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Corporate Governance

CORPORATE GOVERNANCE

Mitsuuroko Group Holdings Co., Ltd.

Last Update: June 17, 2025

Mitsuuroko Group Holdings Co., Ltd.

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Securities code: 8131

The corporate governance of Mitsuuroko Group Holdings Co., Ltd. (the “Company”) is described below.

/ Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Mitsuuroko Group (the “Group”), in accordance with the Companies Act, the Regulations for Enforcement of the Companies Act, codes of corporate conduct issued by financial instruments Exchanges, establishes a systems to ensure the appropriateness of the Group's operations, We aim to comply with laws and social ethical norms, ensure sincere responses and transparent management for customers, business partners, shareholders, and others, and fulfill our Group's social mission in business activities.

Furthermore, upon approval at the Ordinary General Meeting of Shareholders held on June 26, 2015, the Company transitioned from a Company with a Board of Company Auditors to a Company with an Audit and Supervisory Committee. This change was made to achieve more transparent management by strengthening the functions for auditing and supervising the legality and propriety of business execution, thereby further enhancing corporate governance systems.

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

(Supplementary Principle 4.8.1)

At meetings of the Company's Board of Directors, independent External Directors actively participate in discussions from an objective standpoint. At present, the Company does not hold meetings consisting solely of independent Directors regularly. We recognize the importance of having independent External Directors exchange information and develop a shared awareness from an independent and objective standpoint. Therefore, in the future, we will consider providing opportunities to exchange information and create a shared understanding from an objective perspective, including holding meetings.

(Supplementary Principle 4.8.2)

The Company does not appoint a lead independent External Director. At present, the Company has a system where each independent External Director communicates and coordinates with executive management and collaborates with Members of the Audit and Supervisory Committee. If it becomes difficult for independent External Directors to communicate and coordinate with executive management and collaborate with Members of the Audit and Supervisory Committee under the current system, the Company would reconsider establishing procedures to promote collaboration, such as appointing a lead independent External Director.

(Supplementary Principle 4.10.1)

Currently, the Company's Board of Directors, which includes three independent External Directors, makes decisions on the nomination of candidates for Directors and the selection of senior management, taking into consideration the diversity of candidates' achievements, experience, abilities, skills, gender, and other factors in a comprehensive manner. In addition, the Board of Directors appropriately determines remuneration (basic remuneration) to ensure it is suitable and appropriate in light of Directors' roles and responsibilities, taking into consideration the business performance of the Company, within the framework of the total amount of remuneration resolved at the General Meeting of Shareholders. Pursuant to a resolution by the Board of Directors, decisions concerning the specific content of the remuneration of individual Directors are delegated to the President and Representative Director. The President and Representative Director establishes payment standards based on positions, responsibilities, etc., after consulting with and receiving reports from independent External Directors. This ensures appropriate participation and advice from independent External Directors for decisions related to the nomination and remuneration of senior management and Directors. Consequently, the Company does not have a voluntary advisory committee related to the nomination and remuneration of senior management and Directors.

[Disclosure Based on the Principles of the Corporate Governance Code]

Updated

(Supplementary Principle 1.2.4)

Although the ratio of overseas investors is relatively low at approximately 6%, the Company introduced the Electronic Voting System Platform from the 113th Ordinary General Meeting of Shareholders (held in June 2022) on the assumption that the proportion of overseas investors in the Company will increase in the future as we promote the expansion of our global business. In addition, the Company has ensured that the Notices of the Ordinary General Meeting are available in English on its website since the aforementioned Ordinary General Meeting of Shareholders.

(Principle 1.3 Basic Strategy for Capital Policy)

The Company prioritizes increasing shareholder returns by making active investments, while maintaining a strong financial foundation and sound fiscal discipline.

In order to maintain a strong financial foundation and sound financial discipline that is not affected by fluctuations in energy and wholesale electricity market prices, inclement weather, changes in the external environment such as the geopolitical situation, or fluctuations in demand, we have a policy of maintaining a consolidated equity ratio of approximately 50% to 55%.

As for investments, we established a medium- to long-term investment framework of 50,000 million yen starting in fiscal 2023, under which we invested 8,600 million yen in the first year and 6,000 million yen in fiscal 2024.

Regarding shareholder returns, we revised our dividend policy effective from the fiscal year ended March 31, 2025, and our basic policy is to continue providing progressive dividends while maintaining a total return ratio of 50% or higher.

Going forward, we will strive to achieve sustainable growth, enhance corporate value, and strengthen shareholder returns through investments in business areas with growth potential, strategic initiatives, and efforts to maintain and strengthen our existing businesses.

(Principle 1.4 So-called Cross-Shareholdings)

1. Policy on Cross-Shareholding

The Company's policy is to hold shares that contribute to enhancing corporate value over the medium- to long-term, taking into comprehensive assessment of their importance to our business strategy, relationships with business partners, and other factors. Each year, the Board of Directors examines the rationale for acquiring and holding each individual holding and their profitability based on the cost of capital, etc., thus regularly verifying the appropriateness of holding these holdings. We regularly verify the appropriateness of retaining these holdings and plan to sell those deemed no longer rational to hold.

2. Standards for Exercising Voting Rights for Cross-Shareholding

The Company exercises voting rights appropriately, making approval or disapproval decisions based on a comprehensive assessment of corporate governance systems, the medium- to long-term enhancement of investee corporate value, and the impact on the Company. If necessary, we discuss proposal content with investees.

(Principle 1.7 Related Party Transactions)

The appropriateness of transactions between the Company and Directors is judged as a matter to be approved by the Board of Directors in accordance with the Rules of the Board of Directors.

In addition, although there are no major shareholders at present, the Company's policy is to obtain the necessary approval for transactions with major shareholders in accordance with internal regulations. For significant transactions, decisions are made by the Board of Directors. In addition, the Company conducts annual surveys on related party transactions of officers of the Company and the Group, monitors these personnels, and discloses the results thereof in annual securities reports, etc.

(Supplementary Principle 2.4.1)

1. Views and targets for securing diversity, and the status thereof

The Group believes it is essential to be a company where a diverse range of employees can fully demonstrate their abilities and work in a lively and energetic manner, in order to provide better services to its customers as "a Lifestyle Producer" in an increasingly diverse society. Accordingly, we are promoting diversity, equity & inclusion within the Group.

As part of these efforts, the Group has been working to promote the active participation of women to achieve the numerical targets announced on November 12, 2014. On September 17, 2021, the Company revised the targets as follows.

(1) Proportion of women in the workforce (*1)(*2)

Target for March 2027: 33%

As of March 2025, women made up 29.8% of the Group's workforce. Women made up 25.0% of the Group's workforce in September 2014, meaning that a steady increase in the proportion of women in the workforce has been achieved over the past 10 years. The Company will increase the ratio to 33% by March 2027.

(2) Proportion of women in managerial positions (*1)(*3)

Target for March 2027: 11%

As of March 2025, women made up 10.9% of managers of the Group as a whole. Women made up 4.2% of managers of the Group in September 2014, meaning that a steady increase in the proportion of women in managerial positions has been achieved over the past 10 years. The Company will increase the proportion to 11% by March 2027.

(Note 1) All proportions are calculated after excluding temporary employees, part-time employees, and officers

(Note 2) This figure excludes Logitri Tohoku Co., Ltd., Logitri Chubu Co., Ltd., and Logitri Kansai Co., Ltd., which are LPG delivery companies handling heavy goods and operating under female labor restrictions. The number of respective employees was 1,622 as of the end of March 2025

(Note 3) Calculated as (number of women in managerial positions ÷ total managerial positions across all consolidated companies (excluding Logitri Tohoku Co., Ltd., Logitri Chubu Co., Ltd., and Logitri Kansai Co., Ltd.)) × 100

In addition, as part of measures to appoint a diverse range of human resources to the optimal positions for them, regardless of gender, nationality, or personal background, the Company hires and appoints foreign nationals and mid-career employees.

In terms of current appointments of foreign nationals as core personnel at companies in Japan, one Director of the Company and one manager in a subsidiary of the Company are foreign nationals. We will actively promote appointing foreign nationals to managerial positions, as we promote the placement of the right people in the right positions. Furthermore, the percentage of mid-career hires in managerial positions is 66.0% as of May 2025, which we believe is sufficient to ensure human resource diversity; accordingly, we have not set a target for the percentage of mid-career hires in managerial positions.

2. Policies for developing human resources and creating internal environments to ensure diversity, as well as the implementation status thereof

The Group holds career training for female employees to promote women's participation and advancement as part of the diversity, equity & inclusion. Moreover, we conducted maternity leave and parental leave training for managers to ensure they have an accurate understanding of parental leave so as to make it easier for all employees, regardless of gender, to take parental leave. We will continue to implement this training in future.

In addition, at the Mitsuuroko Group, we believe in the importance of integrating work and life (work-life integration) in order to create a synergistic relationship between work and family life, and to enhance both public and private life. To achieve this goal, we have established various systems to allow employees to choose diverse ways of working. For details of specific initiatives, please refer to page 63 of the above "Sustainability Report 2023." <https://www.mitsuuroko.com/en/sustainability/library/>

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

The Company does not have a corporate pension fund plan. We have introduced a corporate defined contribution pension plan to assist the stable formation of assets by our employees. We also provide regular education and training for eligible employees.

(Principle 3.1 Full Disclosure)

1. Management philosophy, etc., management strategy, and management plan

[Management Philosophy]

Within our Group management philosophy, we state that "as 'a Lifestyle Producer,' we consistently conduct our business with integrity and from the customer's perspective." Our aim is to enhance services related to everyday lifestyles centered on energy.

Beyond continually expanding new services from the consumers' perspective, we will continue to contribute to conservation of the global environment by utilizing natural energy and promoting the installation of energy-saving housing equipment.

We will also continually enhance our security initiatives so that we can provide “safety and security” as our top priority, especially for energy products, and will fulfill our corporate social responsibility with an emphasis on compliance in our business activities.
[Medium- to Long-term Corporate Management Strategy]

The Energy Solutions Business, which is the Group's core business, and especially LPG, which continues to be highly profitable, has gained attention as a form of disaster-resistant distributed energy. However, the market has reached maturity, and because the population is expected to decline, a dramatic increase in the size of the market is unlikely. Demand for petroleum products such as heating oil and gasoline is on the decline. To maintain competitiveness and secure stable profits, it is important to reduce business costs through thorough streamlining, cultivate markets for potential next-generation core businesses, and prepare a growth strategy focused on expanding profitability. We will focus primarily on the points below while maintaining the competitiveness of our core energy-related businesses to become “a Lifestyle Producer” as set forth in our management philosophy.

Energy Solutions Business

While responding promptly to changes in the business environment, in this business we aspire to “delve deeper into the existing Energy Solutions Business and develop a medium- to long-term business model,” and strive to serve as an energy services provider handling 10% of household expenditure by expanding new service options centered on customer account expansion and provision of lifestyle infrastructure products. We view carbon neutrality as an opportunity for growth and will further strengthen our efforts and leverage synergies within the Group. The Energy Solutions Business has set “Support people's lives. Cultivate the future.” as its vision for 2030, and all employees are working together toward this ideal future. While valuing the corporate DNA inherited from our predecessors over the Group's long history, we always face the times, adapt to environmental changes, accurately grasp customer needs, and strive to create new value. We will continue to place the highest priority on safety and security and a customer-focused approach, as we work to lay the foundation for a brighter future.

Power & Electricity Business

Building on the stable supply to customers over the long Group history, we will work to develop new electricity customers and further expand the scale of our business. In terms of supply, we will maximize the use of our own renewable energy sources and newly introduced grid storage batteries; and by collaborating with various power producers, we will develop additional power sources to meet increasing electricity demand.

Furthermore, we intend to increase the proportion of renewable energy we procure as part of our commitment to a carbon-neutral society. To achieve the 2030 target of a 44% non-fossil fuel ratio in the Power & Electricity Business, we actively promote sales of “Low Environment Load Menu” to our customers and strive to mitigate CO2 emissions.

Through the Power & Electricity Business, we strive to balance future energy demand growth with carbon neutrality, and contribute to the creation of a prosperous and bright future.

Foods Business

The business environment is changing every day. In the Foods Business, we aim to stay true to the Group's origins as “a Lifestyle Producer,” while responding to the changes in the business environment. Through the safe and secure food and beverages we offer, we promote people's health and add richness to everyday life, engage with diversifying customer needs and social issues, and deliver meaningful solutions. In addition, we will leverage the Group's network built over the long history to grow our customer base and further expand our business scale; as well as strive to collaborate with local industries and contribute to local communities, to realize a sustainable society.

Living & Wellness Business

In the real estate business, where market trends differ from those of the Group's core businesses such as energy and electricity, we aim to maintain and expand the business as a stable revenue base that supports the whole Group. At the same time, as “a Lifestyle Producer,” we challenge ourselves to create new ways of living while offering safe, secure, and comfortable spaces.

In the wellness business, we aim to become a well-being promoter centered in the Yokohama area, with the goals of “fostering beauty and health,” “promoting sports,” “developing next-generation wellness content,” and “creating human energy.” We will offer more personalized services, such as individualized health plans utilizing digital technologies, and propose new customer experiences. We will also promote physical activity through lifelong sports such as bowling and golf, contributing to users' health through regular exercise. Furthermore, by serving as a place for families and local communities, we promote multi-generational interaction and strengthen social connections. In addition, as part of our personal beauty retreatment business, we will develop healing third places where each of our female guests can enjoy her own quiet time and restore her body and mind through the relaxing effects of hot baths. Through synergy with carefully selected skincare products, we will promote the beauty and health of people's minds and bodies and contribute to the creation of human energy.

Overseas Business

In the Overseas Business, we aim to deliver sustainable value to the local communities where we operate, primarily in the Asia-Pacific region, and strive to build cooperative relationships with local companies. In addition to the partnerships in our energy field, we will actively contribute towards a decarbonized society, and engage in new technologies and businesses that contribute to the development of energy, social infrastructure, and the structural evolution of the economy.

Other Businesses

In the leasing business, the Group will promote system upgrades to comply with new leasing accounting standards that will come into effect in 2027. We will also expand our environmentally friendly lease offerings such as electric vehicles, and develop leasing businesses specialized in resale market products and specific fields.

In shared services and IT solutions, we will transform indirect operations using specialized knowledge, know-how, and technology, become Japan's leading provider of productivity improvement support, and support the Group on its path to nurture the lifestyle of consumers and deliver new value. The SmartOWL® service combines “LPG frequency efficiency” with “delivery routing efficiency” through AI-based delivery route mapping. Through this unique Group service, which leads to ESG promotion by “reducing CO2 emissions” and “addressing delivery personnel shortages from retirement,” we aim to deliver new value to other companies.

In the e-commerce business, we offer a variety of products and services in the areas of food, living, clothing, and entertainment through a digital platform that connects urban and rural areas. The platform will evolve from an “Avenue” to a “Town,” and ultimately to a “City,” creating a community where customers and creators come together and co-create new value.

In the content business, we will actively develop new content such as TV programs, movies, and stage productions, while leveraging our existing content. As “a Lifestyle Producer,” we will strive to deliver “new value.”

As for the smart farming business, in addition to the specialty coffee, we will grow vanilla trees. We will optimize the turnover through smart management of greenhouses resilient to climate changes, and will also implement agrivoltaic farming utilizing fallow land, along with farming support using drones.

2. Basic views and policies on corporate governance

Guided by Mitsuuroko Group's Charter of Corporate Ethics, the Company conducts fair and sound corporate activities and seeks to contribute to the preservation of the global environment and the creation of a fulfilling and livable society while maintaining positive relations with various stakeholders.. The Company constantly promotes reforms of its corporate governance practices to enable swift decision making, strengthen management supervision, and ensure transparency in our corporate activities. It also works to improve value for all stakeholders connected to Mitsuuroko Group through striving to reform the management structure and enhancing internal control systems.

3. Policies and procedures for determining the remuneration of senior management and Directors by the Board of Directors
As stated in "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods" in part II 1 of this Report.

4. Policies and procedures for electing and dismissing senior management, and nominates candidates for Directors and Audit & Supervisory Board Members by the Board of Directors

With regard to the election of Directors, to contribute to the sustainable development of the Company over the medium- to long-term, the Company elects individuals for senior management positions who possess appropriate abilities, such as swift, decisive, and accurate management decision-making and effective risk management.

For Internal Directors, the Company nominates candidates who have abundant knowledge, experience, and achievements in their areas of responsibility, and who possess abilities suitable for Directors, including their character. Additionally, for External Directors, the Company nominates candidates who have expert knowledge, diverse experience, and a broad perspective and who also possess abilities suitable for External Directors. In addition, for Directors who are Audit and Supervisory Committee Members, the Company nominates candidates with appropriate knowledge of finance and accounting, knowledge of the Company's business fields, and diverse perspectives on corporate management.

Furthermore, Directors will be dismissed if they engage in conduct that is inappropriate for Directors of the Company, such as conduct that violates public order or morals, if they have difficulty continuing their duties for health reasons, if they do not possess the qualities stipulated in the election criteria, or if any other equivalent reasons apply.

The election and dismissal of Directors, as well as the nomination of Director candidates, are determined by the resolution of the Board of Directors after consideration by the Representative Director and the Director responsible for human resources, based on the above policy. The consent of the Audit and Supervisory Committee is required for the nomination of candidates for Directors who are Audit and Supervisory Committee Members, in accordance with the provisions of laws and regulations.

5. Explanation of individual elections and nominations when the Board of Directors elects and dismisses senior management and nominates

Directors and Audit & Supervisory Board Member candidates based on item 4 above

When electing Directors, the Company discloses the career summary, concurrent positions, number of shares held, and reasons for the election of each Director (including Directors who are Audit and Supervisory Committee Members) in the "Notice of the Ordinary General Meeting of Shareholders." The reasons for the election of External Directors (including Directors who are Audit and Supervisory Committee Members) are also disclosed in part II 1 of this Report and annual securities reports. The reasons for the election of Internal Directors are as follows.

- Director Kohei Tajima has a proven track record of directing group management with his strong leadership as President and Representative Director since 2007, and has accomplished many achievements such as creating new businesses that correspond to our changing society. In addition, he has a wealth of experience and performance capabilities with regards to the Group's businesses and corporate management, and is also equipped with a global perspective and a wide range of insight. He is qualified to respond to changes in our society and customer needs, consistently produce future-ready business strategies and group strategies aimed at improving corporate values, and further strengthen corporate governance, while the external environment and the industry as a whole undergo dramatic changes.
- Director Kazuhiro Kojima served as Deputy General Manager of the Accounting Division of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) in 2005 and the Joint General Manager of the Corporate Banking Division No. 1 of the same bank in 2008. In addition, he also has experience in working abroad and in accounting. After serving as an Executive Officer, Senior Manager of the President's Office, and Senior Manager of the Finance and Accounting Department of the Group in 2012, he assumed the position of a Director, and became the Manager of the President's Office, Manager of the Group Management Office, Senior Manager of the Business Administration Department, and Senior Manager of the Finance and Accounting Department of the Company in 2014. Following this, he also assumed the position of the Chief Financial Officer and Chief Administrative Officer in 2020. With such impeccable achievements, along with his advanced capabilities, global perspective and wide-ranging insights, and is expected to make great contributions to enhancing the corporate values of the Group.
- Director Takashi Matsumoto was appointed as the Manager of the LPG West Japan Branch, and then, the Manager of the LPG East Japan Branch of ExxonMobil Yugen Kaisha. He was then appointed as the Senior Manager of the Japan Branch of ExxonMobil LNG Market Development Inc. in 2007, and in 2016, he was appointed as the Supply Planning Advisor of the LNG division at ExxonMobil Asia Pacific Pte. Ltd. based in Singapore. In 2022, he was appointed as Chief Representative of the Japan Branch of ExxonMobil LNG Market Development Inc.. He joined the Company as Director in 2023 and has extensive experience and achievements in the energy solutions business sector. With his advanced capabilities, global perspective, and wide-ranging insights, he is expected to make significant contributions to the further development of the Group as a Director.
- Director Manabu Sakanishi served as Executive Officer and Manager of L&S Sales Department in the Lubricating & Specialties of EMG Marketing G.K. (currently ENEOS Corporation) in 2013, as well as Vice President and Manager of L&S Sales Department of EMG Lubricants G.K. in 2017. He joined the Company in 2019 as Director and was appointed as President and Representative Director of Mitsuuroko Vessel Co., Ltd., and thereafter as President and Representative Director of Mitsuuroko Green Energy Co., Ltd. We expect him to make great contributions in further developing and expanding the businesses of the Group, with his impeccable career and achievements as a Director, along with his advanced capabilities, global perspective and wide-ranging insights.
- Director Motoyasu Omori possesses advanced capabilities and a broad range of insights, having held various positions such as President and Representative Director of Mitsuuroko Beverage Co., Ltd. (currently Mitsuuroko Provisions Co., Ltd.), a major consolidated subsidiary of the Group, since 2011, Senior Manager of the President's Office of the Company in 2012, and Executive Officer of the Group in 2014. In 2017, he established a company to manage our expanding business in the "food" field, and in 2021, he drove the restructuring and further expansion of the aforementioned business. In 2024, he assumed office as President and Representative Director of Mitsuuroko Foods Co., Ltd. In promoting the synergy between brands in the Foods Business and creating new value in the "food" field, he is expected to make great contributions in further developing and expanding the businesses of the Group.
- Director Goh Wee Meng assumed the position of Manager, North Asia Pacific Group of International Enterprise Singapore in 2009, then Chief of the Tokyo Office of the Commercial Section in the Embassy of the Republic of Singapore and International Enterprise Singapore in 2011, and served as Council Director of the ASEAN-Japan Centre during this time. At the Company, he serves as Director and Chief Technology Officer since 2017, and Chief Information Officer and Global Chief Inclusion & Diversity Officer. Since 2020, he has promoted the establishment of the base company for overseas business and the expansion of local operations, and he is expected to make a significant contribution to business development and overseas expansion of the Group, based on his advanced abilities and global perspective.
- Director Kenji Yoshizawa has enhanced the Group's internal controls and ensured thorough compliance since he assumed Senior Manager of the Finance and Accounting Department of MITSUUROKO Co., Ltd., and was sent to the U.S. as an Overseas Trainee, then took on GM of Internal Auditing in 2019. With his extensive experience in control department & internal audit, together with his deep knowledge of corporate governance and compliance, we expect him to make great contributions to the enhancement of the governance and the advancement of the Group as Director.

(Supplementary Principle 3.1.2)

Starting with the financial results for the six months ended September 30, 2021, the Company releases English translations of its Consolidated Financial Results, Notices of General Meeting of Shareholders, Corporate Governance Reports, Business Reports (Integrated Reports) and Sustainability Reports. We will continue to disclose and provide necessary information in English for financial results and other disclosures.

(Supplementary Principle 3.1.3)

The Group considers "Contributing to the creation of a sustainable society" to be one of its key business management strategies. Taking a long-term view of Mitsuuroko Group's business from an ESG perspective, we have identified six key materiality issues based on our consideration of the issues to which management ought to give priority, among all social issues in existence. By setting quantitative targets and target years for each materiality item and aiming to achieve them, we will continue to create new value with our diverse stakeholders and contribute to the creation of a sustainable society.

[Materiality of the Mitsuuroko Group]

- (1) Contribution to the environment
- (2) Contribution to local communities
- (3) Thorough compliance
- (4) Enhancement of safety and disaster response measures
- (5) Health-focused management
- (6) Promotion of diversity

(Sustainability Report 2023, pages 15 - 16)

<https://www.mitsuuroko.com/en/sustainability/library/>

Specific initiatives are disclosed in "E (Environment)" (pages 21 - 46, "S (Social)" (pages 47 - 72, and "G (Governance)" (pages 73 - 98 of the "Sustainability Report 2023."

In addition, the Company collects and analyzes data on the impact of climate change-related risks and opportunities on its business activities and earnings, and makes disclosures based on the TCFD framework. For details, please refer to pages 25 through 26 of the above "Sustainability Report 2023."

Based on the belief that human resources are the "source of our growth" and our "greatest asset," the Group positions the creation of a "more comfortable working environment" and a "more active working environment" for sustainable growth as an important role of management. In addition, as part of the efforts to enhance employee capabilities, the Company offers various training programs and fully funded support for obtaining an MBA, attending law school, and enrolling distance learning universities. For details of specific initiatives, please refer to "Developing Human Resources" on page 66 of the above "Sustainability Report 2023."

With regard to investments in intellectual property, etc., the Group is working to achieve a low-carbon society through measures including support for the development and dissemination of high-performance, safe, large-scale lithium batteries and the development and provision of the SmartOWL service, which aims to reduce environmental impact by improving the efficiency of LPG delivery. SmartOWL is a service that is equipped with four patented technologies to provide the most efficient container replacement date. The Group promotes the service to contribute to CO₂ reduction by reducing truck delivery time and mileage, and as a means of complementing labor shortages and promoting ESG. For details of specific initiatives, please refer to page 33-34 of "Sustainability Report 2023."

(Supplementary Principle 3.2.1)

The Audit and Supervisory Committee has established criteria for the selection of candidates for external financial auditors and criteria for assessing incumbent external financial auditors, receives reports on the audit systems, activities, etc., of accounting departments and the external financial auditors, and evaluates audit quality and the appropriateness of the level of remuneration of the external financial auditors, as well as confirming their independence and expertise. Furthermore, the Company recognizes there is no issue concerning the independence and expertise of KPMG AZSA LLC, the current external financial auditor of the Company.

(Supplementary Principle 4.1.1)

The Rules of the Board of Directors set forth that matters stipulated by laws and regulations, matters stipulated in the Articles of Incorporation, and matters related to important business operations shall be determined by the resolution of the Board of Directors. Issues related to important business operations include the concurrent appointment of Directors as officers of other companies, the conclusion of important contracts, matters related to lawsuits, the establishment of subsidiaries, etc., and other issues related to associate companies, etc. In addition, the Rules of the Board of Directors also set forth the fact that matters to be resolved by the resolution of the Board of Directors may be transferred or delegated to other bodies, except in cases where it is stipulated by laws and regulations that such matters cannot be resolved except by resolution of the Board of Directors.

In fiscal 2024, in response to changes in the management environment such as recent business diversification and overseas expansion, the Board of Directors reviewed the rules regarding group decision-making and established Mitsuuroko Group Decision Making Authority Regulations. Based on these regulations, we have set monetary standards for resolutions of our Board of Directors that correspond to the current total assets of the Group. For resolutions related to the operations of the Group companies, we have established standards that comprehensively consider the size and performance of each company. This allows for decision-making by business segment heads, presidents, and officers of each group company, depending on the matter. (Supplementary Principle 4.2.1)

The Company has introduced a performance-based stock remuneration plan for Directors (excluding External Directors) other than Directors who are Audit and Supervisory Committee Members, following the adoption of a resolution to introduce the system at the 107th Ordinary General Meeting of Shareholders held on June 28, 2016, with the objective of raising awareness of increasing medium- to long-term business performance and enhancing corporate value by clarifying the link between the remuneration of Directors (excluding External Directors) and the Company's business performance, and by ensuring the Directors to share not only the benefits of rising share prices but also the risks of falling share prices with our shareholders.

Performance-based remuneration, etc., are not appropriate for External Directors who are independent of the execution of business operations, and Directors who are Audit and Supervisory Committee Members in an independent position with the authority to supervise the execution of duties by Directors without being affected by business performance. Accordingly, these Directors are only paid fixed basic remuneration. Procedures for determining remuneration are stated in "Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods" in part II 1 of this Report.

(Principle 4.8 Effective Use of Independent External Directors)

Of the 12 Directors currently in office, the Company has elected three independent External Directors. Each of them provides recommendations based on their abundant experience, knowledge, and expertise from an objective and neutral standpoint, while also fulfilling their supervisory functions such as participating in decisions regarding Director remunerations. Each independent External Director sufficiently contributes to the Company's sustainable growth and the enhancement of corporate value medium- to long term. Going forward, the Company will consider the necessity of electing new independent External Directors to contribute to the further growth of the Company and the enhancement of corporate value.

(Principle 4.9 Independence Standards and Qualification for Independent External Directors)

The Company classifies independent External Directors as those who do not fall under any of the following categories.

1. A person who's currently executing business or a person who used to execute business within the past 10 years of the Company or a subsidiary of the Company
2. A person for whom the Company or a subsidiary of the Company is a major client (*1) (or a person who executes the business thereof if the relevant person is an entity)
3. A person who is a major client of the Company or its subsidiaries (*2) (or a person who executes the business thereof if the major client is an entity)
4. A person who has received donations totaling ¥10 million or 2% of their net sales or total income, whichever is higher, from the Company or its subsidiaries in the immediately preceding fiscal year
5. Consultants, certified public accountants and other accounting experts, and attorneys and other legal professionals who have obtained property other than officer remuneration from the Company or its subsidiaries that exceeds ¥10 million or 2% of that person's net sales or total income, whichever is higher, in the most recent fiscal year (if the person who obtains said property is a corporation, partnership, or other organization, the person who belongs to said organization).
6. Major shareholders who directly or indirectly hold 10% or more of the Company's total voting rights (or a person who executes the business thereof if the shareholder is an entity)
7. A persons who have falls under any of the above categories 2 through 6 within the past three years.
8. Close relative of a person falling under any of the categories 1 through 7 above (spouses or within the second degree of kinship)

*1 A person for whom the Company or a subsidiary of the Company is a major client refers to either of the following.

- (1) A person or entity that provides products or services to the Company or its subsidiaries, and for which the amount of transactions with the Company and its subsidiaries in the most recent fiscal year exceeds ¥100 million or 2% of the consolidated net sales of that person or entity, whichever is higher.
- (2) A person or entity to which liabilities are owed by the Company or its subsidiaries, and for which the total amount of liabilities owed by the Company and its subsidiaries as of the end of the most recent fiscal year exceeds ¥100 million or 2% of the consolidated total assets of such person or entity, whichever is higher.

*2 A major client of the Company or a subsidiary of the Company refers to any of the following.

- (1) A client to which the Company or its subsidiaries provide products or services, and for which the amount of transactions with the client in the most recent fiscal year exceeds ¥100 million or 2% of the consolidated net sales of the Company or its subsidiaries, whichever is higher.
- (2) A client that owes liabilities to the Company or its subsidiaries, and for which the total amount of liabilities owed to the Company and its subsidiaries as of the end of the most recent fiscal year is 2% or more of the consolidated total assets of the Company or its subsidiaries.
- (3) A financial institution group that has lent money to the Company or its subsidiaries (meaning a consolidated group to which the direct lender belongs), and for which the total amount of loans from said financial institution group to the Group as of the end of the most recent fiscal year exceeds 2% of the consolidated total assets of the Group.

(Supplementary Principle 4.11.1)

To ensure the sustainable development of the Company over the medium to long term as "a Lifestyle Producer," the Company elects a good balance of Internal Directors who have abundant knowledge, experience, and achievements in their areas of responsibility, and who also possess abilities suitable for Directors, including their character. Additionally, for External Directors, the Company elects persons who have expert knowledge, diverse experience, and a broad perspective and who also possess abilities suitable for External Directors. In this regard, Director Matsui, who is designated as an independent director, has abundant experience as a business manager, as stated in the reason for her election. In addition, the Company discloses a skill matrix for each Director (excluding Directors who are Audit and Supervisory Committee Members) in the Notice of the Ordinary General Meeting of Shareholders.

To ensure thorough deliberations and prompt decision-making, the Company believes an appropriate number of members for the Board of Directors is 12 or fewer, and we have set forth rules to that effect. The Board of Directors currently has 12 members, of which five are External Directors.

(Supplementary Principle 4.11.2)

The Company discloses the status of significant concurrent positions held by candidates for Directors and Directors every year in the Reference Documents for the General Meeting of Shareholders in the "Notice of the Ordinary General Meeting of Shareholders" as well as annual securities reports.

(Supplementary Principle 4.11.3)

Starting with meetings of the Board of Directors held in fiscal 2015, the Company conducts self-evaluations of the effectiveness of the Board of Directors in the form of questionnaires given to Directors. The questionnaire includes a five-point scale for items related to "composition and operation of the Board of Directors", "management and business strategies", "corporate ethics and risk management", and "dialogue with shareholders", as well as the comments for Directors to state their awareness of issues and their opinions.

The Company endeavors to ensure objectivity by seeking advice from attorneys and other experts as appropriate in relation to the preparation of this questionnaire and the analysis of evaluation results.

In the questionnaire, views were freely expressed from the standpoint of each Director. Finance & Control of the Company analyzed the results of the questionnaires and concluded that the Company's Board of Directors was generally effective in fiscal 2024. Specifically, these points are highly evaluated: the Board of Directors operates effectively in an atmosphere that encourages candid and open-minded discussion; the composition of the Board of Directors ensures the knowledge, ability, experience, and diversity necessary to fulfill its roles and responsibilities; cross-shareholdings of listed company shares are appropriately verified based on cost of capital and other standards; important risks (including those faced by group companies) are reported to the Board of Directors in a timely and accurate manner and the Board of Directors ensures that the executive management is appropriately addressing these risks; .

At the same time, the following issues were recognized: more consideration should be given to the content and volume of materials used at meetings of the Board of Directors and the timing of distribution of materials and explanations provided in advance of meetings; it should be assessed if the management is effectively utilizing resources to strategically and systematically review the business portfolio of the entire group, including subsidiaries, and to make capital and personnel investments, considering capital costs and risk-return over the medium to long term; and the Board of Directors should effectively monitor the management strategy or business strategy. The Company will work to make improvements on these points.

(Supplementary Principle 4.14-2)

The Company conducts regular training for Directors to deepen the knowledge and insight necessary to address matters related to management, matters related to corporate governance, and revised laws and regulations as Directors. To date, we have provided training with compliance awareness videos based on specific case studies and video training related to sexual and power harassment. In addition, the Company has created opportunities to provide explanations to newly appointed Directors concerning matters related to corporate laws and regulations, including corporate governance and their attitudes as Directors and other matters, at the time of appointment. In particular, the Company strives to provide information on the Group's business and management strategies, etc., to newly appointed external officers.

We also suggest that officers actively participate in training provided by external organizations and improve their skills, and each officer takes training as necessary.

(Principle 5.1 Policy for Constructive Dialogue with Shareholders)

The Company established Finance & Control and created a team overseeing IR within this organization. The Director, who is Head of Finance & Control, is also the Director responsible for IR and the manager in charge of IR. The Company actively discloses information to shareholders through such measures as the issuance of Business Reports (Integrated Reports), Shareholder Newsletters and Sustainability Reports (Business Reports and Sustainability Reports are also released in English) that include not only financial information but also business strategies, non-financial information, and other information, with the aim of ensuring that many stakeholders know about the Group's unique value creation. In addition, employees responsible for IR will engage in dialogue with shareholders, including accommodating requests for individual meetings as much as possible. Opinions and concerns identified through such dialogue with shareholders are reported to senior management and the Board of Directors through the Director responsible for IR. Furthermore, when engaging in dialogue with shareholders, the Company endeavors to prevent insider information from being leaked.

[Managing the Business in recognition of Cost of Capital and Stock Prices] Updated

Description Updated	Disclosure of measures (update)
Disclosure in English Updated	Disclosed
Date of Update Updated	June 17, 2025

Description Updated

In order to further promote business management with awareness on cost of capital and segment-wise profitability in mind, the Company utilizes ROIC (Return on Invested Capital) as a management KPI, and further makes engagements in non-financial measures e.g. ESG promotion, brand building, and investment in human capital. As of the end of March 2025, our PBR (Price-to-Book Ratio) exceeds 1, and we aim to maintain this level while striving for further improvement.

The Board receives ROIC reports every quarter, monitors its progress and when necessary discusses management resource allocation such as restructuring, investment in new business, new facility, and human capital. Click on the following links for our activities to improve the corporate value.

Business Report 2023 <https://www.mitsuuroko.com/en/ir/library/#ir-businessReport>

Sustainability Report 2023 <https://www.mitsuuroko.com/en/sustainability/library/>

2. Capital Structure

Foreign Shareholding Ratio	Less than 10%
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[Status of Major Shareholders] Updated

Name or Company Name	Number of Shares Owned	Percentage (%)
Meiji Yasuda Life Insurance Company	4,990,000	8.75
Tajima Inc.	4,327,000	7.58
Sompo Japan Insurance Inc.	3,681,173	6.45
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,458,200	6.06
ENEOS Holdings, Inc.	3,064,040	5.37
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust Account for Mizuho Bank, Ltd.	3,044,600	5.34
Rinnai Corporation	2,694,064	4.72
HASHIMOTO SANGYO Co., Ltd.	1,926,500	3.38
National Mitsuuroko Association Stock Ownership Association	1,691,684	2.97
Paloma Co., Ltd.	1,685,124	2.95

Name of Controlling Shareholder, if applicable (excluding Parent Company)	-----
Name of Parent Company, if applicable	None

Supplementary Explanation Updated

(Note) The Company holds 10,050 treasury shares (excluding 520,300 shares of the Company held by Custody Bank of Japan, Ltd. (Trust Account E) related to the Board Benefit Trust (BBT)).

3. Corporate Attributes

Listed Stock Exchange and Market Segment	Tokyo Stock Exchange, Standard Market
Fiscal Year-End	March
Business Sector	Wholesale Trade
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Net Sales (Consolidated) in the Previous Fiscal Year	¥100 billion yen or more and less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	10 or more and fewer than 50

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

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

On October 1, 2011, the Company transitioned to a management structure based on a pure holding company structure. This clarified the authority and responsibilities of each operating company and provided the flexibility to respond quickly to changes in the business environment, and strengthened the Group's business foundations through the pursuit of expertise in each business. As such, the Company will endeavor to enhance the corporate value of the Group as a whole while also consolidating operations shared within the Group, etc.

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

1. Organizational Composition and Operation

Corporate Governance System	Company with audit and supervisory committee
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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	12
Election of External Directors	Elected
Number of External Directors	5
Number of Independent Directors	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company (*)										
		a	b	c	d	e	f	g	h	i	j	k
Kaori Matsui	From another company											○
Yoshiyuki Kawano	Other								○			
Hideo Sugahara	Certified Public Tax Accountant											○
Kei Tajima	From another company											○
Norio Shiohara	From another company									○		

* Categories for "Relationship with the Company"

- * “○” is used 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.
- a Person who executes business of the Company or a subsidiary
- b Person who executes business or a non-executive Director of a parent company
- c Person who executes business of a fellow subsidiary
- d Person/entity for which the Company is a major client or a person who executes business for such person/entity
- e Major client of the Company or a person who executes business for such client
- f Consultant, accounting expert, or legal expert who receives large amounts of cash or other assets other than officer remuneration from the Company
- g Major shareholder of the Company (in cases where the shareholder is a corporation, a person who executes business of the corporation)
- h Person who executes business for a client of the Company (excluding persons categorized as any of d, e, or f above) (applies to self only)
- i Person who executes business for another company holding cross-directorships/cross-auditorships with the Company (applies to self only)
- j Person who executes business for an entity receiving contributions from the Company (applies to self only)
- k Other

Relationship with
the Company (2)

Name	Membership of Audit and Supervisory Committee	Designation as Independent Director	Supplementary Explanation of the Applicable Relationship	Reasons for Election
Kaori Matsui		○	-----	The Company has elected Kaori Matsui as External Director based on the judgment that she has provided valuable recommendations on overall management, as well as matters such as M&A and organizational restructuring that contribute to the enhancement of corporate value over the medium to long term, and that she will be able to demonstrate her ability to ensure the legality of the Board of Directors' decision-making from an objective and neutral standpoint, based on the fact that she has served in a number of corporate management positions and will be able to provide advice on the Group's management and supervises the execution of business from a practical and diverse perspective as a corporate manager, as well as the fact that she possesses abundant experience, knowledge, etc., particularly in relation to M&A. In addition, the Company has designated her as an independent director because she fulfills independence criteria and does not fall under any of the categories stipulated by the Tokyo Stock Exchange that may cause a conflict of interest with general shareholders.
Yoshiyuki Kawano		○	The Company and Mitsuuroko Sports Co., Ltd. have entered into an agreement regarding industrial physicians with BLUFF45 LLC, of which Yoshiyuki Kawano is the Representative Partner. However, the retainer fee therein is extremely small at less than 0.02% of the Group's consolidated selling, general and administrative expenses, and has no impact on the judgment of shareholders and investors.	Yoshiyuki Kawano has worked as a physician for many years and actively participates in many medical societies based on his advanced professional expertise, as well as serving as an industrial physician at the Company. Accordingly, the Company has elected him as External Director based on the judgment that he has provided highly effective advice and recommendations across a wide range of fields, including both general management and health management, based on his abundant experience, achievements, insight together with his achievements in audit and supervision with the Company as External Director at Audit and Supervisory Committee. He's expected to participate in and supervise decisions on matters such as the selection of candidates for officers of the Company and officer remuneration from an objective and neutral standpoint. In addition, the Company has designated him as an independent director because he fulfills independence criteria and does not fall under any of the categories stipulated by the Tokyo Stock Exchange that may cause a conflict of interest with general shareholders.

Hideo Sugahara	○	○	----	Hideo Sugahara possesses considerable knowledge of finance and accounting as a certified public tax accountant. Accordingly, the Company has elected him as External Director based on the judgment that he can further strengthen the management structure by utilizing his abundant experience, knowledge, and expertise to supervise management from an independent perspective, and can participate in and supervise decisions on matters such as the selection of candidates for officers of the Company and officer remuneration from an objective and neutral standpoint by providing useful advice to enhance compliance and corporate governance. In addition, the Company has designated him as an independent director because he fulfills independence criteria and does not fall under any of the categories stipulated by the Tokyo Stock Exchange that may cause a conflict of interest with general shareholders.
Kei Tajima	○		Kei Tajima is not and has not been an employee or person who executes business of the Company, and he is suitably qualified for the requirements of an External Director.	The Company has elected Kei Tajima as External Director based on the judgment that he has supervised management and provided advice and recommendations on overall management, based on his abundant experience and broad insight from having participated in the management of OrgoVere Co., Ltd. (formerly Sanrin Printing Co., Ltd.) as its Representative Director, and can be expected to demonstrate his ability to ensure the legality of the Board of Directors' decision-making from an objective and neutral standpoint.
Norio Shiohara	○		Norio Shiohara is not and has not been an employee or person who executes business of the Company, and he is suitably qualified for the requirements of an External Director. He serves as President and Representative Director at SANRIN Co., Ltd., Kohei Tajima, President and Representative Director of the Company serves as External Director at SANRIN.	Based on his wealth of experience in the energy business as well as his experience and insight cultivated in corporate management, we expect Norio Shiohara to be fully capable of fulfilling the responsibilities of an External Director, such as supervising management and offering advice on management in general, and of the selection of our officer candidates and the determination of officer remuneration from an objective and neutral standpoint. We elected him as External Director as he is expected to demonstrate his ability to ensure the legality of the Board of Directors' decision-making..

[Audit and Supervisory Committee]

Composition of Audit and Supervisory Committee and Attributes of the Chairperson

	All Committee Members	Full-time Members	Internal Directors	External Directors	Committee Chair
Audit and Supervisory Committee	3	0	0	3	External Director

Appointment of Directors and/or Employees to Support the Audit and Supervisory Committee	Appointed
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Matters Concerning Independence of Said Directors and/or Employees from Executive Directors

The Company assigns employees to assist Audit and Supervisory Committee Members in their duties. Furthermore, the Company will consult with the Audit and Supervisory Committee Members regarding any performance assessments or personnel transfers related to these employees.

Status of Coordination between Audit and Supervisory Committee, Financial Auditor, and Internal Auditing Departments

The Company has entered into an audit agreement with KPMG AZSA LLC as its financial auditor, which conducts quarterly audits of financial results from an independent standpoint and reports the results to the Audit and Supervisory Committee. Audit and Supervisory Committee Members

and the financial auditor exchange opinions on audit plans and audit policies as necessary. In addition, Audit and Supervisory Committee Members also review audit implementation reports prepared by the financial auditor and attend audits and review by the financial auditor as appropriate, as part of efforts to ascertain the implementation status of audits.

[Voluntary Established Committee(s)]

Voluntary Establishment of Committee(s) equivalent to Nomination Committee or Remuneration Committee	None
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[Matters Concerning Independent Directors]

Number of Independent Directors	3
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Other matters concerning Independent Directors

Hideo Sugahara, Kaori Matsui, and Yoshiyuki Kawano all meet the requirements for independent directors.

[Incentives]

Implementation Status of Measures related to Incentives Granted to Directors	Introduction of Performance-based Remuneration Plan
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Supplementary Explanation for Applicable Items

As stated in "(3) Policy on Determining Performance-based Remuneration, etc., and Non-Cash Remuneration, etc.," under "Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods."

Persons Eligible for Stock Options	
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Supplementary Explanation for Applicable Items

[Director Remuneration]

Status of Disclosure of Individual Directors' Remuneration	No Disclosure for any Directors
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Supplementary Explanation for Applicable Items

The total amounts for Internal Directors and External Directors are disclosed.

Policy on Determining Remuneration Amounts and the Calculation Methods Thereof	Disclosed
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Disclosure of Policy on Determining Remuneration Amounts and the Calculation Methods Thereof

The Company set the maximum total amount of remuneration for Directors who are not Audit and Supervisory Committee Members at 400 million yen per annum (including remuneration of no more than ¥40 million for External Directors) at the 114th Ordinary General Meeting of Shareholders held on June 16, 2023, and the maximum total amount of remuneration for Directors who are Audit and Supervisory Committee Members at 100 million yen per annum at the 106th Ordinary General Meeting of Shareholders held on June 26, 2015.

In addition, the Company has introduced a performance-based stock remuneration plan for Directors (excluding External Directors) other than Directors who are Audit and Supervisory Committee Members separate to the above amount of remuneration, following the adoption of a resolution to introduce the system at the 107th Ordinary General Meeting of Shareholders held on June 28, 2016.

The objective of this plan is to raise awareness of increasing medium- to long-term business performance and enhancing corporate value by clarifying the link between remuneration and the Company's business performance and share value and ensuring that Directors share not only the benefits of rising share prices but also the risks of falling share prices with shareholders.

At a meeting of the Board of Directors held on January 20, 2021, the Company resolved to adopt the following policy for determining the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies).

(1) Basic policy

The basic policy of the Company is to determine the remuneration of Directors (excluding Directors who are Audit and Supervisory Committee Members; hereinafter, the same applies) such that it is suitable and appropriate in light of Directors' roles and responsibilities, taking into consideration the business performance of the Company. Specifically, remuneration for Executive Directors consists of basic remuneration and a "Board Benefit Trust (BBT)," which is a form of performance-based stock remuneration. Remuneration for External Directors, who are primarily responsible for supervisory functions, consists solely of basic remuneration in light of their duties.

(2) Policy on determining basic remuneration (cash remuneration)

Basic remuneration for the Company's Directors consists of fixed monthly remuneration and is determined after comprehensive consideration of such factors as remuneration levels at other companies, the business performance of the Company, and the levels of employee salaries, in addition to the positions, responsibilities, etc., of Directors.

(3) Policy on determining performance-based remuneration, etc., and non-cash remuneration, etc.

At the 107th Ordinary General Meeting of Shareholders held on June 28, 2016, a resolution was adopted in relation to a "Board Benefit Trust (BBT)" as a form of performance-based stock remuneration for Directors (excluding External Directors and Directors who are Audit and Supervisory Committee Members; hereinafter, referred to as the "Eligible Directors" in this and the following paragraph) (furthermore, the trust established based on this plan is hereinafter referred to as the "Trust").

As set forth in the resolution, Eligible Directors are granted number of points for each fiscal year, determined by their position, the degree of achievement of business performance targets (the degree of achievement of the target for profit before income taxes on the consolidated statement of income), and other factors, in accordance with the Board Benefit Trust Regulations (the maximum total number of points granted to Eligible Directors per fiscal year shall be 100,000 points). Furthermore, when granting the Company's shares, etc., the points granted to Eligible Directors are converted at a rate of one share of the Company's common stock per point (however, in the event of a share split, gratis allotment of shares, consolidation of shares, etc., in relation to the Company's shares, the conversion ratio shall be reasonably adjusted according to the ratio thereof, etc.). The number of points for the Eligible Directors to be used as the basis for the granting of the Company's shares, etc., is calculated by aggregating the points granted to the Eligible Directors during the tenure until retirement and then multiplying the result by a predetermined coefficient set for each reason for retirement (hereinafter, the points thus calculated are referred to as the "defined number of points").

When an Eligible Director retires and satisfies the beneficiary requirements set forth in the Board Benefit Trust Regulations, he or she will be granted a number of the Company's shares corresponding to the "defined number of points" from the Trust after their retirement, when he or she completes the prescribed beneficiary confirmation procedures; provided, however, that in cases when the requirements provided for in the Board Benefit Trust Regulations are satisfied, the Eligible Director in question shall be paid cash equivalent to the market value of a certain percentage of the Company's shares, in place of the shares of the Company. The amount of remuneration, etc., to be received by Eligible Directors shall be based on the amount calculated by multiplying the total number of points granted to each Eligible Director by the book value per share of the Company held in the Trust, at the time the points are granted (conversion ratio shall be reasonably adjusted in the event of a share split, gratis allotment or consolidation of shares of the Company). Cash will be paid on top, if deemed appropriate to be paid in accordance with the provisions of the Board Benefit Trust Regulations.

(4) Policy on determining the proportion among basic remuneration (cash remuneration), performance-based remuneration, and non-cash remuneration, etc., for each Director

In addition to basic remuneration, Executive Directors receive performance-based remuneration, and performance-based stock remuneration (BBT, classified as non-cash remuneration). The Company does not set a fixed ratio for basic, performance-based, and non-cash remunerations, because of the nature and history: in the performance-based stock remuneration (BBT), as described in item 3 above, the number of points is awarded based on position and performance (up to 100,000 points per fiscal year) as per Board Benefit Trust Regulations. These points are converted into company shares and given upon retirement. This plan replaced the previous retirement benefits. Basic remuneration shall be the principal remuneration for Executive Directors.

Remuneration for External Directors consists solely of basic remuneration, as described in item 1 above.

(5) Matters concerning the determination of the contents of remuneration, etc. for individual Directors

Decisions on the amount of basic remuneration for individual Directors are delegated to the President and Representative Director, based on a resolution of the Board of Directors. This authority covers the setting of payment standards according to positions, responsibilities, etc., and the amount of basic remuneration for each individual based on such standards. To ensure that the President and Representative Director appropriately exercise this authority, the Representative Director shall determine such amount standards according to position and responsibility after consulting with and receiving reports from independent External Directors.

Furthermore, the specific content of performance-based stock remuneration (BBT) for individual Executive Directors is determined in accordance with the Board Benefit Trust Regulations.

[Support System for External Directors]

When important meetings are held, such as meetings of the Board of Directors attended by External Directors, materials prepared in advance by Finance & Control are distributed.

[Statuses of Persons who Have Retired as President and Representative Director, etc.]

Information on Persons Holding Advisory Positions (Counselors, Advisors, etc.) after Retiring as President and Representative Director, etc.

Name	Job title/position	Responsibilities	Terms and conditions of employment (Full/part-time, with/without remuneration, etc.)	Date when former role as President, etc., ended	Term
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Naoshi Tajima	Honorary Chairman	In response to requests from the Company, Naoshi Tajima provides advice based on his experience and knowledge, but he is not involved in the management of the Company. Furthermore, he also serves as President of a subsidiary of the Company and Chairman of a sub-subsidiary.	Terms of employment: Part-time Remuneration: Yes	March 31, 2009	Renewed annually
Masato Watanabe	Advisor	In response to requests from the Company, Masato Watanabe provides advice based on his experience and knowledge, in addition to conducting employee education and training, guidance and coaching, and special duties for the President.	Terms of employment: Full-time Remuneration: Yes	June 21, 2019	Renewed annually

Number of Persons Holding Advisory Positions (Counselors, Advisors, etc.) After Retiring as President and Representative Director, etc. 2

Other Related Matters

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

In principle, the Board of Directors meets once a month and is responsible for management functions across the entire Group, including matters stipulated by laws and regulations, matters authorized by resolution of the General Meeting of Shareholders, matters about basic policies of the Company's management, and matters about the supervision of the execution of important business operations. Audit and Supervisory Committee Members supervise the execution of business operations by Directors by holding meetings of the Audit and Supervisory Committee once a month, in principle, in addition to attending important meetings such as the meetings of the Board of Directors. Within the Group, Internal Auditing Departments audit the status of the execution of business operations from the viewpoint of observing laws and regulations and compliance, transparent and efficient management, and provide advice and suggestions for improvements and measures to improve efficiency as appropriate.

3. Reasons for Adoption of Current Corporate Governance System

The Company has judged that by strengthening functions related to the monitoring and supervision of management through appointing Directors who are Audit and Supervisory Committee Members with voting rights at meetings of the Board of Directors, it can maintain highly transparent governance systems in management, which will contribute to the continuous enhancement of the corporate value of the Group.

/// Implementation of Measures for Shareholders and Other Stakeholders

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

	Supplementary Explanation
Scheduling of the General Meeting of Shareholders During Non-Peak Days	To ensure the attendance of a greater number of shareholders, the Company endeavors to avoid days expected to be peak days when many General Meetings of Shareholders are held and hold its Ordinary General Meeting of Shareholders before these peak days.
Electronic Exercise of Voting Rights	Effective from the 111th Ordinary General Meeting of Shareholders, the Company introduced the exercise of voting rights via the Internet, including smartphones. Effective from the 113th Ordinary General Meeting of Shareholders, the Company also introduced a Voting System Platform.

2. Status of IR-related Activities

	Supplementary Explanation	Explanation by a representative
Formulation and Publication of Disclosure Policies	As a basic policy for information disclosure, the Group has established a Disclosure Policy, available on our website.	
Online Disclosure of IR Information	The Company posts financial results, documents related to the General Meeting of Shareholders, trends in management indicators, news releases, and other materials. Some information is also disclosed in English.	

Establishment of Department and/or Placement of a Manager in Charge of IR	The Company has established a team responsible for IR in Finance & Control, and the Director who is Head of Finance & Control is also the manager in charge of IR.
Other	The Company actively discloses information to shareholders through such measures as the issuance of Business Reports (Integrated Reports), shareholder newsletters, and Sustainability Reports that include not only financial information but also business strategies, non-financial information, and other information, with the aim of ensuring that many stakeholders know about the Group's unique value creation.

3. Status of Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanation
Establishment of Internal Rules Stipulating Respect for the Position of Stakeholders	It is stipulated in the Mitsuuroko Group Charter of Corporate Ethics.
Implementation of Environmental Preservation Activities and CSR Activities, etc.	We engage in activities such as environmental beautification activities around water sampling sites in the bottled water business.
Formulation of Policies, etc. on Provision of Information to Stakeholders	As a basic policy for information disclosure, the Group has established a Disclosure Policy.

IV Matters Concerning the Internal Control System

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

Updated

The Company's Board of Directors has adopted a resolution concerning the "Basic Policy on Internal Controls", as follows.

1. Systems to ensure that Directors and employees execute their duties in compliance with laws and regulations and the Articles of Incorporation
The Charter of Corporate Ethics and other regulations concerning compliance systems shall constitute a code of conduct to ensure that the Board of Directors and employees comply with laws, regulations, the Articles of Incorporation, and social norms. In addition, to ensure the thorough implementation of these rules, Legal shall supervise compliance efforts across the Company, and it shall also play a central role in making reports to the Board of Directors and the Audit and Supervisory Committee. The Company will also establish and operate a compliance hotline for employees to directly provide information on legally questionable activities, etc. Furthermore, if any violation of laws, regulations or the Articles of Incorporation is discovered, it shall be reported to the Board of Directors in accordance with the Compliance Rules, and the Company shall subsequently endeavor to address the matter while cooperating with external experts as necessary.

2. Systems for preserving and managing information on the execution of duties by Directors
In accordance with the Document Management Regulations, the Company records and preserves information pertaining to the execution of duties by Directors as documents or electromagnetic media (hereinafter, referred to as "documents"). The Board of Directors and Directors who are Audit and Supervisory Committee Members shall be able to inspect these documents at any time, in accordance with the Document Management Regulations.

3. Rules and other systems for managing the risk of loss
With regard to risks related to compliance, disasters and accidents, the environment, quality, information security, and other factors, the respective departments in charge shall establish rules and guidelines, conduct training, prepare and distribute manuals, etc. The Board of Directors shall address newly occurring risks by promptly designating Directors who will act as managers responsible for a response. In addition, the Board of Directors verifies the risks associated with business execution every year and reviews risk management systems as necessary.

4. Systems to ensure the efficient execution of duties by Directors
The Company clearly defines the methods by which it makes decisions in the Mitsuuroko Group Decision Making Authority Regulations and makes decisions in ways suited to their importance. In addition, authorities and responsibilities related to the execution of duties are clearly defined in the Regulations on the Division of Duties, Mitsuuroko Group Decision Making Authority Regulations, and other internal regulations. In this way, duties are executed efficiently.
In addition, Internal Auditing audits the status of the execution of these operations to ascertain their status and make improvements.

5. System for ensuring the appropriateness of the business operations of the corporate group consisting of the Company and its subsidiaries
In addition to appointing Directors responsible for the businesses of each segment in the Group as segment heads, and giving them the authority and responsibility to establish legal compliance and risk management systems, Finance & Control promotes and manages these across the Company.

(1) In accordance with the Regulations on the Management of Affiliated Companies and other related regulations, the Company appoints Directors and departments to oversee subsidiaries, and subsidiaries provide reports on the execution of duties and the status of their businesses.

(2) The Company takes steps to establish compliance systems for the Company and subsidiaries and conducts ongoing compliance education and training for officers and employees of the Company and subsidiaries.

(3) The Company and subsidiaries execute business operations according to the internal regulations of each company, and the internal regulations are revised as needed.

(4) Divisions in charge of risk management are established within the Company and each subsidiary with the Company as a direct parent company. Each company also cooperates in the sharing of information.

(5) The Company's Internal Auditing conducts audits of the overall operations of the Company and subsidiaries and provides verification, advice, etc.

6. Systems for reporting matters pertaining to the execution of duties by Directors of subsidiary companies, etc., to the Company

In accordance with the Mitsuuroko Group Decision Making Authority Regulations, the Company clearly defines the matters that require approval by the Company, matters that must be reported to the Company, etc., and monitors the status of the execution thereof, while respecting the autonomy of subsidiaries.

7. Rules and other systems for managing the risk of loss at subsidiaries

- (1) The Company has established basic policies on risk management for the Group as a whole.
- (2) The Company will establish a department to supervise risk management for the Group as a whole and appoint responsible managers.
- (3) The head of business manages risks for the segments they are in charge of, in accordance with the basic policies on risk management.
- (4) Important subsidiaries establish basic policies on risk management and manage risks themselves. Important subsidiaries also provide reports to the Company on the status of risk management, at regular intervals or as necessary.
- (5) Subsidiaries under the Company's direct control oversee risk management for their subsidiaries.

8. Systems to ensure the efficient execution of duties by Directors of subsidiaries, etc.

- (1) The Company reviews the organizational design and business execution systems of subsidiaries at regular intervals, taking into consideration factors such as the business and scale of the subsidiaries, and their position within the Group, and supervises them to ensure that systems are established for the efficient execution of their duties.
- (2) With regard to decision-making at subsidiaries, the Company has clarified the authorities and responsibilities of persons who execute business at subsidiaries in accordance with the subsidiaries' Board of Directors Regulations, the Regulations on Operational Authority, and various other regulations. The Company also provides guidance necessary to ensure the systematic and efficient execution of business operations.
- (3) The Company's Board of Directors verifies internal control plans for financial reporting reported annually by the Head of Finance & Control and shares this information with Group companies.

9. Systems to ensure that the Directors, etc., and employees of subsidiaries execute their duties in compliance with laws and regulations and the Articles of Incorporation

- (1) The Company takes steps to disseminate the Group's Code of Corporate Conduct among the officers and employees of subsidiaries, to ensure that they comply with laws, regulations, the Articles of Incorporation, and internal regulations, and execute business operations honestly and fairly.
- (2) The Company has established basic policies on compliance for the Group.
- (3) Subsidiaries promote compliance themselves according to the Group Basic Compliance Policy.
- (4) Important subsidiaries also provide reports to the Company on compliance status at regular intervals or as necessary.
- (5) Subsidiaries promote the establishment of compliance systems suited to the content and scale of their businesses and other circumstances while referring to the Compliance Guidelines established by the Company.

10. Matters related to employees to assist Audit and Supervisory Committee Members in their duties, in cases when the Audit and Supervisory Committee has requested the assignment of such employees

If Directors who are Audit and Supervisory Committee Members request that employees be assigned to assist them with their duties, the Company will appoint persons deemed suitably qualified after consulting with Directors who are Audit and Supervisory Committee Members.

11. Matters Concerning the independence of said employees from Directors

- (1) Directors who are Audit and Supervisory Committee Members may provide orders as necessary for audit services to employees providing assistance. If an employee providing assistance receives an order necessary for audit operations from a Director who is an Audit and Supervisory Committee Member, the employee in question will not accept any orders from Directors, the General Manager of the Internal Auditing etc.
- (2) The consent of the Audit and Supervisory Committee is required for decisions concerning personnel transfers, personnel evaluations, etc., for employees providing assistance.

12. Matters related to ensuring the effectiveness of instructions given by the Audit and Supervisory Committee to Directors and employees assisting them with their operational duties

Directors and employees cooperate in developing an audit environment where employees providing assistance can perform their operational duties without issue.

13. Systems for Directors (excluding Directors who are Audit and Supervisory Committee Members) and employees to make reports to the Audit and Supervisory Committee

The Company will establish systems to ensure that Directors and employees make prompt reports to the Audit and Supervisory Committee on statutory matters, as well as matters that significantly impact the Company and the Group, the implementation status of internal audits, and the status of reporting via the compliance hotline and the content thereof. The method of making these reports (persons to make reports, persons to receive reports, the timing of reports, etc.) shall be determined through consultation between the Board of Directors and the Audit and Supervisory Committee.

14. Systems for subsidiaries' Directors, Audit & Supervisory Board Members, Executive Officers, employees who execute business operations, other persons equivalent thereto, and employees, as well as persons who have received reports from these persons, to provide reports to the Audit and Supervisory Committee

- (1) The Company will establish systems in advance with its subsidiaries whereby the Directors, Audit & Supervisory Board Members, employees, etc., of subsidiaries, or persons who have received reports from these persons, may make reports to Directors, employees, etc., of the Company, either via the Board of Directors or Audit & Supervisory Board Members of the subsidiaries or directly.
- (2) The Company will establish a system in which a prompt report to the Audit and Supervisory Committee of the Company will be made when Directors, employees, etc., of the Company, receive reports from Directors, Audit & Supervisory Board Members, employees, etc., of subsidiaries, or persons who have received reports from these persons.

15. Systems to ensure that persons who make reports are not treated disadvantageously as a result of making the report

- (1) There shall be an attorney at the contact point for the internal reporting system, and if an internal report is made, the attorney shall promptly report the content of the case to the Audit and Supervisory Committee of the Company, excluding any matters that may identify the whistleblower.
- (2) The fact that a report was made may not be taken into consideration in any transfers, personnel evaluations, disciplinary actions, etc., related to the whistleblower, and the whistleblower may request the Audit and Supervisory Committee to investigate the reason for the transfer, personnel evaluation, disciplinary action, etc.
- (3) The Board of Directors receives regular reports on the status of internal reports and the details of cases and revises the internal reporting system after consulting with the Audit and Supervisory Committee.

16. Matters concerning the procedures for advance payment or reimbursement of expenses incurred in the execution of duties by Audit and Supervisory Committee Members and other policies pertaining to the handling of expenses or obligations incurred in the execution of said duties

When an Audit and Supervisory Committee Member requests the advance payment of expenses incurred in the execution of his or her duties, the reimbursement of expenses paid, etc., or the repayment of obligations borne, the Company complies with the request unless it can be proven that such expenses, etc., did not arise in the execution of his or her duties as Audit and Supervisory Committee Member.

17. Other systems to ensure that audits by the Audit and Supervisory Committee are conducted effectively

The Company establishes regular meetings to exchange opinions between the Audit and Supervisory Committee and the President and Representative Director.

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

In order to block any relations with antisocial forces, the Group stipulates the following

- (1) The Company establishes clear grounds related to unreasonable demands by antisocial forces in the Charter of Corporate Ethics, regulations, etc., and creates systems for responding to such demands across the Group, from the President and Representative Director down.
- (2) The Company ensures the safety of employees responding to unreasonable demands by antisocial forces.
- (3) In preparation for unreasonable demands by antisocial forces, the Company builds close cooperative relationships with external expert organizations such as the police and attorneys on a day-to-day basis.
- (4) The Company eliminates all relationships with antisocial forces, including business relationships. In addition, the Company also strongly rejects any unreasonable demands by antisocial forces.
- (5) The Company will respond legally, both in civil and criminal terms, to unreasonable demands made by antisocial forces.
- (6) Even when unreasonable demands by antisocial forces are made based on scandals related to business activities or scandals concerning employees, the Company will not engage in any secret transactions to cover up the issue.
- (7) The Company will never provide any funds to antisocial forces.
- (8) The person in charge of matters related to antisocial forces in the Group is the department's General Manager responsible for compliance.

V Other

1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	None
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Supplementary Explanation for Applicable Items

2. Other Matters Concerning the Corporate Governance System

Overview of the timely disclosure system

1 Policy on timely disclosure

The Company's basic policy is to disclose necessary information to stakeholders in a timely and appropriate manner. The Company will disclose "decisions," "financial information," and "occurrences" in a timely and appropriate manner, as determined by the Board of Directors, in accordance with the provisions set forth by the Tokyo Stock Exchange.

2 Timely disclosure system

(1) Decisions

The departments in charge of disclosure in Finance & Control (Finance & Control, Financial Planning & Analysis Team and Finance & IR Team) confirm in advance whether decisions made by management meetings (the Board of Directors and the Management Committee) of the Company and its subsidiaries are subject to timely disclosure. If the decision is subject to timely disclosure, then, after a management meeting makes a decision, the departments in charge of the disclosure will promptly disclose the information in accordance with the instructions of the Head of Finance & Control, who is the manager responsible for disclosure.

(2) Occurrences

If any events that should be disclosed in a timely manner occur at the Company and its subsidiaries, the departments in charge of disclosure in Finance & Control confirm whether the occurrence is subject to timely disclosure, after persons in charge promptly notify the Head of Finance & Control. If the occurrence is subject to timely disclosure, then, after a decision has been made concerning disclosure by a management meeting of the Company or its subsidiaries, it will be promptly disclosed by the departments in charge of disclosure in accordance with the instructions of the Head of Finance & Control.

(3) Financial information

After a decision has been made by a management meeting (the Board of Directors and the Management Committee) of the Company or its subsidiaries, financial information is promptly disclosed by the departments in charge of disclosure in accordance with the instructions of the Head of Finance & Control, who is the manager responsible for disclosure.

3 Handling of timely disclosure information

Timely disclosure information is strictly controlled in accordance with the Company's Information Management Regulations. In addition, the Company makes thorough efforts to prevent insider trading in accordance with the Regulations for Prevention of Insider Trading.

Overview of Timely Disclosure System



