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Notice Regarding Future Governance Enhancements and Recurrence Prevention Measures

Syuppin Co., Ltd. (the “Company”) announced in its “Notice Regarding Change of Representative Director” dated May 21, 2026 that inappropriate conduct (harassment) by the former Representative Director, President and CEO (the “Former Representative”) had been identified, and that the Company would review its management structure and consider measures to prevent recurrence.

Based on the findings of the investigation, the Company conducted an analysis of the root causes of the incident and formulated specific recurrence prevention measures.

In order to fundamentally transform its corporate governance framework and organizational culture, the Company hereby announces the results of its analysis and the specific measures to be implemented, consisting of five categories and twenty initiatives, as set forth below.

1. Causes of the Incident

Multiple instances of conduct constituting power harassment were identified, including intimidating behavior toward officers and employees, remarks that undermined the dignity of individuals, and inappropriate suggestions regarding personnel authority based on a superior position.

The Company believes that these incidents were attributable not only to an insufficient understanding of power harassment among management, but also to the excessive concentration of authority in the top executive position and shortcomings in the Company’s corporate governance and compliance frameworks.

2. Analysis of Contributing Factors

The Company identified the following contributing factors: insufficient understanding of power harassment among management as a whole; inadequate understanding among management and employees regarding the purpose, role, and responsibilities of the Audit & Supervisory Board system; the prolonged concentration of authority in a particular top executive without effective oversight by internally appointed directors and Audit

& Supervisory Board members; insufficient information-sharing mechanisms that prevented Outside Directors from obtaining a timely and accurate understanding of management conditions; personnel and governance processes that lacked objectivity and transparency; and whistleblowing and harassment-prevention mechanisms that did not adequately ensure independence and objectivity when allegations involved members of management.

The Company's management team takes this matter with the utmost seriousness and has formulated the following specific measures based on the above analysis.

3. Recurrence Prevention Measures

(1) Organizational Culture Reform

1. Statement of Commitment by the Representative Director to Organizational Culture Improvement

The Representative Director will clearly communicate a commitment to maintaining a workplace that does not tolerate harassment and to fostering an organization characterized by a high level of psychological safety. This commitment will be disseminated throughout the organization through direct dialogue with employees and other communication initiatives.

2. Implementation of a Harassment Assessment Survey

The Company will conduct anonymous surveys targeting all officers and employees regarding harassment and the ease with which concerns or opinions can be raised to superiors. The survey results will be reported to the Board of Directors and the Audit & Supervisory Board and will be reflected in improvement initiatives.

3. Regular Engagement and Organizational Culture Surveys

To quantitatively assess the state of the organization, the Company will conduct regular engagement and organizational culture surveys. Trends identified by department and position level will be appropriately shared with the Management Committee, the Board of Directors, and the Audit & Supervisory Board, and necessary corrective actions will be considered and implemented.

4. Management and Psychological Safety Training for Managers

The Company will provide managers with training on appropriate employee guidance and development, communication with subordinates, and the maintenance of psychological safety. These initiatives are intended to promote both awareness reform and behavioral change among management personnel.

5. Periodic Review of Employee Turnover Analysis and Exit Interview Results

Reasons for employee departures and related information will be periodically reviewed by departments independent from the human resources function or by external professionals. The Company will utilize these reviews to identify and address organizational culture issues, including inappropriate pressure to resign and harassment, at an early stage.

(2) Prevention of Power Harassment

6. Revision of Harassment Prevention Regulations

The Company will revise its harassment prevention regulations to ensure independence and objectivity throughout all stages of the process, including reporting, investigation, fact-finding, and corrective actions, even when the Representative Director or other officers are the subjects of allegations. The revised framework will be thoroughly communicated throughout the organization.

7. Compliance and Anti-Harassment Training for Officers

The Company will require all directors, Audit & Supervisory Board members, and executive officers to participate in regular and ongoing practical training programs covering compliance and harassment prevention. Such training will address, among other topics, the impact of remarks made in connection with personnel authority and the risks associated with public reprimands. Newly appointed officers will be required to complete such training upon assuming office.

8. Introduction of 360-Degree Evaluations for Officers

The Company will introduce periodic multi-source evaluations of officers, including assessments relating to compliance and organizational conduct. Evaluation results will be reported to the Nomination Committee and the Audit & Supervisory Board and will be utilized in decisions regarding reappointment and compensation. To ensure effectiveness and objectivity, the Company intends to engage external service providers in implementing this evaluation framework.

9. Enhanced Participation of Full-Time Audit & Supervisory Board Members in Important Meetings and Strengthened Information-Sharing

Full-time Audit & Supervisory Board members will continue to attend important meetings, including Management Committee meetings, in order to monitor whether any conduct or remarks undermine psychological safety within the organization. When issues are identified, they will be promptly reported to the Audit & Supervisory Board, Outside Directors, and, where appropriate, the Board of Directors, and follow-up measures will be undertaken. In addition, Outside Directors will be permitted to attend such important meetings alongside Audit & Supervisory Board members.

10. Revision of the Whistleblowing System

In light of the purpose and principles of the Whistleblower Protection Act, the Company will establish clear rules regarding whistleblower protection, the elimination of conflicts of interest, restrictions on unauthorized information sharing, and the prohibition of attempts to identify whistleblowers. The Company will also strengthen independent external reporting channels, establish direct reporting routes to the Audit & Supervisory Board and Outside Directors when allegations involve officers, and clarify the authority of the Audit & Supervisory Board to appoint external legal counsel and other investigative support personnel, as well as related budgetary authority.

(3) Strengthening Corporate Governance

11. Corporate Governance Training for Officers

The Company will provide ongoing corporate governance training to all directors, Audit & Supervisory Board members, and executive officers. The training will cover the purpose of the Audit & Supervisory Board system, the supervisory function of the Board of Directors, the roles and responsibilities of directors and Audit & Supervisory Board members, and the functions of the Nomination Committee and Compensation Committee. Through such training, the Company will establish a shared understanding among officers that raising concerns and expressing opinions by Audit & Supervisory Board members constitutes a legitimate and healthy governance function.

12. Clarification of the Selection Process and Independence Requirements for Outside Audit & Supervisory Board Members

The Company will establish clear procedures for the nomination of Outside Audit & Supervisory Board members, including the identification of the skill sets and qualifications required by the Audit & Supervisory Board and coordination with the Nomination Committee. In addition, procedures will be established to verify whether any undue pressure was exerted in connection with dismissal or resignation, thereby safeguarding substantive independence.

13. Greater Involvement of the Audit & Supervisory Board in the Selection of Full-Time Audit & Supervisory Board Members

To prevent the selection of full-time Audit & Supervisory Board members based solely on the preferences of the executive side of management, the Company will formally establish selection criteria, including the qualifications and oversight capabilities expected by the Audit & Supervisory Board and Outside Directors. The Company will also introduce procedures that ensure participation by the Audit & Supervisory Board during the selection and reappointment processes and verify whether any undue pressure has been exerted.

14. Clarification of the Selection Process for Outside Directors

The Nomination Committee will clearly define the qualifications required for Outside Directors, including skills matrices, independence standards, and the ability to supervise and challenge management. The Committee will prepare candidate lists, deliberate and document the reasons for selection, and establish a process that prevents appointments from being determined solely by management preferences. Transparency will also be enhanced with respect to reappointment and dismissal considerations.

15. Strengthening Support Functions for the Audit & Supervisory Board

The Company will strengthen the support framework for the Audit & Supervisory Board to enable independent investigations of matters involving management. This framework will include access to internal information, authority for the Audit & Supervisory Board to appoint external investigative advisors without approval from executive departments, appropriate budget allocations, and administrative support functions, including dedicated staff. In addition, opportunities for regular information sharing between the Audit & Supervisory Board and Outside Directors will be enhanced to facilitate the early identification and resolution

of governance-related issues.

(4) Improvement of Personnel Evaluation Processes

16. Clarification of Personnel Evaluation Criteria and Personnel Processes

The Company will clearly define personnel evaluation criteria and personnel decision-making processes and ensure that organizational management and compliance-related considerations are appropriately documented. In particular, for significant personnel decisions involving executive officers, division heads, department heads, and other key positions, deliberation by multiple officers and documentation of the decision-making process will be required. The Company will revise its processes to avoid reliance on the sole judgment of the Representative Director and President. In addition, significant adverse personnel actions, including demotions and dismissals from positions, will require objective grounds and be accompanied by appropriate explanations to the affected individuals.

17. Verification of Reasons for Employee Departures by the Audit & Supervisory Board and Other Independent Functions

For officers, managerial employees, and other employees who resign within a relatively short period of employment, the Audit & Supervisory Board or another independent function will verify the reasons for resignation while giving due consideration to individual privacy. The Company will establish procedures to utilize such information in identifying potential harassment and other organizational culture issues at an early stage.

18. Clarification of Rules Governing Disciplinary Actions

The Company will formalize rules governing disciplinary actions, including the determination of disciplinary grounds, opportunities for explanation by the affected individual, disciplinary standards, and the elimination of conflicts of interest. Significant disciplinary actions will require deliberation by multiple officers, such as through a disciplinary committee, and the decision-making process will be documented to ensure procedural independence and objectivity. Clear explanations of the reasons for disciplinary actions will also be provided to affected individuals.

(5) Prevention of Excessive Concentration of Authority in Top Management

19. Strengthening Management Evaluation and Reappointment Reviews by the Nomination Committee

The Nomination Committee, consisting solely of Outside Directors, will conduct annual evaluations of senior management, including the Representative Director and President, substantively review their suitability for reappointment, and submit its recommendations to the Board of Directors.

In conducting such evaluations, the Committee will take into account not only business performance, but also compliance records, efforts to prevent harassment, the operation of internal controls, and the results of 360-degree evaluations, thereby ensuring a comprehensive and multi-faceted assessment of senior management.

20. Development of a Succession Plan for Top Management Led by the Nomination Committee

To avoid excessive dependence on any particular individual, the Nomination Committee will lead the development of a succession plan for top management. In addition to the planned development of medium- to long-term successor candidates, the Company will establish formal emergency succession procedures to enable a prompt leadership transition when necessary. The Company will also focus on developing management personnel with a strong compliance mindset, sound governance awareness, and effective organizational management capabilities.

4. Future Governance Enhancements and Progress of Recurrence Prevention Measures

The Company's management team takes the governance issues identified through this matter with the utmost seriousness. Going forward, the Company intends to conduct a comprehensive review of its overall governance framework, including the operation of the Board of Directors and other corporate decision-making bodies during periods subsequent to those covered by the investigation, as well as the awareness and conduct of both internal and external directors and Audit & Supervisory Board members. Based on the findings of such review, the Company will consider additional measures to further strengthen its corporate governance framework.

The Company will promptly disclose progress regarding the implementation of the recurrence prevention measures and the results of such review and investigation.

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