan, and has established a strategic asset allocation policy to ensure the stable funding of future pension benefit obligations. Pension assets are managed through a properly diversified asset allocation.

For pension asset management, the Company assigns appropriately qualified personnel to fulfill the role expected of an asset owner. The status of pension asset management is regularly monitored, and the strategic asset allocation policy is reviewed as necessary.

[Principle 3.1]

The Company discloses information as follows:

(1) The Company formulates its corporate philosophy and medium-term management plan and discloses them on its corporate website and other platforms.

(2) For the Company's basic views on corporate governance, please refer to "I. 1. Basic Views" of this report.

(3) Directors' remuneration is deliberated by the Nomination and Remuneration Committee, an advisory body to the Board of Directors, within the maximum amount approved at the General Meeting of Shareholders, and recommendations are submitted to the Board of Directors. Based on the recommendation, the Board of Directors determines the remuneration.

The method for determining remuneration is based on the Regulations on the Remuneration System, and reflects each Director's contribution to the Company's performance, while also taking into account their willingness to contribute toward medium- to long-term business growth, thereby establishing a system that reflects duties and performance.

(4) In selecting candidates for Director, the Personnel Committee, a voluntary committee of the Company, prepares a draft proposal based on candidates who are deemed suitable to serve as Directors in light of their expertise, experience, achievements, and qualifications, regardless of gender, nationality, or other personal attributes. The proposal is then reviewed by the Nomination and Remuneration Committee, an advisory body to the Board of Directors, from the viewpoint of ensuring independence, objectivity, and transparency, and the Committee submits its recommendations to the Board of Directors. Based on the recommendations, the Board of Directors determines the candidates and submits them to the General Meeting of Shareholders.

If a Director no longer satisfies the above requirements or significantly damages corporate value due to negligence of duty or other reasons, the Personnel Committee prepares a draft proposal for dismissing such individual from their position as Representative Director or Director. Following deliberation and recommendations by the Nomination and Remuneration Committee, the Board of Directors determines such dismissal.

(5) The reasons for the appointment and dismissal of Directors are disclosed in the Notice of the General Meeting of Shareholders and other relevant documents.

[Supplementary Principle 3.1.3]

Based on its Basic Sustainability Policy, the Company aims to realize a sustainable society through its business activities.

Information regarding the Company's specific sustainability initiatives, including climate change-related disclosures based on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), as well as investments in human capital and intellectual property, is available on the Company's website (<https://www.densetsuko.co.jp/company/sustainability>). Please note that this website is available in Japanese only. The same applies to the URLs provided below, except where otherwise specifically indicated.

Basic Sustainability Policy

Based on its corporate philosophy of "earning customers' trust through the safe and reliable execution of operations with a customer-first mindset and contributing to society through the creation of socially important infrastructure that supports people's daily lives and the economic activities," the Group strives to achieve sustainable growth and contribute to the realization of a sustainable society through its business activities.

(1) Achieving development and growth together with local communities

The Group is committed to earning the trust of society through the safe and reliable execution of its operations, solving social issues through technological innovation and research and development, and contributing to society through the construction of

comfortable social infrastructure, and also aims to be a company that supports the development of local communities.

(2) Contributing to the global environment through business activities

The Group has established the NDK Group Environmental Policy and proactively provides technologies that help reduce environmental impact and promote the efficient use of resources. In addition, the Group continuously promotes initiatives to protect the global environment, including efforts to reduce greenhouse gas emissions generated through its business activities.

(3) Development and empowerment of diverse human resources, and promotion of diversity

As a human-centric company, the Group recognizes human resources as its most important management asset, and the Group strives to create a work environment in which every employee can remain healthy, act independently, and fully demonstrate their abilities. Through human resource development and organizational revitalization, the Group aims to be a vibrant company where employees can work with hope, pride, and a strong sense of responsibility.

[Supplementary Principle 4.1.1]

In addition to matters prescribed by laws, regulations, and the Articles of Incorporation, the Company's Board of Directors makes decision on important matters that it deems appropriate for determination by the Board, including management policies. Decisions regarding other business execution matters are delegated to Directors or other responsible officers according to the nature and significance of each matter.

These matters are stipulated in the Board of Directors Regulations and other internal rules.

[Principle 4.9]

The Company has established criteria for determining the independence of Outside Directors in accordance with the requirements for independent officers prescribed by Tokyo Stock Exchange, Inc. These criteria are disclosed in the Notice of the General Meeting of Shareholders, Securities Report, "II. 1. Matters Concerning Independent Directors" of this report, and other relevant documents.

[Supplementary Principle 4.10.1]

The Company has established a Nomination and Remuneration Committee, a voluntary committee, as a body to enhance the independence, objectivity, and accountability of the Board of Directors regarding personnel affairs and remuneration of Directors and other officers. The Nomination and Remuneration Committee consists of five members, including the President & CEO, and a majority of its members are Independent Outside Directors.

[Supplementary Principle 4.11.1]

In selecting candidates for Directors, the Personnel Committee, a voluntary committee of the Company, prepares a draft proposal based on candidates who are deemed suitable to serve as Directors in light of their expertise, experience, achievements, and qualifications, regardless of gender, nationality, or other personal attributes. The proposal is then reviewed by the Nomination and Remuneration Committee, an advisory body to the Board of Directors, from the viewpoint of ensuring independence, objectivity, and transparency, and the Committee submits its recommendations to the Board of Directors. Based on the recommendations, the Board of Directors determines the candidates and submits them to the General Meeting of Shareholders.

In addition, the Company appoints Independent Outside Directors, including individuals with management experience at

other companies.

The combination of skills and expertise possessed by the Directors (the skill matrix) is disclosed in the Notice of the Annual General Meeting of Shareholders.

[Supplementary Principle 4.11.2]

The Company discloses the status of concurrent positions held by Directors in the Notice of the General Meeting of Shareholders, Securities Report, “II. 1. Directors” of this report, and other relevant documents.

Although some Directors concurrently serve as officers of other companies, they secure sufficient time and effort to fulfill the roles and responsibilities required of them.

[Supplementary Principle 4.11.3]

The Board of Directors of the Company conducts an annual analysis and evaluation of its own effectiveness based on questionnaire responses provided by each Director.

As a result of the analysis and evaluation conducted for the 84th fiscal year, the Company confirmed that the effectiveness of the Board of Directors has been ensured and that efforts to enhance the Board’s supervisory function and strengthen corporate governance have been effective. During the evaluation process, opinions were expressed regarding the strengthening of group governance, deeper supervision and follow-up of the medium-term management plan, clarification of decision-making processes for important matters, and expansion of integrated discussions on sustainability and human capital, including diversity.

Based on the results of this analysis and evaluation, the Board of Directors of the Company continues to make its efforts to further enhance its effectiveness.

[Supplementary Principle 4.14.2]

The Company provides Directors with necessary opportunities, including external training programs offered by various professional organizations and meetings with external experts, to enable them to appropriately fulfill their roles and responsibilities.

[Principle 5.1]

The Company is committed to promoting constructive dialogue with its shareholders and has implemented the following initiatives:

- (1) Dialogues with shareholders and investors are overseen by the Director in charge of investor relations (IR), while the Business Planning & IR Department, which is responsible for IR activities, handles day-to-day communications.
- (2) To promote constructive dialogue, the Business Planning & IR Department works closely with relevant departments and ensures timely, fair, and appropriate disclosure of information.
- (3) The Company holds financial results briefings for analysts and institutional investors twice a year (in May and November). The President & CEO actively participates in these briefings and provides explanations in person.

In addition, disclosure materials, including financial results briefing materials, are posted on the Company’s website.

- (4) Opinions and comments received from shareholders and investors are shared with management and relevant departments to facilitate the dissemination of information throughout the Company.

(5) As a general rule, dialogues with shareholders and investors are attended by two or more Company representatives for the purpose of mutual oversight. In addition, the Company establishes a silent period prior to the announcement of financial results and restricts dialogue with shareholders and investors during such period in order to prevent any leakage of insider information.

The Company will continue to strengthen its investor communications, including by increasing opportunities for dialogue with investors.

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 Updated	June 26, 2026

Explanation of Actions **Updated**

The Company's initiatives aimed at implementing management that is conscious of the cost of capital and stock price are disclosed in the English-language document available on the Company's website ([https://www.densetsuko.co.jp/pdf/news/2026/20260518\(2\).pdf](https://www.densetsuko.co.jp/pdf/news/2026/20260518(2).pdf)).

2. Capital Structure

Foreign Shareholding Ratio Updated	10% or more but less than 20%
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Status of Major Shareholders **Updated**

Name or Company Name	Number of Shares Owned	Percentage (%)
East Japan Railway Company	11,598,000	19.36
The Master Trust Bank of Japan, Ltd. (Trust Account)	5,139,100	8.58
NIPPON DENSETSU KOGYO Mutual Aid Organization	3,073,176	5.13
NIPPON CONCRETE INDUSTRIES CO., LTD.	2,730,240	4.56
Custody Bank of Japan, Ltd. (Trust Account)	2,378,600	3.97
Employee Shareholding Association of NDK Group	2,183,772	3.64
Custody Bank of Japan, Ltd. (Trust E Account)	1,499,200	2.50
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Account, NIPPON CONCRETE INDUSTRIES CO., LTD. Account)	1,041,000	1.74
STATE STREET BANK AND TRUST COMPANY 505001 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Department)	1,039,318	1.73
SHIN NIPPON AIR TECHNOLOGIES CO., LTD.	1,000,000	1.67

Name of Controlling Shareholder, if applicable (excluding Parent Companies)	-
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Name of Parent Company, if applicable	None
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Supplementary Explanation **Updated**

- The above “Status of Major Shareholders” information is based on the shareholder registry as of March 31, 2026.
- The Company holds 1,624,146 treasury shares, which have been excluded from the above list of major shareholders. The treasury shares does not include 1,499,200 shares of the Company held by the share benefit trust (J-ESOP).
- Although a Large Shareholding Report (Change Report), which was made available for public inspection on February 19, 2026, states that Schroder Investment Management (Japan) Limited and two joint holders owned the following shares as of February 13, 2026, the Company has been unable to confirm the number of shares beneficially owned as of March 31, 2026. Accordingly, such holdings have not been included in the above “Status of Major Shareholders” information.

Shareholders: Schroder Investment Management (Japan) Limited and two other companies

Number of shares held: 2,838,800 shares

Shareholding ratio: 4.61%

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Prime Market
Fiscal Year-End	March
Business Sector	Construction
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) for the Previous Fiscal Year	¥100 billion or more but less than ¥1 trillion
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

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

(1) Approach and policy on group management within other associated companies, etc.

The Company is positioned as a partner company within the JR East Group and maintains a business relationship with East Japan Railway Company (“JR East”) through contracts for electrical facility construction work.

(2) Approach and measures to secure independence from other associated companies, etc. necessary from the viewpoint of protecting minority shareholders

JR East is the Company’s largest shareholder and qualifies as an “other associated company” (meaning, in cases where the Company is an affiliated company of another company, said other company) holding 19.54% of the Company’s voting rights.

Although the Company undertakes electrical facility construction work for JR East and a significant portion of the Company’s

net sales is derived from transactions with JR East, such transactions are conducted on ordinary commercial terms. The Company believes that it maintains a certain degree of independence, as there are no operational restrictions imposed by JR East.

In addition, the Company has appointed four Independent Outside Directors out of a total of 10 Directors, and only one Director concurrently serves as Director at JR East. While the Company has not established a special committee to ensure independence from JR East, Independent Outside Directors are appropriately involved in and provide advice on the deliberation of important matters at meetings of the Board of Directors.

Furthermore, in order to facilitate the exchange of information and the sharing of perspectives among Independent Outside Directors and thereby enhance their contribution to discussions at Board meetings, the Company holds regular meetings of its four Independent Outside Directors.

(3) Contracts related to the group's management approach and policy of the other associated companies, etc.

Not applicable.

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 an Audit and Supervisory Committee
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Directors

Number of Directors Stipulated in Articles of Incorporation	17
Directors' Term of Office Stipulated in Articles of Incorporation	1 year
Chairperson of the Board	President
Number of Directors	10
Election of Outside Directors	Elected
Number of Outside Directors	5
Number of Independent Directors	4

Outside Directors' Relationship with the Company (1) Updated

Name	Attributes	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Naotaka Kawamata	Lawyer											
Kunihiro Kondo	From another company								△			
Osamu Kato	From another company					○		○				
Nobuaki Tamaki	From another company								△			
Nobuko Hosogaya	Academic											

*Categories for "Relationship with the Company."

(Use "○" when the director presently falls or has recently fallen under the category; "△" when the director fell under the category in the past; "●" when a close relative of the director presently falls or has recently fallen under the category; and "▲" when a close relative of the director fell under the category in the past.)

- Person who executes business for the Company or its subsidiary
- Person who executes business for or a non-executive director of the Company's parent company
- Person who executes business for a fellow subsidiary
- Person/entity for which the Company is a major client or a person who executes business for said person/entity
- Major client of the Company or a person who executes business for said client
- Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets from the Company in addition to remuneration as a director/company auditor
- Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business for the corporation)
- Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to director him/herself only)
- Person who executes business for another company that holds cross-directorships/cross-auditorships with the Company (applies to director him/herself only)
- Person who executes business for an entity receiving donations from the Company (applies to director him/herself only)
- Other

Outside Directors' Relationship with the Company (2) **Updated**

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons for Appointment
Naotaka Kawamata	○	○	Designated as Independent Director	<p>Mr. Naotaka Kawamata is an attorney-at-law, and there are no personnel, capital, or business relationships or any other special interests between the Company and Mr. Kawamata. Accordingly, the Company considers that his independence is adequately secured.</p> <p>Mr. Kawamata has a wealth of experience and broad insight gained as attorney and as Outside Director at other companies, and has contributed to ensuring proper decision-making by the Board of Directors and the Audit and Supervisory Committee from an objective standpoint as Outside Director of the Company. The Company has appointed Mr. Kawamata as an Outside Director after comprehensively considering his achievements, character, abilities, and other relevant factors, and determining that he is well suited to serve in such capacity.</p>
Kunihiro Kondo	○	○	<p>Designated as Independent Director</p> <p>Mr. Kunihiro Kondo was employed by Takasago Thermal Engineering Co., Ltd. until 2022. Although the Company has business transactions with Takasago Thermal Engineering Co., Ltd., the amount of such transactions accounts for less than 2% of the Company's consolidated net sales. Accordingly,</p>	<p>There are no personnel, capital, or business relationships or any other special interests between the Company and Mr. Kunihiro Kondo. Accordingly, the Company considers that his independence is adequately secured.</p> <p>Mr. Kondo has a wealth of experience and broad insight gained at other companies, and has contributed to ensuring proper decision-making by the Board of Directors and the Audit and Supervisory Committee from an objective standpoint as Outside Director of the Company. The Company has appointed Mr. Kondo as an Outside Director after comprehensively considering his achievements, character, abilities, and other relevant factors, and determining that he is well suited to serve in such</p>

			Mr. Kondo satisfies the Company's Independence Standards for Outside Directors, and the Company considers that his independence is adequately secured.	capacity.
Osamu Kato			Senior Executive Officer and Deputy Director General of Innovation Strategy Headquarters; Deputy Director General of Railway Business Headquarters (Electrical), East Japan Railway Company	Mr. Osamu Kato is employed by JR East, the Company's largest shareholder, where he concurrently serves as Senior Executive Officer and Deputy Director General of Innovation Strategy Headquarters; Deputy Director General of Railway Business Headquarters (Electrical). While there are personnel relationships between the Company and JR East, including employee secondments, transactions between the two companies are conducted on ordinary commercial terms. There are no personnel, capital, or business relationships or any other special interests between the Company and Mr. Kato. Mr. Kato has a wealth of experience and broad insight gained at JR East, and has contributed to ensuring proper decision-making by the Board of Directors and the Audit and Supervisory Committee from an objective standpoint as Outside Director of the Company. The Company has appointed Mr. Kato as an Outside Director after comprehensively considering his achievements, character, abilities, and other relevant factors, and determining that he is well suited to serve in such capacity.
Nobuaki Tamaki		○	Consultant, MEIDENSHA CORPORATION Designated as Independent Director	Mr. Nobuaki Tamaki concurrently serves as Consultant at MEIDENSHA CORPORATION. However, there are no personnel or capital relationships between the Company and MEIDENSHA CORPORATION, and transactions between the two companies are

			<p>Mr. Nobuaki Tamaki is employed by MEIDENSHA CORPORATION. Although the Company has business transactions with MEIDENSHA CORPORATION, the amount of such transactions accounts for less than 2% of the Company's consolidated net sales. Accordingly, Mr. Tamaki satisfies the Company's Independence Standards for Outside Directors, and the Company considers that his independence is adequately secured.</p>	<p>conducted on ordinary commercial terms. In addition, there are no personnel, capital, or business relationships or any other special interests between the Company and Mr. Tamaki. Accordingly, the Company considers that his independence is adequately secured. Mr. Tamaki has a wealth of experience and broad insight gained at MEIDENSHA CORPORATION. The Company has appointed Mr. Tamaki as an Outside Director after comprehensively considering his achievements, character, abilities, and other relevant factors, and determining that he is well suited to serve in such capacity.</p>
Nobuko Hosogaya	○	○	Designated as Independent Director	<p>Ms. Nobuko Hosogaya has a wealth of experience and advanced expertise gained as a university professor. The Company has appointed Ms. Hosogaya as an Outside Director after comprehensively considering her achievements, character, abilities, and other relevant factors, and determining that she is well suited to serve in such capacity. In addition, there are no personnel, capital, or business relationships or any other special interests between the Company and Ms. Hosogaya. Accordingly, the Company considers that her independence is adequately secured.</p>

Audit and Supervisory Committee

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Inside Directors	Outside Directors	Committee Chair
Audit and	4	1	1	3	Inside Director

Supervisory Committee					
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Appointment of Directors and/or Staff to Support the Audit and Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and/or Staff from Executive Officers/Reasons for Adopting Current System

The duties and responsibilities of the Internal Audit Department, which serves as the internal audit function, expressly include assisting the Audit and Supervisory Committee, and Internal Audit Department personnel perform such duties. In addition, when instructed by the Audit and Supervisory Committee Members regarding matters necessary for the performance of their duties, Internal Audit personnel shall promptly comply with such instructions and shall not be subject to the direction or supervision of Directors (excluding Directors who are Audit and Supervisory Committee Members) with respect to the execution of such instructed matters.

Cooperation among the Audit and Supervisory Committee, Accounting Auditors and Internal Audit Department

The Audit and Supervisory Committee receives regular reports from the internal audit function on the status and results of audits. It also receives reports from the Accounting Auditor on interim review results, annual audit results, and other information related to accounting audits. Through the sharing of such information, the Audit and Supervisory Committee strives to ensure that audits are conducted efficiently and effectively through mutual coordination among the respective audit functions. In addition, the Audit and Supervisory Committee monitors and verifies whether the Accounting Auditor maintains its independence and conducts audits appropriately. The Committee also requests explanations from the Accounting Auditor as necessary and confirms that the audit methods employed and the results obtained by the Accounting Auditor are appropriate.

Furthermore, the Audit and Supervisory Committee, the internal audit function, and the Accounting Auditor hold regular meetings to exchange opinions and information.

Voluntary Committee(s)

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	Established
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Status of Voluntary Committee(s), Attributes of Members Constituting the Committee and the Committee Chairperson

Updated

	Committee's Name	All Members	Full-time Members	Inside Directors	Outside Directors	Outside Experts	Other	Chairperson
Voluntary Committee Equivalent to Nomination Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	Inside Director
Voluntary Committee Equivalent to Remuneration Committee	Nomination and Remuneration Committee	5	0	2	3	0	0	Inside Director

Supplementary Explanation

To ensure the transparency in personnel matters, the Company has established a Personnel Committee, a voluntary committee, and the Committee deliberates, as necessary, on important matters relating to the appointment and other personnel affairs of officers and key employees. The Personnel Committee, based on each candidate's expertise, experience, achievements, competence, and other relevant factors, without regard to gender, nationality, or other personal attributes, prepares draft proposals for appointment related to matters to be deliberated by the Nomination and Remuneration Committee and matters to be resolved by the Board of Directors.

The Nomination and Remuneration Committee, an advisory body to the Board of Directors, deliberates on important matters regarding the appointment and personnel affairs of officers, including appointment proposals prepared by the Personnel Committee, from the viewpoint of ensuring independence, objectivity, and transparency, and submits its recommendations to the Board of Directors. Final decisions are made by resolution of the Board of Directors based on such recommendations.

Through this framework, which combines the Personnel Committee's function of preparing draft proposals with the Nomination and Remuneration Committee's function of deliberation and recommendation, the Company seeks to ensure the appropriate operation of its personnel decision-making process.

Matters Concerning Independent Directors

Number of Independent Directors **Updated** 4

Other Matters Concerning Independent Directors

Under the Independence Standards for Outside Directors of the Company, a person shall be deemed not to be independent if they fall under any of the following categories:

1. A person who is or was, within the past 10 years before assuming office, an executive director, executive officer, or employee (hereinafter collectively "Executive") of the Company or its subsidiaries (hereinafter collectively the "Group")
2. A person who falls into any of the following categories in the current fiscal year or in any of the past three fiscal years:
 - (1) An Executive of an enterprise that is major business partner of the Group (Note 1)
 - (2) An Executive of an enterprise for which the Group is a major business partner (Note 2)

- (3) An Executive of a major lender to the Group (Note 3)
 - (4) A shareholder who directly or indirectly holds 10% or more of the total voting rights of the Company (in the case where the shareholder is an enterprise, an Executive of said enterprise)
 - (5) An Executive of an enterprise in which the Group directly or indirectly holds 10% or more of the total voting rights
 - (6) A lawyer, certified public accountant, tax accountant, or other consultant who receives a large amount of money or other property (Note 4) from the Group other than officer remuneration
 - (7) A person who receives a donation of a large amount of money or other property (Note 4) from the Group, or an Executive of an enterprise that receives such donation
 - (8) A staff member, partner, or employee of the accounting auditor of the Group
 - (9) An Executive of an enterprise where an Executive of the Group serves or has served as an external officer
3. A spouse, relative within the second degree of kinship, relative living together, or person who shares living expenses with any of the following:
- (1) An Executive of the Group
 - (2) A person falling under any of the categories from 2. (1) to 2. (9) above

Notes:

- 1. An enterprise that is major business partner of the Group refers to a business partner to whom the Group provides products or services and whose annual transaction amount is 2% or more of the Company's consolidated net sales, as well as its parent company or subsidiaries described as important subsidiaries in the parent company's business report (hereinafter "Significant Subsidiaries").
- 2. An enterprise for which the Group is a major business partner refers to a business partner that provides products or services to the Group and whose annual transaction amount is 2% or more of that business partner's consolidated net sales, as well as its parent company or Significant Subsidiaries.
- 3. A major lender to the Group refers to a financial institution from which the Group has borrowed funds and whose outstanding loan balance at the end of the Company's fiscal year is 2% or more of the Company's consolidated total assets, as well as its parent company or Significant Subsidiaries.
- 4. A large amount of money or other property refers to property whose total value per fiscal year is 10 million yen or more in the case of an individual, or 2% or more of consolidated net sales in the case of an enterprise.

The name of Ms. Nobuko Hosogaya on her family register is Nobuko Mizukami.

Incentives

Implementation Status of Measures Related to Incentives Granted to Directors

Introduction of performance-linked remuneration system

Supplementary Explanation for Applicable Items

The remuneration of each Director (excluding Directors who are Audit and Supervisory Committee Members) consists of basic remuneration and performance-linked remuneration. Performance-linked remuneration is calculated using a coefficient linked to the degree of achievement of performance targets based on consolidated ordinary profit, which is regarded as an indicator of the

Company's overall earning capacity by reflecting the results of financial activities in addition to its core operating activities. The amount is determined taking into account the Director's responsibilities and performance and paid in cash. The proportion of basic remuneration and performance-linked remuneration in individual remuneration varies depending on the amount of performance-linked remuneration, but is generally approximately 70% basic remuneration and 30% performance-linked remuneration.

Persons Eligible for Stock Options

Supplementary Explanation for Applicable Items

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Director Remuneration

Status of Disclosure of Individual Director's Remuneration No disclosure for any Directors

Supplementary Explanation for Applicable Items **Updated**

Remuneration paid to Directors (FY2025)

Directors	153 million yen
of which, Outside Directors	9 million yen
Directors who are Audit and Supervisory Committee Members	37 million yen
of which, Outside Directors	18 million yen

Policy on Determining Remuneration Amounts and Calculation Methods Established

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

1. Matters concerning resolutions of the General Meeting of Shareholders regarding remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) and Directors who are Audit and Supervisory Committee Members

The maximum amount of remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) was approved at the 74th Annual General Meeting of Shareholders held on June 24, 2016, at an amount not exceeding 300 million yen per year. As of the conclusion of such Annual General Meeting of Shareholders, the number of Directors (excluding Directors who are Audit and Supervisory Committee Members) was six, including one Outside Director.

The maximum amount of remuneration for Directors who are Audit and Supervisory Committee Members was approved at the 74th Annual General Meeting of Shareholders held on June 24, 2016, at an amount not exceeding 96 million yen per year. As of the conclusion of such Annual General Meeting of Shareholders, the number of Directors who are Audit and Supervisory Committee Members was four, including three Outside Directors. Remuneration for Directors who are Audit and Supervisory Committee Members is determined through discussions among such Directors, taking into comprehensive consideration their activities and responsibilities, within the total amount approved by the General Meeting of Shareholders.

2. Matters concerning the delegation relating to the determination of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members)

The Board of Directors has delegated to the President & CEO the authority to determine the specific details of individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), within the limits approved by the General Meeting of Shareholders. The delegated authority consists of determining the basic remuneration and performance-linked remuneration of each Director (excluding Directors who are Audit and Supervisory Committee Members) in accordance with the policy for determining the details of individual remuneration (the “Remuneration Determination Policy”).

The reason for such delegation is that the President & CEO is considered the person best positioned to determine individual remuneration amounts for Directors (excluding Directors who are Audit and Supervisory Committee Members) while maintaining an overall perspective on the Company’s performance.

In determining individual remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members), the Company applies the Regulations on the Remuneration System to ensure such authority is exercised appropriately by the President & CEO.

3. Overview of the Remuneration Determination Policy

Remuneration for Directors (excluding Directors who are Audit and Supervisory Committee Members) of the Company is designed to reflect their contribution to the Company’s performance and to provide incentives for enhancing medium- to long-term performance. Such remuneration consists of basic remuneration and performance-linked remuneration.

Basic remuneration for each Director (excluding Directors who are Audit and Supervisory Committee Members) is determined based on the Director’s responsibilities and performance and is paid in cash.

Performance-linked remuneration for each Director (excluding Directors who are Audit and Supervisory Committee Members) is calculated using a coefficient linked to the degree of achievement of performance targets based on consolidated ordinary profit, which is regarded as an indicator of the Company’s overall earning capacity by reflecting the results of financial activities in addition to its core operating activities. The amount is determined taking into account the Director’s responsibilities and performance and is paid in cash. The proportion of basic remuneration and performance-linked remuneration in individual remuneration varies depending on the amount of performance-linked remuneration, but is generally approximately 70% basic remuneration and 30% performance-linked remuneration.

Basic remuneration is paid monthly as fixed compensation, while performance-linked remuneration is paid as a bonus at a prescribed time each year.

Support System for Outside Directors

The Personnel Department and the General Affairs Department are responsible for providing support to Outside Directors (excluding Directors who are Audit and Supervisory Committee Members) and assist them in the performance of their duties.

The Internal Audit Department is responsible for providing support to Outside Directors who are Audit and Supervisory Committee Members and assist them in the performance of their duties.

Status of Persons Who Have Retired as Representative Director and President, etc.

Information on Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) after Retiring as Representative Director and President, etc. **Updated**

Name	Job Title/ Position	Responsibilities	Terms and Conditions of Employment (Full/Part Time, With/Without Remuneration, etc.)	Date When Former Role as President/ CEO Ended	Term
Tadami	Special	Provision of advice based on his experience as President & CEO	Employment status: Full time	June 24, 2022	Until June 30, 2027
Tsuchiya	Consultant		Remuneration: Paid		

Number of Persons Holding Advisory Positions (*Sodanyaku, Komon*, etc.) After Retiring as Representative Director and President, etc. 1

Other Related Matters **Updated**

The Special Consultant does not have authority that may influence management decisions, and all management decision-making is carried out by the current management team.

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

The Company recognizes enhancing and strengthening corporate governance, and improving the transparency, fairness, and soundness of management and the speed of decision-making, are key management priorities. The following describes the Company's governance system as of June 26, 2026.

(1) Overview of the corporate governance system

The Company transitioned from a company with a Board of Company Auditors to a company with an Audit and Supervisory Committee based on the resolution of the 74th Annual General Meeting of Shareholders held on June 24, 2016.

The Board of Directors is positioned as the decision-making body for management policies and strategies, as well as the supervisory body for business execution. The appointment of Outside Directors ensures the validity and appropriateness of decision-making by the Board of Directors and the Audit and Supervisory Committee. In addition, the Company's Articles of Incorporation provide that, pursuant to Article 399-13, Paragraph 6 of the Companies Act, the Board of Directors may delegate, by resolution, all or part of decision-making authority for important business execution (excluding matters listed in Paragraph 5 of the same Article) to Directors. This system enhances management efficiency and enables prompt decision-making.

Furthermore, in order to separate management decision-making functions from business execution functions and thereby achieve efficient management and strengthen competitiveness, the Company has introduced an Executive Officer system and delegates authority to Executive Officers responsible for each business department.

a. Board of Directors

The Board of Directors consists of 10 Directors (including five Outside Directors) and holds a regular meeting once a month, in principle, with extraordinary meetings held as necessary.

b. Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Directors who are Audit and Supervisory Committee Members (including three Outside Directors) and holds a regular meeting once a month, in principle, with extraordinary meetings held as necessary.

To ensure accurate information gathering within the Company and to facilitate agile audit activities, the Company has appointed Director Wataru Mizukami as a full-time Audit and Supervisory Committee Member by resolution of the Committee.

c. Nomination and Remuneration Committee

The Company has established the Nomination and Remuneration Committee, a voluntary committee, to strengthen the independence, objectivity, and accountability of the Board of Directors with respect to matters concerning the appointment and remuneration of Directors.

d. Executive Committee

To facilitate agile and smooth management execution, the Company has established the Executive Committee that deliberates on important management matters. The Committee meets weekly, in principle, to enhance the management execution system.

e. Personnel Committee

The Company has established the Personnel Committee, a voluntary committee, to ensure transparency in personnel matters and to deliberate, as necessary, on important matters related to the appointment and personnel affairs of officers and key employees.

f. Development of the risk management system

The Company's risk management is designed to appropriately manage and control various business-related risks, thereby ensuring sound business operations and enhancing management reliability. In the event that a risk materializes and that could significantly affect corporate value, the Company has established an internal crisis management framework to minimize potential damage and impact. The Company also consults with its legal counsel and Accounting Auditor as necessary and undertakes any necessary reviews.

g. System to ensure proper conduct of business within the corporate group comprised of the Company and its subsidiaries

The Company holds meetings of subsidiary presidents to communicate management policies and other information and exchange opinions. Directors of the Company receive financial reports and other updates from the presidents of NDK Group companies. In accordance with the Crisis Management Regulations, the Company and its subsidiaries share information when a crisis occurs or is likely to occur at a subsidiary, enabling prompt and organized responses. In addition, the Company dispatches Directors or Company Auditors to its subsidiaries, who provide recommendations and oversight to ensure proper business operations from their respective positions.

h. Overview of the limited liability agreements

Pursuant to Article 427, Paragraph 1 of the Companies Act, the Company has entered into agreements with its Outside Directors to limit their liability for damages under Article 423, Paragraph 1 of the same Act to the extent permitted by laws and regulations.

i. Overview of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with the period commencing on April 1, 2026. The scope of the insured under such policy includes Directors, Company Auditors, Executive Officers, managerial employees, and retired officers of the Company and its significant subsidiaries, and the Company bears the full amount of the insurance premiums. Under such policy, any damages, including legal damages and litigation expenses, to be borne by the insured will be covered in the event that claims for damages are brought against them by shareholders or third parties during the policy period.

However, in order to ensure that the appropriateness of the execution of duties by the insured is not impaired, certain exemptions apply, including cases where damages arise from acts performed with the knowledge that such acts constitute violations of laws and regulations.

(2) Status of audits by the Audit and Supervisory Committee and internal audits

a. Audits by the Audit and Supervisory Committee

Audits by the Audit and Supervisory Committee are conducted in accordance with the audit policies and duty assignments established by the Committee. In cooperation with the Company's internal control functions, Audit and Supervisory Committee Members attend important meetings, receive reports from Directors, employees, and other relevant individuals on the execution of their duties, request explanations when necessary, review important approval documents and other materials, and examine the status of operations and assets at the Head Office and major business locations to enhance audit effectiveness.

With respect to subsidiaries, the Committee maintains communication and exchanges information with their directors, corporate auditors, and other key individuals, and receives business reports from them as necessary.

To ensure the effectiveness of audits by the Audit and Supervisory Committee, Directors (excluding Directors who are Audit and Supervisory Committee Members) periodically exchange opinions with Directors who are Audit and Supervisory Committee Members.

b. Internal audits

The Internal Audit Department, which serve as the Company's internal audit function, consists of four members. The Department supports matters necessary for the duties of the Audit and Supervisory Committee and conducts internal audits of the Company and its subsidiaries based on audit plans, focusing on the status of business execution and risk control activities. The effectiveness of internal audits is ensured through cooperation with the General Affairs Department, which serves as the Company's internal control function, and other departments of the Head Office. Audit results are reported to the President & CEO and are also presented, as appropriate, at important meetings such as meetings of the Board of Directors.

(3) Accounting audits

With respect to accounting audits, the Company has entered into an audit agreement with TOHO Audit Corporation. In addition to conducting statutory accounting audits, the Company consults with the audit firm regarding significant financial matters as

necessary and conducts necessary reviews.

3. Reasons for Adopting the Current Corporate Governance System

Through the appointment of five Outside Directors (including four Independent Outside Directors), the Company has ensured the validity and appropriateness of decision-making by the Board of Directors and the Audit and Supervisory Committee. As a result, the Company's corporate governance functions effectively.

III. Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders on a Non-Peak Day	The Company determines the date of the General Meeting of Shareholders independently, regardless of the dates scheduled by other companies.
Electronic Exercise of Voting Rights	The Company has adopted the electronic exercise of voting rights.
Participation in a Platform for the Electronic Exercise of Voting Rights and Other Initiatives to Enhance Environment for Institutional Investors to Exercise Voting Rights	The Company has participated in the electronic voting platform operated by ICJ, Inc.
Provision of Notice (or Summary of Notice) of the General Meeting of Shareholders in English	Starting from the General Meeting of Shareholders held in June 2025, the Company has prepared an English translation of the Notice of the General Meeting of Shareholders (summary), submitted it to the Tokyo Stock Exchange, and posted it on the Company's website.

2. Status of IR-related Activities **Updated**

	Supplementary Explanation	Explanation by a Representative Director or a Representative Executive Officer
Regular Investor Briefings Held for Analysts and Institutional Investors	Briefings on the financial results conducted by the President & CEO are held twice a year, in May and November.	Held
Online Disclosure of IR Information	Presentation materials for the financial results briefings and other IR-related documents are posted on the Company's website.	
Establishment of Department and/or Placement of a Manager in Charge of IR	The Business Planning & IR Department is responsible for IR activities.	

3. Status of Measures to Ensure Due Respect for Stakeholders **Updated**

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	<p>Recognizing that value co-creation together with diverse stakeholders is essential for achieving sustainable enhancement of corporate value, the Company engages in appropriate collaboration with multiple stakeholders under its Multi-Stakeholder Policy.</p> <p>The Company’s website (“Sustainability Policies”) https://www.densetsuko.co.jp/company/sustainability/sustainability-policies/</p>
Implementation of Environmental Preservation Activities and CSR Activities, etc.	<p>As a company engaged in facility construction services, the Company actively provides technologies that contribute to reducing environmental impact and promoting the effective use of resources. Recognizing environmental initiatives as one of its key management priorities, the Company actively promotes environmentally conscious activities under the NDK Group Environmental Policy.</p> <p>The Company’s website (“Sustainability Policies”) https://www.densetsuko.co.jp/company/sustainability/sustainability-policies/</p> <p>Based on the belief that “a company is a public institution of society,” the Company has made the pursuit of authenticity and excellence a fundamental management principle and continues to engage in proper business activities, thereby contributing to society. Information regarding the Company’s CSR activities is available on its website.</p> <p>The Company’s website (“CSR Report”) https://www.densetsuko.co.jp/company/sustainability/csr-report/</p>
Other	<p>The Company complies with the Securities Listing Regulations of the Tokyo Stock Exchange and other applicable laws and regulations and strives to ensure the appropriate disclosure of corporate information.</p> <p>The Company fosters a psychologically safe workplace environment where employees can proactively engage in their work. It also promotes the development of an inclusive workplace where employees with diverse backgrounds can work comfortably, find fulfillment in their work, and fully demonstrate their capabilities. In addition, the Company values the well-being of employees and their families and aims to be a company where every employee feels glad to have joined the organization.</p> <p>Recognizing that the well-being of employees and their families is essential for</p>

its sustainable growth, the Company has adopted a Declaration of KENKO Investment for Health (“KIH”) and established a KIH promotion framework and action plans. Based on these initiatives, the Company implements various measures to manage and promote employee health from a management perspective.

To advance these efforts, the President serves as the Chief Executive Officer for KIH, while the officer responsible for personnel affairs serves as the Executive Officer in charge of KIH promotion. The Personnel Department is designated as the implementing body under these leaders, and works in coordination with relevant departments and organizations. KIH initiatives are reported to and deliberated by the Executive Committee, thereby ensuring company-wide promotion of such initiatives.

Details of Company’s specific KIH initiatives are available on the Company’s website.

The Company’s website (“Social”)

<https://www.densetsuko.co.jp/company/sustainability/social/>

IV. Matters Concerning the Internal Control System

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

To realize operational efficiency and effectiveness, ensure the reliability of financial reporting, and comply with applicable laws and regulations, the Company has established internal regulations concerning compliance, crisis management, and other matters as part of the systems necessary to ensure proper operations required under the Companies Act and the Regulations for Enforcement of the Companies Act. The Company revised, by resolution of the Board of Directors on April 30, 2026, its Basic Policy on Internal Controls concerning the “systems necessary to ensure that the execution of duties by directors complies with laws, regulations, and the articles of incorporation” as stipulated in the Companies Act and “systems necessary to ensure proper operations” as stipulated in the Regulations for Enforcement of the Companies Act, and has made such policy known to and thoroughly disseminated it among its Directors and employees as follows:

(1) Systems necessary to ensure that the execution of duties by Directors complies with laws, regulations, and the Articles of Incorporation

- a. The Company and its subsidiaries shall establish Compliance Regulations as a code of conduct to ensure compliance with laws, regulations, the Articles of Incorporation, and other applicable rules, and Directors shall comply therewith.
- b. Matters concerning the nomination and remuneration of Directors and Executive Officers shall be determined by the Board of Directors after receiving recommendations from the Nomination and Remuneration Committee, a majority of whose members are Independent Outside Directors.
- c. In order to facilitate the early detection and correction of legal violations and misconduct and strengthen compliance management, the Company shall establish and operate internal and external whistleblowing channels.
- d. The Company shall maintain a resolute stance against anti-social forces that threaten the order and safety of civil society and shall sever all relationships with such forces in cooperation with the police and other relevant authorities.
- e. To ensure the reliability of financial reporting, the Company shall appropriately develop and operate internal controls over financial reporting.

(2) Systems for the retention and management of information related to the execution of duties by Directors

- a. Information related to the execution of Directors’ duties shall be appropriately retained and managed in accordance with applicable laws, regulations, and internal rules.
- b. Directors shall have access to such information at all times.

(3) Regulations and other systems related to the management of the risk of loss

The Company shall establish Crisis Management Regulations that define the potential crises and prescribe an obligation and system for prompt reporting to Directors in the event of an actual or potential crisis, as well as the establishment of an emergency response headquarters and procedures for external communications, in order to manage risks of loss.

(4) Systems to ensure that the duties of Directors are executed efficiently

- a. The Board of Directors shall meet once a month, in principle, to make decisions on important matters and supervise the execution of duties by Directors.

- b. The Executive Committee has been established to deliberate on important management matters.
- c. The Company has adopted an executive officer system to achieve efficient management and strengthen competitiveness through the separation of management and business execution functions.

(5) Systems to ensure that the duties of employees are executed in compliance with laws, regulations, and the Articles of Incorporation

- a. The Company shall establish Compliance Regulations as a code of conduct to ensure compliance with laws, regulations, the Articles of Incorporation, and other applicable rules, and employees shall comply therewith. Employees who violate the Compliance Regulations shall be subject to appropriate measures in accordance with the Work Rules.
- b. In order to facilitate the early detection and correction of legal violations and misconduct and strengthen compliance management, the Company shall establish and operate internal and external whistleblowing channels.
- c. The Company shall maintain a resolute stance against anti-social forces that threaten the order and safety of civil society and shall sever all relationships with such forces in cooperation with the police and other relevant authorities.
- d. To ensure the reliability of financial reporting, the Company shall appropriately develop and operate internal controls over financial reporting.

(6) Systems to ensure proper operations in the business group comprised of the Company and its subsidiaries

- a. The Company shall hold meetings of subsidiary presidents to communicate management policies and other information and exchange opinions. Directors of the Company receive financial reports and other updates from the presidents of NDK Group companies.
- b. In accordance with the Crisis Management Regulations, the Company and its subsidiaries share information when a crisis occurs or is likely to occur at a subsidiary, enabling prompt and organized responses.
- c. The Company dispatches Directors or Company Auditors to its subsidiaries, who provide recommendations and oversight to ensure proper business operations from their respective positions.

(7) Matters concerning employees to assist with the duties of the Audit and Supervisory Committee

The duties of assisting the Audit and Supervisory Committee shall be expressly included in the responsibilities of the Internal Audit Department, the Company's internal audit function, and the Department personnel shall perform such duties.

(8) Matters concerning the independence of employees assisting the Audit and Supervisory Committee from the Directors (excluding Audit and Supervisory Committee Members) and the effectiveness of instructions to such employees

- a. Directors (excluding Audit and Supervisory Committee Members) shall ensure the independence of employees assisting the Audit and Supervisory Committee from such Directors.
- b. When Audit and Supervisory Committee Members issue instructions necessary for the performance of their duties, Internal Audit Department personnel shall promptly comply with such instructions and shall not be subject to the direction or supervision of Directors (excluding Directors who are Audit and Supervisory Committee Members) with respect to the execution of those instructions.

(9) Systems for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to report to the Audit and Supervisory Committee and other systems related to reporting to the Audit and Supervisory Committee

a. Directors and employees of the Company and its subsidiaries shall promptly report to the Audit and Supervisory Committee any facts involving violations of laws and regulations or any facts that may cause significant damage to the Company.

No person making such a report shall be treated disadvantageously on account of having made such report.

b. Audit and Supervisory Committee Members shall have access to approval documents and other important documents at all times.

c. Audit and Supervisory Committee Members may attend meetings of the Board of Directors and the Executive Committee as members thereof (with one full-time Audit and Supervisory Committee Member serving on the Executive Committee) and express their opinions.

(10) Matters concerning policies on procedures for advance payment or reimbursement of expenses arising from the execution of the duties by Audit and Supervisory Committee Members or any other processing of expenses or obligations arising from the execution of such duties

Audit and Supervisory Committee Members may, as necessary, consult with the Accounting Auditor and legal counsel. Expenses arising from the execution of duties by Audit and Supervisory Committee Members shall be borne by the Company.

(11) Other systems to ensure that audits by the Audit and Supervisory Committee are performed effectively

a. Directors (excluding Directors who are Audit and Supervisory Committee Members) shall establish opportunities to exchange opinions with Audit and Supervisory Committee Members on a regular basis.

b. Members of the Internal Audit Department shall work closely with the Audit and Supervisory Committee, including accompanying Committee Members in audit activities, to ensure the effectiveness of audits conducted by the Audit and Supervisory Committee.

Please refer to the reference material “Schematic Diagram.”

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

For the purpose of maintaining sound corporate management, the Company stipulates in its Compliance Regulations that it shall have no relationship whatsoever with anti-social forces and that, in the event anti-social forces seek to establish a relationship with the Company or make improper demands, the Company shall firmly and resolutely reject such demands in an organized manner.

In addition, the Company includes provisions for the exclusion of anti-social forces in the agreements entered into with partner companies and other counterparties.

V. Other

1. Adoption of Anti-Takeover Measures

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

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2. Other Matters Concerning the Corporate Governance System

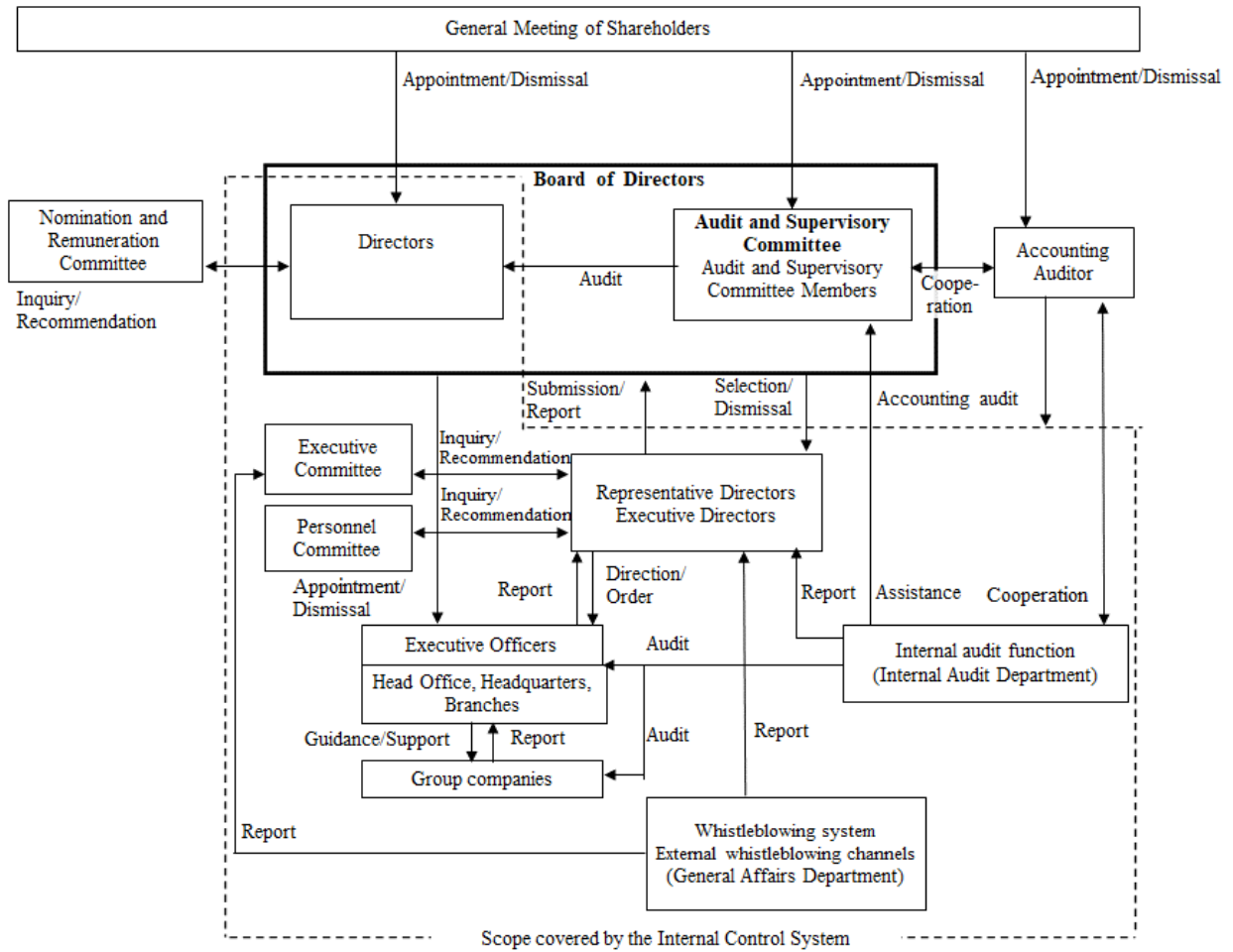
The status of the Company's internal system for timely disclosure of corporate information is as follows:

1. Based on the principle of providing investors with timely and appropriate disclosure of corporate information, the Company has designated the General Affairs Department as the department responsible for timely disclosure, and the Company has also established the Regulations on Internal Information Management and Prevention of Insider Trading as an internal regulation and handles information subject to timely disclosure in compliance with the Securities Listing Regulations of Tokyo Stock Exchange, Inc. and other applicable laws and regulations.
2. Information relating to decisions, occurrences, and financial results (collectively, "internal information") is promptly reported to the relevant department, the responsible Director, and the President & CEO. The department in charge of timely disclosure assesses whether timely disclosure is necessary and ensures that internal information is properly controlled and managed.
3. With respect to internal information subject to timely disclosure, after deliberation by the Executive Committee and resolution by the Board of Directors, the Information Handling Officer shall make timely disclosure without delay.

Please refer to the reference material "Timely Disclosure System Diagram."

END

[Reference material: Schematic Diagram]



[Reference material: Timely Disclosure System Diagram]

